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Black Market
Apr 1944 - Aug 1944

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BM/4.1

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JDA/sch

HEADQUARTERS ALLIED MILITARY GOVERNMENT REGION IV APO 304 18 August 1944

TO: Regional Control and Military Government Section Headquarters
Allied Control Commission (Attention: Executive Commissioner)

1. Forwarded.

For The Regional Commissioner:

JOHN D. AMES
Lt Colonel, A.G.D.
Executive Officer (Rome)

Copy to: Political Section (Attention: Mr. Shott) ~~_____~~

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RECEIVED

FEDERAL BUREAU OF INVESTIGATION

JULY 14 1944

JULY 14 1944

WAC/4.1

SUBJECT: Palermo Magliatti

TO: Regional Commissioner, Region IV, AMS

1. The political parties in Rome city have formed "Squadre anonarie" for declared purpose of "seeing out Black Market transactions, requisitioning the goods and reporting the fact to the party." The members of one such squad were interviewed by me on 15 July 1944 and they informed me that they "usually report to the Publica Sicurezza, who send policemen to accompany them." These men were in this office at my request, because of a confiscation of goods that had been made by them without the aid of policemen.

2. Reports received in this office indicate that these party representatives conduct their operations either without the use of the police or without police authority. These reports also indicate that confiscations are made of items on which there is no control as to either price or distribution, and therefore no justification whatsoever for their actions.

3. After rationed goods have been thus confiscated, these squads seldom turn them in to the proper control office for legal distribution. Instead they sell same on the street, and thereafter report such sale to a police agency. There is no way of determining whether all of the goods confiscated were actually sold, the accuracy of the report or any vital factor.

4. On occasion, they have given orders to merchants to dispose of merchandise in a manner directly contrary to previous orders of an accredited police representative.

5. In general, it may be said, that these people act as legislature, judiciary and executive, as they see fit, and without regard for the established law.

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6. Attempts by this office to regularize their activities have been of little avail. Attempts have been made to find one man or a small group of men in each of the political parties concerned with these responsibilities but none were found, although many

BAC/4.1

SUBJECT: Palmiro Togliatti

TO : National Commissioner, Region IV, ALC

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6. Attempts by this office to regularize their activities have been of little avail. Attempts have been made to find one man or a small group of men in each of the political parties concerned who had some responsibility but none were found, although many members of the "Squadra annonaria" were interviewed. The situation

was getting out of hand, and it was determined necessary to warn the respective interested party leader of our policy.

7. Accordingly, invitations were sent to the leaders of the Socialist party and of the Communist party to come to this office. Pietro Nenni, head of Socialist party, did come in to the office and a mutually satisfactory understanding was reached.

8. Palmiro Togliatti, the Communist party leader, never had the courtesy to personally reply to my invitation. His secretary informed us in writing that Togliatti was unable to come in to see me at the suggested time. This office attempted to reach Togliatti by phone, and after at least 15 such attempts over a period of 4 hours during which his phone was always busy, abandoned the attempts. This office then sent a letter to Togliatti requesting that he call to arrange an appointment that would be mutually convenient.

9. A secretary of Togliatti again responded in writing that Togliatti was not in, and that if I wanted to speak with him, I could telephone him at a given number.

10. In all of my studies, and instructions received as an officer in Allied Military Government, great stress has been laid upon the fact, that it is necessary, in dealing with divisions of territory under the jurisdiction of AMG, to impress upon them the fact that we are a command. Specifically, I have been taught that we should never visit an Italian official on official business, but should on the contrary always require that he visit us. This is not a hard and fast rule, but rather a matter of policy and expediency. Then, as here, it becomes a contest to see who would weaken first, I consider the officer of the Allied Military Government entitled to higher privileges than any Italian official. I accordingly sent two of the enlisted personnel of my office to find Togliatti and invite him over to see me. They had instructions to bring him here under arrest if he refused to come otherwise.

11. Togliatti was not found by them, and pursuant to my orders, left word for him to be in this office by noon today, or he would be arrested and brought in.

12. After the Executive Officer of Region IV of AMG called me this morning and informed me that Brigadier Bush had suggested that no action be taken in the matter this morning, I so notified my EM. Very shortly thereafter I received a telephone call from Togliatti's secretary, who told me that he was surprised that AMG had not yet taken any action against him for having given the orders that I had

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he would grant me an interview in his office. I refused.

13. Foglietti himself then called and wanted to know why I wanted to see him. I told him that it concerned a matter involving the Communist party, and he informed me that he had nothing to do with local party matters. I then stated that the matter was being taken up with AGC, and that it would be settled in that way. He wanted to know whether I would see him if he came over, and when I said that I would, he offered to visit me to-morrow morning between 0900 and 1000 hours.

14. In my conversations with him and his secretary, the question was raised by them concerning the propriety of sending for a Minister of State, instead of calling upon him. My reply to them was that he was being sent for as the leader of the Communist party, and not as a Minister of State.

15. An individual may choose to hold two positions, one of which entitles him to certain privileges and immunities, and the other of which does not. However, the privileges and immunities of the former are not attached to the latter, and it is my opinion that the leader of the Communist party is not entitled to any of the emoluments of office of a Minister of State.

16. It should be noted that I had consulted ~~the~~ Personal Assistant to the Regional Commissioner, Region IV, AGC., as to whether Foglietti, as leader of the Communist party, is a man for whom I send, or whom I visit. It was his opinion that he chief of a division of this region, I should send for him.

HAROLD B. MERSIUS
1st Lt., CMP
Chief, Black Market Control

CONFIDENTIAL

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HEADQUARTERS ALLIED CONTROL COMMISSION
POLITICAL SECTION

17 August 1944

SUBJECT: Communist Activities in the Black Market.

TO : Captain E. W. Stone, Acting Chief Commissioner, Hq A.C.C.

Dott. Grifone, who introduced himself as the private secretary to Togliatti, called at 6 pm. on August 15 to say that two military police had called at Togliatti's office for the purpose of conducting him to the Black Market Control Office. They were told that Togliatti was a member of the Government and at that moment occupied in official affairs. They replied that his presence was desired at the Black Market Control Station where he should present himself before noon on the subsequent day or be apprehended by the military police. Grifone went on to say that he thought Lt. Lipsius of the Black Market Control wished to speak to Togliatti concerning illegal communist activities in the Black market which Grifone inferred actually were going on. I attempted to communicate until 7 o'clock but unsuccessfully with the offices of Colonel Polatti, Colonel Polack and Lt. Lipsius.

On the subsequent morning I reported the matter to Brigadier East who in turn communicated with Colonel Ames, Polatti's Deputy, to request him to investigate the matter. Later in the morning Dott. Grifone telephoned to me to say that Lt. Lipsius again was in quest of Togliatti. I thereupon telephoned to Lt. Lipsius to enquire into the matter. He said that there were illegal communist activities being carried on in the black market and that all attempts to obtain some information regarding them from minor members of the Communist Party led to no result and to obtain the information desired he was obliged to appeal to Togliatti. The latter however refused either to receive Lipsius or to call upon him. Whereupon Lipsius ~~was~~ acting, as he says, within the scope of his orders virtually ordered Togliatti to report to him. Ultimately, he said Togliatti agreed to call on the morning of August 16, failing which Lipsius agreed to telephone him again before taking further action. *This he has not done.*

Toward noon of August 16, Sig. Winesapre of the Ministry of Foreign Affairs called to discuss this matter regarding Togliatti and I told him what had transpired and that I would report the entire matter to you for what action you deemed appropriate.

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WILLIAM W. SCHOTT
Vice-President, Political Section

May 1, 1944.

MEMORANDUM TO: Colonel D. B. Adams.

As of possible interest, I quote from Memorandum prepared on April 2 by the American Representative to the Vatican dealing with the black market situation which existed in that town on that date. Would it be possible to have someone make a comparison of black market prices current in Rome and those in liberated Italy, and let me have any ideas you may have regarding the use to which such comparison might be put?

"The controlled market for all practical purposes does not exist any longer in Rome where the black market has developed by leaps and bounds recently. Nearly all artisans, including shoemakers and tailors, have been forced to close their shops because their employees have deserted them to make more money in the black market operations. There appears to be in Rome a widespread feeling that the black market will be eliminated to a great extent as soon as the Allies arrive and this may account for the haste to sell on the black market as much as possible in the meantime. There follows a list of prevailing Rome black market prices in Lire per kilogram:

flour	120	coal	30
butter	580	marmalade	210
macaroni	120	fresh lard	400
rice	110	parmesan cheese	450 - 411
beef	200	canned tomatoes	130
soap	450	cauliflower	16
salt	140	spinach	25
veal	220	salami	700
sugar	300 361	onions	50
bread	100 - 145	carrots	40"

I am sending copies of this Memorandum to the Regional Commissioner, Region III, as well as to the S.C.A.O., Fifth Army.

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Samuel Reber
Vice President Allied Control Commission
Political Section

May 1, 1944.

MEMORANDUM TO: Lt. Colonel Charles Poletti,
Regional Commissioner, Region III.

As of possible interest, I quote portions of a Memorandum prepared on April 2 by the American Representative at the Vatican, copies of which have just reached me. This may be of value to you in comparing the Rome situation with that now existing in Naples.

"The control market for all practical purposes does not exist any longer in Rome where the black market has developed by leaps and bounds recently. Nearly all artisans, including shoemakers and tailors, have been forced to close their shops in the black market operations. There appears to be in Rome a widespread feeling that the black market will be eliminated to a great extent as soon as the Allies arrive and this may account for the haste to sell on the black market as much as possible in the meantime. There follows a list of prevailing Rome black market prices in lire per kilogram:

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Samuel Reber
Vice President, Allied Control Commission
Political Section

May 1, 1944.

MEMORANDUM TO: Brigadier General Edgar E. Rume,
Senior Civil Affairs Officer,
Headquarters, A.M.G., Fifth Army.

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Samuel Reber
Vice President Allied Control Commission
Political Section

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ALLIED FORCE HEADQUARTERS

Civil Affairs Office

April 24, 1944

MEMORANDUM TO: Mr. Samuel Reber, Vice President,
Allied Control Commission,
Political Section, Naples.

SUBJECT: Black Market in Rome.

For your information, the following is a paraphrase of a telegram dated April 20 from the Department of State, repeating a Bern telegram dated April 15:

The controlled market for all practical purposes does not exist any longer in Rome where the black market has developed by leaps and bounds recently, (a letter dated April 2 from Tittmann reports.) Nearly all artisans, including shoemakers and tailors, have been forced to close their shops because their employees have deserted them to make more money in the black market operations. There appears to be in Rome a widespread feeling that the black market will be eliminated to a great extent as soon as the Allies arrive and this may account for the haste to sell on the black market as much as possible in the meantime. There follows a list of prevailing Rome black market prices in lire per kilogram:

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H. J. L'Heureux
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Executive Officer

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April 24, 1944

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H. J. L'Heureux
Executive Officer

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HEADQUARTERS
ALLIED CONTROL COMMISSION
Economic Section
APO 394

HFW/cs

ES/44

9 May 1944

Mr. Sam Reber
Vice President Allied Control Commission
Political Section

1. In reply to your memorandum of 1 May, there are attached certain data on black market prices in April in various cities and towns of liberated Italy.
2. All black market price data must be used with caution. They not only are subject to wide variations from time to time and from place to place, but even at one time within one city, transactions at different prices are likely to occur. Moreover, the information available is largely based on hearsay.
3. It is understood that you contemplate giving some publicity to the Rome black market prices. So far as black market prices in this part of Italy are concerned, the less publicity the better, especially on the other side of the line.



D.S. Adams,
Colonel, C.E.
Executive Officer
Economic Section

Table of Black Market Prices in Liberated Italy (April 1944)

(lire per kilo)

	Bread	Pasta	Meat	Cheese	Sugar
AGRIGENTO.....					
CALTANISSETTA.....					
CATANIA.....					
ENNA.....					
MESSINA.....					
PALESTRO.....					
RAGUSA.....					
SIRACUSA.....					
TRAPANI.....	122.	117.		110.	
DATUNARO.....	80.	90.	120.	200.	150.
COSENZA.....	67.50.	40.	95.	120.	100.
REGGIO.....	90.	90.	120.		122.
NETERA.....	62.50.	117.	115.	300.	212.
DI TUNIZIA.....	41.25.		131.25.	287.	247.
SALENTINO.....					
AVELLINO.....					
BENEVENTO.....					
NAPOLI.....	115.	255.	305.	411.	361.
BASSANO.....	25.	35.	75.		225.
NUORO.....	20.	60.	50.	80.	200.
CAGLIARI.....	42.	65.	70.	75.	110.
BARI.....	85.	125.	150.	350.	270.
BRINDISI.....	50.	80.	160.	350.	180.
LECCE.....	35.		125.	200.	70.
Taranto.....					
CALFORESSO.....					

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