

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

10000/119/112

119/112

50.3 - Agenda of Meetings
Dec. 1943 - Jan. 1944

Draft Agenda

THIRD MEETING OF
CENTRAL ECONOMIC COMMITTEE

To be held in the Conference Room at AFHW
Advanced Administrative Echelon at 1000 Hours

20 January 1944

- 30.
1. Consideration of the minutes of the previous meeting.
 2. Report from the Chief Executive.
 3. Report on the general food supply situation.
 4. Consideration of a request from the Italian Government to raise freight rates by 100%.
 5. Report on resumption of glass production at Salerno.
 6. Proposed ration schedule for the Italian mainland.
 7. Consideration of the proposed increase in bread prices in Apulia.
 8. Establishment of prices on residual fuel oil.
 9. ~~Establishment of prices on medical supplies.~~

10. *Final for members for Allied Forces.*

1. Items 4 and 8 are ready but are not important

2. 5 and 9 are not ready

3. 6 just received from Bing Bush 5:18

4. 7 is important. Quady would like force of members taken if not acted upon.

I recommend meeting be held. H

NOTE:

Third Meeting
Never Held

1275 43

(141) 1275 42

1275 38

2000

3000

2000

last

- last

last

AGENDA

THIRD MEETING
OF
CENTRAL ECONOMIC COMMITTEE
To be held in the Conference Room At AFHQ
Advanced Administrative Echelon at 1000 hours
on 20 January 1944

1. Consideration of the minutes of the previous meeting.
2. Report from the Chief Executive.
3. Report on the general food supply situation.
- 1 P. 4. ~~Consideration of a proposed ration scale for the Italian mainland.~~
~~Proposed ration scale for the Italian mainland.~~
- 1 P. 5. Consideration of the proposed increase in bread prices in Apulia.
6. Consideration of the proposed 100% increase in freight rates.
7. Consideration of proposed prices for residual fuel oil.
8. Consideration of a report on resumption of operations by the glass plant at Salerno.

Consideration of a report on railway labor rates.

7. To receive a communication from the CCCAO, AMG, HQ and copies of an order establishing a Central Medical Supply Depot and Regional Medical Supply Depots in accordance with ^{the} directive issued by the Central Economic Committee.

1 P. 10. Other business.

DISTRIBUTION:

1. CCCAO
- 2.

XXXX

L. S. PLUMMER
CAPT, AHS.

CENTRAL ECONOMIC
COMMITTEE

Supporting data on the following items is appended:

Item 4--Letter from Brigadier Lush and attached memorandum

Item 5--Summary memorandum including recommendations of Mr. Grady and Lt. Col. Legg.

Item 6--Letter to Mr. Grady from Col. S. A. Fitch and Memorandum from Mr. Grady with his recommendations.

Item 7--Letter from Lt. Col. ~~Caruthers~~ Carruthers, chief of Petroleum Section, AFHQ, Adv. Adm. Ech., recommending establishment of ~~retail~~ retail prices for residual fuel oil. 8217

Item 8--Letter from Col. Evans to the Economic Directorate, ACC ^{asking authority} ~~asking authority~~

to initiate a program for the resumption of operations and a Memorandum

prepared by Major A. S. Brereton, Industry & Commerce Sub-Commission, on the plant.

Item 9: ~~General~~ Letter from Captain D. A. Morse with recommendations

Observations on attached Memo:-

A.C.C./A.M.L. memo. Jan 2. 1944
is very clear on price policy.

It is my considered opinion there
should be no deviation except in
exceptional circumstances

I see no reason why the cost
should not be increased up to the
3.60 per kilo in other provinces.

W. J. L. S.

15 Jan. 44.

Item No. _____

Proposal to increase the price of bread in the King's Provinces from 2.80 Lire to 4.00 Lire per kilo.

The price of wheat ^(in Apulia) was raised on Dec. 29. In accordance with traditional procedure the bread price was raised from 2.80 Lire to ^{3.60} ~~3.60~~ Lire per kilo to offset the increase in wheat prices. ~~However~~ The increase in bread prices was ~~not published~~ to become effective 10 January 1944 but it was not published by the Italian Government. Now the Italian Government desires to raise the price ^(an additional 0.40 Lire to a total of) to 4.0 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 3.60 Lire per kilo. This price is based on a price ~~published~~ for flour to the baker of 3.10 Lire per kilo. The increase in wheat prices of December 29 ^(has brought the) ~~now makes~~ the price of flour to the baker up to 3.17 Lire per Kilo according to the Italian Government figures.

The position of AGO/AMG on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

5116

"It is intended that as long as wheat and flour are to be imported, the legal price for bread throughout areas under our control will for the time being be 3.60 Lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 Lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 Lire a kilo.....In any locality where production and transportation costs make it impossible for a baker to sell bread profitably at 3.60 Lire if he pays 3.10 lire for flour, appropriate financial assistance will be given by the local government authority."

Handwritten: Mr. [unclear] concurs in the recommendation of Lt. Col. [unclear] that the maximum price for bread be [unclear]

11/3
Presumption glass production
at Salina x

Uniform freight charges
~~11/3~~

1480
Declassified E.O. 12356 Section 3.3/NND No. 785016

~~xxxx~~

Mr. Grady concurs in the recommendation of Lt. Col. Leggx that the maximum price for bread be maintained at 3.60 Lire per kilo ~~maximum~~ with no deviation = in other than exceptional circumstances and that the price in Apulia be permitted to rise to 3.60 Lire per kilo ~~since this is the maximum generally prevailing in~~

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC & ADMINISTRATIVE SECTION
APG 394

HLD/jcb

16 January 1944

SUBJECT : Freight Rates

TO : Chief Executive, Central Economic Committee

1. Reference your letter of January 8 on this subject.
2. The Italian Ministry of Communications has submitted a memorandum proposing a 100% increase in freight rates.
3. There is attached \ summary memorandum and recommendations on the subject, for circulation to the members of the Central Economic Committee.
4. I will appreciate your placing this subject on the agenda for the meeting of the Committee scheduled for next Thursday, Jan 20.

Henry F. Grady
MR. HENRY F. GRADY
Deputy Vice President

1 Incl-
Incl-1 Memo

5115

16 January 1944

SUBJECT : Proposed 100% increase in railway freight rates.

Memorandum for Central Economic Committee

1. Recommendation that freight rates be increased by 100% is made in a report transmitted to Captain E W Stone, Vice President in charge of the Communications Section of the AOC by letter of 30 Dec 43, from General G Di Pasquale, Under Secretary of State for the Italian Ministry of Communications, and referred to you by Captain Stone for the consideration of the Central Economic Committee.
2. Although the report contains some interesting data, it is hardly adequate as a complete presentation of a case for a rate increase. The essential arguments advanced in support of the proposal are:
 - a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
 - b. That it would have a negligible effect upon the cost of living: two examples (vegetables and oil) are cited.
 - c. That rates have not been increased for four years, during which time prices and wages have been raised.
 - d. That the AAI has approved rate increases, running up to 400%, in the Naples area (the funicular railway and "the secondary railways exploited by the 'Societa Strade Ferrate Secondarie Meridionali'").
3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.
4. Approval of the proposal would constitute an exception to general policy of retarding price increases as a restraint against price inflation; the increases, if imposed, would undoubtedly stimulate demands for increases in other utility rates, in wages, and prices; it would further serve as a precedent for comparable increases in freight rates in other parts of Italy as these come under Allied control.
5. The Italian report provides no indication of the extent to which railways operating deficits would be reduced by the proposed increase, other than the statement that a 400% increase would be required to meet the financial requirements, but that this would "for political and economical reasons" be impossible.

Since most traffic at present is for Allied operational requirements, it does not seem likely that the small proportion of traffic for civilian requirements to which the proposed rate increase would apply would provide any very substantial basis for financial improvement.

6. Moreover, question may be raised as to whether, under existing conditions, an increase in rates is actually preferable to government subsidy as a means of meeting operating deficits, in view of the pyramiding effect of rate increase on prices, and their consequent stimulus to inflation. The answer to this depends upon an analysis of inflationary factors in the existing situation which cannot be adequately dealt with here.

7. In any event, however, since approval of the rate increase for the limited area now under Allied control would involve far-reaching implications with respect to later action in other areas, and to other rate, wage, and price increase proposals, approval of this proposal would appear premature unless a much more substantiated case of urgent need and effective benefit is made.

RECOMMENDATION

It appears therefore that the most appropriate action to be taken in the matter at this time would be to inform the Italian Government, through the appropriate channels, that it is not considered desirable to approve the proposed rate increases at this time, but that consideration will be given to any further data that Government may wish to submit in the matter, particularly as the measure in which the railway operating deficits would actually be relieved by the action proposed, and as to the effect of the proposed increase in rates on the cost of living, including a more representative series of specific examples.

~~Dr.~~ HENRY F. GRADY
Deputy Vice President

Internal Transportation Sub-Commission, AGO.,
c/o New York, N.Y.,
Army Advanced Administrative School,
Camp F.

Our reference : AGO 100 100 100

Date : 16 Jan 44.

TO : Mr. Henry Grady (for Mr. DeMol),
B.O., AGO.

SUBJECT : Proposed 100% increase in railway freight rates.

1. Reference this Sub-Commission letter AGO 100 100 100 dated 10 Jan 44, and enclosed application from Italian Inter-ministry of State for Railways and Highways, dated 28 Dec 43, which Mr. DeMol sent with this Sub-Commission on 15 Jan 44 together with attached proposed memorandum to Mr. Grady, dated 10 Jan 44, the following comments are submitted.
2. From the standpoint of those responsible for the financial position of the Italian Railways, the data contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway authorities case for an increase in freight rates. There is no doubt that expenditures have risen considerably and that sources of revenues have decreased appreciably. It should be recognized that owing to the disorganization caused by war conditions it is not possible for the Italian Administration to present anything like complete statistics in support of their application.
3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below :
 - (4) Any authorized increase in freight rates would tend to encourage smaller applications from public utility undertakings, and in a measure justify them.
 - (5) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for the Allied Forces, free of tariff charges.

/s/ P.A. Fitch, Colonel.

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5. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below :-

- (1) Any authorized increase in freight rates would tend to encourage smaller applications from public utility undertakings, and in a measure justify them.
- (2) The strong probability that even if the freight rates were increased, the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for the Allied Forces, free of tariff charges.

/s/ P.A. PUGH, Colonel,
Chief of Internal Transportation Sub-Commission, AGC.

Copy to :-
H.Q., AGC.
H.Q., AGC, (for Capt. Stone).

5112

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC & ADMINISTRATIVE SECTION
APO 394

ED/13
HLD/jcb

16 January 1944

SUBJECT : Resumption of glass production at Salerno

TO : Chief Executive, Central Economic Committee

1. There is attached a report and a recommendation from the Industry & Commerce Sub-Commission, for the resumption of glass production at the VETRERIA MECCANICA RICCIARDI & C. SOC. AN. at Salerno.
2. It is believed that the subject is of sufficient interest to be brought to the attention of the Central Economic Committee.
3. I will therefore appreciate your placing the subject on the agenda for the meeting to be held next Thursday, January 20, and circulating copies of the enclosures to the members of the Committee.

~~MR~~ HENRY GRADY
Deputy Vice President

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
INDUSTRY & COMMERCE SUB-COMMISSION
APO 394

JSET/job

AMG/5063/10

16 January 1946

SUBJECT : Glass Factory at Salerno

TO : Economic Directorate

1. Authority is sought from the Economic Directorate for the Industry and Commerce Sub-Commission to initiate a program for the resumption of production at the above named factory.
2. A condensed report is attached to this letter giving a summary of the main problems involved.
3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the Military.
4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.
5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.
6. The Army has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.
7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of say three months, when and adequate stockpile of window glass should have been accumulated.

1 Incl.

Inspection of V.M.R.C.S.A.
REF ID 10-1-44

S. P. EVANS
Colonel
Director, Industry & Commerce
Sub-Commission

5110

Inspection of VETRERIA MECCANICA RINGIARDI & C. SOC. AN. on the 7th & 8th Jan.

GENERAL.

1. The above mentioned company is a small glass works manufacturing clear window glass (about 1-1/2 meters wide and anywhere between 1 to 7 m/m thick) by the continuous flat sheet process. There is only one kiln and once started, the process is continuous for a period, under normal conditions, of say 5 to 6 months, day and night.

2. It takes approximately three weeks to heat up the kiln and contents from cold and the Manager states that they have already tried and failed to find means of the reducing the output below 100,000 square meters per month.

3. The Manager stated that they neither reduce the size of the kiln by bricking, nor the rate of feeding in the raw materials.

4. RAW MATERIALS. Principal raw materials required are: 700 tons of long flame steam coal (known as splint) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trapani, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Rossignone Marittima, near Pisa. (The above are all monthly requirements).

5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.

6. Other materials required, all of which are available or could be obtained by V.M.R.C.S.A. themselves, are: 70 tons of calcium carbonate (limestone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Barletta. (all of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.

7. REPAIRS. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.

8. POWER SUPPLY. The factory is electrically operated and requires some 60HP by day and 20 HP by night. Their own plant is in good order and needs only minor connections, but the availability of 60 HP at 150/260/450 volts should be confirmed as it is understood that other factories in the valley are being rationed and required to work full capacity at night only. There is a waste heat steam engine and a 12/15 HP Diesel Plant capable of keeping the factory running for short emergency periods but they cannot supply their full requirements. It consumes 1 ton Mafia per month.

- 2 -

9. LABOUR. It is not anticipated that there would be difficulty in obtaining the 500 labourers required.

10. STOCKS. There are no stocks of raw materials and their former stocks of finished product have been requisitioned and removed by the Military. No attempt has been made by the Military to operate the factory.

11. ACCESS. There is railway station on the main Salerno-Naples line near the factory with adequate siding facilities, but V.M.R.C.S.A. have no trucks. They formerly imported coal from England and understand that wharf facilities are still available at Salerno (but under Naval control). They have sufficient storage for three to four months' supply of raw materials and the necessary maintenance of the factory is already laid on.

12. RECOMMENDATION. Since glass making is a process which, when once started cannot be stopped economically under a run of several months and only then with damage and difficulties, and the plant under review does not lend itself to operation below full capacity, it is recommended that it should not be started unless a supply of glass of not more than 100,000 square metres is considered essential, and a regular monthly supply of 700 tons special coal and 150 tons soda from the U.S. or U.K., and 500 tons sand from Trapani, together with the necessary electricity supply, can be guaranteed.

It should further be noted that, whilst there is no reason to believe that this factory is below average efficiency, the manufacture of glass is a process requiring very large supplies of heat, quite apart from requiring a special coal. It requires 250 tons of coal and 3 weeks to bring the kiln and contents to the initial operating temperature, in addition to 700 tons per month for operation.

ASE/381

10 Jan 44.

Major A.G. BRETTON,
Industry & Commerce

5108

16 January 1944

SUBJECT : Proposed 100% increase in railway freight rates.

Memorandum for Central Economic Committee

1. Recommendation that freight rates be increased by 100% is made in a report transmitted to Captain E W Stone, Vice President in charge of the Communications Section of the ACE by letter of 30 Dec 43, from General G Di Raimondi, Under Secretary of State for the Italian Ministry of Communications, and referred to you by Captain Stone for the consideration of the Central Economic Committee.

2. Although the report contains some interesting data, it is hardly adequate as a complete presentation of a case for a rate increase. The essential arguments advanced in support of the proposal are :

a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.

b. That it would have a negligible effect upon the cost of living : two examples (vegetables and oil) are cited.

c. That rates have not been increased for four years, during which time prices and wages have been raised.

d. That the AMG has approved rate increases, running up to 400%, in the Naples area (the funicular railway and "the secondary railways exploited by the 'Societa Strade Ferrate Secondarie Meridionale'").

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.

4. Approval of the proposal would constitute an exception to general policy of retarding price increases as a restraint against price inflation; the increases, if imposed, would undoubtedly stimulate demands for increases in other utility rates, in wages, and prices; it would further serve as a precedent for comparable increases in freight rates in other parts of Italy as these come under Allied control.

5. The Italian report provides no indication of the extent to which railway operating deficits would be reduced by the proposed increase, other than the statement that a 400% increase would be required to meet the financial requirements, but that this would "for political and economical reasons" be impossible.

5103

-2-

Since most traffic at present is for Allied operational requirements, it does not seem likely that the small proportion of traffic for civilian requirements to which the proposed rate increase would apply would provide any very substantial basis for financial improvement.

6. Moreover, question may be raised as to whether, under existing conditions, an increase in rates is actually preferable to government subsidy as a means of meeting operating deficits, in view of the pyramiding effect of rate increase on prices, and their consequent stimulus to inflation. The answer to this depends upon an analysis of inflationary factors in the existing situation which cannot be adequately dealt with here.

7. In any event, however, since approval of the rate increase for the limited area now under Allied control would involve far-reaching implications with respect to later action in other areas, and to other rate, wage, and price increase proposals, approval of this proposal would appear premature unless a much more substantiated case of urgent need and effective benefit is made.

RECOMMENDATION

It appears therefore that the most appropriate action to be taken in the matter at this time would be to inform the Italian Government, through the appropriate channels, that it is not considered desirable to approve the proposed rate increases at this time, but that consideration will be given to any further data that Government may wish to submit in the matter, particularly as the measure in which the railway operating deficits would actually be relieved by the action proposed, and as to the effect of the proposed increase in rates on the cost of living, including a more representative series of specific examples.

~~Mr.~~ HENRY F GRADY
Deputy Vice President

5106

Internal Transportation Sub-Commission, ACC.,
c/o Mov & Trn.,
ATHQ Advanced Administrative Echelon,
C.H.F.

Our reference : ACC 70/30/53

Date : 16 Jan 44.

TO : Mr. Henry Grady (for Mr. Deimel).
H.C., A/G.

SUBJECT : Proposed 100% increase in Railway freight rates.

1. Reference this Sub-Commission letter ACC 70/30/47 dated 10 Jan 44, and enclosed application from Italian Undersecretary of State for Railways and Highways, dated 28 Dec 43, which Mr. Deimel left with this Sub-Commission on 13 Jan 44 together with attached proposed Memorandum to Mr. Grady, dated 10 Jan 44, the following comments are submitted.
2. From the standpoint of those responsible for the financial position of the Italian Railways, the data contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway Authorities case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognised that owing to the disorganisation caused by war conditions it is not possible for the Italian Administrations to present anything like complete statistics in support of their application.
3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below :-
 - (i) Any authorised increase in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.
 - (ii) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for the Allied Forces, free of tariff charges.

S.
15/2.A. WITCH, Colonel,

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S.
/s/ R.A. PITCH, Colonel,
Chief of Internal Transportation Sub-Commission, ACC.

Copy to :-
H.Q.; A.C.C.
H.Q.; ACC, (for Capt. Stone).

5105

AGENDA

THIRD MEETING

OF

CENTRAL ECONOMIC COMMITTEE

To be held in the Conference Room at ARHC
advanced Administrative Location at 1000 hours
on 20 January 1944

1. Consideration of the minutes of the previous meeting.
2. Report from the Chief Executive.
3. Report on the general food supply situation.
4. Consideration of a proposed ration scale for the Italian mainland.
5. Consideration of the proposed increase in bread prices in Apulia.
6. Consideration of the proposed 100% increase in freight rates.
7. Consideration of proposed prices for residual fuel oil.
8. Consideration of a report on resumption of operations by the glass plant at Salerno.
9. Consideration of a report on railway labor rates.
10. Other business.

L.S. HUMMER
Capt., AUS
Central Economic Committee

Distribution:

- 1 - DG40
- 2 - DEGAO
- 3 - DQW3 (M)
- 4 - Deputy Vice-President, Economic and Administrative Section, ACC.
- 5 - ARG 15th Army Group (attn: Brig. M. C. Lush)
- 6 - Chief, Internal Transportation Sub-Commission, ACC.
- 7 - Chief Executive, CEO

9. Consideration of a report on railway labor rates.

10. Other business.

1-5. FUMMER
Capt., AUS
Central Economic Committee

Distribution:

1 - DC40

2 - DEC40

3 - DQMG (12)

4 - Deputy Vice-President, Economic and Administrative Section, AGC.

5 - AGC 15th Army Group (attn: Brig. M. S. Lush)

6 - Chief, Internal Transportation Sub-Commission, AGC.

7 - Chief Executive, CEC

8 - Asst. Executive, CEC

Supporting data on the following items is appended:

Item 4 -- Letter from Brigadier Lush and attached memorandum.

Item 5 -- Summary memorandum including recommendations of Mr. Grady and Lt. Col. Lush.

Item 6 7- Letter to Mr. Grady from Col. S. A. Fitch and memorandum from **5104** Grady with his recommendations.

Item 7 -- Letter from Lt. Col. Currythore, Chief of Petroleum Section, AGC, adv. adm. Econ., recommending establishment of retail prices for residual fuel oil.

Item 8 -- Letter from Col. Evans to the Economic Directorate, AGC, asking authority to initiate a program for the resumption of operations and a memorandum prepared by Major A. S. Brewster, Industry & Commerce Sub-Commission, in the plant.

Item 9 -- Letter from Captain D. A. Mace with recommendations.

50.3

Item 4

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
15 ARMY GROUP

18 Jan. 44.

SUBJECT : Food supplies. (Reference: MEL/101)

TO : Central Economic Committee.

1. The present rations scale in Region III which includes Naples City is insufficient for the maintenance of life. If we do not increase it the usual results of mal-nutrition will appear, and will appear rapidly viz. disorder, disease, starvation. Moreover, we shall be justly accused of failure to live up to the promises made on several occasions by the leaders of the United Nations.

2. I recommend most strongly that the ration should be raised to approximate to that laid down (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in this ration. In our planning for Rome this ration should be applied.

4. The total daily tonnage for Region III on this ration will amount to 780 tons, for Rome 450 tons.

/s/ M.S. LUSH
Brigadier, M.S.
C.C.A.C.

ESTIMATE FOR FLOUR REQUIREMENTS
REGION 3 INCLUDING SALERNO

POPULATION

NAPLES CITY	525,000
PROVINCE	1,400,000
BENEVENTO	360,000
AVELLINO	450,000
TOTAL	745,000

to approximate to that laid down (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in this ration. In our planning for Rome this ration should be applied.

4. The total daily tonnage for Region III on this ration will amount to 780 tons, for Rome 450 tons.

/s/ M.S. LUSH
Brigadier, M.S. G.
C.C.A.C.

ESTIMATE FOR FLOUR REQUIREMENTS
REGION 3 INCLUDING SAIRNO

POPULATION		
NAPLES CITY	.....	923,000
PROVINCE	.....	1,400,000
BENEVENTO	.....	360,000
AVELLINO	.....	420,000
SALERNO	.....	740,000
TOTAL		
FRANK at 190 gms.	.....	468 tons
PASTA at 70 gms	.....	272 tons
Extra ration estimated		
at 400,000 pop.	.....	
at additional 100	.....	40 tons
TOTAL		780 tons

There is considerable influx of population to Naples City reflected in ration cards. Part of this may be accounted for by fraud.

Item 5

Proposal to increase the price of bread in the King's Provinces from 2.80 Lire to 4.00 Lire per kilo.

The price of wheat in Apulia was raised on Dec. 29. In accordance with traditional procedure the bread price was raised from 2.80 Lire to 3.60 Lire per kilo to offset the increase in wheat prices. The increase in bread prices was to become effective 10 January 1944 but it was not published by the Italian Government. Now the Italian Government desires to raise the price an additional 0.40 Lire to a total of 4.00 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 3.60 Lire per kilo. This price is based on a price for flour to the baker of 3.10 Lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.37 Lire per kilo according to the Italian Government figures.

The position of ACC/AMG on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the legal price for bread throughout areas under our control will for the time being be 3.60 Lire a kilo. To enable this to be done, impor-

ment desires to raise the price an additional 0.40 Lire to 4.0 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regione I, II, III, and IV is 3.60 Lire per kilo. This price is based on a price for flour to the baker of 3.10 Lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.17 Lire per kilo according to the Italian Government figures.

The position of ACC/AG on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the legal price for bread through out areas under our control will for the time being be 3.60 Lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 Lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 Lire a kilo.....In any locality where production and transportation costs make it impossible for a baker to sell bread profitably at 3.60 Lire if he pays 3.10 Lire for flour, appropriate financial assistance will be given by the local government authority."

Mr. Grady concurs in the recommendation of Lt. Col. Leach that the maximum price for bread be maintained at 3.60 Lire per kilo with no deviation in other than exceptional circumstances and that the price in Apulia be permitted to rise to 3.60 Lire per kilo.

8103

Item 6

Internal Transportation Sub-Commission, ACC.,
c/o Gov & Tr.,
AFHQ Advanced Administrative Echelon,
C.M.F.

Our reference : ACC Tr/30/53

Date : 16 Jan 44.

TO : Mr. Henry Gray (for Mr. Zeimel).
H.Q., AGG

SUBJECT : Proposed 100% increase in Railway freight rates.

1. Reference this Sub-Commission letter ACC Tr/30/47 dated 10 Jan 44, and enclosed application from Italian Undersecretary of State for Railways and Highways, dated 28 Dec 43, which Mr. Zeimel left with this Sub-Commission on 13 Jan 44 together with attached proposed memorandum to Mr. Gray, dated 10 Jan 44, the following comments are submitted.

2. From the standpoint of those responsible for the financial position of the Italian Railways, the data contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway authorities' case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognised that owing to the disorganisation caused by war conditions it is not possible for the Italian administration to present anything like complete statistics in support of their application.

3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below:-

(i) Any authorised increases in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.

(ii) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for

Commission on 13 Jan 44 together with attached proposed Memorandum to Mr. Gray, dated 10 Jan 44, the following comments are submitted.

2. From the standpoint of those responsible for the financial position of the Italian Railways, the data contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway Authorities case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognized that owing to the disorganization caused by war conditions it is not possible for the Italian Administrations to present anything like complete statistics in support of their application.

3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below:-

(i) Any authorized increase in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.

(ii) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for the Allied Forces, free of tariff charges.

/s/ S.A. Fitch, Colonel,
Chief of Internal Transportation Sub-Commission, ACC.

Copy to:-

H.Q., AMG

H.Q., ACC, (for Capt. Stone).

16 January 1944

SUBJECT : Proposed 100% increase in railway freight rates.

Memorandum for Central Economic Committee

1. Recommendation that freight rates be increased by 100% is made in a report transmitted to Captain E. W. Stone, Vice President in charge of the Communications Section of the ACC by letter of 30 Dec 43, from General G. Di Raimondi, Under Secretary of State for the Italian Ministry of Communications, and referred to you by Captain Stone for the consideration of the Central Economic Committee.

2. Although the report contains some interesting data, it is hardly adequate as a complete presentation of a case for a rate increase. The essential arguments advanced in support of the proposal are:

- a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
- b. That it would have a negligible effect upon the cost of living: two examples (vegetables and oil) are cited.
- c. That rates have not been increased for four years, during which time prices and wages have been raised.
- d. That the ACC has approved rate increases, running up to 400%, in the Naples area (the funicular railway and the secondary railways exploited by the 'Societa Strade Ferrate Semonarie Meridionali').

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.

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- a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
- b. That it would have a negligible effect upon the cost of living: two examples (vegetables and oil) are cited.
- c. That rates have not been increased for four years, during which time prices and wages have been raised.
- d. That the AIS has approved rate increases, running up to 400%, in the Naples area (the funicular railway and the secondary railways exploited by the 'Societa Strade Ferrate Saronno-Bariola').

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.

4. Approval of the proposal would constitute an exception to general policy of retarding price increases as a restraint against price inflation; the increases, if imposed, would undoubtedly stimulate demands for increases in other utility rates, in wages, and prices; it would further serve as a precedent for comparable increases in freight rates in other parts of Italy as these come under Allied control.

5. The Italian report provides no indication of the extent to which railway operating deficits would be reduced by the proposed increase, other than the statement that a 400% increase would be required to meet the financial requirements, but that this would "for political and economical reasons" be impossible.

5102

-2-

Since most traffic at present is for Allied operational requirements, it does not seem likely that the small proportion of traffic for civilian requirements to which the proposed rate increase would apply would provide any very substantial basis for financial improvement.

6. Moreover, question may be raised as to whether, under existing conditions, an increase in rates is actually preferable to government subsidy as a means of meeting operating deficits, in view of the pyramiding effect of rate increase on prices, and their consequent stimulus to inflation. The answer to this depends upon an analysis of inflationary factors in the existing situation which cannot be adequately dealt with here.

7. In any event, however, since approval of the rate increase for the limited area now under Allied control would involve far reaching implications with respect to later action in other areas, and to other rate, wage, and price increase proposals, approval of this proposal would appear premature unless a much more substantiated case of urgent need and effective benefit is made.

RECOMMENDATION

It appears therefore that the most appropriate action to be taken in the matter at this time would be to inform the Italian Government, through the appropriate channels, that it is not considered desirable to approve the proposed rate increases at this time, but that consideration will be given to any further data that Government may wish to submit in the matter, particularly as the measure in which the railway operating deficits would actually be relieved by the action proposed, and as to the effect of the proposed increases in rates on the cost of living, including a more representative series of specific examples.

HENRY F. GRADY
Deputy Vice President

Item 7

(COPY)

AFHQ ADV. ADM. SECTION
Petroleum Section

4/2 PS
17 January 1944

SUBJECT: Establishment of Petroleum Prices
Residual Fuel Oil.

TO : Central Economic Committee.

1. Receipt of your letter 14 January 1944, above subject, confirming establishment of prices on certain petroleum products, is acknowledged.

2. Prior to the meeting 12 January 1944 of the Central Economic Committee, data were insufficient to include a price proposal for residual fuel oil. Such data now being at hand, a retail price of 10 lire per kilogram (1000 lire per metric ton) is suggested for motor use and 8 lire per kilo for furnace or boiler use.

3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.36 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.28 lire, making this retail price approximately 2 lire lower for such consumers.

4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published at once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.E.C.

H.B. Carruthers
Lt. Col.,
Chief of Section

3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.36 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.28 lire, making this retail price approximately 2 lire lower for each consumer.

4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published as once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.E.C.

M.R. Carruthers
Lt. Col.,
Chief of Section

5107

Item 8

(COPY)

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
INDUSTRY & COMMERCE SUB-COMMISSION
APO 394

JSET/job

AWG/5069/IC

16 January 1944

SUBJECT: Glass Factory at Salerno

TO : Economic Directorate

1. Authority is sought from the Economic Directorate for the Industry and Commerce Sub-Commission to initiate a program for the resumption of production at the above named factory.

2. A condensed report is attached to this letter giving a summary of the main problems involved.

3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the Military.

4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.

5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.

6. The Army has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.

7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of any three months, when an adequate stockpile of window glass should have been accumulated.

at the above named factory.

2. A condensed report is attached to this letter giving a summary of the main problems involved.
3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the military.
4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.
5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.
6. The Army has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.
7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of say three months, when an adequate stockpile of window glass should have been accumulated.

1 Incl.

Inspection of V.M.P.C.S.A.
DATED 10-1-44

W. P. EVANS
Colonel
Director, Industry &
Commerce Sub-Commission

Inspection of VETRERIA MECCANICA-RICCIARDI & C. S.p.A. on the 7th & 8th Jan.GENERAL.

1. The above mentioned company is a small glass works manufacturing clear window glass (about 1-1/2 meters wide and anywhere between 1 to 7 m/m thick) by the continuous flat sheet process. There is only one kiln and once started, the process is continuous for a period, under normal conditions, of say 5 to 6 months, day and night.
2. It takes approximately three weeks to heat up the kiln and contents from cold and the Manager states that they have already tried and failed to find means of reducing the output below 100,000 square meters per month.
3. The Manager stated that they neither reduce the size of the kiln by bricking, nor the rate of feeding in the raw materials.
4. RAW MATERIALS. Principal raw materials required are: 700 tons of long flame steam coal (known as splint) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trapani, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Rossignana Marittima, near Pisa.
(The above are all monthly requirements).
5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.
6. Other materials required, all of which are available or could be obtained by V.M.R.C.S.A. themselves, are: 70 tons of calcium carbonate (lime-stone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Barletta. (All of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.
7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.
8. POWER SUPPLY. The factory is electrically operated and requires some 60 H.P.

(The above are all monthly requirements).

5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.
6. Other materials required, all of which are available or could be obtained by V.M.F.C.S.A. themselves, are: 70 tons of calcium carbonate (lime-stone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Barletta. (all of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.
7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.
8. POWER SUPPLY. The factory is electrically operated and requires some 50 H.P. by day and 20 H.P. by night. Their own plant is in good order and needs only minor connections, but the availability of 60 H.P. at 150/260/450 volts should be confirmed as it is understood that other factories in the valley are being rationed and required to work full capacity at night only. There is a waste heat steam engine and a 12/15 H.P. Diesel Plant capable of keeping the factory running for short emergency periods but they cannot supply their full requirements. It consumes 1 ton Nafta per month.
9. LABOUR. It is not anticipated that there would be difficulty in obtaining the 300 labourers required.

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- 2 -

10. STOCKS. There are no stocks of raw materials and their former stocks of finished product have been requisitioned and removed by the Military. No attempt has been made by the Military to operate the factory.

11. ACCESS. There is railway station on the main Salerno-Naples line near the factory with adequate siding facilities, but V.M.R.C.S.A. have no trucks. They formerly imported coal from England and understand that wharf facilities are still available at Salerno (but under Naval control). They have sufficient storage for three to four months supply of raw materials and the necessary maintenance of the factory is already laid on.

12. RECOMMENDATION. Since glass making is a process which, when once started cannot be stopped economically under a run of several months and only then with damage and difficulties, and the plant under review does not lend itself to operation below full capacity, it is recommended that it should not be started unless a supply of glass of not more than 100,000 square metres is considered essential, and a regular monthly supply of 700 tons special coal and 150 tons soda from the U.S. or U.K., and 500 tons sand from Trapani, together with the necessary electricity supply, can be guaranteed.

It should further be noted that, whilst there is no reason to believe that this factory is below average efficiency, the manufacture of glass is a process requiring very large supplies of heat, quite apart from requiring a special coal. It requires 250 tons of coal and 3 weeks to bring the kiln and contents to the initial operating temperature, in addition to 700 tons per month for operation.

ASB/jr1

Major A. S. BRERETON,
Industry & Commerce

10 Jan. 44

Item 9

(Copy)

ALLIED FORCE HEADQUARTERS
ADVANCE ADMINISTRATIVE SECTION
CENTRAL ECONOMIC COMMITTEE

18 January 1944

SUBJECT: Railway Labor.

TO : Chief Executive, Central Economic Committee

1. The following is submitted in accordance with your memorandum dated 30 December 1943. The memorandum requests that:

a. Wage rates for railway workers be made uniform throughout occupied portions of the Italian Mainland;

b. War indemnities be eliminated in those areas where conditions no longer warrant their payment, and that this be considered in establishing uniform wage rates.

c. The necessary investigation be made and directives prepared to implement the foregoing.

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. G. di Paolando, Undersecretary of State for Communications, in a memorandum to General Gray dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Apulia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Apulia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legisla-

establishing uniform wage rates.

c. The necessary investigation be made and directives prepared to implement the foregoing.

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. G. di Reimondo, Undersecretary of State for Communications, in a memorandum to General Grady dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Apulia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Apulia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legislation. Revision can be accomplished without substantial change in the total amount of wages paid, but there are certain practical problems which must be considered before proceeding. Italian civilian specialists and the Italian Ministry of Labor should be utilized, and information procured as to whether or not any basic wage structure revisions have been effected in Unoccupied Italy; and at least 2 to 3 months must be set aside for the job. Since the Italian Government and Allied Control Commission contemplate joint basic wage revision study, it is suggested that C.E.C. assure uniformity and equity in current rates of pay, but leave the long term job revision to them.

4. In view of the foregoing, and the recent C.E.C. Directive No. 403 that wage changes should not be made without prior approval by C.E.C., it is recommended that no further action be taken at this time regarding the questions raised above.

DAW/tbw

DAVID A. MORSE,
Capt., A.C.,
Leber

AGENDA

THIRD MEETING
OF

CENTRAL ECONOMIC COMMITTEE

To be held in the Conference Room at AFHQ
Advanced Administrative Section at 1000 hours
on 20 January 1944

1. Consideration of the minutes of the previous meeting.
2. Report from the Chief Executive.
3. Report on the general food supply situation.
4. Consideration of a proposed ration scale for the Italian mainland.
5. Consideration of the proposed increase in bread prices in Apulia.
6. Consideration of the proposed 100% increase in freight rates.
7. Consideration of proposed prices for residual fuel oil.
8. Consideration of a report on resumption of operations by the glass plant at Salerno.
9. Consideration of a report on railway labor rates.
10. Other business.

L.S. FURNER
Capt., AUS
Central Economic Committee

Distribution:

- 1 - DCAC
- 2 - DDCAC
- 3 - DQAG (4)
- 4 - Deputy Vice-President, Economic and Administrative Section, ACC.
- 5 - JAG 15th Army Group (attn: Brig. M. G. Lush)
- 6 - Chief, Internal Transportation Sub-Commission, ACC.

9. Consideration of a report on railway labor rates.

10. Other business.

L.S. FLETCHER
Capt., AUS
Central Economic Committee

Distribution:

- 1 - DCAO
- 2 - DDCAO
- 3 - DQMG (M)
- 4 - Deputy Vice-President, Economic and Administrative Section, ACC.
- 5 - AEB 15th Army Group (Attn: Brig. M. S. Lush)
- 6 - Chief, Internal Transportation Sub-Commission, ACC.
- 7 - Chief Executive, CEC
- 8 - Asst. Executive, CEC

Supporting data on the following items is appended:

- Item 4 -- Letter from Brigadier Lush and attached memorandum.
- Item 5 -- Summary memorandum including recommendations of Mr. Grady and Lt. Col. Legg.
- Item 6 -- Letter to Mr. Grady from Col. S. A. Fitch and Memorandum from Lt. Grady with his recommendations.
- Item 7 -- Letter from Lt. Col. Carruthers, Chief of Petroleum Section, ADV. ADM. Ecn., recommending establishment of retail prices for residual fuel oil.
- Item 8 -- Letter from Col. Evans to the Economic Directorate, ACC, asking authority to initiate a program for the resumption of operations and a Memorandum prepared by Major A. S. Brereton, Industry & Commerce Sub-Commission, on the plant.
- Item 9 -- Letter from Captain D. A. Morse with recommendations.

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Item 4-

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
15 ARMY GROUP

18 Jan. 44.

SUBJECT : Food supplies. (Reference: 381/101)

TO : Central Economic Committee.

1. The present rations issued in Region III which includes Naples City is insufficient for the maintenance of life. If we do not increase it the usual results of malnutrition will appear, and will appear rapidly viz. disorder, disease, starvation. Moreover, we shall be justly accused of failure to live up to the promises made on several occasions by the leaders of the United Nations.

2. I recommend most strongly that the ration should be raised to approximately to that laid down (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in this ration. In our planning for Rome this ration should be applied.

4. The total daily tonnage for Region III on this ration will amount to 750 tons, for Rome 450 tons.

/s/ M.C. LUCH
Brigadier, M.C.
C.O.A.C.

ESTIMATE FOR FLOUR REQUIREMENTS
REGION 3 INCLUDING SALTINO

POPULATION

NAPLES CITY	923,000
PROVINCE	1,400,000
	2,323,000

2. I recommend most strongly that the ration should be raised to approximate to that laid down (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in this ration. In our planning for Rome this ration should be applied.

4. The total daily tonnage for Region III on this ration will amount to 780 tons, for Rome 450 tons.

/s/ R.S. LUSH
Brigadier, M.S.
C.C.A.O.

ESTIMATE FOR FLOUR REQUIREMENTS
REGION 3 INCLUDING SALERNO

POPULATION		
NAPLES CITY	923,000	
PROVINCE	1,400,000	
BENEVENTO	500,000	
AVELLINO	420,000	
SALERNO	710,000	
TOTAL		
HEAD at 150 grs.	468 tons	
PASTA at 70 grs	272 tons	
Extra ration estimated at 400,000 pop.		
at additional 100	40 tons	
TOTAL	780 tons	

There is considerable influx of opium to Naples City reflected in ration cards. Part of this may be accounted for by fraud.

Item 5

Proposal to increase the price of bread in the King's Provinces from 2.80 Lire to 4.00 Lire per kilo.

The price of wheat in Apulia was raised on Dec. 29. In accordance with traditional procedure the bread price was raised from 2.80 Lire to 3.60 Lire per kilo to effect the increase in wheat prices. The increase in bread prices was to become effective 10 January 1944 but it was not published by the Italian Government. Now the Italian Government desires to raise the price an additional 0.40 Lire to a total of 4.00 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 5.60 Lire per kilo. This price is based on a price for flour to the baker of 3.10 Lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.17 Lire per kilo according to the Italian Government figures.

The position of ACC/ADM on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported,

was not published by the Italian Government. Now the Italian Government desires to raise the price an additional 0.40 Lire to a total of 4.0 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 3.60 Lire per kilo. This price is based on a price for flour to the baker of 3.10 Lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.17 Lire per kilo according to the Italian Government figures.

The position of AGC/AMG on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the legal price for bread through an agency under our control will for the time being be 3.60 Lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 Lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 Lire a kilo.....In any locality where production and transportation costs make it impossible for a baker to sell bread profitably at 3.60 Lire if he pays 3.10 Lire for flour, appropriate financial assistance will be given by the local government authority."

Mr. Grady concurs in the recommendation of Mr. Cal. Lett that the maximum price for bread be maintained at 3.60 Lire per kilo with no deviation in other than exceptional circumstances and that the price in Apulia be permitted to rise to 3.60 Lire per kilo.

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Item 6

Internal Transportation Sub-Commission, ACC.,
 c/o Gov & Int.,
 AFHQ Advanced Administrative Hq.,
 C.M.F.

Our reference : ACC In/30/53

Date : 16 Jan 44.

TO : Mr. Henry Greay (for Mr. Daimel).
 H.Q., AMG

SUBJECT : Proposed 100% increase in Railway freight rates.

1. Reference this Sub-Commission letter ACC In/30/47 dated 13 Jan 44, and enclosed application from Italian Undersecretary of State for Railways and Highways, dated 28 Dec 43, which Mr. Daimel left with this Sub-Commission on 13 Jan 44 together with attached proposed memorandum to Mr. Greay, dated 10 Jan 44, the following comments are submitted.

2. From the standpoint of those responsible for the financial position of the Italian Railways, the data obtained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway authorities case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognised that owing to the disorganisation caused by war conditions it is not possible for the Italian Administration to present anything like complete statistics in support of their application.

3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below:-

(i) Any authorised increase in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.

(ii) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for

and enclosed application from Italian Undersecretary of State for Railways and Highways, dated 28 Dec 43, which Mr. Daniel left with this Sub-Commission on 13 Jan 44 together with attached proposed Memorandum to Mr. Gray, dated 10 Jan 44, the following comments are submitted.

2. From the standpoint of those responsible for the financial position of the Italian Railways, the date contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway Authority's case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognised that owing to the disorganisation caused by war conditions it is not possible for the Italian Administration to present anything like complete statistics in support of their application.

3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below:-

- (i) Any authorised increase in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.
- (ii) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traffic has been and is likely to continue to be for the Allied Forces, free of tariff charges.

/s/ S.A. Fitch, Colonel,
Chief of Internal Transportation Sub-Commission, ACC.

Copy to :-
H.Q., IWB
H.Q., ACC, (for Capt. Stone).

16 January 1944

SUBJECT : Proposed 100% increase in railway freight rate.

Memorandum for Central Economic Committee

1. Recommendation that freight rates be increased by 100% is made in a report transmitted to Captain E. W. Stone, Vice President in charge of the Communications Section of the ACC by letter of 30 Dec 43, from General G. Di Raimondo, Under Secretary of State for the Italian Ministry of Communications, and referred to you by Captain Stone for the consideration of the Central Economic Committee.

2. Although the report contains some interesting data, it is hardly adequate as a complete presentation of a case for a rate increase. The essential arguments advanced in support of the proposal are:

- a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
- b. That it would have a negligible effect upon the cost of living: two examples (vegetables and oil) are cited.
- c. That rates have not been increased for four years, during which time prices and wages have been raised.
- d. That the ACC has approved rate increases, running up to 400%, in the Naples area (the funicular railway and "the secondary railways exploited by the 'Societa Strade Ferrate Secondarie Meridionali'").

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.

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- a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
- b. That it would have a negligible effect upon the cost of living: two examples (vegetables and oil) are cited.
- c. That rates have not been increased for four years, during which time prices and wages have been raised.
- d. That the AM has approved rate increases, running up to 400%, in the Naples area (the funicular railway and the secondary railways exploited by the 'Societa Strade Ferrete Secondarie Meridionali').

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.

4. Approval of the proposal would constitute an exception to general policy of retarding price increases as a restraint against price inflation; the increases, if imposed, would undoubtedly stimulate demands for increases in other utility rates, in wages, and prices; it would further serve as a precedent for comparable increases in freight rates in other parts of Italy and these come under Allied control.

5. The Italian report provides no indication of the extent to which railway operating deficits would be reduced by the proposed increase, other than the statement that a 400% increase would be required to meet the financial requirements, but that this would "for political and economical reasons" be impossible.

-2-

Since most traffic at present is for Allied operational requirements, it does not seem likely that the small proportion of traffic for civilian requirements to which the proposed rate increase would apply would provide any very substantial basis for financial improvement.

6. Moreover, question may be raised as to whether, under existing conditions, an increase in rates is actually preferable to government subsidy as a means of meeting operating deficits, in view of the pyramiding effect of rate increase on prices, and their consequent stimulus to inflation. The answer to this depends upon an analysis of inflationary factors in the existing situation which cannot be adequately dealt with here.

7. In any event, however, since approval of the rate increase for the limited area now under Allied control would involve far reaching implications with respect to later action in other areas, and to other rate, wage, and price increase proposals, approval of this proposal would appear premature unless a much more substantiated case of urgent need and effective benefit is made.

RECOMMENDATION

It appears therefore that the most appropriate action to be taken in the matter at this time would be to inform the Italian Government, through the appropriate channels, that it is not considered desirable to approve the proposed rate increases at this time, but that consideration will be given to any further data that Government may wish to submit in the matter, particularly as the measure in which the railway operating deficits would actually be relieved by the action proposed, and as to the effect of the proposed increases in rates on the cost of living, including a more representative series of specific examples.

HENRY F. GRADY
Deputy Vice President

Item 7

AFHQ ADV. ADM. SECTION
Petroleum Section

(Copy)

4/2 PS
17 January 1944

SUBJECT: Establishment of Petroleum Prices
Residual Fuel Oil.

TO : Central Economic Committee.

1. Receipt of your letter 14 January 1944, above subject, confirming establishment of prices on certain petroleum products, is acknowledged.

2. Prior to the meeting 12 January 1944 of the Central Economic Committee, data were insufficient to include a price proposal for residual fuel oil. Such data now being at hand, a retail price of 10 lire per kilogram (1000 lire per metric ton) is suggested for motor use and 8 lire per kilo for furnace or boiler use.

3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.56 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.28 lire, making this retail price approximately 2 lire lower for such consumers.

4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published at once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.E.C.

H.R. Carruthers
Lt. Col.,
Chief of Section

3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.36 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.28 lire, making this retail price approximately 2 lire lower for such consumers.

4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published at once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.I.C.

H.H. Carruthers
Lt. Col.,
Chief of Section

1003

Item 8

(COPY)

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
INDUSTRY & COMMERCE SUB-COMMISSION
AFC 394

JSET/job

AWG/5063/IC

16 January 1944

SUBJECT: Glass Factory at Salerno

TO : Economic Directorate

1. Authority is sought from the Economic Directorate for the Industry and Commerce Sub-Commission to initiate a program for the resumption of production at the above named factory.

2. A condensed report is attached to this letter giving a summary of the main problems involved.

3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the Military.

4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.

5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.

6. The Army has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.

7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of say three months, when an adequate stockpile of window glass should have been accumulated.

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1 Incl.

W. F. EVANS
Colonel
Director, Industry &
Commerce Sub-Commission

Inspection of V.M.R.C.S.A.
DATED 10-1-44

Inspection of VETRERIA MECCANICA-RICCIARDI & C. S.p.A. on the 7th & 8th Jan.

GENERAL.

1. The above mentioned company is a small glass works manufacturing clear window glass (about 1-1/2 meters wide and anywhere between 1 to 7 m/m thick) by the continuous flat sheet process. There is only one kiln and once started, the process is continuous for a period, under normal conditions, of say 5 to 6 months, day and night.

2. It takes approximately three weeks to heat up the kiln and contents from cold and the Manager states that they have already tried and failed to find means of reducing the output below 100,000 square meters per month.

3. The Manager stated that they neither reduce the size of the kiln by bricking, nor the rate of feeding in the raw materials.

4. RAW MATERIALS. Principal raw materials required are: 700 tons of long flame steam coal (known as silit) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trapani, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Roccapietra Marittima, near Pisa. (The above are all monthly requirements).

5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.

6. Other materials required, all of which are available or could be obtained by V.M.R.C.S.A. themselves, are: 70 tons of calcium carbonate (lime-stone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Barletta. (all of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.

7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.

8. POWER SUPPLY. The factory is electrically operated and requires some 60 H.P.

4. RAW MATERIALS. Principal raw materials required are: 700 tons of long flame steam coal (known as splint) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trapani, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Rossignone Marittimo, near Pisa. (The above are all monthly requirements).

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7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.

8. POWER SUPPLY. The factory is electrically operated and requires some 50 H.P. by day and 20 H.P. by night. Their own plant is in good order and needs only minor connections, but the availability of 60 H.P. at 150/260/450 volts should be confirmed as it is understood that other factories in the valley are being rationed and required to work full capacity at night only. There is a waste heat steam engine and a 12/15 H.P. Diesel Plant capable of keeping the factory running for short emergency periods but they cannot supply their full requirements. It consumes 1 ton Nafta per month.

9. LABOUR. It is not anticipated that there would be difficulty in obtaining the 300 labourers required.

- 2 -

10. STOCKS. There are no stocks of raw materials and their former stocks of finished product have been requisitioned and removed by the Military. No attempt has been made by the Military to operate the factory.

11. ACCESS. There is railway station on the main Salerno-Naples line near the factory with adequate siding facilities, but V.M.R.C.S.A. have no trucks. They formerly imported coal from England and understand that wharf facilities are still available at Salerno (but under Naval control). They have sufficient storage for three to four month's supply of raw materials and the necessary maintenance of the factory is already laid on.

12. RECOMMENDATION. Since glass making is a process which, when once started cannot be stopped economically under a run of several months and only then with damage and difficulties, and the plant under review does not lend itself to operation below full capacity, it is recommended that it should not be started unless a supply of glass of not more than 100,000 square metres is considered essential, and a regular monthly supply of 700 tons special coal and 150 tons soda from the U.S. or U.K., and 500 tons sand from Trapani, together with the necessary electricity supply, can be guaranteed.

It should further be noted that, whilst there is no reason to believe that this factory is below average efficiency, the manufacture of glass is a process requiring very large supplies of heat, quite apart from requiring a special coal. It requires 250 tons of coal and 3 weeks to bring the kiln and contents to the initial operating temperature, in addition to 700 tons per month for operation.

JSE/jrl

10 Jan. 44

Major A. S. BREWTON,
Industry & Commerce

Item 9

(COPY)
 ALLIED FORCE HEADQUARTERS
 ADVANCE ADMINISTRATIVE ECHelon
 CENTRAL ECONOMIC COMMITTEE

18 January 1944

SUBJECT: Railway Labor.

TO : Chief Executive, Central Economic Committee

1. The following is submitted in accordance with your memorandum dated 30 December 1943. The memorandum requests that:

- a. Wage rates for railway workers be made uniform throughout occupied portions of the Italian Mainland;
- b. War indemnities be eliminated in those areas where conditions no longer warrant their payment, and that this be considered in establishing uniform wage rates.
- c. The necessary investigation be made and directives prepared to implement the foregoing.

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. G. di Reimondo, Undersecretary of State for Communications, in a memorandum to General Grady dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Apulia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Apulia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legisla-

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. G. di Palombara, Undersecretary of State for Communications, in a memorandum to General Gray dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Apulia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Apulia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legislation. Revision can be accomplished without substantial change in the total amount of wages paid, but there are certain practical problems which must be considered before proceeding. Italian civilian specialists and the Italian Ministry of Labor should be utilized, and information procured as to whether or not any basic wage structure revisions have been effected in Unoccupied Italy; and at least 2 to 3 months must be set aside for the job. Since the Italian Government and Allied Control Commission centered late joint basic wage revision study, it is suggested that C.E.C. assure uniformity and equity in current rates of pay, but leave the long term job revision to them.

4. In view of the foregoing, and the recent C.E.C. Directive to ACC that wage changes should not be made without prior approval by C.E.C., it is recommended that no further action be taken at this time regarding the questions raised above.

DAK/tbw

DAVID A. MORSE,
Capt., A.C.,
Labor

093

AGENDA

THIRD MEETING
OF

CENTRAL ECONOMIC COMMITTEE

To be held in the Conference Room at AFM
Advanced Administrative Echelon at 1000 hours
on 29 January 1944

1. Consideration of the minutes of the previous meeting.
2. Report from the Chief Executive.
3. Report on the general food supply situation.
4. Consideration of a proposed ration scale for the Italian mainland.
5. Consideration of the proposed increase in bread prices in Apulia.
6. Consideration of the proposed 100% increase in freight rates.
7. Consideration of proposed prices for residual fuel oil.
8. Consideration of a report on resumption of operations by the glass plant at Salerno.
9. Consideration of a report on railway labor rates.
10. Other business.

L.S. FLENDER
Capt., AUS
Central Economic Committee

Distribution:

- 1 - DCAC
- 2 - DDEAC
- 3 - DQMC (1)
- 4 - Deputy Vice-President, Economic and Administrative Section, ACC.
- 5 - AEC 15th Army Group (Attn: Brig. M. G. Iuen)
- 6 - Chief, Internal Transportation Sub-Commission, ACC.

Plant at Salinas.

9. Consideration of a report on railway labor rates.

10. Other business.

1. S. PLUMMER
Sept., AUS
 Central Economic Committee

Distribution:

- 1 - DCAC
- 2 - DDCAC
- 3 - DQMG (1)
- 4 - Deputy Vice-President, Economic and Administrative Section, AEC.
- 5 - AEC 15th Army Group (Attn: Brig. M. S. Lush)
- 6 - Chief, Internal Transportation Sub-Commission, AEC.
- 7 - Chief Executive, CEC
- 8 - Asst. Executive, CEC

Supporting data on the following items is appended:

- Item 4 -- Letter from Brigadier Lush and attached memorandum.
- Item 5 -- Summary memorandum including recommendations of Mr. Grady **509**
 Lt. Col. Legg.
- Item 6 -- Letter to Mr. Grady from Col. G. A. Fitch and Memorandum from Mr. Grady with his recommendations.
- Item 7 -- Letter from Lt. Col. Caruthers, Chief of Petroleum Section, AEC, and a memorandum prepared by Major A. S. Everett, Industry & Commerce Sub-Committee, on the plant.
- Item 8 -- Letter from Col. Evans to the Economic Directorate, AEC, asking authority to initiate a program for the resumption of operations and a memorandum prepared by Major A. S. Everett, Industry & Commerce Sub-Committee, on the plant.
- Item 9 -- Letter from Captain D. A. Morse with recommendations.

50.3

Item 4

MEMORANDUM
ALLIED MILITARY GOVERNMENT
15 APR 1947

18 Jan. 44.

SUBJECT : Food supplies. (Reference: LEL/101.)

TO : Central Economic Committee.

1. The present ration scale in Region III which includes Naples City is insufficient for the maintenance of life. If we do not increase it the usual results of malnutrition will appear, and will appear rapidly viz. disorder, disease, starvation. Moreover, we shall be justly accused of failure to live up to the promises made on several occasions by the leaders of the United Nations.

2. I recommend most strongly that the ration should be raised to approximate to that level now (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in this ration. In our planning for Rome this ration should be applied.

4. The total daily tonnage for Region III on this ration will amount to 760 tons, for Rome 250 tons.

1st Lt. LUSH
Brigadier, M.S.
C.O.I.C.

ESTIMATE FOR FLOUR REQUIREMENTS
REGION 3 INCLUDING SALERNO

POPULATION

NAPLES CITY	923,000
PROVINCE	1,400,000
TOTAL	2,323,000

2. I recommend most strongly that the ration should be raised to approximately to that level down (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in this ration. In our planning for Rome this ration should be applied.

4. The total daily tonnage for Region III on this ration will amount to 750 tons, for Rome 450 tons.

1st Lt. LUSH
Brigadier, M.C.
C.C.A.C.

ESTIMATE FOR FLOUR REQUIREMENTS
REGION 3 INCLUDING SALFING

POPULATION		
NAPLES CITY	927,900	
PROVINCE	1,400,300	
BENIVENTO	360,000	
AVELLINO	420,000	
SALERNO	749,000	
NORMAL		
BREAD at 150 grs.	468 tons	
PASTA at 70 grs	272 tons	
Extra ration estimated at 400,000 pop.		
at additional 100	40 tons	
TOTAL	780 tons	

There is considerable influx of population to Naples City reflected in ration cards. Part of this may be accounted for by bread.

Item 5

Proposal to increase the price of bread in the King's Provinces from 2.80 Lire to 4.00 Lire per kilo.

The price of wheat in Apulia was raised on Dec. 29. In accordance with traditional procedure the bread price was raised from 2.80 Lire to 3.60 Lire per kilo to offset the increase in wheat prices. The increase in bread prices was to become effective 10 January 1944 but it was not published by the Italian Government. Now the Italian Government desires to raise the price an additional 0.40 Lire to a total of 4.0 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 3.60 Lire per kilo. This price is based on a price for flour to the baker of 3.10 Lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.17 Lire per kilo according to the Italian Government figures.

The position of AGO/AMT on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the legal price for bread throughout areas under our control vital for

crease in bread prices was to become effective 10 January 1944 and was not published by the Italian Government. Now the Italian Government desires to raise the price an additional 0.40 Lire to a total of 4.0 Lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 3.60 Lire per kilo. This price is based on a price for flour to the baker of 2.10 Lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.17 Lire per kilo according to the Italian Government figures.

The position of ACC/ADM on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the legal price for bread throughout areas under our control will for the time being be 3.60 Lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 Lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 Lire a kilo.....In any locality where production and transportation costs make it impossible for a baker to sell bread profitably at 3.60 Lire if he pays 3.10 Lire for flour, appropriate financial assistance will be given by the local government authority."

Mr. Grady concurs in the recommendation of Lt. Col. Leach that the maximum price for bread be maintained at 3.60 Lire per kilo with no deviation in other than exceptional circumstances and that the price in Apulia be permitted to rise to 3.60 Lire per kilo.

5093

Item 6

Internal Transportation Sub-Commission, ACC.,
 C/O Gov & Na.,
 AFHQ Advanced Administrative Echelon,
 C.M.F.

Our reference : ACC Ta/30/53

Date : 16 Jan 44.

TO : Mr. Henry Gray (for Mr. Deimel).
 H.Q., AIG

SUBJECT : Proposed 100% increase in Railway freight rates.

1. Reference this Sub-Commission letter ACC Ta/30/47 dated 10 Jan 44, and enclosed application from Italian Undersecretary of State for Railways and Highways, dated 26 Dec 43, which Mr. Deimel left with this Sub-Commission on 13 Jan 44 together with attached proposed memorandum to Mr. Gray, dated 10 Jan 44, the following comments are submitted.

2. From the standpoint of those responsible for the financial position of the Italian Railways, the data contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway authorities case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognized that owing to the disorganization caused by war conditions it is not possible for the Italian Administrations to present anything like complete statistics in support of their application.

3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below:-

- (i) Any authorized increase in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.
- (ii) The strong probability that even if the freight rates were increased 100% the deficit would still be very large because the overwhelming majority of the traf-

Commission on 13 Jan 44 together with attached proposed memorandum to Mr. Gray, dated 10 Jan 44, the following comments are submitted.

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/s/ S.J.L. Petch, Colonel,
Chief of Internal Transportation Sub-Commission, ACC.

Copy to :-

H.Q., AEF

H.Q., ACC. (for Capt. Stone).

16 January 1944

SUBJECT : Proposed 100% increase in railway freight rates.

Memorandum for Central Economic Committee

1. Recommendation that freight rates be increased by 100% is made in a report transmitted to Captain E. W. Stone, Vice President in charge of the Communications Section of the AGC by letter of 30 Dec 43, from General G. Di Raimondi, Under Secretary of State for the Italian Ministry of Communications, and referred to you by Captain Stone for the consideration of the Central Economic Committee.

2. Although the report contains some interesting data, it is hardly adequate as a complete presentation of a case for a rate increase. The essential arguments advanced in support of the proposal are:

- a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
- b. That it would have a negligible effect upon the cost of living: two examples (vegetables and oil) are cited.
- c. That rates have not been increased for four years, during which time prices and wages have been raised.
- d. That the AGC has approved rate increases, running up to 400%, in the Naples area (the funicular railway and the secondary railways exploited by the 'Societa Strade Ferrate Secondarie Meridionali').

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would need apply, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the

CEC

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- d That the AIL has approved rate increases, running up to 400%, in the Naples area (the funicular railway and the secondary railways exploited by the 'Societa Strada Ferrata Secomarie Meridionale').

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4. Approval of the proposal would constitute an exception to general policy of retarding price increases as a restraint against price inflation; the increases, if imposed, would undoubtedly stimulate demands for increases in other utility rates, in wages, and prices; would further serve as a precedent for comparable increases in freight rates in other parts of Italy as these come under Allied control.

5. The Italian report provides no indication of the extent to which railway operating deficits would be reduced by the proposed increase. Other than the statement that a 400% increase would be required to meet the financial requirements, but that this would "for political and economical reasons" be impossible.

-2-

Since most traffic at present is for Allied operational requirements, it does not seem likely that the small proportion of traffic for civilian requirements to which the proposed rate increase would apply would provide any very substantial basis for financial improvement.

6. Moreover, question may be raised as to whether, under existing conditions, an increase in rates is actually preferable to government subsidy as a means of meeting operating deficits. In view of the pyramiding effect of rate increase on prices, and their consequent stimulus to inflation, the answer to this depends upon an analysis of inflationary factors in the existing situation which cannot be adequately dealt with here.

7. In any event, however, since approval of the rate increase for the limited time now under Allied control would involve far reaching implications with respect to later action in other areas, and to other rate, wage, and price increase proposals, approval of this proposal would appear premature unless a much more substantiated case of urgent need and effective benefit is made.

RECOMMENDATION

It appears therefore that the most appropriate action to be taken in the matter at this time would be to inform the Italian Government, through the appropriate channels, that it is not considered desirable to approve the proposed rate increases at this time, but that consideration will be given to any further data that Government may wish to submit in the matter, particularly in the measure in which the railway operating deficits would actually be relieved by the action proposed, and as to the effect of the proposed increases in rates on the cost of living, including a more representative series of specific examples.

HENRY F. CULADY
Deputy Vice President

Item 7

(Copy) AFHQ ADV. ADM. LORTELON
Petroleum Section

4/2 PS
17 January 1944

SUBJECT: Establishment of Petroleum Prices
Residual Fuel Oil.

TO : Central Economic Committee.

1. Receipt of your letter 14 January 1944, above subject, confirming establishment of prices on certain petroleum products, is acknowledged.

2. Prior to the meeting 12 January 1944 of the Central Economic Committee, data were insufficient to include a price proposal for residual fuel oil. Such data now being at hand, a retail price of 10 lire per kilogram (1000 lire per metric ton) is suggested for motor use and 8 lire per kilo for furnace or boiler use.

3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.36 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.28 lire, making this retail price approximately 2 lire lower for such consumers.

4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published at once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.E.C.

H.R. Carruthers
Lt. Col.,
Chief of Section

sidual fuel oil. Such data now being at hand, a retail price of 10 lire per kilogram (1000 lire per metric ton) is suggested for motor use and 3 lire per kilo for furnace or boiler use.

3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.56 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.25 lire, making this retail price approximately 2 lire lower for such consumers.

4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published at once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.E.C.

H.R. Garruthers
Lt. Col.,
Chief of Section

5059

Item 8

(COPY)

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
INDUSTRY & COMMERCE SUB-COMMISSION
APC 394

JSET/job

AMG/5063/IC

16 January 1944

SUBJECT: Glass Factory at Salerno

TO : Economic Directorate

1. Authority is sought from the Economic Directorate for the Industry and Commerce Sub-Commission to initiate a program for the resumption of production at the above named factory.
2. A condensed report is attached to this letter giving a summary of the main problems involved.
3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the Military.
4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.
5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.
6. The Army has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.
7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of say three months, when an adequate stockpile of window glass should have been accumulated.

2. A condensed report is attached to this letter giving a summary of the main problems involved.
3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the Military.
4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.
5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.
6. The Army has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.
7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of say three months, when an adequate stockpile of window glass should have been accumulated.

1 Incl.

Inspection of V.M.R.C.S.A.
DATED 10-1-44

W. P. EVANS
Colonel
Director, Industry &
Commerce Sub-Commission

Inspection of VETTERIA MECCANICA-RICCIARDI & C. S.p.A., AN, on the 7th & 8th Jan.

GENERAL.

1. The above mentioned company is a small glass works manufacturing clear window glass (about 1-1/2 meters wide and anywhere between 1 to 7 m² thick) by the continuous flat sheet process. There is only one kiln and once started, the process is continuous for a period, under normal conditions, of say 5 to 6 months, day and night.

2. It takes approximately three weeks to heat up the kiln and contents from cold and the Manager states that they have already tried and failed to find means of reducing the output below 100,000 square meters per month.

3. The Manager stated that they neither reduce the size of the kiln by bricking, nor the rate of feeding in the raw materials.

4. RAW MATERIALS. Principal raw materials required are: 700 tons of long flame steam coal (known as splint) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trapani, Sicily; 150 tons of sodium carbonate Na₂CO₃ which formerly came from Rassignano Marittimo, near Pisa.
(The above are all monthly requirements).

5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.

6. Other materials required, all of which are available or could be obtained by V.M.F.C.S.A. themselves, are: 70 tons of calcium carbonate (lime-stone) Ca CO₃ obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) Mg CO₃, also obtainable from Salerno; 25 tons of sodium sulphate Na₂SO₄ obtainable from Berletta. (All of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.

7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.

8. POWER SUPPLY. The factory is electrically operated and requires some 60 H.P.

to 600 tons of sand which formerly came from Greaseto and which is to be available at Trepant, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Rossignano Marittimo, near Pisa.
(The above are all monthly requirements).

5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.

6. Other materials required, all of which are available or could be obtained by V.M.P.C.S.A. themselves, are: 70 tons of calcium carbonate (lime-stone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Barlette. (all of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packings, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.

7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.

8. POWER SUPPLY. The factory is electrically operated and requires some 60 H.P. by day and 20 H.P. by night. Their own plant is in good order and needs only minor connections, but the availability of 60 H.P. at 150/260/450 volts should be confirmed as it is understood that other factories in the valley are being rationed and required to work full capacity at night only. There is a waste heat steam engine and a 12/15 H.P. Diesel Plant capable of keeping the factory running for short emergency periods but they cannot supply their full requirements. It consumes 1 ton Napta per month.

9. LABOUR. It is not anticipated that there would be difficulty in obtaining the 300 labourers required.

- 2 -

10. STOCKS. There are no stocks of raw materials and their former stocks of finished product have been requisitioned and removed by the Military. No attempt has been made by the Military to operate the factory.

11. ACCESS. There is railway station on the main Salerno-Naples line near the factory with adequate siding facilities, but V.M.R.C.S.A. have no trucks. They formerly imported coal from England and understand that wharf facilities are still available at Salerno (but under Naval control). They have sufficient storage for three to four month's supply of raw materials and the necessary maintenance of the factory is already laid on.

12. RECOMMENDATION. Since glass making is a process which, when once started cannot be stopped economically under a run of several months and only then with damage and difficulties, and the plant under review does not lend itself to operation below full capacity, it is recommended that it should not be started unless a supply of glass of not more than 100,000 square metres is considered essential, and a regular monthly supply of 700 tons special coal and 150 tons soda from the U.S. or U.K., and 500 tons sand from Trapani, together with the necessary electricity supply, can be guaranteed.

It should further be noted that, whilst there is no reason to believe that this factory is below average efficiency, the manufacture of glass is a process requiring very large supplies of heat, quite apart from requiring a special coal. It requires 250 tons of coal and 3 weeks to bring the kiln and contents to the initial operating temperature, in addition to 700 tons per month for operation.

ASE/jfl

10 Jan. 44

Major A. S. BREWSTER,
Industry & Commerce

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ASB/jfl

10 Jan. 44

Major A. S. BRILETON,
Industry & Commerce

Item 9

(Copy)

ALLIED FORCE HEADQUARTERS
ADVANCE ADMINISTRATIVE ECHILION
CENTRAL ECONOMIC COMMITTEE

18 January 1944

SUBJECT: Railway Labor.

TO : Chief Executive, Central Economic Committee

1. The following is submitted in accordance with your memorandum dated 30 December 1943. The memorandum requests that:

a. Wage rates for railway workers be made uniform throughout occupied portions of the Italian Mainland;

b. War indemnities be eliminated in those areas where conditions no longer warrant their payment, and that this be considered in establishing uniform wage rates.

c. The necessary investigation be made and directives prepared to implement the foregoing.

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. G. di Reimondo, Undersecretary of State for Communications, in a memorandum to General Gray dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Apulia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Apulia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legisla-

b. War indemnities be eliminated in those areas where conditions no longer warrant their payment, and that this be considered in establishing uniform wage rates.

2. The necessary investigation be made and directives prepared to implement the foregoing.

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. G. di Reimondo, Undersecretary of State for Communications, in a memorandum to General Grey dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Puglia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Puglia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legislation. Revision can be accomplished without substantial change in the total amount of wages paid, but there are certain practical problems which must be considered before proceeding. Italian civilian specialists and the Italian Ministry of Labor should be utilized, and information procured as to whether or not any basic wage structure revisions have been effected in Unoccupied Italy, and at least 2 to 3 months must be set aside for the job. Since the Italian Government and Allied Control Commission contemplate joint basic wage revision study, it is suggested that C.I.C. assure uniformity and equity in current rates of pay, but leave the long term job revision to them.

4. In view of the foregoing, and the recent C.I.C. Directive to ACC that wage changes should not be made without prior approval by C.I.C., it is recommended that no further action be taken at this time regarding the questions raised above.

DAM/tbw

DAVID A. MORSE,
Capt., A.C.,
Labor

5087

SECOND MEETING
OF
CENTRAL ECONOMIC COMMITTEE
To be held in the Conference Room at AFHQ
Advanced Administrative Echelon, at 1000 hrs.

12 January 1944

1. Report from the Chief Executive.
2. Report on the general food supply situation
3. Consideration of the action taken by the Italian Government in fixing olive oil prices.
4. Consideration of the proposal to establish a central medical supply depot in Naples under the direction of the Central Economic Committee.
5. Consideration of a general report on the hemp situation including seed and fertilizer requirements.
6. Consideration of a retroactive price increase for the 1943 wheat crop.
7. Consideration of the proposed increase in petroleum prices.
8. Consideration of coal prices.
9. Consideration of the proposed 100% increase in passenger tariffs on the Italian State Railways.
10. Any other matters.

L. S. FLUMMER,
Capt., A.U.S.
Secretary
Central Economic Committee

DISTRIBUTION:

- 50.3
- 1.--DGAC
 - 2.--DPCAC
 - 3.--DQMC (M)
 - 4.--Asst. Deputy President, ACC
 - 5.--AMG HQ (Attn: Col. C. M. Spofford)
 - 6.--AMG 15th Army Group (Attn: Brig. M. S. Lush)
 - 7.--Asst. Executive, CEC.

5086

CENTRAL ECONOMIC COMMITTEE
APO 400

9 January 1944

SUBJECT: Agenda for Second Meeting of Central Economic Committee

TO : Members of Central Economic Committee:

1. Agenda previously distributed is amended by inclusion of the following item for consideration by the Committee:

#10--Status of plans for distribution of imported food items.
(Previous Item 10 on Agenda became Item 11)

2. Supporting data for Items 3, 4, 5, 6, and 8 is attached.

L. M. FURNER,
Capt. A. U. S.,
Secretary,
Central Economic Committee.

DISTRIBUTION:

- 1.--DCAS
- 2.--C/CA
- 3.--DAG (2)
- 4.--Asst. Deputy President, ACE (Province)
- 5.--AMG H. (Attn: Col. C. M. Spafford)
- 6.--AMG 15th Army Group (Attn: Brig. M. S. Nash)

5085

SECOND MEETING
OF

CENTRAL ECONOMIC COMMITTEE

To be held in the Conference Room at AFHQ
Advanced Administrative Echelon, at 1000 hrs.

12 January 1944

(R E V I S E D)

- Minutes*
- ✓ 1. Report from the Chief Executive
 - ✓ 2. Report on the general food supply situation
 - ✓ 3. Consideration of the action taken by the Italian Government in fixing olive oil prices.
 - ✓ 4. Consideration of the proposal to establish a central medical supply depot in Naples under the direction of the Central Economic Committee.
 - ✓ 5. Consideration of a general report on the hemp situation including seed and fertilizer requirements.
 - ✓ 6. Consideration of a retroactive price increase for the 1943 wheat crop.
 - ✓ 7. Consideration of the proposed increase in petroleum prices.
 - ✓ 8. Consideration of coal prices.
 - ✓ 9. Consideration of the proposed 100% increase in passenger tariffs on the Italian State Railways.
 10. Status of plans for distribution of imported food items.
 11. Any other matters.

Notes

Price
10-10-44

What time

Franch
with *Franch*

Per all matters
Central Economic Committee

L. S. PLUMER,
Capt., A.U.S.
Secretary

Central Economic Committee

DISTRIBUTION:

- 1.--DCAO
- 2.--DDCAO
- 3.--DQMC (M)
- 4.--Asst. Deputy President, ACC
- 5.--AMG HQ (Attn: Col. C. M. Spofford)
- 6.--AMG 15th Army Group (Attn: Brig. M. S. Lush)
- 7.--Asst. Executive, CEC.

5084

11 January 44.

Col Henderson:

This folder contains the following material for use by you at the CEC meeting Wednesday:

A. A revised agenda, including the item entitled "Status of plans for distribution of imported food items." Committee members have been notified by letter that this item has been added and I will have copies of the revised agenda to distribute at the meeting.

B. Supporting data for all but the first item on the agenda. List follows:

Item 1--Report from the Chief Executive: nothing has been written on this. I presume you will want to speak extemporaneously on at least the following points: (a) Progress in organizing the committee staff. (b) The Algiers meeting.

Item 2--Report on the general food supply situation.

Item 3--Consideration of the action taken by the Italian Government in fixing olive oil prices.

- a. Summary of present prices being paid and sequence of events leading to the present diversity. Summary of messages to and from General Joyce.
- b. Message received from General Joyce on 8 January which arrived after the above was distributed to members. Copies will be available to distribute at meeting.
- c. Text of earlier messages to and from General Joyce.
- d. Copy of message to Grady from Joyce asking opinion on proposal of Italian government to raise price of bread to 4 Lire per kilo after having previously raised wheat prices and then bread price from 2.80 Lire per Kilo to 3.65 Lire.
- e. Signal No. 5110 from Lush to Spefford re legislation on prices and wages without prior consultation between AMG HQ, AMG 15th Army, and ACC.
- f. Letter from Adams and copies of ordinances issued by Italian government.

Item #4--Consideration of the proposal to establish a central medical supply depot in Naples ~~xxxx~~ under the direction of the Central Economic Committee.

- a. Letter to chairman, CEC, from Brigadier Lush.
- b. Letter from Parkinson to Chief of Staff, HQ, AMG
- c. Letter from Parkinson to CEC. (This arrived too late to be sent to members but copies will be available at meeting.)

Item 5--Consideration of a general report on the hemp situation including seed and fertilizer requirements.

- a. Summary of hemp report prepared by Lt. Col. Herrmann.

Item #6--Consideration of a retroactive price increase for the 1943 wheat crop.

- a. Brief summary of the present situation.

Item #7--Consideration of the proposed increase in petroleum prices.

- a. Memo from Lt. Col. Carruthers.
- b. Memo from AFHQ Pet. Sec.
- c. Cable for Brig. Hamlyn from Joyce re Jung's views on gasoline subsidy.
- d. Letter of 26 December from Carruthers suggesting 16 Lire ~~price~~ ^{price}.

Item #8--Consideration of coal prices.

- a. Memo based on my discussion with Oxley re coal prices.

- (2)
- Item # 9--Consideration of the proposed 100% increase in passenger tariffs on the Italian State Railways.
- a. Letter from Fitch dated 5 January which does not provide basis for action at this meeting. (He has not been supplied information requested from Italian State Railways. I was over to see an assistant of Gen. di Raimondo with Major Walker and learned that the General had not yet returned. They can not do anything until he gets back.)
 - b. Letter from Fitch dated 25 Dec. in which he recommended that 100% increase be approved.
 - c. Copy of letter from Fitch to HQ.AMG dated 6 Jan. re request of Sicilian lines for passenger rates three times their present figure
 - d. Letter from Communications section, AMG to Fitch concurring in Fitch's recommendation that CEC handle Mainland and Sicily rate increases on the same basis. (Apparently Fitch does not know we deal only with Mainland.)
- Item # 10--Status of plans for distribution of imported food items.
- a. Summary of present status of above plans.
 - b. Text of msg from Lush to Merrill re future bids for food and rations for various classes of consumers.
 - c. Correspondence re "food fleet" ~~AFMxxxMSG~~ including letter from Holmes to HQ,ACC; letter to General Smith from Italian official (Prunas) ~~xx~~ proposing fleet; list of ships involved; letter from Holmes to C. of S. summarizing situation; and letter from Holmes to Medbo explaining plan.

Plummer

CENTRAL ECONOMIC COMMITTEE
AGC 800

9 January 1944

SUBJECT: Agenda for Second Meeting of Central Economic Committee

TO : Members of Central Economic Committee:

1. Agenda previously distributed is amended by inclusion of the following item for consideration by the Committee:

(10--Status of plans for distribution of imported food items.
(Previous Item 10 on Agenda becomes Item 11)

2. Supporting data for Items 3, 4, 5, 6, and 8 is attached.

L. S. Plummer

L. S. PLUMMER,
Capt. A. U. S.,
Secretary,
Central Economic Committee.

DISTRIBUTION:

- 1.--DCAO
- 2.--S/CAO
- 3.--DCSG (3)
- 4.--Asst. Deputy President, AGC (Provincials)
- 5.--AND HQ (Attn: Col. C. M. Spofford)
- 6.--AND 15th Army Group (Attn: Brig. M. S. Nash)

1562

SECOND MEETING
OF
CENTRAL ECONOMIC COMMITTEE
To be held in the Conference Room at AFHQ
Advanced Administrative Echelon, at 1000 hrs.

12 January 1944

REVISED

1. Report from the Chief Executive.
2. Report on the general food supply situation
3. Consideration of the action taken by the Italian Government in fixing olive oil prices.
4. Consideration of the proposal to establish a central medical supply depot in Naples under the direction of the Central Economic Committee.
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8. Consideration of coal prices.
9. Consideration of the proposed 100% increase in passenger tariffs on the Italian State Railways.
10. Any other matters.

L. S. FLINNER,
Capt., A.U.S.
Secretary
Central Economic Committee

DISTRIBUTION:

- 1.--ICAD
- 2.--D²OAD
- 3.--DQMC (M)
- 4.--Asst. Deputy President, ACC
- 5.--AMG HQ (Attn: Col. C. W. Spefford)
- 6.--AMG 15th Army Group (Attn: Brig. M. S. Lush)
- 7.--Asst. Executive, CEC.

5080

CENTRAL ECONOMIC COMMITTEE

2 January 1944

SUMMARY OF ROME SUPPLY PLANS
(Based on Report of Major Cate)

1. WHAT IS REQUIRED.
 - a. First 20 days--300 tons of food per day.
 - b. Thereafter--350 tons a day.
2. THIS WILL PROVIDE DAILY RATION ~~PER~~ PERSON OF:
 - a. 150 grams flour
 - 33 " of dehydrated soup
 - 5 " of evaporated milk
 - 20 " of sugar
 - 7 " of dried vegetables
 - 2 1/2 " of soap
 - b. Above, plus certain medical supplies, were requisitioned by Supply Division, Region IV on Oct. 7 and on Dec. 2, 1943 to cover needed to June 30, 1944
3. AMOUNTS RECEIVED AND STOCKED IN NAPLES WAREHOUSES TO ~~At~~ 31 December 1943:

a. Flour	0 0
Soup	79,449 cases
Evaporated milk	18,648 cases
Sugar	0
Cheese	750 tons
C Biscuit	750 tons
Meat & Vegetable hash	0
Soap	2,711 (?)
Medicinals (Whse. 675) ?	
4. LATEST REPORTS INDICATE POSSIBLE ARRIVALS IN JANUARY:

a. Flour	4,350 tons
Soup	750 tons
Milk	215 tons
Sugar	0
Dried vegetables	0
C Biscuits	500 tons
Hash etc.	2,550 tons
5. METHODS OF TRANSPORT
 - a. If possible supplies will be moved up by road and forward emergency dumps operated.
 - b. If all roads and rails from Naples are destroyed shipment by small coastal schooners may be the main means of transport. Approximately 900 tons of cargo space has been indicated as available by the Shipping Sub-Commission of AFHQ and is now being inspected, cleaned, fuelled, rationed and prepared. Loading of three schooners was started Dec. 28, 1943.
Three thousand tons of schooners will be required to handle the forward movement of goods.
6. PERSONNEL REQUIRED TO EXECUTE PLANEX AND DUTIES:
 - a. Naples warehouse (Supply base)--3 officers, 13 E/M.
 - b. Schooner control at Naples--3 officers, 5 E/M.
 - c. Unloading at forward points--4 officers, 6 E/M.
 - d. Trucking to Rome--3 officers, 1 E/M. (Two platoons GS lorries).
 - e. Warehousing Rome--3 officers, 21 E/M.
 - f. Distribution in Rome--5 officers, 18 E/M.
 - g. HQ. office--5 officers, 6 E/M. (Two attached advisory officers.

50.3

Page 1

SUMMARY OF FOOD SITUATION.
(This is based on data available and is probably incomplete)

COMMODITY	STOCKS ON HAND INCLUDING AR RIVALS SINCE DEC. 25. 1943	CURRENT AMOUNT OF RATION	DAILY NEEDS TO MEET THE CURRENT RATION	DAYS SUPPLY ON HAND IN TERMS OF CURRENT RATION	EXPECTED ARRIVALS	TOTAL ON HAND AND IN SIGHT
REGION I. (Rationed population-3,000,000)						
Wheat & flour	12,889 M.Tons	200 grams	.600 M.Tons.	21 days from 25 Dec or to Jan. 15, 1944	None	12,889 M. Tons
Milk	852 S. Tons					
Soup	963 S. Tons					
Olive oil	Sufficient if amassing proceeds satisfactorily.					
REGION II. (Rationed population: Bread: 2,130,941 through March; 2,375,369 after March (Soap and sugar: 3,176,933.)						
Wheat & flour	None in Reggio, Catanzaro and Cozenza. Potenza sufficient through March. Matera sufficient until new crop comes in.	150 g. official 100 g. actual	320 M. tons (426 M. tons to meet ration of 200 grams per day)	None except Potenza and Matera	12,238 M. tons-Reggio and Cotrone. (Arriving 1-21 Jan.)	12,238 M. Tons
Olive oil	Surplus of 10,000 tons but no containers are available for shipping.					
Milk	10 tons in region; well distributed.					
Sugar	None; have never had a ration.					
Pasta	Matera has ration of 70 grams a week.					
REGION III. (Including Salerno) (Rationed population-3,645,000)						
Flour	10,700 M. Tons	125 grams	456 M. tons (730 M. tons to meet ration of 200 grams per day)	23 days	2,333 M. tons due 9 Jan. 44	15,983 M.tons

SUMMARY OF FOOD SITUATION.

(This is based on data available and is probably incomplete)

DAILY NEEDS TO MEET THE CURRENT RATION	DAYS SUPPLY ON HAND IN TERMS OF CURRENT RATION	EXPECTED ARRIVALS	TOTAL ON HAND AND IN SIGHT	DAYS SUPPLY IN SIGHT, CURRENT RATION	DAYS SUPPLY IN SIGHT, 200 GRAM RATION.
REGION I. (Rationed population-3,000,000)					
600 M.Tons.	21 days from 25 Dec or to Jan. 15, 1944	None	12,889 M. Tons	To Jan. 15	To 15 Jan.
proceeds satisfactorily.					
REGION II. ed population: Bread: 2,130,941 through March; 2,375,369 after March.) (Soap and sugar: 3,176,933.)					
320 M. tons al (426 M. tons to e- meet ration of al 200 grams per day)	None except Potenza and Matera	12,238 M. tons-Reg- gio and Cotrone. (Arriving 1-21 Jan.)	12,238 M. Tons	38 days	29 days.
but no containers are available for shipping. ributed. on. ms a week.					
REGION III. (Including Salerno) (Rationed population-3,645,000)					
456 M. tons. (730 M. tons to meet ration of 200 grams per day)	23 days	2,333 M. tons due 9 Jan. 44	15,983 M.tons	35 days	22 days

Page 2.

SUMMARY OF FOOD SITUATION. (Continued)

COMMODITY	STOCKS ON HAND INCLUDING AR- RIVALS SINCE DEC. 25, 1943	CURRENT AMOUNT OF RATION	DAILY NEEDS TO MEET THE CURRENT RATION	DAYS SUPPLY ON HAND IN TERMS OF CURRENT RATION	EXPECTED ARRIVALS	TOTAL ON HAND AND IN ST
REGION IV.						
(Rationed population: Requisitions based on 5,475,000, apparently						
Flour & wheat (See also summary of Cate report on Rome plan.)	28,000 M. tons (Includes 1,000 tons flour in Naples whse., 2,000 coasters from N. Africa, 25,000 Foggia 1943 harvest stockpile of which 20,000 tons re- served for 8th Army)	None	1,095 M. tons for 200 gram ration	26 days in terms of 200 gram ration		
APULIA						
(Rationed population: 2,100,000, excluding Foggia)						
Flour & wheat	14,015 M. tons	170 grams	357 M. tons (420 M. tons to meet ration of 200 grams)	11 days in terms of 170 gram ration	4,439 M. tons ex- pected 10 Jan. 44.	8,454 M.
Soup	272 tons				129 tons	
Milk	39 tons				241 tons	
Sugar					50 tons	
Misc.					60 tons	

SUMMARY OF FOOD SITUATION. (Continued)

DAILY NEEDS TO MEET THE CURRENT RATION	DAYS SUPPLY ON HAND IN TERMS OF CURRENT RATION	EXPECTED ARRIVALS	TOTAL ON HAND AND IN SIGHT	DAYS SUPPLY IN SIGHT CURRENT RATION	DAYS SUPPLY IN SIGHT 200 gram RATION
REGION IV.					
population: Requisitions based on 5,475,000, apparently including Foggia)					
1,095 M. tons for 200 gram ration	26 days in terms of 200 gram ration			25	
APULIA					
(Rationed population: 2,100,000, excluding Foggia)					
357 M. tons (420 M. tons to meet ration of 200 grams)	11 days in terms of 170 gram ration	4,439 M. tons ex- pected 10 Jan. 44. 129 tons 241 tons 50 tons 60 tons	8,454 M. tons	24 days	20 days

SUMMARY OF FOOD SITUATION AT PRESENT.
(Based on C.E.C. Report and Information from Lt. Col. Merrill)
8 January 74.

1. Region II.
 - a. Official bread ration--100 grams. (Extra for Carabinieri and dock workers.)
 - b. Situation by provinces: Reggio--dependent on imported flour; Catanzaro--dependent on imported flour since October; Cosenza--dependent on imported flour since October; Matera--sufficient to last through March and possibly until the next harvest; Salerno--entirely dependent upon imports. There are no stocks of wheat or flour in Reggio, Catanzaro or Cosenza provinces. Salerno is being supplied from Naples.
2. Region III.
 - a. Official bread ration--125 grams in Naples city and province; 100 grams for other provinces in the region.
 - b. Five hundred grams of pasta issued just before Christmas
 - c. Flour stocks sufficient to last through 29 December.
 - d. Vegetables, fruit and nuts freely available.
 - e. Approximately 10,500 tons of flour and 7,500 tons of wheat were expected to arrive in Naples on 27 December.
3. Apulia.
~~Braxil~~
 - a. Bread ration--125 150 grams with 20 grams pasta and supplements for heavy workers.
 - b. Wheat stocks almost exhausted. Wheat moved from Foggia in December to make up deficit caused by failure of imports to arrive.
 - c. Vegetables, dried figs and almonds are available locally.
 - d. Olive oil plentiful--ration is 726 grams per month per person.
4. Eighth Army.
 - a. Wheat supplies dependent upon (1) requisitions of Region IV and (2) Foggia wheat. Latter presently amounts to 25,000 tons of which 20,000 tons has been earmarked for 8th Army. 15th Army Group has asked 8th Army AMG to advise whether all of the 20,000 tons is needed. The 5,000 tons was deducted from Region IV wheat requirements.
5. Fifth Army.
 - a. Local stocks have been sufficient until recently. 5th Army will be dependent on requisitions of Region III for its supplies.

PROCEEDINGS

For Consideration of the Central Economic Committee
on December 27, 1943

The following points are raised to obtain the views of the Committee after which draft procedures will be prepared for consideration by the Committee at its next meeting:

1. Frequency of Committee Meetings.
2. Matters to be reserved for consideration of the Committee and method of taking interim action.
3. Form of directives - how signed and promulgated.
4. Desirability of communicating directly with regions and areas on the following points:
 - a. Determination of requirements and submission of requisitions.
 - b. Internal movements of supplies.
 - c. Collection of information on local resources, industrial and economic questions.
 - d. Arrangements for warehousing and distribution of imported foodstuffs.

*Chief Executive
of CEC to sign*

50.3
HHH

COPY

ATTN: ADM. AFF. MORGAN
Petroleum Section

4/2 P B
26 December 1943

SUBJECT: Retail Price of Petroleum Products for Italian Use.

TO : Central Economic Council.

1. The following retail prices are proposed for Petroleum Products; these will be subject to adjustment in the light of experience gained.

	<u>Gasoline</u>	<u>Kerosene</u>	<u>Gas Oil</u>
1. Limited cost price Italian Pet.	6 Lira	5 Lira	5 Lira
2. Italian Government tax	4.40 "	3.70 "	3.60 "
3. Civilian freight and other distributing costs	5 "	5 "	5 "
4. Dealer's margin	<u>0.60 "</u>	<u>0.60 "</u>	<u>0.60 "</u>
Total	16 Lira	14.50 Lira	14.20 Lira

Automotive Lubricant Oils - - - 50 Lira

2. No breakdown of prices can be given for lubricants, since no limited costs are yet available.

3. Comitato Italiano Petroli (CIP) will keep in a separate account the amounts represented by item 1. a above, out of which the limited costs, as finally invoiced, will be paid.

4. It is desired to bring in these new prices as soon as possible.

/s/ H. P. Carruthers,
H. P. CARRUTHERS,

barring costs

4. Dealer's margin	0.60 "	0.80 "	0.60 "
Total	16 Lira	14.50 Lira	14.20 Lira

Automotive lubricant cells - - - 50 Lira

2. No breakdown of prices can be given for lubricants, since no landed costs are yet available.

3. Credito Italiano Petroli (CIP) will keep in a separate account the amounts represented by item 1.2 above, out of which the landed costs, as finally invoiced, will be paid.

4. It is desired to bring in these new prices as soon as possible.

/s/ M. P. Corvatore,
M. P. GANNON,
Lt. Col.,
Acting Chief of Section.

END

1074

SUMMARY OF RAILROAD WORKERS WAGE SITUATION

FOR CENTRAL ECONOMIC COMMITTEE

Meeting 27 December 1943

1. The wage structure of a railroad worker is composed of the following:
 - a. Base salary.
 - b. Supplemento di Servizio ^{ATTIVO} (added to base salary and considered part thereof for active service.).
 - c. Assegno temporaneo di guerra (war supplement).
 - d. Aggiunta di famiglia or carovivieri (family allowance).
 - e. Ad personam (paid to adjust individual differences in pay in exceptional cases).
 - f. Indennita di economia (special bonus for saving fuel).
 - g. Indennita di kilometraggio (to cover expense for food and lodging on the road.).

Note: f. and g. above are paid to travelling personnel only.

2. Temporary wage adjustment was granted to railroad workers in Regions 1, 2 and 3 and by the Italian Government (Apulia). Increases were in accordance with the following:

a.	On first 1000 Lire per month	-----	70% increase
b.	On second 1000 " " "	-----	60% "
c.	On third 1000 " " "	-----	50% "
d.	On fourth 1000 " " "	-----	20% "
e.	On fifth 1000 " " "	-----	10% "

Note: Maximum increase, for salaries over 5000 Lire -- 1500 Lire per month.

3. Temporary Wage Adjustment.

- a. Region 1 - (Sicily)
 - (i) Wage increase retroactive to 1 November 1943.
 - (ii) All recurrent indemnities including indennita di pericolo or bombardamento were included in the wage structure upon which increases in pay were based.
- b. Region 2 - (Calabria and Lucania)
 - (i) Wage increases retroactive to 1 December 1943.
 - (ii) Wage structure upon which increases in pay were based similar to 3 a. (ii) above.
- c. Region 3 - (Compartimento of Naples which includes Salerno)
 - (i) Wage increases retroactive to 1 December 1943.
 - (ii) Wage structure upon which increases in pay were based similar to 3 a. and b. above.

(Note: It has been reported, however, that by administrative error of Region 3 Hq. the increase was made retroactive to 1 November 1943.
- d. Region 4 - (Foggia).
 - (i) No wage increase order yet issued.
 - (ii) AMG Labor Officer now making survey and will present report to AMG 15th Army Group.

5073

c. **Apulia - (Italian Government)**

- (i) Wage increase retroactive to 1 November 1943.
- (ii) Wage Order granted increase but at the same time abolished *indennita di presenza*, which made increase in pay for workers in many cases negligible and among the lower paid workers actually represented a decrease. (The amount of this indemnity varies from place to place within a province, and represents a minimum payment of 22 Lire per day and a maximum of 60 Lire per day.)
- (iii) Increase was based upon the following wage elements only: base salary, *supplemento di servizio attivo*, *assegno temporaneo di guerra*, *ad personam* (normally paid only in exceptional cases) and *aggiunta di famiglia* or *carovivieri*.

d. **Summary:**

- a. Region 1 and Apulia wage increase retroactive to 1 November, 1943, while Region 2 and 3 retroactive to 1 December 1943.
- b. Net increase to workers uniform in Regions 1, 2 and 3, but less in Apulia where Italian Government abolished *indennita di presenza* in the same order that authorized wage increases, and also eliminated other indemnities from the base of calculation.

Ministero delle Comunicazioni

SOTTOSCRIPTO DI STATO

per le Ferrovie, Motorizzazioni Civili e Trasporti in Comune

-----00000-----

N° 251 of prot.

December the 12th, 1943

CONCERN: Rates rise.

MEMORANDUM to General Gray.

- 1.) The rates for the passenger and freight transport, actually in force on the State Railway has been issued in January 1940.

The rates system accepted in Italy result from the short enclosed report. It is based on the Belgian system which, as known, has been adopted by the majority of the European Countries.

- 2.) In four years the price of all goods, of handicraft and of every other service has suffered a very great rise.

That is consequence of the war, which have produced a consume rise and a principal materials rarefaction.

That is a result, common to all conflicts.

- 3.) The State Railway administration could till now satisfy the own budget needs with the profits proceeding from the great number of military transports affected for military needs, the amount of which was payed by the War Ministry.

Leaving off the operations, since the armistice, the profits nearly vanished not only consequently to the strong request reduction but, over all, because the train circulation is great part has ceased after the destruction of implantations and lines.

To that, the risen cost of the materials and of the salaries for the staff working on repair yards for private firms, has to be added, so that the difference between import and expense has always become higher.

- 4.) It is also to consider that, while the number of trains has decreased, the number of passengers increased. These people, being in the impossibility to miss, for many reasons, the transfer from a locality of another, are obliged, for want of auto-transports, to use only the railway lines.

principal materials manufacture.

That is a result, common to all conflicts.

3.) The State Railway administration could till now satisfy the over budget needs with the profits proceeding from the great number of military transports effected for military needs, the amount of which was paid by the War Ministry.

Leaving off the operations, since the armistice, the profits nearly vanished not only consequently to the strong request reduction but, over all, because the train circulation is great part has ceased after the destruction of implantations and lines.

To that, the risen cost of the materials and of the salaries for the staff working on repair yards for private firms, has to be added, so that the difference between import and expense, has always become higher.

4.) It is also to consider that, while the number of trains has decreased, the number of passengers increased. These people, being in the impossibility to miss, for many reasons, the transfer from a locality of another, are obliged, for want of auto-transports, to use only the railway lines.

The few trains for which you give the authorization to run, General, are therefore taken by storm.

I do not hide my and the Italian Government's great preoccupation for the painful situation of thousands of families which live in the greatest unhappiness, which do not receive news from their own and which wander from a place to another to find a little tranquillity and a minimum of food-supplies.

5.) To regulate a little part of the actual deficit and to reduce at least partially, the passenger number on the trains, the Italian Government has an **50%** rates rise which can rejoin at maximum the 100% in regard to the rates in force since 1940.

It would be right, now, if the rise in question could be extended to all lines which are free from the German occupation, excluding naturally Sicily.

I am sure that you, who are a master in transports things, will perceive that necessity and that you will permit to extend the measure also to the Departments of Naples, Reggio Calabria and Sardegna.

THE UNDERSECRETARY OF STATE
sig. G. di Raimondo

THE ADVANCED ADMINISTRATIVE SECTION
Military Government Sect. 1, Advance
APO LOS

JHT/hc

15 December 1943

NRSA 36

REFERENCE FOR: Internal Transportation Sub-Committee
THE ADVANCED SECTION

SUBJECT: Proposed Changes in Railway Tariffs.

1. Your attention is invited to the attached memorandum from General
McDonald to the DMH which recommends an increase in passenger fares.
2. It is requested that you investigate this proposal to determine what
changes, if any, in railway tariffs in occupied Italy are feasible. It is
also suggested that your inquiry include that it would be well to consider
any other changes in railway tariffs.
3. Please inform this office of your action when in order that the re-
quest in the DMH/CAC may be properly handled.

J. A. TOBI,
Major, U.S.A.,
Chief, DMH/CAC

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

J. A. FORD,
H. M. F. C. Co.,
Chicago, 1968

507c

Internal Transportation Sub-Commission, ACC
C/o Gov & Tn.
AFHQ Advanced Administrative Section,
C.B.P.

Our reference: ACC Tn 30/12

Date : 24 Dec 43.

TO Military Government Station, Advance,
APO 400.

SUBJECT: Proposed changes in Railway Rates.

1. Reference your Memorandum dated 15 Dec 43 under reference MESA 36 and attached document number 251 from Gen. di Rolando.
2. Passenger Rates: It is recommended that the application for an increase in railway passenger rates of 100% be approved and made effective in all occupied territory of the mainland of Italy on and from 1 Jan 44. For the following reasons:
 - (a) Such an increase has already been approved for the portion of Puglia under ACC control, and it follows therefore, that similar treatment should be accorded to the remainder of the occupied territory.
 - (b) The present passenger fare rates are low. This fact, coupled with the financial effect of the rates increase which has been authorized justifies the application.
3. The above recommendation regarding passenger rates has been approved by HQ ACC. They consider the effective rate for the increase should be the same for the whole of the occupied territory of the mainland, and pending a decision they have requested the Italian Government to withhold issuance of rates increase for the four ACC provinces of Puglia. I am requested to advise you of the decision and effective date as regards territory now under consideration so that the same rate can apply throughout. Please advise me to do this.
4. Freight Rates: This subject is much more complicated and far reaching because, for example its effect on prices, production, and essential services.

2. Passenger Fares: It is recommended that the application for an increase in railway passenger fares of 100% be approved and made effective in all occupied territory of the mainland of Italy on and from 1 Jan 44, for the following reasons:

(a) Such an increase has already been approved for the portion of Public under ACC control, and it follows therefore, that similar treatment should be accorded to the remainder of the occupied territory.

(b) The present passenger fare rates are low. This fact, coupled with the financial effect of the wages increase which has been authorized justifies a fare application.

3. The above recommendations regarding passenger fares has been approved by HQ ACC. They consider the effective date for the increase should be the same for the whole of the occupied territory of the mainland, and pending a decision they have requested the Italian Government to withhold issuance of rates increase for the four ACC provinces of Puglia. I am requested to advise them of the decision and effective date regarding territory now under consideration so that the same date can apply throughout. Please advise me to do this.

4. Freight rates: This subject is much more complicated and far reaching because, for example its effect on prices, including those of essential commodities. In these circumstances, and as no specific proposals have yet been received from Gen. di Briante, it is recommended that no change be made for the present. If and when any increase is proposed, it will be necessary for the Italian authorities to furnish evidence of reasonableness and necessity.

S/ Colonel,
Chief of Internal Transportation Sub-Committee, ACC.

5063

SECRET

SUMMARY OF GENERAL FOOD SITUATION
FOR CENTRAL ECONOMIC COMMITTEE

Meeting 27 December 1943

1. The following is a resume of the position of each ASB Region and area as regards general foodstuffs, but with particular reference to the bread ration and wheat-flour stocks. It is compiled from miscellaneous sources but is believed essentially correct.

2. Region II. ¹⁵⁰ Official bread ration of 150 grams. Extra rations are authorized for Carabinieri and dock workers. Reggio Province has had no flour except imported stocks since our landings on 8 September. Catanzaro and Cosenza Provinces supported themselves until the end of October, but have since relied upon imports. Matera Province has sufficient stocks to last until the end of March 1944, and possibly additional stocks can be brought out to last until the next harvest. Potenza Province has sufficient stocks to last until the end of March, 1944. Salerno Province is reliant entirely upon imports.

There are supplies of vegetables and oranges in all of Calabria, but there are no beans or peas remaining. There are no stocks of wheat or flour in Reggio, Catanzaro or Cosenza Provinces. Salerno Province is being supplied from stocks in Naples.

Arrangements were made recently whereby 500 tons of flour was sent from Naples to Region II. Approximately 600 tons of wheat has been sent also from Foggia to Region II and efforts are being made to send additional amounts. A ship was also expected to arrive in Syracuse on 26 December carrying 2000 tons of flour and some other supplies for Region II. Instructions have been issued to Region I directing that arrangements be made immediately for trans-shipment to Reggio and Crotona. It is not known whether or not vessels are available for immediate use and reply is awaited.

3. Aquila. Bread ration of 150 grams with 30 grams pasta and supplements for workers (250 for heavy workers and 350 for very heavy workers).

Wheat stocks are almost exhausted in Aquila and wheat has been moved from Foggia during December to make up the deficit caused by failure of imports to arrive. Vegetables, dried figs and almonds are available locally. Olive oil is also plentiful and there is a ration of 726 grams per month per person.

A ship carrying 4015 tons flour and some other supplies is scheduled to arrive in Bari on 29 December.

5063

4. Region III. Bread ration of 125 grams in Naples City and Province. Ration is 100 grams for other provinces in the region. 500 grams of pasta was issued just before Christmas. Vegetables, fruit and nuts are freely available.

SECRET

Some olive oil has been brought in from Bari for Naples City and additional shipments are scheduled. Flour stocks are sufficient to last until 29 December, inclusive.

Approximately 10,500 tons of flour and 7,500 tons of wheat are expected to arrive in Naples on 27 December.

5. Eighth Army Area. Little is known, but it is presumed that requirements for wheat are being met from Reggio. Further advances considered likely to create demands which will require either (a) increased motor transport from Reggio, or (b) use of Bari-Brindisi for trans-shipment by schooner to Pescara.

6. Fifth Army Area. Local stocks have been sufficient until recently but demands are now being made for movement of flour-wheat into the Corps areas. These demands are expected to increase heavily.

7. Tonnages Bid for January. Total tonnage bids have been accepted for 58,500 tons to Windsock ports for January as follows:

Brindisi and Taranto	18,000	
Reggio	15,000	(1)
Grotone	15,000	(1)
Bari and Barietta	1,500	
Naples	29,000	

(1) It is not expected that more than 50% of the combined tonnages bid for Reggio and Grotone will be required, but duplicate bids have been placed for each port to permit acceptance at either port.

8. Expected January Arrivals. In addition to any tonnages which might arrive as a result of short-outs in December, the following items and tonnages were set up for Windsock. (Curt cable 303 NATURSA Ref. 1384, 23 October.)

Flour	27,000
Whole wheat, bagged	28,000
Soap, dehydrated	4,000
Cheese	1,000
Milk, evaporated	700
Sugar, granulated	6,000
Soap, laundry	1,750
Soap, toilet	150
Matches	90
Caustic Soda	300
	<u>68,990</u> TMT

GAD Basic Medical	75 Units
GAD Supplemental, Tropical	40 Units
Engineer Sanitary	15 Units
Quartermaster Corps Sanitary	50 Units 180 UNITS

NOTE: 6800 tons seed potatoes were requisitioned for arrival from U K in mid-January. An uncertain quantity of dried peas and beans is also expected to arrive from F A.

5067

Copy No. 5

A.F.H.Q. ADV ADMIN ECHelon
CENTRAL ECONOMIC COMMITTEE
C. M. F.

Reference:- Agenda No. 1/CEC

25 December 1943

CENTRAL ECONOMIC COMMITTEE

The first meeting of the Central Economic Committee will be held in the Conference Room at FLAMBO on 27 December 1943 at 1100 hours to consider the following Agenda:-

1. To receive the names of the representatives of AEC/AMG and 15th Army Group (AMG).
2. Consideration of procedures 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. To receive a report on the general supply situation and consider any action required.
7. Any other matters.

CAH

A. I. HENDERSON,
Lt. Col., A. U. S.

DISTRIBUTION:-

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4 - AMG 15th Army Group (Attn.: Lt. Col. Garry)
5 - Files. ✓

5066

50.3

PROCEDURAL MATTERS

For Consideration of the Central Economic Committee
on December 27, 1943

The following points are raised to obtain the views of the Committee after which draft procedures will be prepared for consideration by the Committee at its next meeting:

1. Frequency of Committee Meetings.
2. Matters to be reserved for consideration of the Committee and method of taking interim action. ✓
3. Form of directives - how signed and promulgated. ✓
4. Desirability of communicating directly with regions and areas on the following points:
 - a. Determination of requirements and submission of requisitions.
 - b. Internal movements of supplies.
 - c. Collection of information on local resources, industrial and economic questions.
 - d. Arrangements for warehousing and distribution of imported foodstuffs.

COPY

AFHQ ADV. ADM. SECTION
Petroleum Section

4/2 P 8
26 December 1943

SUBJECT: Retail Price of Petroleum Products for Italian Use.

TO : Central Economic Council.

1. The following retail prices are proposed for Petroleum Products; these will be subject to adjustment in the light of experience gained.

	<u>Gasoline</u>	<u>Kerosene</u>	<u>Gas Oil</u>
a. Landed cost price Italian Port.	6 Lira	5 Lira	5 Lira
b. Italian Government tax.	4.40 "	3.70 "	3.60 "
c. Civilian freight and other distributing costs	5 "	5 "	5 "
d. Dealer's margin	<u>0.60 "</u>	<u>0.80 "</u>	<u>0.60 "</u>
Total	16 Lira	14.50 Lira	14.20 Lira

Per Liter

Automotive Lubricant Oils - - - 50 Lira

2. No breakdown of prices can be given for lubricants, since no landed costs are yet available.

3. Conditato Italiano Petrole (CIP) will keep in a separate account the amounts represented by item 1. a above, out of which the landed costs, as finally invoiced, will be paid.

4. It is desired to bring in these new prices as soon as possible.

/s/ H. E. Carruthers,
E. E. CARRUTHERS,
Lt. Col.

bating costs

1. Dealer's margin	0.60 "	0.30 "	0.60 "
Total	16 Lira	14.50 Lira	14.20 Lira

Automotive Lubricant Oils - - - 50 Lira

2. No breakdown of price can be given for lubricants, since no landed costs are yet available.
3. Conitato Italiana Petrole (CIP) will keep in a separate account the amounts represented by item 1. a above, out of which the landed costs, as finally invoiced, will be paid.
4. It is desired to bring in these new prices as soon as possible.

/s/ H. R. Carruthers,
H. R. CARRUTHERS,
Lt. Col.,
Acting Chief of Section.

5064

COPY

SUMMARY OF RAILROAD WORKERS WAGE SITUATION

FOR CENTRAL ECONOMIC COMMITTEE

Meeting 27 December 1943

1. The wage structure of a railroad worker is composed of the following:
 - a. Base salary.
 - b. Supplemento di Servizio (added to base salary and considered part thereof for active service.).
 - c. Assegno temporaneo di guerra (war supplement).
 - d. Aggiunta di famiglia or carovirieri (family allowance).
 - e. Ad personam (paid to adjust individual differences in pay in exceptional cases).
 - f. Indennita di economia (special bonus for saving fuel).
 - g. Indennita di kilometrage (to cover expense for food and lodging on the road.).

Note: f. and g. above are paid to travelling personnel only.

2. Temporary wage adjustment was granted to railroad workers in Regions 1, 2 and 3 and by the Italian Government (Apulia). Increases were in accordance with the following:

a.	On first 1000 Lire per month	-----	70% increase
b.	On second 1000 " " "	-----	60% "
c.	On third 1000 " " "	-----	30% "
d.	On fourth 1000 " " "	-----	20% "
e.	On fifth 1000 " " "	-----	10% "
Note: Maximum increase, for salaries over 5000 Lire -- 1900 Lire per month.			

3. Temporary Wage Adjustment.

- a. Region 1 -(Sicily)
 - (i) Wage increase retroactive to 1 November 1943.
 - (ii) All recurrent indemnities including indennita di presenza or bombardamento were included in the wage structure upon which increases in pay were based.
- b. Region 2 - (Calabria and Luccania)
 - (i) Wage increases retroactive to 1 December 1943.
 - (ii) Wage structure upon which increases in pay were based similar to 3 a. (ii) above.
- c. Region 3 - (Compartimento of Naples which includes Salerno)
 - (i) Wage increases retroactive to 1 December 1943.
 - (ii) Wage structure upon which increases in pay were based similar to 3 a. and b. above.

(Note: It has been reported, however, that by administrative error of Region 3 Hq. the increase was made retroactive to 1 November 1943.
- d. Region 4 - (Foggia).
 - (i) No wage increase order yet issued.
 - (ii) AMG Labor Officer now making survey and will report to AMG 15th Army Group.

c. Apulia - (Italian Government)

- (i) Wage increase retroactive to 1 November 1943.
- (ii) Wage Order granted increase but at the same time abolished *indennita di presenza*, which made increase in pay for workers in many cases negligible and among the lower paid workers actually represented a decrease. (The amount of this indemnity varies from place to place within a province, and represents a minimum payment of 22 Lire per day and a maximum of 60 Lire per day.
- (iii) Increase was based upon the following wage elements only: base salary, *supplemento di servizio attivo*, *assegno temporaneo di guerra*, *ad personam* (normally paid only in exceptional cases) and *aggiunta di famiglia* or *carovirieri*.

d. Summary:

- a. Region 1 and Apulia wage increase retroactive to 1 November, 1943, while Region 2 and 3 retroactive to 1 December 1943.
- b. Net increase to workers uniform in Regions 1, 2 and 3, but less in Apulia where Italian Government abolished *indennita di presenza* in the same order that authorized wage increases, and also eliminated other indemnities from the base of calculation.

Ministero delle Comunicazioni
SOTTOSEGRETERIATO DI STATO

per le Ferrovie, Motorizzazione Civile e Trasporti in Conc.me

-----00000-----

No 251 of prot.

December the 12th, 1943

CONCERN: Rates rise.-

MEMORANDUM to General Gray.

- 1.) The rates for the passenger and freight transport, actually in force on the State Railway has been issued in January 1940.

The rates system accepted in Italy result from the short enclosed report. It is based on the Belgian system which, as known, has been adopted by the majority of the European Countries.

- 2.) In four years the price of all goods, of handicraft and of every other service has suffered a very great rise.

That is consequence of the war, which have produced a consume rise and a principal materials parafaction.

That is a result, common to all conflicts.

- 3.) The State Railway administration could till now satisfy the own budget needs with the profits proceeding from the great number of military transports effected for military needs, the amount of which was payed by the War Ministry.

Leaving off the operations, since the armistice, the profits nearly vanished not only consequently to the strong request reduction but, over all, because the train circulation is great part has ceased after the destruction of implantations and lines.

To that, the risen cost of the materials and of the salaries for the staff working on repair yards for private firms, has to be added, so that the difference between import and expense has always become higher.

- 4.) It is also to consider that, while the number of trains has decreased, the number of passengers increased. These people, being in the impossibility to miss,

2.) In four years the price of all goods, of handicraft and of every other service has suffered a very great rise.

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To that, the risen cost of the materials and of the salaries for the staff working on repair yards for private firms, has to be added, so that the difference between import and expense has always become higher.

4.) It is also to consider that, while the number of trains has decreased, the number of passengers increased. These people, being in the impossibility to miss, for many reasons, the transfer from a locality of another, are obliged, for want of auto-transports, to use only the railway lines.

The few trains for which you give the authorization to run, General, are therefore taken by storm.

5061
I do not hide my and the Italian Government's great preoccupation for the painful situation of thousands of families which live in the greatest unhappiness, which do not receive news from their owns and which wander from a place to another to find a little tranquillity and a minimum of food-supplies

5.) To regulate a little part of the actual deficit and to reduce at least partially, the passenger number on the trains, the Italian Government has approved a rates rise which can regain at maximum the 100% in regard to the rates in force since 1940.

It would be right, now, if the rise in question could be extended to all lines which are free from the german occupation, excluding naturally Sicilia.

I am sure that you, who are a master in transports things, will perceive that necessity and that you will permit to extend the measure also to the Departments of Naples, Reggio Calabria and Sardegna.

THE UNDERSecretary OF STATE
sig. U. di Raimondo

AFHQ ADVANCED ADMINISTRATIVE DIVISION
Military Government Section, Advance
HQ 100

447/EC

15 December 1943

YPSL 36

REMARKS: Internal Transportation Sub-Commission
AFHQ 447/EC

SUBJECT: Proposed Changes in Railway Tariffs.

1. Your attention is invited to the attached report from National Railways in the DGR which contains information in connection with the proposed changes in railway tariffs in Occupied Italy in 1943. It is also suggested that your inquiry include possible effect on rail as passenger fares.
2. It is requested that you investigate this proposal to determine what effect it will have on the rail as passenger fares.
3. Please inform this office of your action taken. It is noted that the request in the HQ/0100 was not complied with.

J. A. KCH,
Major, U.S.A.,
Colonel, 203d Air Depot.

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

U. A. TODD,
Major, U. S. A.,
Chief, US Liaison.

0903

Internal Transportation Sub-Commission, ACC

C/o Mr. & Mrs.

AFHC Advanced Administrative Section,

C.R.P.

Our reference: ACC Tr 30/12

Date : 24 Dec 43.

TO : Military Government Section, Advance,
...PO 100.

SUBJECT : Proposed changes in Railway Tariffs.

1. Referenced your Memorandum dated 15 Dec 43 under reference MSA 36 and attached document number 251 from Gen. di Belmonte.

2. Passenger Tariffs: It is contended that the application for an increase in railway passenger fares of 100% be approved and made effective in all occupied territory of the mainland of Italy in and from 1 Jan 44, for the following reasons:

(a) Such an increase has already been approved for the portion of Puglia under ACC control, and it follows therefore, that similar treatment should be accorded to the remainder of the occupied territory.

(b) The present passenger fare rates are low. This fact, coupled with the financial effect of the wages increase which has been authorized justifies the application.

3. The above recommendation regarding passenger fares has been approved by HQ ACC. They consider the effective rate for the increase should be the same for the whole of the occupied territory of the mainland, and pending a decision they have requested the Italian Government to withhold issuance of rates increases for the four ACC provinces of Puglia. It is requested to advise them of the decision and effective date as regards territory now under consideration so that the same rate can apply throughout. Please advise us to do this.

4. Freight Rates: This subject is much more complicated and far reaching because, for example its effect on prices, including those of essential commodities, in these circumstances, and as specific proposals have yet been received from

2. Passenger Fares: It is recommended that the application for an increase in railway passenger fares of 100% be approved and made effective in all occupied territory of the mainland of Italy on and after 1 Jan 44, for the following reasons:

(a) Such an increase has already been approved for the portion of Puglia under AOC control, and it follows therefore, that similar treatment should be accorded to the remainder of the occupied territory.

(b) The present passenger fare rates are low. This fact, coupled with the financial effect of the wages increase which has been authorized justifies the application.

3. The above recommendation regarding passenger fares has been approved by HQ AOC. They consider the effective date for the increase should be the same for the whole of the occupied territory of the mainland, and pending a decision they have requested the Italian Government to withhold issuance of rates increases for the four AOC provinces of Puglia. I am requested to advise them of the decision and effective date as regards territory now under consideration so that the same date can apply throughout. Please advise me to do this.

4. Freight Rates: This subject is much more complicated and far reaching because, for example, its effect on prices, including those of essential commodities. In these circumstances, and as no specific details have yet been received from Gen. di Ambrosio, it is recommended that no changes be made for the present. If and when any increase is proposed, it will be necessary for the Italian authorities to furnish evidence of reasonableness and necessity.

5059

Fitch

S/ Colonel,
Chief of Internal Transportation Sub-Commission, AOC.

SECRET

SUMMARY OF GENERAL FOOD SITUATION

FOR CENTRAL ECONOMIC COMMITTEE

Meeting 27 December 1943

1. The following is a resume of the position of each AMG Region and area as regards general foodstuffs, but with particular reference to the bread ration and wheat-flour stocks. It is compiled from miscellaneous sources but is believed essentially correct.

2. Region II. Official bread ration of 100 grams. Extra rations are authorized for Carabinieri and dock workers. Reggio Province has had no flour except imported stocks since our landings on 8 September. Catanzaro and Cosenza Provinces supported themselves until the end of October, but have since relied upon imports. Matera Province has sufficient stocks to last until the end of March 1944, and possibly additional stocks can be brought out to last until the next harvest. Potenza Province has sufficient stocks to last until the end of March, 1944. Salerno Province is reliant entirely upon imports.

There are supplies of vegetables and oranges in all of Calabria, but there are no beans or peas remaining. There are no stocks of wheat or flour in Reggio, Catanzaro or Cosenza Provinces. Salerno Province is being supplied from stocks in Naples.

Arrangements were made recently whereby 500 tons of flour was sent from Naples to Region II. Approximately 600 tons of wheat has been sent also from Foggia to Region II and efforts are being made to send additional amounts. A ship was also expected to arrive in Syracuse on 26 December carrying 2000 tons of flour and some other supplies for Region II. Instructions have been issued to Region I directing that arrangements be made immediately for trans-shipment to Reggio and Crotone. It is not known whether or not vessels are available for immediate use and reply is awaited.

3. Apulia. Bread ration of 150 grams with 20 grams pasta and supplements for workers (250 for heavy workers and 350 for very heavy workers).

Wheat stocks are almost exhausted in Apulia and wheat has been moved from Foggia during December to make up the deficit caused by failure of imports to arrive. Vegetables, dried figs and almonds are available locally. Olive oil is also plentiful and there is a ration of 726 grams per month per person.

A ship carrying 4015 tons flour and some other supplies is scheduled to arrive in Bari on 29 December.

4. Region III. Bread ration of 125 grams in Naples City and Province. Ration is 100 grams for other provinces in the region. 500 grams of pasta was issued just before Christmas. Vegetables, fruit and nuts are freely available.

SECRET

Some olive oil has been brought in from Bari for Naples City and additional shipments are scheduled. Flour stocks are sufficient to last until 29 December, inclusive.

Approximately 10,500 tons of flour and 7,500 tons of wheat are expected to arrive in Naples on 27 December.

5. Eighth Army Area. Little is known, but it is presumed that requirements for wheat are being met from Foggia. Further advances considered likely to create demands which will require either (a) increased motor transport from Foggia, or (b) use of Bari-Brindisi for trans-shipment by schooner to Pescara.

6. Fifth Army Area. Local stocks have been sufficient until recently but demands are now being made for movement of flour-wheat into the Corps areas. These demands are expected to increase heavily.

7. Tonnages Bid for January. Total tonnage bids have been accepted for 88,500 tons to Windsock ports for January as follows:

Brindisi and Taranto	18,000
Reggio	15,000 (1)
Crotone	15,000 (1)
Bari and Barletta	1,500
Naples	39,000

(1) It is not expected that more than 50% of the combined tonnages bid for Reggio and Crotone will be required, but duplicate bids have been placed for each port to permit acceptance at either port.

8. Expected January Arrivals. In addition to any tonnages which might arrive as a result of shut-outs in December, the following items and tonnages were set up for Windsock. (Out cable SOS MATOUSA Ref. 1384, 23 October.)

Flour	27,000
Whole wheat, bagged	28,000
Soap, dehydrated	4,000
Cheese	1,000
Milk, evaporated	700
Sugar, granulated	6,000
Soap, laundry	1,750
Soap, toilet	150
Matches	90
Caustic Soda	300
	<u>68,990 TWT</u>

CAD Basic Medical	75 Units	
CAD Supplemental, Tropical	40 Units	
Engineer Sanitary	15 Units	
Quartermaster Corps Sanitary	<u>50 Units</u>	180 UNITS

NOTE: 6800 tons seed potatoes were requisitioned for arrival from U K in mid-January. An uncertain quantity of dried peas and beans is also expected to arrive from N A.

5057

1. ~~lower~~
a. Reddish of skin oil from
b. Lipine to measure lower face
Regret 3.60.

2. Tell me lower face in hat of
Rogers
3. Let's see and is fine of which
a. Africa,

Good good good

50.3

5056

Item #3 -- Consideration of the action taken by the Italian Government in fixing olive oil prices.

Prices now being paid producers of olive oil range as follows:

Apulia -----	2500 Lire per quintal
Salerno province-----	2400 Lire per quintal
8th Army AMG -----	1900 Lire per quintal
Region IV (Foggia)-----	1900 Lire per quintal
Region III-----	1900 Lire per quintal
Region II-----	1850 Lire per quintal

This diversity developed as follows:

At a meeting held in Naples on 23 November 1943 attended by representative of all regions, 15th Army Group, and Apulia it was decided that the maximum price to producers should be 1900 Lire per quintal. Apulia price was then 1720 Lire and the Italian Government was not prepared at that time to revise its price upward.

Around December 15 Italian officials in Salerno, without notice to AMG, raised price to 2400 Lire. At a later but as yet unascertained date the Italian Government in Apulia raised its price to 2500 Lire.

Since then 8th Army AMG has asked permission to raise its price to 2400 Lire since producers in that area refuse to sell at 1900 Lire while farmers in Apulia are getting 2500 Lire. Region IV (Foggia) has also asked permission to raise to 2500 Lire.

On 1 January 1944 message was sent to ACC by Brig. Gen. Hamblen stating that reports had been received that the Italian government was considering a change in olive oil and grain prices, and requesting that the Italian government be advised that no change in price be made without obtaining prior approval from CEC.

On January 3 message was received from Major General Joyce stating that the Italian Government had been notified as requested.

On January 6 message was sent to ACC by Brig. General Hamblen stating that it was understood that Italian government had increased price to 2500 Lire and requesting an explanation. No answer has thus far been received.

###

*Received letter from
Apulia and Salerno Province*

*in which price - 2500 is mentioned
which is fine*

1 5 9 8
Declassified E.O. 12356 Section 3.3/NND No. 785016

Add to Item #3 --

The following reply has been received from General Joyce, as of 8 Jan. 1944:

REF CEC 7527. WE HAVE ADVISED ITALIAN GOVERNMENT AS REQUESTED AND THEY HAVE GIVEN US ASSURANCES THAT IN FUTURE WAGE AND PRICE ORDERS WILL BE SUBMITTED TO ACC BEFORE ISSUANCE. IN TURN WE WILL INFORM CENTRAL ECONOMIC COMMITTEE. WITH RESPECT TO WHEAT AND OLIVE OIL PRICE INCREASES ORDERS HAD ALREADY BEEN POSTED AND COULD NOT BE WITHDRAWN WITHOUT CAUSING GOVERNMENT CONSIDERABLE EMBARRASSMENT. UNDER CIRCUMSTANCES WE CONSIDER IT INADVISABLE TO ASK FOR REVOCATION.

SMC TOR 090945A/FM

SMAC DISTRIBUTION ACTION-. G4
INFO -.CENTRAL
ECONOMIC COMMITTEE

5054

Nell'effettuare i collegi
si era ai qu' mnti
purpiti! come state con
detate a sequenti aligenti.

130. 2^a spm d' am mnti

* 125 vel per l'importatore

90 . . . 4 grm mnti, in
luogo di 2 65, come
nel passato.

* Rim. bonabile.

Copy of letter on requirements $\geq$ 1 to 15th AMG.

2500

2500 88 200000 200000 2200.00	2450 88 196000 196000 2156.00	2400 88 192000 192000 211200	2360 88 188800 188800 2076.80	2320 88 185600 185600 2041.60
---	---	--	---	---

2120 88 169600 169600 1865.60	2080 88 166400 166400 1830.40	1667 88 133360 133360 1466.96	1400 88 112000 112000 1232.00	1400 88 112000 112000 1232.00
---	---	---	---	---

85
88
680
6800
74.80

Prezzi da corrispondere al conferente

1.a cat. - acidità fino a gradi 0,80	Lit.	2.200,=
2.a " " da 0.81 a 1.50	"	2.130,=
3.a " " " 1.51 " 2.50	"	2.075,=
4.a " " " 2.51 " 3.50	"	2.045,=
5.a " " " 3.51 " 5.=	"	2.015,=
6.a " " " 5.01 " 7.=	"	1.990,=
olio lampante - base gradi 5	"	1.890,=
olio lavato " " 5	"	1.860,=
olio al solfuro " " 20	"	1.435,=

olio lampante - base gradi 5	"	1.890,=
olio lavato " " 5	"	1.860,=
olio al solfuro " " 20	"	1.435,=

5053

Prezzi dall'ammasso agli acquirenti

Olio sopraffino	Lit.	2.455.=
" fino	"	2.360.=
" oliva	"	2.285.=
" comune	"	2.245.=
" lampante	"	2.020.=
" lavato	"	1.990.=
" al solfuro	"	1.485.=

Prezzi dagli acquirenti ai dettaglianti

Olio sopraffino	Lit.	2.545.=
" fino	"	2.450.=
" oliva	"	2.375.=
" comune	"	2.335.=

Prezzi al consumatore (per litro)

Olio sopraffino	Lit.	25.50
" fino	"	24.50
" oliva	"	24.==
" comune	"	23.50

Olio sopraffino	Lit.	2.545.=
" fino	"	2.450.=
" oliva	"	2.375.=
" comune	"	2.330.=

Prezzi al consumatore (per litro)

Olio sopraffino	Lit.	25.50
" fino	"	24.50
" oliva	"	24.=
" comune	"	23.50

1051

ORDINANCE NO. 17

GENERAL FOOD COMMISSION

THE GENERAL FOOD COMMISSIONER

Having seen Ordinance No. 2 of October 11, No. 5 of November 10, No. 9 of December 16, of this year, of this Commission; and considering the opportunity of increasing prices for olive oil and its by-products in relation to the cost of production; establishing the necessity of retaining the monthly ration of oil.

ORDERS

Art.1- The prices of olive oil and its by-products to correspond to the producers for the entire territory during 1943-44, are established as follows:

olive oil 1st category acidity up to 0.8 per quintal	L.	2.500	1900
" " 2nd	" " 1.5 "	"	2.450, 1830
" " 3rd	" " 2.5 "	"	2.400 1780
" " 4th	" " 3.5 "	"	2.360
" " 5th	" " 5 "	"	2.320 1760
" " clear oil with acidity base 5 degrees			2.120

Wasted oil, heated and inferior in grade, with 5 degrees of acidity, water tolerance (7) and impurities 0.50%, net FOB railroad loading point 2.080, 1620

Sulphurous oil, acidity base 20 degrees (maximum 30 degrees), water tolerance and

Art.1- The prices of olive oil and its by-products to correspond to the producers for the entire territory during 1943-44, are established as follows:

olive oil 1st category acidity up to 0.3 per quintal	L.	2.500	1900
" " 2nd " " " 1.5 " "		2.450	1830
" " 3rd " " " 2.5 " "		2.400	1780
" " 4th " " " 3.5 " "		2.360	
" " 5th " " " 5 " "		2.320	1760
" " clear oil with acidity base 5 degrees		2.120	

Washed oil, beated and inferior in grade, with 5 degrees of acidity, water tolerance

(7) and impurities 0.50%, net FOB railroad loading point 2.020 1620

Sulphurous oil, acidity base 20 degrees (maximum 30 degrees); water tolerance and

(8) impurities 3%, net FOB railroad loading point 1.667, 1730

Sulphurous oil, high acidity, water and impurities tolerance, 3%, FOB railroad

(9) loading point, net 1.400

Paste for rectification and oleine of clear oil and sulphur for 100 Kilos of

(10) contents of greasy matter, FOB railroad point 1.400

Virgin olive pulp industrial delivery based on 7 Kilos oil per 100 Kilos pulp, 20 ~ 0

(11) degrees acidity, FOB extraction plant 85 ✓

Art.2- For oil already reported and delivered to the Amasso, either directly to the Amasso agency or deposited in the storehouses of authorized dealers or industrialists, the General Food Commission will pay directly to the producers the difference between the prices fixed in Art. 10 of Ordinance No. 2 and those indicated in the previous Art.1. The interested parties must make request to the General Food Commission and document same with the delivery receipt issued by the Amasso agency.

- 2 -

Art.3- The agricultural producers who at the date of publication of this Ordinance have sold oil olivers from the territory, will advise this General Commission of the lots of olives sold and the sales' prices, so that this Commission can, on the basis of adjustment of the price of olives to the new price of oil, place the respective producers in condition to obtain the difference. The notification, as above, must be previously signed for confirmation by the buyer of the olive lots for which the price difference is demanded.

Art.4- To the effects of passage from the Amasso to the purchasing assignees, edible oils are distinguished in the following qualities and at the prices indicated:

Oil, superfine, Virgin, with acidity up to 1 degree	Per quintal L.	2.613
Fine Olive oil, with acidity up to 2.7 degrees	" "	~~2.543~~ 2.543
olive oil with acidity up to 5 degrees	" "	2.458
Purified oil A	" "	2.543
Purified oil B	" "	2.453

at conditions established in articles 5 and 6 of Ordinance No. 5.

Art.5- For transmission of oils from the purchasing assignee to local wholesaler and from local wholesaler to retailer, the increase quotes fixed in articles 9 and 10 of Ordinance No. 5 remain unchanged.

Art.6- Beginning December 1st, the monthly oil ration is restored in the amount of 4 tenths of a litre per person.

Oil, superfine, Virgin, with acidity up to 1 degree	Per quintal L. 2.618
Fine Olive oil, with acidity up to 2.7 degrees	" " ~~2.543~~ 2.543
olive oil with acidity up to 5 degrees	" " 2.458
Purified oil A	" " 2.543
Purified oil B	" " 2.458

at conditions established in articles 5 and 6 of Ordinance No. 5.

Art.5- For transmission of oils from the purchasing assignee to local wholesaler and from local wholesaler to retailer, the increase quotas fixed in articles 9 and 10 of Ordinance No. 5 remain unchanged.

Art.6- Beginning December 1st, the monthly oil ration is restored in the amount of 4 tenths of a litre per person.

Art.7- As for that which is not specified in the present Ordinance, the regulations established in the previous No. 2, No. 5 and No. 9 remain in force.

Art.8- Whoever be in possession of olive oil illegally held, in violation of amasso instructions, can deliver same within twenty days from the date of the present Ordinance without incurring any penalties.

After such date, the transgressors will be punished according to Law

P.M. 151, 28 December 1943

5049

THE COMMISSIONER

GENERAL ROBERTO MARCELLO CAMERA

Captain PLUMMER:OLIVE OIL PRICES.

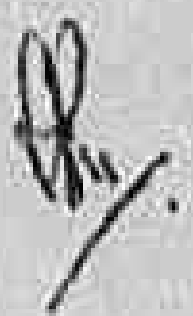
The increase from Lit. 1900 to Lit. 2200 in the basic price of first quality olive oil, makes necessary the following proportional increases throughout the entire price range (this applies to Regions other than Apulia):

A) <u>Price to the Producer at the Amassi:</u>							Per quintal
1st category -	with an acidity basis of not more than 0.80:						2200
2nd category -	" " " " " from 0.81 to 1.50:						2130 ²¹⁵⁶
3rd category -	" " " " " " 1.51 " 2.50:						2075 ²¹¹²
4th category -	" " " " " " 2.51 " 3.50:						2045 ²⁰⁷⁷
5th category -	" " " " " " 3.51 " 5						2015 ²⁰⁴²
6th category -	" " " " " " 5.01 " 7.0						1990 ✓

B. Non-edible:

"Olio Lampante" with an acidity basis of 5	.....	1890 ¹⁸⁶⁵ ✓
"Olio Lavato" " " " " " 5	.....	1860 ¹⁸³⁰ ✓
"Olio al zolfo" (extracted from husks through agency of sulphuric acid, and with an acidity basis of	20	1435 ✓

Naples/14.1.1944.



Item #4--Consideration of the proposal to establish a central medical supply depot in Naples ~~under the direction of the Central Economic Committee staff.~~ under the direction of

Two letter bearing on this subject are appended: (1) a letter to the Chairman of the CEC from Brig. Lush dated 24 December 1943. and (2) a letter to the Chief of Staff, HQ. AMG from Brig. C. S. Parkinson dated 4 January 1944.

COPY

SUBJECT: Medical Supply Section - Central Economic Committee

HQ AMG
15 ARMY Group
CMT

AMG/137/42
24 Dec 43

Chairman,
Central Economic Committee.
AFHQ Adv. Adm. Ech.

1. The position of the supply of medical equipment and drugs, dressings, biologicals, sanitary supplies, etc., has not in the past been completely satisfactory.
2. The need for medical supplies arises immediately a town or district is liberated and these requirements must be met if ordinary humane consideration is to be given to the plight of wounded and sick civilians.
3. The army medical services, in view of their primary commitments, cannot be expected to help much other than in the most serious emergencies. Stockpiles of essential drugs, dressings from AMG resources have therefore to be maintained in forward positions to be ready to meet these emergencies.
4. Following a discussion between the Director of Public Health, 15 Army Group, Colonel Griffin, of AMG/ACC, US Military Authorities in Naples and others, it was decided to recommend that all demands for medical requirements should be prepared centrally, preferably at Naples. Such estimates of requirements, prepared as they are practically wholly on a population basis, present no difficulties and should form part of the normal planning.
5. It is further recommended that the medical store depot at Naples should become the central depot for the whole of the mainland of Italy and that stockpiles for regional needs be forwarded there for distribution as required on the liberation of a part or the whole of a region.
6. The establishment of such a central depot as this will involve the creation of an adequate office and clerical establishment with the requisite amount of transport for the staff and for transporting equipment to make the depot practically an independent unit.

7. The logical office for the co-ordination of all demands for medical requirements, submission of these demands to AFHQ, control of all imported and local civil medical supplies and issue of all medical supplies for civil use, is a Medical Supply Section of the Central Economic Committee. It is recommended that Colonel Griffin of AMG/ACC be appointed Director of Civil Medical Supplies for mainland Italy to be chief of this section.

8. I approve of turning over the AMG Region 3 medical stores depot at Naples to the control of Colonel Griffin for the establishment of a Central Civil Medical Stores Depot for mainland Italy.

9. It is understood that the DLMS, AFHQ, and Netouse are in agreement in principle with these recommendations, which are now submitted for consideration.

(Signed) M. S. Lush

Brigadier,
DCCAO

DCC/WLB/rad.

COPY
HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394
Public Health Sub-Commission

4 January 1944

AMG/2006/PH

SUBJECT: Medical Supply Personnel

THRU : The Administrative Directorate

TO : The Chief of Staff, HQ. AMG

1. Under date of 27 November 1943 request was submitted for Medical Supply personnel by letter to the Chief of Staff, Hq., AMG., "Subject: Request for Medical Supply Personnel." Copies of this correspondence are attached. To date this office has no official knowledge of the status of this request.

2. As a result of a conference between the DPH, 15 Army Group and the Medical Supply Office, this Sub-Commission a letter has been written to the Central Economic Committee by the DCCAO, Hq., AMG, 15 Army Group requesting that the Medical Supply Officer this Sub-Commission be responsible for all Medical Supplies for 15 Army Group, AMG, in addition to ACC/AMG. This same letter also recommended the establishment in Naples of a Central Medical Depot for AMG supplies since at the present time, and for some time in the future, Medical supplies for Regions II, III and IV will arrive at Naples.

3. Inspection trip through part of Region II shows a complete absence of proper accounting records with a resultant failure to obtain proper payment for Medical Supplies. In Region III the Region Warehouse was operated by the SAHO, at Naples City, who could not devote sufficient time to have an inventory taken or to establish a proper accounting and warehousing system. Lt. Light (QM) of this Sub-Commission was loaned to Region III on the verbal request of DPH, 15 Army Group AMG and RDMH Region III to put this warehouse in some semblance of order and accomplish an inventory in order that supplies held which belong to Regions II and IV might be released to the proper authorities. Trained personnel for Region II and IV are not now available.
4. To date the Finance Sub-Commission is unable to furnish this Sub-Commission with an approved formula for a price list. It is understood as a result of a conference that such an approved formula will be available after the Algiers conference.
5. The Finance Sub-Commission, Accounting Division, has approved the system of obtaining payment for AMG Medical Supplies and recognizes the absolute necessity for the Medical Supply personnel requested in the previous letter referred to in paragraph 1.
6. As a result of an informal conversation with representatives of the Medical Section Nat usa, it is known that trained personnel is available in this theater due to changes in T/O of Medical Supply Depots.
7. If and when the authorization to establish a Central Medical Depot AMG for Italy is received there will be a further requirement for a Medical Depot Company (USA) less part of the enlisted personnel, but including all equipment and transport.
8. It is again requested that favorable consideration be given the request for personnel and that this request be forwarded to AFHQ. If this request is not given favorable consideration this Sub-Commission and the Finance Sub-Commission can assure no responsibility for payment for Allied Medical Supplies turned over to the Italian Government, and this Sub-Commission can assume no responsibility for the proper distribution of these supplies to the Regions and Provinces. Col. Crawshaw of the Finance Sub-Commission concurs in this decision, and has agreed to assist in obtaining an accounting officer for use in this Sub-Commission.

C. S. PARKINSON, Brig.
Director, Public Health
Sub-Commission.

Item IV

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394
Public Health Sub-Commission

9 January 1944

AMG/3090/FH

SUBJECT: - Medical Supplies for Occupied Areas.

TO : - The Central Economic Committee, Adv. AFHQ.
(Through Administrative Directorate)

1. Attached herewith is copy of approved list of medical supplies to be imported from American sources for use in Occupied Areas. It is desired to point out that listed with these medical supplies are two (2) CAD Sanitation Units, one of which is shipped to this area with markings xxxx QM-TOG-4, as this is known in the U.S.A. as the QM Sanitary Unit; the other is marked xxxx ENG-TOG-4, and this unit is known in the U.S.A. as ENG Sanitary Unit. Other units are marked xxxx Med-TOG-4.

2. Because of this marking QM marked supplies are shipped to a PBS, QM warehouse and likewise those with markings ENG go to a PBS, ENG warehouse. Supplies which have a marking of MED-TOG are sent to the Central AMG Medical Warehouse since the PBS, MED Warehouse will not warehouse any AMG supplies.

3. At a recent conference called by the Typhus Commission, the above facts were determined. Arrangements were made informally that, pending a decision of higher authority the PBS, QM would send all requests for insecticide powder from AMG units to this Office for clearance since the PBS, QM office is not in a position to determine which areas under AMG should receive this item. The Typhus Commission has requested that all stocks of DDT louse powder arriving in this theater be frozen for use of the Typhus Commission. It is the opinion of this Office that this request is justified and this Office will not honor any requests for DDT powder from any AMG unit until a sufficient supply is available for the Typhus Commission.

4. It has been further ascertained, from the PBS, QM representative that their office, being a military office, has no knowledge of the existence of the CAD Medical Lists, has no basis on which to make issues, and has in the past issued these supplies to any official from any AMG unit in any quantity requested, if available. It is therefore necessary that some reviewing or coordinating unit pass on all AMG requests for any items listed in the CAD Medical list in order that there will be an equitable distribution of these supplies which are to be used by Public Health personnel of ACC/AMG and AMG 15th Army Group.

5. It is requested that consideration be given to the proposal for a Central AMG Medical Warehouse and a Central Coordination unit in or attached to Central Economic Committee for all supplies listed in the attached CAD Medical List as proposed by Brig. Lush HQ, AMG. 15 Army Group. The Medical Warehouse AMG located in Naples is sufficiently large to accomplish this task, it is now being repaired. Personnel and transport is inadequate to accomplish this mission either for present supplies and anticipated arrivals.

5044

FH/MEG/ja

G. S. PARKINSON, Brig.
Director, Public Health Sub-Commission.

1 Inclosure Copy of Medical Supplies
for Occupied Areas.

#5: #5

1. Has he been in the yes

2. Has he been in the office
before and today C.E.C. / P.
P.
X

3. What time are to be
established and offered
P. can be offered
of C.E.C. at this time?

4. Has he been in the office
Yes

5. Is he fully and able
locally?

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300

Prunetti
Dec 28 1943

115 pagl who del
by 10 Jan 1944
100 by 21-31 Jan
No extra price

300
250

Item #5 -- Consideration of a general report on the hemp situation including seed and fertilizer requirements.

Following is a summary of an extensive report on the hemp situation prepared by Lt. Col. O. W. Herrmann, including his recommendations in Paragraph 6 with regard to the 1942 and 1943 crops; in Paragraph 7, seed for the 1944 crop; and in Paragraph 8, fertilizer requirements for the 1944 crop.

OWH/rl.

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Economic Directorate
APO 521

5 January 1944

SUBJECT: Summary - Hemp Report

TO : Agriculture Sub-Commission

1. There are now 478 short tons 1942 hemp fibre available in Ammasso warehouses for manufacture or export. In addition there are 297 tons of 1942 hemp fibre and 220 tons of Stoppe Fattini (waste too low for military use) in the warehouses of manufacturers. The status of stocks in manufacturers warehouses is uncertain because mob violence has prevented an accurate census.

2. The 1943 crop in Naples area is estimated at 18,700 tons. However 30% not retted last fall will not come into commercial channels until after July 1944. Thus available fibre prior to July 1944 will not exceed 13,000 tons for all uses. No ammassing of hemp fibre to date because growers say price too low and because of bad treatment in past by Ammasso. Status of available stocks of 1943 crop therefore uncertain.

Of 13,090 tons of 1943 hemp fibre to come to market prior to July 1944 roughly 44% or 5,760 tons will fall in the Scolorato Passano class or above; another 43% or 5,630 tons will be classified as in the grades of Extra Scolorato Forestiero to Spargo Chiaro Forestiero inclusive. The remainder will be 785 tons of Sotto Prodotti (sub Products) and 915 tons of Stoppe (waste).

3. Cannot quote prices because present demoralized condition of market. Black Market prices 60 to 100% above AMG legal prices.

4. Military needs not stated but assume military can take entire crop above fishing and essential civilian needs. In past 50% hemp crop exported, 25% used for military and 25% for essential civilian use. Fishing needs released and shipped at once. Further information required on military and essential civilian needs.

5. Sufficient rope making facilities available to absorb most of 1943 crop. Power needed. Rope now being made by hand process for British Navy 5043 for the Air Corps. Some sacks being made for British Army. Prices paid for these products out of line with legal price of hemp.

6. Recommendations with regard to the 1942 and 1943 crops:
 - (a) Raise average Ammasso price from 1500 Lire per quintal to 2250 lire per quintal of raw hemp.
 - (b) Order the amassing of the 1942 and 1943 hemp crops and be prepared to enforce the order by the use of troops if necessary.
 - (c) That Mr. Backhouse be made Hemp Controller. In that capacity be requested to review existing hemp manufacturing contracts and be directed to make recommendations to the Central Economic Committee with respect to future manufacturers margins and prices. It is further suggested that Mr. Backhouse be given authority to allocate such existing stocks of hemp to manufacturers to fill military contracts and other authorized needs as are submitted to his office.
7. Plans for 1944 crop must be determined at once. Need 2000 quintals seed of Patsa or Uniack variety to be imported from Turkey by Feb. 25. Italian importer in past has been Bottaro Onofrio firm of Naples. Turkish exporter Ziya Macel, Istanbul, Turkey, Bahce Kapu alamat Han. 12, Cable address; Sitki-Istanbul.
8. Normal requirements conservatively 8,000 tons superphosphate, 2,000 tons ammonium sulphate and 1,000 tons ammonium nitrate to prevent crop or 7,000 tons production on same acreage as last year. Urgency of need should determine whether available fertilizer should be used on hemp or on food crops. Quality of crop will also suffer if no fertilizer received.

O. W. HERMANN
Lt. Col., AUS
Economic Directorate

Appalto - Montepatri
di ...

AMMASO PROVINCIALE CANAPA

M A P L I

Prezzi lordi da corrispondersi

Spago Superiore Paesano	3440
Chiara Paesano	3275
Extrissimo "	3150
Extra "	2905
Spago mezzo col. paesano	3110
Extrissimo "	2885
Extra "	2655
Spago scolorato	2655
Extrissimo scol. paesano	2515
Extra "	2355
Spago chiaro forestiero	3195
Extrissimo "	3010
Extra "	2765
Spago mezzo col. forestiero	2930
Extrissimo "	2755
Extra "	2530
Spago scolorato forestiero	2575
Extrissimo "	2435
Extra "	2265
Scarti chiari	2080
" scolorati	1895
Canapone 1	2245
" 2	2120

Spago scolorato	2695
Exstrissimo scol. passano	2513
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 "	2265
Scarti chiari	2080
" scolorati	1895
Canapone 1	2245
" 2	2120
" 3	1940
Scarti canapone	1690
Cimiglie canapa	1690
" Canapone	1360
Stoppa 1 chiara	1165
" " scolorata	1030
" 2 chiara	1055
" " scolorata	950
" 3 chiara	1000
" " scolorata	875
Faina Chiara	785
" scolorata	685

1041

if we want to
get Carter Page
See who has
scope rights
7
who knows
to act?

Chambers
Out present
Lew Harris 14d.

ALLIED MILITARY GOVERNMENT

PROVINCE OF NAPLES

GOVERNO MILITARE ALLEATO

PROVINCIA DI NAPOLI

Whereas by R. D. L. No. 1955 dated 8th November 1936, and Law No. 566 dated 18th May 1942, hemp had to be stripped and delivered to the warehouses of the Ente Economico delle Fibre Tessili, it is ordered by the Allied Military Government as follows:

ARTICLE I.

Renaming of the Ente Economico delle Fibre Tessili

The organization known as the Ente Economico delle Fibre Tessili within the Province of Naples will henceforth be known as the Ammasso Provinciale Canapa, and all reference to, the said Ente in any Italian laws will be henceforth read as, and refer to the said Ammasso Provinciale Canapa. All operations in connection with the collection and subsequent sale or disposition of hemp by the said ammasso, will be controlled entirely by the Allied Military Government.

ARTICLE II.

Collection of the Hemp

Within the Province of Naples, all producers and possessors of hemp grown in 1943, will strip and deliver their entire crop to the appropriate warehouses of the Ammasso Provinciale Canapa, commencing on the 1st of December, 1943, and continuing thereafter, in accordance with the existing Italian laws, and at the prices specified in the Schedule hereto.

ARTICLE III.

Penalties

Any person failing to obey the provisions of this order shall, on conviction by an Allied Military Court, be liable to imprisonment or a fine, or both, and any goods forming the subject of such a conviction may be confiscated.

ARTICLE IV.

Effective date

Il Governo Militare Alleato relativamente al R. D. L. N. 1955 del 8 novembre 1936 ed a quello del 18 maggio 1942; ordina quanto segue:

ARTICOLO 1°

Denominazione da sostituirsi a quella di Ente Economico Fibre Tessili

L'ENTE ECONOMICO FIBRE TESSILI della Provincia di Napoli, assumerà, da ora in poi, la denominazione di AMMASSO PROVINCIALE CANAPA e tutto quanto nelle attuali leggi italiane si riferisce a detto Ente, verrà riportato a tale denominazione. Il Governo Militare Alleato, controllerà tutte le operazioni relative alla raccolta e seguente vendita e disposizione della canapa di detto Ammasso.

ARTICOLO 2°

Ammasso della Canapa

Tutti i produttori ed i proprietari di canapa, prodotta nel 1943 entro la Provincia di Napoli, dovranno stigliare e consegnare la loro produzione secondo quanto è stabilito dalle vigenti leggi italiane e secondo l'accluso listino dei prezzi.

ARTICOLO 3°

Penalità

Chiunque non osservi le disposizioni di questo ordine, sarà, per condanna del Tribunale Militare Alleato, soggetto a multa o a carcere o ad entrambe nonchè alla confisca del prodotto, oggetto di tale condanna.

ARTICOLO 4°

Entrata in vigore

Questo ordine andrà in vigore nella Provincia

nonchè alla confisca del prodotto, oggetto di tale condanna.

ARTICOLO 4^o

Entrata in vigore

Quest'ordine andrà in vigore nella Provincia di Napoli, in data 1° dicembre 1943 ed avrà corso fino a nuove disposizioni.

EDGAR ERSKINE HUME

Colonnello dello Stato Maggiore dell'Esercito Americano

Ufficiale Capo degli Affari Civili per Napoli e la Campania

ALLEGATO

Listino dei prezzi della canapa il quale andrà in vigore col 1° dicembre 1943 ed avrà corso fino a nuove disposizioni.

ZONA PAESANA

Spago superiore paesano . . .	2085 per quintale
» chiaro paesano. . .	1985 »
Extrissimo chiaro paesano. . .	1910 »
Extra chiaro paesano. . .	1760 »
Spago mezzocolore paesano . .	1885 »
Extrissimo mezzocolore paesano	1750 »
Extra mezzocolore paesano . .	1610 »
Spago scolorato paesano . . .	1610 »
Extrissimo scolorato paesano . .	1525 »
Extra scolorato paesano . . .	1435 »

ZONA FORESTIERA

Spago chiaro forestiero	1935 per quintale
Extrissimo chiaro forestiero	1825 »
Extra chiaro forestiero	1675 »
Spago mezzocolore forestiero	1775 »
Extrissimo mezzocolore forestiero	1675 »
Extra mezzocolore forestiero	1535 »
Spago scolorato forestiero	1560 »
Extrissimo scolorato forestiero	1475 »
Extra scolorato forestiero	1385 »
Scarti chiari	1260 »
» scolorati	1150 »
Canapone, 1°	1360 »
» 2°	1285 »
» 3°	1175 »
Scarti di canapone	1025 »
Cimaglie di canapa	1025 »
» canapone	825 »

SOTTO PRODOTTI

Stoppa 1 ^o chiara .	.	.	705 per quintale
» 1 ^o scolorata .	.	.	625 »
» 2 ^a chiara .	.	.	640 »
» 2 ^o scolorata .	.	.	575 »
» 3 ^a chiara .	.	.	605 »
» 3 ^o scolorata .	.	.	530 »

Item #6--Consideration of a retroactive price increase for the 1943 wheat crop
(Regions III and IV)

Prices being paid for wheat are as follows:

Region I 500 Lire per quintal ✓
Region II 300 Lire per quintal
(There have been complaints that Region II price are under Reg. I)
Region III official price 300 Lire but verbal promise has been made that more
will be paid retroactively.
Region IV Same as Region III

The verbal promises of Regions III and IV to pay more than 300 Lire (no figure was given the farmers as to the amount of the promised increase) were necessitated in order to get the wheat in.

It appears that there is at least a moral obligation to pay the promised increase. Furthermore, reversion now to the 300 Lire price after promising to pay more would probably have a very detrimental effect so far as getting in the 1944 crop.

It. Col. Merrill estimates that the share of the 1943 crop involved in Regions III and IV amounts to around 50,000 tons or 500,000 quintals. On this basis the total price to be paid would be between 275,000,000 and 300,000,000 lire (based on an increase of 250 to 300 lire).

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1. What increase is requested?
2. What means has been promised?
3. What should be taken in Region II?
4. What is being done in Apulia?

Apulia

250 - 300. One price.

Am 115 (Jan 1 to 10) May 415
100 11 to 20 J
75 (21 to 30 J)

5033

ORDNANCE NO. 16

GENERAL FOOD COMMISSION

The General Food Commissioner

Seen the proclamation of the Chief of His Majesty's General No. 4 of 1 October 1943
Seen the R. Law of 22 April 1943 No. 245 relative to the penalties for failure to report on grains.
Seen the R. Decree Law 10 May 1943 No. 397, issuing regulations for the totalitarian discipline of the grain harvest 1943.
Seen the ordinance of this commission No. 1 of 24 September 1943 relative to the anticipated due dates of the milling receipts for the grain campaign 1943-44.

ORDERS:

Art. 1- An increase in price on grain already reported or yet to report to the amasso in the following measure is granted:
L. 115 per quintal in favor of the farmers who already have completed or will complete by 10 January 1944 the delivery of grain in the quantities established for delivery to the amasso.
L. 100 per quintal in favor of farmers who will complete or effect delivery of grain between the 11st and 20st January 1944.
L. 75 per quintal in favor of farmers who will complete or effect delivery of grain between the 21st and 31st January 1944.
Art. 2- No excess price will be paid to farmers who, although having delivered grain to the amasso, have not completed in the terms referred to in the previous article 1 the delivery of the entire quantity established for them.

Art. 3- The farmers as of art. 2, in addition to penalties foreseen in the above mentioned R. Decree, law, and ordinance no. 1 of this commission, will be reported to the appropriate fiscal offices for verification of taxes on excess war profits deriving from profits realized through real or assumed sale on the free market of quantities not delivered to the amasso.

Art. 4- The control of the execution of deliveries referred to is entrusted to the proper Communal Commission, which will do its work in the month of January 1944 and will report to the Provincial Food Sections, in charge of the territory, the result, listing the non-fulfilling parties and the quantities not delivered.

Art. 5- For the payment of price increases as per article 1, and only for the quantities not delivered, the present proper request to the Offices of the

21 Jan 44
L. 75 per quintal in favor of farmers who will complete or effect delivery of grain between the 21st and 31st January 1944

completes by 10 January 1944 the delivery of grain in the quantities established for delivery to the ammasso.

L.100 per quintal in favor of farmers who will complete or effect delivery of grain between the 1st and 25th January 1944.

L.75 per quintal in favor of farmers who will complete or effect

Art.2- No excess price will be paid to farmers who, although having delivered grain to the ammasso, have not completed in the terms referred to in the previous article 1 the delivery of the entire quantity established for them.

Art.3- The farmers as of art. 2, in addition to penalties foreseen in the above mentioned R. Decree, law, and ordinance no. 1 of this commission, will be reported to the appropriate fiscal offices for verification of taxes on excess war profits deriving from profits realized through real or assumed sale on the free market of quantities not delivered to the ammasso.

Art.4- The control of the execution of deliveries referred to is entrusted to the proper Communal Commission, which will do its work in the month of January 1944 and will report to the Provincial Food Sections, in charge of the territory, the result, listing the non-fulfilling parties and the quantities not delivered.

Art.5- For the payment of price increases as per article 1, and only for the quantities already paid, the farmers must present proper request to the Offices of the Accertamenti Agricoli Comunali, accompanied by the receipts for deliveries made. Orders will be issued for the relative payment orders. For new deliveries payment of the increased quota will be directly made by the ammassi.

P.M. 151, 26 December 1943.

The Commissioner
GENERALE ROMEO MANCIELLO CAMERA

5038

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

#7

1. Document

As 16

Survey 14

Gen. vol. 14

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16

Item
VII

AFHQ, AFV. ADM. ECHELON
Petroleum Section

4/2 PS
26 December 1943

SUBJECT: Retail Price of Petroleum Products for Italian Use.

TO : Central Economic Council.

1. The following retail prices are proposed for Petroleum Products; these will be subject to adjustment in the light of experience gained.

	<u>Gasoline</u>	<u>Kerosene</u>	<u>Gas Oil</u>
<u>a.</u> Landed cost price Italian Port.	6 Lira	5 Lira	5 Lira
<u>b.</u> Italian Government tax.	4.40 "	3.70 "	3.60 "
<u>c.</u> Civilian freight and other distributing costs	5 "	5 "	5 "
<u>d.</u> Dealer's margin	<u>0.60 "</u>	<u>0.80 "</u>	<u>0.60 "</u>
Total	16 Lira	14.50 Lira	14.20 Lira

Automotive Lubricant Oils - 50 Lira.

2. No breakdown of price can be given for lubricants, since no landed costs are yet available.

3. Comitato Italiano Petroli (CIP) will keep in a separate account the amounts represented by item 1 a above, out of which the landed costs, as finally invoiced, will be paid.

4. It is desired to bring in these new prices as soon as possible.

H. R. CARRUTHERS
LT. COL.,
Acting Chief of Section.

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

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1. Get clear
understanding of what
are the affairs

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
ECONOMIC DIRECTORATE

12 January 1944.

Subject: Price to be charged for German coal in Naples
area stockpiles.

To : Central Economic Committee.

This is in reference to your letter of 8 January 1944.

1. With regard to the high grade German coal in question, it is assumed that the coal was hoarded with the view to profiteering, since there has been an acute coal shortage in the Naples area for some time, requiring stopping of essential public service and industrial activities, and the importation of coal from outside the country.
2. It is recommended that the present owners be paid substantially the prices they paid for the coal, plus a margin to cover expenses incurred in stockpiling, handling charges, and a reasonable margin of profit. If the coal has not been stockpiled for more than a year or two, 25% should more than cover these items. Imported coal from Germany was selling at about 300 lire per metric ton prior to Allied occupation. Even if the present owners paid as much as 400 lire per metric ton the above formula would indicate a maximum overall price of 500 lire per metric ton.
3. The policy here recommended would be in conformity with that for exportable surplus approved at the AFHQ meeting on price policies for Italy. Exportable surpluses, it was decided, "should be purchased from Italian producers at prices in lire sufficient to cover actual costs at the time of production, plus a fair profit". Although the coal in question is not purchased for export it is a commodity of basic importance to the military effort, and has to be imported into Italy. To authorize ~~the~~ price corresponding to the 1200 lire per metric ton recently arrived at for imported coal would amount to our condoning hoarding of basic commodities by private individuals with a view to speculative profit.
4. In order to avoid the granting of a windfall to those purchasing the coal at the prices recommended above it is suggested that the coal be allocated in so far as possible to rail-roads, public utilities, hospitals, and similar public institutions, in order that the appreciation in the price of the coal accrue to the Italian public rather than private interests. Should it be necessary to allocate a substantial amount of coal to private industry it is recommended that such industry be charged 1200 lire per metric ton and that the difference between the amount paid by such purchasers and the amount turned over to the present owners of the coal be made available for the account of the Italian Government.

[Signature]
Colonel D.S. ADAMS,
Economic Directorate.

5036

*Let Col. Adams
C.E.C.
This will want this
letter read by Dr. Gruber
at meeting
for read*

1 6 3 0

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

1 6 3 0

I have no copy
any of the files
which report a fire that

How does this tie in
with LASC files -
news of 7 Jan.

Item #10: Status of plans for distribution of imported food items.

While detailed plans for distribution of imported food have not been completed, preliminary work is well along. The following steps have been taken or information received:

1. Captain Curran has prepared a plan based on estimated tonnages of food, petroleum, and coal to be imported in each month through June showing (a) the distribution point; (b) the preferable point of importation; (c) alternative ports of importation; (d) rail, schooner, or truck route from port to point of distribution including alternative routes if a port other than the preferable one is used to land the supplies; (e) the report also contains a section showing estimated movement imported food, coal, petroleum, and a number of domestically produced products between provinces for each month through June. (This latter section may prove to be somewhat unrealistic because of the many assumptions which had to be made in preparing it.)
2. DDW, Flambo is conducting an investigation of facilities for handling bulk wheat at Naples and Bari. Target figure of 1,000 tons daily at Naples and 500 tons daily at Bari from 1 April 1944 has been given DDW. Transfer of equipment from Naples to Bari is necessary but is believed feasible.
3. Survey of civilian motor transportation on occupied mainland has been made by Major J. H. Bordass and Major A. J. J. Macchi. Their report is awaited.
4. The agreed schedule of trains is now largely in operation.
5. Study of the AFHQ proposal to establish a "food fleet" to tranship supplies from Sicily and Sardinia in schooners, thus relieving congestion in mainland ports equipped to handle deep draft ships, has been started.
6. Major Smallwood and Captain Curran have started study of the proposal to provide 1,200 military trucks to be operated by 10 Italian Transport Companies in distributing civilian supplies on the mainland.

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