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A.C. MONTHLY REPORTS
MAR. – OCT. 1946

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Declassified E.O. 12356 Section 3.3/NND No. 785017

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CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

OCTOBER 1946

Ref.: 824/EC 13 December 1946

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HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

OCTOBER 1946

Ref.: 824/23 13 December 1946

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Declassified E.O. 12356 Section 3.3/NND No. 785017

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HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

OCTOBER - 1946

INDEX

	Page No.
POLITICAL SUMMARY	1
AMG VENEZIA GIULIA	2 - 3
AMG UDINE PROVINCE	4
Liaison Officer 86 Area, Venezia	5 - 6
Legal Division	6 - 7
Public Safety Division	7 - 8
Displaced Persons Division	8
Communications Division	8 - 9
ECONOMIC DIVISION	
Industry and Utilities Sub-Division	9 - 10
Commerce Sub-Division	10
Food and Agriculture Sub-Division	10
Transportation Sub-Division	11
SERVICE SUB-COMMISSIONS	
Navy Sub-Commission	11
Land Forces Sub-Commission	12
Air Forces Sub-Commission	12 - 13

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Declassified E.O. 12356 Section 3.3/NND No. 785017

POLITICAL SUMMARY

1. The most significant points of interest in Italian internal affairs during the month were the assumption of the post of Foreign Minister by Pietro NENNI and the signing of a pact of unity between the Communists and the Socialists.

2. Signor NENNI took over his post on 19 October. Up till that time the Ministry of Foreign Affairs had been headed by Signor DE GASPERI in addition to his other duties as President of the Council of Ministers and Minister of the Interior. NENNI's appointment was no surprise inasmuch as it had been agreed at the time of the formation of the Cabinet in July, 1946. His assumption of office, however, was greeted with much speculation by the press. The Foreign Ministry had been subjected to considerable criticism in regard to its personnel and it was generally anticipated that sweeping changes would be made. The prospect of these expected changes, particularly changes in the various ambassadorial posts, was not viewed unanimously in a favourable light. Right wing adherents were concerned at the prospects of wholesale changes in the Ministry lest they constitute the transformation of the diplomatic service from being representative of the whole country to being representative of a political trend.

3. The pact of unity of action between the Communists and the Socialists was published on 27 October. This document was represented as a definite bid for power on the part of the working classes. In itself, it was not new; there had existed a loosely adhered-to pact since August, 1944. However, that agreement had been drawn up when the Allied Armies were fighting around FLORENCE and consequently mainly represented measures for the defeat of Fascism; social and economic measures were only lightly touched upon. One significant feature of the new pact was the omission of any call to the Christian Democrat Party for collaboration. This was interpreted in political circles as an outright challenge. An appeal for collaboration had been included in the pact of 1944.

4. The terms of the current pact were considered more in the nature of a programme offered to the Government than as an instrument regulating the relations between the two parties. The agreement frankly stated that it tended towards the acquisition of the majority of votes. In other words it was a definite bid for political power. The agreement pointed out that each party might have its own list of elections but that all appearance of rivalry between the two must be avoided.

5. Labour conditions during the month continued to be unstable. The strike of the gas workers which began on 30 September ended on 3 October. Prime Minister DE GASPERI stated on 2 October that strikes in the public services could not be tolerated. He declared that if management and labour could not settle their differences within 24 hours the Council of Ministers would intervene. The strike came to an end on 3 October, the workers returning to their jobs with wage adjustments. The Confederation of Labour and the Confederation of Industry finally came to an agreement after long and protracted negotiations. The agreement provided for a wage truce of six months; 35% increase in the minimum wage paid to industrial workers; 50% increase in the allottment paid for dependent children; increase in holidays from six to twelve days; a Christmas gratuity; and pay for the 13th month. These benefits were to be granted to clerical workers after necessary amendments.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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6. The most serious riot since the end of the war took place in ROME on 9 October when a crowd which grew to 20,000 stormed the Viminal Palace, seat of the Government, in protest against their dismissal from the public works projects. (See page 7 Public Safety report for a fuller account.)

7. The proposed Peace Treaty continued to cause gloom and despondency. The general opinion was that the peace was unjust although it was realized that the PARIS Conference approval of the treaty was only a recommendation.

4832

Declassified E.O. 12356 Section 3.3/NND No. 785017

On 16 October, Signor DE GASPERI addressing the Christian Democrat Parliamentary Group, declared that it would be untimely at that point to take up the question of signature by ITALY because ITALY had been granted another appeal in NEW YORK on 25 October. However, the same group passed a resolution which expressed the opinion that neither the Parliamentary Group nor the Party as a whole could assume responsibility for proposing the acceptance of the peace conditions as they stood. There the matter rested at the month's end.

AMG VENEZIA GIULIA

1. During the month a complete regrouping and policy reorientation of the major political parties of both pro-Slav and Italian Groups took place. This was caused by the confirmation of the French Line by the Peace Conference and the approval of the French Draft Statute for the Free Territory of TRIESTE. Neither side acquiesced in the proposed settlement. The pro-Italians welcomed the retention of GORIZIA and MONFALCONE but could not reconcile themselves to loss of POLA and S.W. ISTRIA nor to the separation of TRIESTE from the mother country. The Pro-Slavs appeared to be resigned to the idea of a Free Territory of TRIESTE but were rigidly opposed to its proposed boundaries which they hoped might yet be modified as a result of the meeting of the Big Four in NEW YORK. Their territorial demands were for a shift of the Free Territory westward to include MONFALCONE but exclude N.W.ISTRIA. Except for an attempted pro-Slav demonstration in MONFALCONE on October 1, demanding the union of MONFALCONE with JUGOSLAVIA there were few large-scale protests. The publication of the French Draft Statute provoked a storm of criticism, but both sides, while bitterly hostile to the proposed frontiers and statute and not unhopeful of last minute modifications of them, appeared resigned to the idea of a Free Territory of TRIESTE. In consequence they were busily re-grouping on the "bloc system" and evolving long term policies with the common objective of securing a majority in the Popular Assembly. Pro-Jugoslavs were much farther advanced in this respect than their opponents. Their hitherto aggressively nationalistic policy was dropped and its place taken by an allegedly ideological class struggle on a wider basis. Democracy, not JUGOSLAVIA was their trademark, the enemy being "Imperialism". Their policy was to lead to "the alignment of the whole population of the Julian region on a unified front". This "Unified Front" is to be known as the FRONTE UNITARIO D'AZIONE DEMOCRATICA, or FUAD. Pro-Italian elements were in a state of disorganization and were unable to evolve any constructive future policy.

2. There was an increase in crime during the month. 519 crimes were reported and 125 suspects arrested. There were 3 murders, two of which were believed to be political, and two cases of abduction or attempted abduction. On 33 occasions during the month explosives in various forms were used in and against buildings. During a search 538 shells weighing 42 kilograms each were found; three persons were arrested in connection with this discovery. Incidents involving the throwing of hand grenades continued. Efforts were continued to improve the efficiency and welfare of the VENEZIA GIULIA Police and the morale of its members was excellent. In general the conduct of Allied Service personnel was very good. The prison population showed a slight decrease over the previous month.

Declassified E.O. 12356 Section 3.3/NND No. 743017

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3. There was a substantial increase in both Summary and Superior Court trials during the month. No General Courts were convened. A thorough investigation of the entire judicial system and personnel was in progress. (See Legal Division page 6)

4. During the month there was an overall increase of excise duties with the exception of sugar. Difficulty continued to be experienced in the collection of taxes from the Slovene Communes. The normal customs administration and control in the Port of TRIESTE was re-established in its entirety. The outflow of capital appeared to have ceased and a moderate inflow was noticeable.

Declassified E.O. 12356 Section 3.3/NND No. 785017

5. General economic conditions during the month were reasonably good. Commercial activities showed a slight increase. Employment figures remained almost unchanged. There was no particular shortage of foods and the population was supplied with normal rations except pasta which was not completely distributed; the remainder will be distributed in November. Heavy rains during the month aided the late corn crop for forage. There was no great lack of machinery for preparing the ground for planting but there was a shortage of work animals. Another difficulty was to effect a proper distribution of fertilisers which were available in ample quantities. Crops generally were better than the previous year but the livestock situation was not as favourable due to shortage of native fodder and the high cost of imported hay and fodd concentrates. Early frost in the latter part of the month finished off what little pasturage was left in the fields. There was, however, a general increase of cattle in the plains where reclamation work has been done. There was a large store of hay laid aside for these and there was no need or danger of indiscriminate butchering. The programme of pasture improvement was well under way. Foot and mouth disease which had threatened the lives of the cattle in the territory in the previous month was checked with the loss of only 12 animals. The transportation problems of many farmers were solved by a more liberal distribution of automobile, truck and bicycle tyres. Rains brought on and to disastrous forest fires, and the planting of trees in the various forestry projects was under way. Radio programmes each Sunday continued to furnish farm listeners with useful advice and information.

6. Industrial activities during the month showed encouraging progress. There were no serious labour difficulties and industrial workers appeared less easily influenced by political agitators. The shipbuilding industry was assured of a full programme for 1947. The CANTIERI RIUNITI DELL'ADRIATICO had orders for ships which will occupy all eight shipyards at MONFALCONE and three of the four slips at S.MARCO (TRIESTE). A 12,000 ton motor tanker was launched from S.MARCO Yard on 23 October for S.I.D.A.R.M.A. of VENICE and at the launching ceremony the owners ordered a further 10,000 ton cargo vessel. Reactivation of the ILVA Steel Plant was successfully started, the month's production of steel ingots being about 2400 tons. Other industries showed a small but steady upward trend. The electricity shortage throughout N. ITALY due to lack of water caused concern. Reconstruction in the Port of TRIESTE was hampered by bad weather but otherwise progressed satisfactorily. The coal situation remained acute. Bad weather impeded the activity of heavy trucks and gasoil consumption was lower during the month.

7. Work on 42 more public buildings was approved during the month. 270 public buildings and 10,818 housing units had been repaired and reconstructed in VENEZIA GIULIA at 31 October. Contracts totalling 247,045,630 lire were approved during the month. Highway and bridge maintenance and reconstruction surpassed all other months in numbers of employed and volume of work accomplished. The average number of workers employed per day in this labour was 3449. Four tunnel projects were under construction. The number of employed reached a peak of 19,329 during the month but declined to 18,459 at the end of the month.

8. Representatives of Sindacati Unici and Camera del Lavoro agreed to adopt a policy of closer cooperation.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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9. Public health in the Territory was satisfactory during the month. The position of infectious diseases improved except for scarlet feber and diptheria whose incidence continued to rise steadily. A campaign was proposed to increase the diptheria - immunized children, particularly in the urban population.

10. Movement of Displaced Persons through the TRIESTE Refugee Centre showed a slight decrease. 1349 persons arrived and 1359 persons were moved on. Welfare agencies functioned well.

4631

Declassified E.O. 12356 Section 3.3/NND No. 785017

11. All schools opened during the month. The Italian schools were free of political interference but in the Slav schools the PNOO continued to exert pressure. At the completion of elementary school enrolment - on.7, 8 and 9 October - the PNOO Parents Councils supported by excited women and children began to agitate indiscriminately against the teachers appointed by AMG. In connection with the incidents the teachers were confronted with an "ultimatum" stating that no one not approved by PRIMORSKI NARODNI OSVOBODILNI ODBOR and UNIONE ANTI-FASCIST ITALO SLOVENE or not of their political views might be accepted as teachers; no books prepared by AMG but only those selected by "the people" would be used; the schools would function under "the people's" direction; pictures of TITO and other Slav partisan heroes will remain in all classrooms; political teachings of from 2 to 3 hours weekly will be required. Each case was being dealt with separately by AMG and the basic education policy was being upheld.

AMG UDINE PROVINCE.

1. Administrative Elections were held in 95 Communes during the month. Compared with the results in 66 Communes in March and April of the year there was little change in the position of the parties except that the Christian Democrats lost a few seats to the Independents. Apart from these elections political activity was normal. Slav activity continued and two arrests were made by agents of the Questore. There were a number of orderly demonstrations chiefly by unemployed but the various strikes reported previously were satisfactorily settled. There was a slight improvement in the unemployment situation. A new Democratic Youth Movement was formed during the month in the Province which was open to young men of all political parties.

2. There was a notable reduction in the strength of Carabinieri chiefly due to release on termination of the military service period. There were no replacements. In general public order was good throughout the month. Politi l activity continued particularly on the part of the Communists. Slav infiltration continued although every effort was made to reduce this to a minimun. Careful arrangements were made for the policing of the Communes during the elections and they passed off quietly. Incidents between Allied Military personnel and civilians were fewer. Considerable success was gained in recovering property of Allied origin, chiefly food, clothing, tyres, in the unlawful possession of civilians and in tracing the military persons responsible for their disposal. The condition of the prisons remained satisfactory. There were no escapes or disorders during the month.

3. Normal rations were distributed during the month, and all Supplementary and Special class rations were also issued. 3,731 tons of wheat were received from VENICE and 1,600 tons of flour from AMG VENEZIA GIULIA in repayment of a loan of 2,000 tons fo wheat lent to them in September. 469 tons of flour were also received from VENICE during the month. An allocation of 480 tons of rice was received from the Italian Government to cover the period October-December 1946. 900 quintals of slaughtered meat was exported during the month to VENEZIA GIULIA, and 400 head of livestock for breeding were exported to other regions. Fruits and vegetables remained abundant although prices continued to be high. Coal shortages created difficulties in Provincial

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4. The amassing figures for wheat reached 27,366 tons during the month. Arrangements were being made for the exchange of a considerable quantity of maize for seed wheat. Winter ploughing and sowing began. Stabilised prices for fertilizers were established throughout the Province.

Declassified E.O. 12356 Section 3.3/NND No. 785017

5. A total of 576,406,148 lire for public works projects was initiated during the month bringing the total to date to 1,584,375,000 lire. The former figure was rather higher than the proper ration for one month if funds are to be expended evenly over the period, but this was accounted for by the fact that 330,900,000 lire was for housing which was urgently required, regardless of its effect on unemployment. 17 million lire was issued during the month to cover the requirements of hospitals, welfare institutions etc. throughout the province.

6. Public health conditions were generally good and there was a noticeable decrease in infectious diseases. Every effort was being made to maintain assistance to needy cases during the winter in the way of clothing and food.

7. The POL and tyre situation remained unsatisfactory. The shortage of POL necessitated a reduced allocation to firms operating public services in the province. As a result there was a considerable dislocation of the services, causing great inconvenience.

8. Fourteen cases were tried in AMG Courts during the month, all of which resulted in convictions. The work of the Italian Courts proceeded satisfactorily although there was a heavy list of cases for trial and there were considerable arrears due chiefly to lack of judicial personnel. War damage, military requisitions and the presence of refugees, have caused an acute shortage of living accommodation in UDINE, and where orders for possession or eviction were made by the Italian Courts, many persons, liable to be dispossessed, were faced with the immediate prospect of being rendered homeless, no alternative accommodation of any kind being available. The Italian Courts in certain cases have power to grant a short postponement, and thereafter have no discretion to prevent the order being put into execution. After consideration and at the request of the Italian Judicial Authorities a Provincial Order was published modifying the Italian law.

LIAISON OFFICER 86 AREA (VENEZIE)

1. The political atmosphere was calm during the month except in cases where agitators caused unrest among employees. Administrative elections held in the Region during the month took place in an orderly manner and no untoward incidents occurred. The Centre and Left Parties appeared to have lost considerable numbers of supporters. The ordinary man in the street seemed to be more concerned with economic difficulties than politics. Press comments on the forthcoming taxation scheme and currency conversion were followed with eager interest and there appeared to prevail a general confidence in the Government's action directed to meet budget requirements and avert inflation. The issue of the Reconstruction Loan to this end appeared to be considered with sympathy. No political strikes were reported during the month. Some minor labour unrest occurred in the building industry and with the yeast makers in PADUA Province. The Camera del Lavoro of VENICE and MESTRE having obtained adjustment of the Cost of Living Bonus as applicable in Zone "B", continued to exert pressure for the payment of the Republican Bonus to civilian employees of Allied Forces in this Area. The bonus had already been paid by civilian employers and the Camera del Lavoro threatened that Allied employees would strike on the morning of 6 November if a favourable reply was not given to the demand. The matter

Declassified E.O. 12356 Section 3.3/NND No. 785017

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2. Public order was reasonably good during the month. The "black market", especially in Allied property - cigarettes, sugar, petrol soap, etc. continued. There was a lack of efficiency among the Italian Police agencies. Numerous minor incidents were reported between Allied Personnel and civilians; Allied Military Police arrested or took action as regards military personnel for their part in many of these incidents.

4830

Declassified E.O. 12356 Section 3.3/NND No. 785017

3. Cost of living continued to be a crucial problem. Severe penalties were implemented against black marketeering, speculation and failure to comply with the amassing decree, but these illegal activities continued. Amassing of wheat was completed and that of maize was in progress. There was some reluctance on the part of farmers to amass full stocks; the claim was that the price of 1,600 lire per quintal was too little, for the outlay involved. The Growers' Associations approached the authorities concerned with a view to obtaining a higher price for this cereal which is the main food commodity in the region. The wine crop was plentiful and of good quality. There was little marketing in cattle, and prices for calves and pigs tended to rise. There were plentiful stocks of fodder available but prices maintained their high level.

4. The International Sample Fair held at TREVISO from 2 October to 28 October was a success. Important sales were reported in all sectors of the wide range of commodities. Large numbers of visitors from all parts of Italy led to notable business transactions and appeared to demonstrate sound efforts towards reconstruction. Acute shortages of raw materials and coal caused general concern. Coal will not be made available this winter for private heating. Institutions, schools etc. will be allotted a quantity after industrial requirements have been met. Electric power was also in short supply and severe economy was being exerted. Derequisitioning of property was carried out in so far as possible and in conjunction with military requirements.

5. Local strikes among various classes of workers occurred throughout the month but most problems were settled through conciliation, the strikers in most cases gaining their points. There was a further seasonal rise in unemployment figures but the various Provincial authorities were doing their utmost to counteract this by public works schemes. In the Province of VENICE 33 projects were approved totalling 127,257,940 Lire. In addition 17 projects of ordinary maintenance were financed totalling 29,015,000 Lire.

LEGAL DIVISION

1. Allied Military Courts were in session during the month in VENEZIA GIULIA and UDINE PROVINCE. Both Superior and Summary Courts were convened in the former of these areas, and Summary Courts in the latter. In VENEZIA GIULIA 131 accused persons were tried, (as compared with 52 in the previous month) on 141 charges, (as compared with 61 in September) by Superior Courts. 206 accused were tried on 180 charges by Summary Courts, (as compared with 134 and 144 respectively in the previous month). Among these cases tried before Superior Courts there were 5 charges only of prejudice to good order, but a number of them involved possession of arms and abduction. Three defendants in the latter cases received sentences respectively of 5,7 and 8 years. Of the total of 141 charges dealt with in these courts 80 resulted in findings of "Not Guilty". In the trials before Summary Courts charges of larceny and unlawful possession, violation of permit regulations and offences against good order predominated. The bulk of sentences imposed by these courts were for the period of 1 month or less.

2. Fourteen cases were tried in the Province of UDINE, all of which resulted in convictions by Summary Courts.

Declassified E.O. 12356 Section 3.3/NND No. 735017

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3. In general the Italian Courts continued to perform satisfactorily. Owing to an existing black-log of cases in these Courts in VENEZIA GIULIA which involve confinement in excess of 8 months before trial, it was planned to transfer all such cases remaining undisposed of by the end of November to AMG Courts for trial. Originally these cases numbered about 50 and included offences ranging from larceny to murder. It is intended shortly to inquire into the whole judicial system in the VENEZIA GIULIA Area with the object of seeking the removal of incompetent personnel.

Declassified E.O. 12356 Section 3.3/NND No. 745017

4. The work of the Italian Section continued; it included preparation of legal opinions regarding elements required under Italian law to establish charges of theft and attempt to commit this offence; validity of judgements of courts established during German occupation of VENEZIA GIULIA; the bearing of International Law upon possible trial in TRIESTE (Zone "A") of persons charged with offences in Zone "B"; the right of Italian Police to go aboard merchant ships to make arrests, and the liability of British and American seamen to obey Italian Customs Laws; and many other problems of a like nature.

5. The Special Court of Assize in VENEZIA GIULIA has been continued in operation for a further period of three months from 8 November 1946. This Court disposed of 24 cases by trial during the month. In the Province of UDINE the Special Court of Assize tried 12 cases during the month. On the 25 October this court had 25 cases pending for trial as compared with 31 at the end of September.

6. A number of persons confined in Italian jails under Allied authority are not serving sentences of Allied Military Government Courts. They are being held for security reasons. To ensure that persons other than those undergoing sentences for AMG Courts, or held for security reasons, are not being held under pretended authority, an organized check was being made of the status of all persons in Italian prisons not so confined under sentences of Italian Courts.

PUBLIC SAFETY DIVISION

1. The high cost of living and the threat of further unemployment in ITALY continued to give rise to demonstrations etc. The most serious demonstration during the month took place in ROME on the 9 October. The trouble commenced as a result of a decision by the Ministry of Public Works to dismiss, on account of lack of work, 24,000 employees. A deputation from the workers was seen by an Under Secretary of the Ministry of Public Works on 8 October, but on the 9 October dismissal notices were posted up with the result that about 1,000 employees marched to the Ministry of Public Works and from there to the Ministry of the Interior. The number of demonstrators had by this time grown to more than 20,000. Excitement was running high and eventually a number of people effected an entry into the building of the Ministry damaging the furniture in some of the offices. The demonstrators were armed with various weapons including some firearms, iron bars, sticks etc. Stones were thrown at the building and at the police on duty there and shots were fired by the demonstrators and the Police. Mounted Police on duty were ineffective against the demonstrators, many being unseated, disarmed and injured by the crowd. Police reinforcements were brought up and order was eventually restored. Three civilians were killed and 59 injured (14 by gunshot wounds). 58 Public Safety Agents were injured and 8 Carabinieri (3 by gunshot wounds). During the disturbance 17 people were arrested. Some of these were believed to be professional agitators. As a result of this disturbance the Questore of ROME was replaced. In other parts of Italian Government Territory there were minor demonstrations but in every case the situation was kept under control. The police drive in SICILIA against banditry continued throughout the month and resulted in restoring a reasonable degree of law and order in that area.

2. In the Province of UDINE public order was reasonably good and no special incidents were reported. In VENEZIA GIULIA there were a number of incidents but in no case did the situation get out of hand. There were a large number

Declassified E.O. 12356 Section 3.3/NND No. 785017

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2. In the Province of UDINE public order was reasonably good and no special incidents were reported. In VENEZIA GIULIA there were a number of incidents but in no case did the situation get out of hand. There were a large number of cases of hand grenade throwing and special efforts were being made to eliminate this. Generally they were believed to be politically inspired and not confined to any one political faction. Common crime increased somewhat. There were 519 cases reported during the month and 125 arrests were effected. Of this number 3 were for murder. Two of these were political.

3. Small numbers of Jews continued to endeavour to enter ITALY illegally with the ultimate object of reaching PALESTINE. The frontier area is generally

4829

Declassified E.O. 12356 Section 3.3/NND No. 745017

so mountainous that it is almost impossible to prevent stragglers getting across. Illegal travel to TRIPOLITANIA showed a marked decrease due undoubtedly to increased police measures.

4. Arms dumps continued to be uncovered from time to time.

5. It was reported during the month that there are 20,000 foreigners in ROME; the majority are assumed to be engaged in irregular activities.

DISPLACED PERSONS DIVISION.

1. During the month it was confirmed that SCAF (British) would provide meat, cheese, tea, powdered milk and luncheon meat on the Displaced Persons Ration Scale subject to repayment by the Italian Government in sterling. There was no surplus of the above mentioned items of subsistence from American sources in the theatre. A written communication was received from the Italian Ministry of Foreign Affairs during the month stating that no Armistice Clause compelled the Italian Government to provide the necessary means for the upkeep of camps of Foreign Displaced Persons organized by the Allies, and further, the Italian Government had no responsibility for the presence in ITALY of such Displaced Persons. The communication concluded by stating that the ration "pro capite" was higher than the ration allotted to Italian Nationals, and that with effect from 15 November the Italian Government would be compelled to cease financial assistance and the distribution of foodstuffs to Displaced Persons Camps organized by the Allies.

2. During the last three months numerous major moves of refugees in Allied Commission Camps took place with a view to locating active dissidents where they would be the least troublesome. 1,700 Jugoslav and Russian men and women and children were removed from their camps and redistributed. Of these, 1,000 were detained for re-screening as heads of families, as suspected Ustachi or repatriable Soviet citizens. Some 1,500 Polish Displaced Persons were redistributed in small groups where it was hoped they would be less liable to anti-repatriation influence. In addition, steady progress was made in the shifting between Camps of small groups, either of active dissidents or of persons who would be likely to benefit from removal from anti-repatriation influence. Everything possible was being done to publicise the benefits of voluntary repatriation. So far the propaganda literature provided by the homeland repatriation missions has been scanty. During the past six weeks 2½ % of the Slovene population of Allied Camps were voluntarily repatriated. The number of other Jugoslav repatriations was negligible. Planning was in progress during the month to receive some 4 to 5,000 Chetniks in Allied Commission Refugee Camps from among those at present employed outside EBOLI SUB Centre

COMMUNICATIONS DIVISION

1. Arrangements were completed during the month for the re-introduction of "small packet" service within ITALY to commence on 1 November. Traffic for North Eastern European countries noticeably increased. Five large type sorting carriages were released during the month from military trains to civil postal services.

2. Several telephone circuits were released from use by Allied Military

Declassified E.O. 12356 Section 3.3/NND No. 743017

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2. Several telephone circuits were released from use by Allied Military. Facilities of these inactive circuits were absorbed into longer civilian circuits established to supply civilian needs. These circuits will be available for use by military forces as required. The Italian railway telegraph system which was under requisition and under the operational control of Allied Military Forces was derequisitioned on 31 October and returned to Italian operation. The system will be leased to and operated by the Italian State Railways commencing 1 November. A six-channel telephone circuit was opened between TRIESTE and VIENNA during the month. These channels were being utilized for VIENNA

Declassified E.O. 12356 Section 3.3/NND No. 745017

and PRAGUE traffic. The opening of these channels relieved three channels previously used for VIENNA traffic between TRIESTE and MESTRE and six channels between MESTRE and BOLOGNA which now become available for ordinary traffic passing between those points. Theft of wire and cable, especially of overhead lines constructed by Allied Military Forces continued to present a problem. Theft has been prevalent since the construction of the first telephone lines in the theatre. The Ministry of Posts and Telecommunications was attempting to eliminate this but scarcity of guards makes the protection of the lines difficult.

3. One radio-telephone circuit between ROME and NEW YORK was eliminated from practical use by the American Telephone and Telegraph Company diverting its equipment from one circuit to a NEW YORK - CAIRO circuit between 1500 and 2100 hours daily. This diversion results in a direct cut in soldiers personal calls which are most frequently made between those hours.

4. Italian electrical manufacturing plants commenced production in considerable volume and requested frequency allocations for testing. Requests for test and experimental frequencies were under consideration. Because most of the frequencies desired are not BERNE registered, action on such requests requires considerable time and experimental frequencies have been allocated in only a few cases. No frequencies were allocated during the month.

ECONOMIC DIVISION

INDUSTRY AND UTILITIES SUB-DIVISION

1. Further progress was made during the month in derequisitioning industrial and public premises. Strong representations were made by the Italian Government regarding the difficult housing situation at ANCONA.

2. In Northern ITALY the electricity situation was good during the month but due to the large post-war increase in consumption a rationing scheme had to be adopted. All customers were disconnected by shifts one day per week from 0730 hours to 1730 hours, on Sundays from 0830 to 1100 and from 1300 to 1530 hours. In a meeting held during the month the Advisory Committee on Electric Power recommended that some action be taken by the Government to assist the Power Companies in the construction of new plants. Following considerable heavy rains the electric power generation in Central ITALY showed an increase during the last period of the month. Only a slight improvement was reported in Southern ITALY where the SILA reservoirs were gradually being emptied. Additional hydro-electric plants are to be reactivated during November. The estimated shortage of electricity for November was about 32%.

3. Arrivals of coal from all sources during the month were estimated to be 321,000 tons, of which approximately 170,000 tons came from the U.S.A. The UNITED STATES maritime strike which terminated on 27 October involved a shortfall of at least 300,000 tons of coal in shipments to ITALY during the month. On the 14 October the outlook was such that UNRRA considered it advisable to warn the Italian Ministry of Industry and Commerce that the amount of coal available for distribution through November would be seriously curtailed. Fortunately the State Railways at that date had 85 days stocks as a result of the conservation policy closely observed throughout August and September. Instead of 960,000 tons being available for public utilities, industries etc. for the two months of October and November, it was decided at the Emergency

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4. Sardinian Coal production for the month totalled 75,454 metric tons. A strike involving the price paid for "piece work" caused the production to fall 13,779 tons short of that attained in September. The strike started on 17 October and ended on 28 October. Production was not up to normal at the end of the month.

482

Declassified E.O. 12356 Section 3.3/NND No. 783017

5. The shipping strike in the U.S. held up shipments of P.O.L. and plans were made by UNRRA and the Italian Government to reduce the November allocations of gasoline and diesel oil, these being the critical products. First shipments of crude oil from ARABIA which were expected during the month failed to materialise. This delay caused a temporary shortage of gasoline in the NAPLES and ROME Areas due to the non-availability of the refined products expected from the crude oil. Loans from the Military alleviated the situation.

COMMERCE (FOREIGN TRADE) SUB-DIVISIONS

1. Trade between ITALY and the ex-colonies did not show any signs of development during the month. It is anticipated that some decisions will be taken in the near future by the Italian Government to improve the situation. A request for the supply of cotton yarn from ITALY to TRIPOLITANIA was received from AMA TRIPOLI and necessary steps taken to obtain an export licence from the Ministry of Foreign Trade.

2. Dairy Products were taken off the List of Reserved Commodities controlled by the International Emergency Food Council. This applied to butter, cheese, natural and processed; milk, evaporated, dried whole, sweetened condensed, roller skim and spray skim.

3. During the month AMG VENEZIA GIULIA sent in a number of requests for import licences for onward transmission to the Italian Government. The problem of the assignment of Italian produced sugar to the industries in VENEZIA GIULIA and UDINE Province was also discussed. In agreement with AMG VENEZIA and UDINE and the Italian Ministry of Industry advance allocations were obtained. The matter of safe transportation from sugar mills to factory and of distribution will be the responsibility of the AMG.

FOOD AND AGRICULTURE SUB-DIVISION

1. Wheat stocks declined during the month and indications were that January 1st would find the stock pile depleted to one months supply. In 1946 there was a 4% increase in acreage sown to wheat over the previous year and better seasonal conditions increased the wheat crop; however, this is still approximately 15% below prewar average and covers only about 67% of normal requirements. The allotment of wheat to ITALY from UNRRA import during the last quarter of 1946 totalled 750,000 tons; of this amount it was expected that only 120,000 tons would arrive before the end of the year. 50% of this was expected to be minor cereals therefore the wheat equivalent will not exceed 100,000 tons. The balance of the allocation is expected to arrive during the first half of 1947. An additional allotment of 120,000 tons of flour has been made to ITALY for the last quarter of 1946, but there was no indication that this would arrive before early 1947.

2. Rains during the month improved soil conditions. Seeding of wheat and rye was underway in almost all Northern ITALY, part of Central ITALY and in some provinces of Southern ITALY. In some areas grain fields were being planted with other crops. The shortage of fertilizers and resistance to the ammassing policy has induced farmers to substitute more easily cultivated crops for cereals. Indigenous food products will exceed greatly the 1945 crop. Products of all kinds showed a large increase in quantities produced. Quantity of sugar beets produced will be about 400% of the previous year. An

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 745017

TRANSPORTATION SUB-DIVISION

1. Passenger rail transport continued to be carried out under very bad conditions. Demonstrators at SOMMA LOMBARDA near GALLARATE halted all traffic on the DOMODOSSOLA line and further trouble is expected during the winter due to lack of heating and windows in the coaches. It was not possible to obtain any return of passenger stock held by the Allied Military Forces owing to military requirements. Delays on lines were frequent owing to failure of electricity. A land slide on the East coast caused ten days delay. Passengerservice was improved by the reopening of several new lines.

2. International freight traffic showed a slight decrease both imports and exports being considerably less than expected.

3. It was still not possible to introduce the international fuel coupons during the month but negotiations proceeded.

4. Coastwise shipping continued on a normal basis.

SERVICE SUB- COMMISSIONS

NAVY SUB-COMMISSION

1. During the month confirmation was received from the British Admiralty to the effect that the Italian Government should supply the necessary funds, in Egyptian currency, to cover the expenses of the Italian battleships in the BITTER LAKES and Italian warships and auxiliaries visiting Egyptian ports and passing through the SUEZ CANAL. The Italian Ministry of Marine was informed accordingly and requested to make appropriate arrangements. In the meantime pay outs due to the battleships at the end of September and October were made from British sources, in exceptional cases on Admiralty approval, pending arrangements by the Ministry of Marine. In order to reduce the consumption of foreign exchange the battleships will be supplied to the fullest possible extent from ITALY and ships in transit will be provisioned to capacity.

2. On 3 October PANTELLERIA was visited by representatives of the Committee on demilitarization of the Island. The process was being carried out satisfactorily. A total of 1500 tons of warlike stores mainly guns and ammunition have been removed to date. A quantity of captured enemy material of naval origin located in the BOLOGNA area was turned over to the Ministry of Marine for the maintenance of the Italian Navy in accordance with directives in force.

3. Italian minesweepers from VENICE began to clear an area inshore off PORTO RICHARD. The operation was being carried out to enable craft that have been built on the STELLA estuary to reach the sea. Other Italian M/S Groups continued routine clearance operations.

4. The Italian Navy arranged for pilotage and tugs in the port of LEGHORN to be available to conduct merchant shipping from that port to LA SPEZIA through heavily mined areas. The Commander-in-Chief, Mediterranean Station, approved the transfer of an Italian tanker under construction at the ANSALDO SESTRI Yards to the NORWEGIAN Government in exchange for two dry cargo vessels. The dry cargo vessels are not to be over 20 years of age and must be from 7000 to 9000 tons deadweight.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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5. The Italian cruisers ABRUZZI, MONTECUCCOLI, SCIPIONE, AFRICANO and ATTILIO REGOLO completed the lifting of Italian POW from EGYPT.

4827

Declassified E.O. 12356 Section 3.3/NND No. 735017

LAND FORCES SUB-COMMISSION

1. The strength of the Italian Army as at 1 October 1946 was 204,679 including 63,654 Carabinieri, the latter force showing a decrease of nearly 400 over the previous month. There appeared to be very little hope of the Carabinieri being brought up to their full strength of 75,000 and it was felt that the maximum figure likely to be reached would be in the neighbourhood of 65,000, the former war establishment. Despite unemployment and poverty this service which offers free food and clothing continued to attract only the poor peasant class of Southern ITALY where the standard of living is very low.

2. The training of Carabinieri personnel in W/T and installation continued to make good progress. Very little progress was reported in the extension of telephone facilities between stations and headquarters, the main difficulty being lack of funds.

3. Transport held by Carabinieri was approximately 80% efficient. The chief cause of inefficiency was lack of tyres and tubes. 1100 BERETTA pistols were assigned to Carabinieri by the War Ministry. A deficiency of 50,528 remained against entitlement. Ammunition generally was in short supply. The full quota of B 38 SMGs was received in the proportion of one to every four men, excluding the Mobile Battalion which had one per man.

4. The application of the Premio della Repubblica to the Carabinieri Corps caused considerable dissatisfaction and some bitterness amongst all ranks. Carabinieri received 1,500 lire only and this was scaled down in the case of single men. Civilian employees received 3,000 lire.

5. 8,922 Italian POW were repatriated from British hands during the month and 43 from other sources. The total number of IPOW in British hands at the beginning of the repatriation scheme was 397,345 and in other hands 827,300. Although ports in the Heel of ITALY were closed to Allied shipping generally, authority was obtained for all ships carrying Italian PW to off-load at NAPLES.

AIR FORCES SUB-COMMISSION

1. The strength of the Italian Air Force as at the end of the month was 26,194. (3,101 officers and 23,093 other ranks.) Included in this figure was a total of 1,090 pilots. The training of the first intake of recruits at the NOVI LIGURE and TURIN centres was concluded and the recruits posted to all parts of ITALY. As from the beginning of the month increased rates of pay were introduced into the I.A.F. In effect the new rates made emergency service airmen slightly better off and the permanent other ranks were better off to the extent of between 30% to 90% depending on length of service. The imminence of the reduction in personnel had an adverse effect on morale, particularly among younger officers. There was a widespread feeling of insecurity even among those in established posts and many were turning towards civil aviation in the hopes of better prospects.

2. At a conference held in the Italian Air Ministry it was agreed that in cases where airfields are to be handed over from Italian military to Italian civil control it will be stipulated that I.A.F. flying control and signals will remain until such time as there are sufficient fully qualified civilian personnel to take over. The five aircraft safety centres continued to give good service in overdue action. Forty-eight overdue aircraft were

Declassified E.O. 12356 Section 3.3/NND No. 785017

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3. One new meteorological station was opened during the month at PONTE-CAGNANO, bringing the total of reporting stations in the Italian network to 143. The opening of the important met. station on the Island of PANTELLARIA had to be postponed until the Naval authorities commence operating the light-house, and until authority is obtained to place Italian meteorological personnel there. Pilot Balloon stations throughout ITALY ceased operating during

Declassified E.O. 12356 Section 3.3/NND No. 745017

the month as the stocks of balloons ran out. No further supplies from British sources will be forthcoming, and the Italian Met. Service will have to be self sufficient in this respect. However, the PIRELLI Company undertook the manufacture of these balloons. Arrangements were made during the month to hand over the British Met. commitments at KKKS to the Italian Met. Service with effect from 25 October, 1946.

4. Approval was given for the establishment of a BRAZILIAN Civil Airline between BRAZIL and ITALY, to operate weekly, subject to the signing in WASHINGTON of an agreement for the use of CIAMPINO Airfield in ROME. The Italian and Brazilian Governments agreed on the inauguration of the projected airline, but no reciprocal Italian airline to BRAZIL will be established until an Allied decision has been made regarding the operation of Italian Civil Air Lines. By arrangement with the Italian Air Ministry, British and American civilian passengers with valid British or American passports will not have to pay the insurance rates when travelling on the Italian Military Air Courier Service, unless they wish to do so. If insurance is not paid an indemnity certificate will be signed in order not to implicate the Italian Government in any claims arising out of accidents.

5. The transfer of High Speed Launches from the RAF to the IAF was suspended on instructions from the British Air Ministry. Five launches and a certain amount of spares were already in the hands of the IAF. Allied Air Headquarters was endeavouring to obtain removal of the suspension and, to avoid protracted negotiations as to price, was proposing transfer on "ultimate settlement" terms. On these terms the Italians would not specify any rigid requirements as to condition or performance on take-over.

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Declassified E.O. 12356 Section 3.3/NND No. 785017

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4826

Declassified E.O. 12356 Section 3.3/NND No. 785017

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
AMO 794
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MONTHLY REPORT
SEPTEMBER 1946

Ref.: 824/2G

12 November 1946

CONFIDENTIAL

Declassified E.O. 12356 Section 3.3/NND No. 785017

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HEADQUARTERS ALLIED COMMISSION
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MONTHLY REPORT
SEPTEMBER 1946

Ref.: 324/EJ

12 November 1946

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Fin 21/11

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Declassified E.O. 12356 Section 3.3/NND No. 785017

POLITICAL SUMMARY

1. Continuation of discussion at the PARIS Peace Conference, the rise and disappearance of a threatened Government crisis and more labour unrest marked Italian affairs during the month. On the last day of August the Political and Territorial Commission of the Conference approved cession to FRANCE of HYDROELECTRIC, MARGOW VALLEY (leaving ITALY the power plant of BARCONNETTE) MOUNT CENISION and BONA VALLEY (BRIGA and TENDA) leaving ITALY the Commune of CLAVIERE. Press reaction was bitter, several papers charging FRANCE with bad faith.

2. During the early part of the month Ivanoe BONOMI presented his country's case in respect of the contemplated Free Territory of TRIESTE particularly in regard to the establishment of the proposed French Line. He declared that if it were conceded that the French Line was a solution in accord with "ethnical equilibrium", that very equilibrium was broken when one created the Free Territory of TRIESTE within the area assigned to ITALY. Pointing out that this solution detached 166,000 Italians and 50,000 Slavs from Italian sovereignty he further declared that if it were desired to re-establish "ethnical equilibrium", the foundation on which rested the French Line, it was necessary to enlarge the Free Territory southward so that an equal number of Italians would be detached from Jugoslav sovereignty.

3. On 10 September the Political and Territorial Commission approved an eight-nation Sub-Commission to draft a Statute for the Free Territory of TRIESTE. On 11 September Ivanoe BONOMI sent a letter to the Commission demanding that a plebiscite be held to determine the boundary between ITALY and JUGOSLAVIA. The letter declared that the two nations needed to be in agreement on two points: (1) The frontier between the two countries should be drawn on the ethnic line and (2) This line should be determined by taking into consideration the will of the people in the disputed zone. Both the boundary and the manner of administration of the Free Territory of TRIESTE continued to be the most controversial issue during the month.

4. On 5 September an agreement was signed by Prime Minister DE GASPERI of ITALY and Foreign Minister Dr. Karl GRUBER of AUSTRIA. Under this agreement German-speaking inhabitants of ALTO ADIGE were guaranteed complete equality of rights with the Italian population including the following: education in the mother tongue; equality of language in public office and place names; re-establishment of German family names forcibly Italianized by the fascist regime and equality of opportunity to enter public office. "Autonomous legislative and executive powers" were accorded BOLZANO Province and the "neighbouring townships of TRENTO Province". Both DE GASPERI and GRUBER submitted the agreement to the Peace Conference with the request that it be included in the peace treaty "to confer on the agreement the seal of approval of the other nations concerned".

5. While ITALY was having a difficult struggle at PARIS internal conditions were by no means secure. During the month the Ministry of the Treasury was under constant attack by the Communist press and on 2 September Epicarmo CORBINO Minister of the Treasury announced that he would resign. In making his announcement the Minister charged that his position had become untenable. He declared that although there were no apparent differ-

Declassified E.O. 12356 Section 3.3/NND No. 785017

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6. DE GASPERI was at this time in PARIS and he managed to prevail upon CORBINO to remain in office at least until the Prime Minister returned to ROME and could discuss the matter. The affair released a torrent of controversy in the press with practically all papers taking sides or

4824

Declassified E.O. 12356 Section 3.3/NND No. 750017

remaining belligerently neutral and criticising both sides. All had prospective solutions but the greatest bone of contention was whether or not the Ministries of Finance and Treasury should be merged. When DE GASPERI returned on 9 September he plunged into a series of conferences with the other Ministers and with leading representatives of the various parties. While the situation began mainly as a struggle between the Communists and the Christian Democrats it rapidly developed into more extensive controversy. There were reports and rumours of a complete re-alignment of the party organisation. For example it was rumoured that the Liberal Party was considering a fusion with UGO GUALUEUE to form a strong right-wing block. The Liberal Party was once very powerful in ITALY and in the elections of 2 June the UGO GUALUEUE ran fifth.

7. Also with the return of DON STURZO founder of the pre-fascist Popular Party many observers began to predict that a strong Central Party might be formed composed of a group of Christian Democrats led by GRONCHI, the Republicans, the right-wing Socialists and the Actionists. The Republicans however took matters into their own hands by presenting a programme to the Government with the ultimatum that unless it was accepted and implemented, the party would no longer participate in the Government.

8. The situation was resolved temporarily at least on 18 September when DE GASPERI announced the appointment of Giovanni Battista MARTINO as CORBINO's successor. The appointment came somewhat as a surprise from the mere fact that the new Minister was a Christian Democrat. The same day the Republicans decided to remain in the Government by virtue of a somewhat less than enthusiastic order of the day passed by a small majority and the crisis was shelved for the time being.

9. With the passing of the crisis the Government could turn its attention to other matters which were causing concern. Chief of these were labour problems. On 26 September telephone workers went on strike for an increase in wages after their demands had been refused by the managements. In addition to the wage provisions the workers asked to be allowed to manage the telephone systems declaring that they could do so with a consequent reduction in rates of 10%. Also they presented to the Council of Ministers a plan for the nationalization of the telephone systems. The strike was shortlived. At the meeting of the Council of Ministers on 27 September, Minister SARAGAT reported that the employees had been given an immediate payment of a basic monthly wage and the acknowledgement that the national labour contract under discussion would be retroactive from 1 September.

10. Further evidence of progress in the field of labour relations was indicated with an agreement on the long drawn-out problem of the state workers. Under an agreement which was reached on 28 September during a meeting at the Ministry of the Treasury, State employees will receive a 70% increase which in any case will not be less than 2,500 lire. Also they will receive the "thirteenth month" to be paid in a single instalment. Pensions are increased by 150% on the first 1,000 lire and by 70% on the remaining amount of the pension. There were indications also, that at long last the Italian Confederation of Industry and the General Confederation of Labour were in accord with the agreement in principle of a 40 lire per day increase for millions of industrial workers.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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9. With the easing of the crisis the Government could turn its attention to other matters which were causing concern. Chief of these were labour problems. On 26 September telephone workers went on strike for an increase in wages after their demands had been refused by the managements. In addition to the wage provisions the workers asked to be allowed to manage the telephone systems declaring that they could do so with a consequent reduction in rates of 10%. Also they presented to the Council of Ministers a plan for the nationalization of the telephone systems. The strike was shortlived. At the meeting of the Council of Ministers on 27 September, Minister SARAGAT reported that the employees had been given an immediate payment of a basic monthly wage and the acknowledgement that the national labour contract under discussion would be retroactive from 1 September.

10. Further evidence of progress in the field of labour relations was indicated with an agreement on the long drawn-out problem of the state workers. Under an agreement which was reached on 20 September during a meeting at the Ministry of the Treasury, State employees will receive a 70% increase which in any case will not be less than 2,500 lire. Also they will receive the "thirteenth month" to be paid in a single instalment. Pensions are increased by 150% on the first 1,000 lire and by 70% on the remaining amount of the pension. There were indications also, that at long last the Italian Confederation of Industry and the General Confederation of Labour were in accord with the agreement in principle of a 40 lire per day increase for millions of industrial workers.

11. However on the last day of the month the labour situation was still difficult. After more than eight months of fruitless negotiation the gas workers started a nation-wide strike on 30 September demanding an increase on minimum wages from 7,000 to 10,000 lire monthly. The Management declared it could not meet the demands without increasing the gas rate. The workers thought otherwise and furthermore asked Minister of Labour D'ARAGONA to nationalize the gas industry. That was the situation at the end of the month.

Declassified E.O. 12356 Section 3.3/NND No. 785017

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - AMG AND LIAISON OFFICERS

AMG VENEZIA GIULIA

1. Following the confirmation from PARIS that the limits of the new state and the boundary between ITALY and JUGOSLAVIA will be as agreed between the Big Four, rival political, ideological, ethnic and national factions in VENEZIA GIULIA took a more defined and what appeared to be a more permanent stand. It was not generally believed that JUGOSLAVIA would refuse to sign or ratify the Treaty confirming the new boundaries. The Jugoslavs were already pressing hard to limit the powers of the future Governor and were insisting on almost complete control by peoples bodies on Jugoslav lines. Anti-Allied propaganda by the Pro-Jugoslav groups was stronger and more outspoken during the month, the main theme being the alleged Anglo-American plan to "colonize" TRIESTE coupled with the well- worn accusations of brutality by the Civil and Military Police as well as new allegations of attempts to introduce British and American capital into the economic life of the Region. Anti-Allied propaganda by Pro-Italian groups was much milder than that of the pro-Slavs and consisted mainly of attacks against AMG for alleged failure to afford adequate protection to the population against terrorists. To outward appearance TRIESTE was calm during the month and demonstrations were limited to two or three small "spontaneous outbursts". The possibility of a local agreement or understanding between the rival factions appeared as impossible and far away as ever.

2. With the entry of 250 new recruits from the Training School the effective strength of the VENEZIA GIULIA Police Force reached 4450 men. A large number of bomb incidents were reported but these decreased rapidly due undoubtedly to increased police patrols and numerous arrests. A road safety drive was put into operation at the beginning of the month which proved very effective. The crime situation was considered satisfactory; 410 crimes were reported, 260 suspects were arrested and 199 arrests made for preventive and police measures. 6 suspected abductions occurred during the month, four crimes took place resulting in death to the victims and two murders occurred. The behaviour of Allied troops deteriorated somewhat during the month, particularly in the vicinity of TRIESTE, and military police activity was increased accordingly. The prison population increased slightly, the total inmates numbering 1173.(723 in TRIESTE).

3. Local Civil Courts were not disposing of their criminal cases in accordance with instructions issued to the Court Officers previously. It therefore became necessary to issue written instructions to the effect that all cases of confinement of the defendant in excess of 8 months must be tried by the end of November or AMG would assume jurisdiction of the cases. (For further details of AMG Courts in VENEZIA GIULIA see Legal Division page 7.

4. Economic conditions in some instances improved during the month. There was a good supply of locally produced foods, and an ever-increasing amount of commercial activity. Late arrivals of coal, lack of petrol, tyres and spare parts for vehicles and the acute shortage of railway wagons hampered extensive recovery. Normal rations were distributed during the month and the balance of the August paste ration supplied. The basic sugar ration was increased from

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5. Serious transportation problem developed due to restrictions placed on availability of rail cars by both Jugoslav and Italian authorities and to the general shortage of rail cars. The truck pool fuel situation was also critical due largely to increased demands made by Public Works. However, the maintenance problem was greatly reduced by the fact that it was possible to buy spare parts from the Italian Government which now handles War Surpluses.

4823

Declassified E.O. 12356 Section 3.3/NND No. 785017

6. Continued dry weather caused anxiety for the crops and the precarious position regarding fodder hindered the import of large quantities of cattle and sheep into VENEZIA GIULIA. The supply of fruits was good and the markets offered an abundant supply. The Sunday agricultural broadcasts continued with gratifying results. Much practical advice was disseminated to farmers by experts from the Inspectorate. Broadcasts were made in Italian and Slovene and checked for the elimination of political slogans which sometimes creep into the Slovene scripts. The long awaited veterinary supplies arrived; laboratory equipment and valuable serums were among the articles received. Drainage and irrigation projects continued during the month. The dry weather was responsible for the spread of many forest fires resulting in tremendous loss of lumber and firewood. Most of them were believed to be of incendiary origin.

7. Industry was comparatively free from labour troubles during the month. A combined force of Auxiliary Military and Civil Police continued to patrol the MONFALCONE shipyard. There were no incidents inside the [redacted] yard nor in those of SAN MARCO and SAN ROCCO. The outlook in the ship-building industry was bright. Following orders from NORWEGIAN owners for two 10,000 ton motor cargo ships, EGYPTIAN owners ordered two 6,400 ton similar vessels and contract details were being settled with ARGENTINE owners for two 8,000 ton refrigerator ships and with SWEDISH owners for a 10,000 ton fast cargo liner. With construction in hand, this new work will see the yards filled to normal capacity. The cotton mills in GORIZIA and PORDENONE were working well over 100% capacity based on an 8 hour day. Other industries generally held their own or showed slight improvement. Reconstruction on the Port of TRIESTE continued to make good progress. Considerable anxiety was felt over the coal situation. Unless a great improvement in the coal programme is made there can be no space heating in hospitals and government buildings etc. and some industries which are operating may have to close down.

8. 264 public buildings and 9,655 housing units were repaired or reconstructed at the end of the month. 18,710 persons were engaged in public works an increase of 13,220 since 1 January 1946. 2700 workers were employed on reconstruction. Unemployment registers showed an increase in all areas.

9. There was an increase in epidemic diseases during the month. In GORIZIA the anticipated autumn epidemic of poliomyelitis threatened to assume alarming proportions but after the middle of the month there were no further notifications. The epidemic was also serious in UDINE and VENICE. TRIESTE and POLA had a normal incidence.

10. Welfare agencies all functioned well. The movement of displaced persons through the TRIESTE Refugee Centre showed a slight decrease; 155 persons arrived, and 1513 were moved on.

11. Arrangements for the opening of the school year for both Italian and Slovene schools were well led and adequate supplies of new text books free from political propaganda made available. These will be the only authorised text books to be used in both elementary and secondary schools. The public schools will be completely free of any political propaganda. No pictures of "National Heroes" may lawfully be exhibited nor may the flags of ITALY or JUGOSLAVIA, nor the symbols of any political parties or organisations. Parents not desirous of sending their children to the schools organised and operated by the school administration of the territory may send them to other schools.

AMG U ONS PROJECT

Declassified E.O. 12356 Section 3.3/NND No. 785017

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11. Arrangements for the opening of the school year for both Italian and Slovene schools were completed and adequate supplies of new text books free from political propaganda made available. These will be the only authorised text books to be used in both elementary and secondary schools. The public schools will be completely free of any political propaganda. No pictures of "National heroes" may lawfully be exhibited nor may the flags of ITALY or JUGOSLAVIA, nor the symbols of any political parties or organisations. Parents not desirous of sending their children to the schools organized and operated by the school administration of the territory may send them to other schools.

JUGOSLAV FRONTIER

12. During the month public opinion was concerned mainly with anxiety for the future and the unsettled political situation. Political influence exerted in regard to trade union demands resulted in a series of strikes and threatened strife. There was no diminution of Slav propaganda in the Province. The Communist Party continued to obstruct the normal administration and discredit those in authority. Unlawful street demonstrations were frequent but orderly.

Declassified E.O. 12356 Section 3.3/NND No. 745017

13. There was some increase in serious crime during the month due partly to the recent Amnesty. 34 cases of armed robbery took place, one murder and 5 alleged attempted murders. The conditions in the prisons remained satisfactory; there were no escapes or disorders during the month.

14. Normal rations were distributed during the month. The wheat situation was satisfactory, stocks on hand being adequate to meet requirements until the end of the year for pasta and the end of January for bread. Stocks of imported sugar on hand enabled an issue of 300 grams to all consumers to be made. The coal situation was difficult and no supplies were expected before 20 October. Arrangements were made to import approximately 2,700 tons of cement from CZECHOSLOVAKIA. With the lifting of the exportation ban, arrangements were made for substantial export to VENEZIA GIULIA and TUSCANY of slaughtered meat and livestock. Fruits and vegetables were abundant, but prices showed a tendency to increase.

15. The grape harvest proceeded satisfactorily. The quality was good but quantities were below expectation. Approximately 26,371 tons of wheat had been amassed as at the end of the month. 1350 tons of fertilizers were received and distributed by Consorzio Agrario during the month.

16. Seven public works projects of military interest totalling 6 million lire were authorized during the month. Work approved by the Genio Civile amounted to 519,090,000 lire bringing the total to date for the year to 1,432,258,248 lire. An agreement was concluded with the Italian Government whereby AMG will finance directly all public works projects in the Province. This will accelerate the release of funds and the commencement of projects. However, public works projects cannot absorb all the unemployed. Reconstruction of devastated villages continued.

17. During the month 1,061 Italians and 876 non-Italians passed through the UDINE Refugee Centre. The non-Italians were mainly Poles. A large amount of relief work continued to be carried out by Post War Assistance. A restaurant for "reduci" and partisans was opened in UDINE and many thousands of meals were supplied at low prices during the month. Public health continued to be generally good.

18. Public services were satisfactory during the month. The P.O.L. situation was grave, the monthly allocation being insufficient to meet the need. The tyre situation was even worse and a general transportation crisis appeared inevitable.

19. Italian Courts continued to function satisfactorily. AMG Courts were in session during the month, 14 cases were tried 2 of which were superior Court Cases and all resulted in convictions.

LIAISON OFFICER 86 AREA (Venezia)

20. Interest was centred on internal rather than foreign affairs during the month owing to the financial crisis. The local political situation appeared to cause but little concern to the Provincial authorities apart from the effect it had on labour unrest. Signor TOGLIATTI in a speech in VENICE on 15 September was calm in tone and called for constructive cooperation among the three larger

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4622

Declassified E.O. 12356 Section 3.3/NND No. 785017

21. The public safety situation generally did not improve during the month. The main causes of disorders appeared to be unemployment and the high cost of living which were used by a small minority of agitators to incite the people to acts of violence. At MESTRE on 10 September all the streets in the city centre were blocked by unemployed and "reduci" who completely paralyzed the traffic. At the same time the crowd succeeded in sacking a large store in spite of police efforts. Armoured cars of the Mobile Police at PADUA were brought on the scene and the crowd was controlled by the firing of shots in the air by the police. Approximately 20 persons were injured in the fracas. Order was restored in the evening after a period of tension. Less violent, but similar incidents took place at PADUA and minor disturbances of a different character took place at LAVARONE (TRENTO) on 15 September after a meeting of the Regional Autonomy Party. The demonstrators returning home singing the Austrian National Anthem were attacked by "reduci" and Partisans. The police intervened and order was restored. No British or American troops were involved in these disturbances. Traffic accidents involving Allied vehicles continued to be a most serious cause of ill feeling with civilians. The Italian press always assumed that the drivers were Allied personnel although in most cases it was not possible to say because most of the accidents were the "hit and run" type. Owing to lack of uniforms, equipment, low rates of pay and barracks accommodation, the various police forces maintained that they were not getting the right type of recruit. It was proving difficult to replace several hundred Auxiliary Agents who had been discharged as unsatisfactory. The barracks problem in VENICE and MESTRE was greatly alleviated by the allocation of a building in each town for the accommodation of Public Safety Agents.

22. Recent wage increases caused a further rise in prices during the month and created grave concern. Determined efforts were being made to enforce price regulations by a system of "snap Controls" whereby squads of usually 3 men toured the various shops in an effort to check black market activities. These operations were proving to be successful. The Amassing of wheat, barley and rye was considered satisfactory. There continued to be a shortage of fertilizer, particularly phosphates and nitrates. An exhibition of Industry and Agriculture was held in VICENZA from 1-15 September and proved to be a great success. It was estimated that orders to the value of about 300 million lire were taken. At VENICE the Reconstruction Exhibition was opened on 1 September. This was on a much smaller scale then that at VICENZA and failed to cover expenses. The exhibitors, however, managed to obtain orders worth about 10 million lire for furniture and Venetian specialities from private and trade buyers. Lack of raw materials and coal continued to prevent any real revival of industry coupled with the difficulty of marketing products at home and abroad. The high price of foodstuffs was affecting the purchasing power of the public in other industrial products. During the month derequisitioning included the premises of a glass factory, a refrigerating plant, a cement factory and an oil refinery - all in MESTRE industrial area. These releases caused considerable satisfaction.

23. Numerous strikes took place during the month involving agricultural workers, bakers, revenue and tax collectors, State and Local Government employees, and building trade workers, the latter in VICENZA and VERONA only. All these were settled to the advantage, in varying degrees, of the strikers. BELLUNO had the highest proportion of unemployed in the VENETO (15,000 - 7 of population) owing to the war damage in their main industry

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

PART II

CIVIL AFFAIRS SECTION

LEGAL SUB-COMMISSION

1. Allied Military Courts continued in session during the month in VENEZIA GIULIA and the Province of UDINE. Superior and Summary Courts were held within both of these jurisdictions. In VENEZIA GIULIA a total of 52 accused were tried as compared with 128 in August on 61 charges as compared with 166 in the previous month. 134 accused were tried on 144 charges in Summary Courts as compared with 139 and 149 in August. Superior Court cases included 17 charges for possession of firearms and ammunition one of the defendants being sentenced to five years imprisonment; 9 others were sentenced to lesser terms and seven were found not guilty. The number of charges preferred against persons for offences to the prejudice of good order dropped from 103 in the month of August to 11 for September. This was due to a lessening of subversive activity in the area. Charges for offences against good order, larceny and unlawful possession were, as heretofore, most prominent in trials before Summary Courts. In such cases the average sentence was for one month or less. Summary Court cases for August and September were the lowest in numbers experienced in the past ten months.

2. In the Province of UDINE 2 cases were tried before Superior Courts and 12 before Summary Courts. All of the defendants were found guilty. 4 of the defendants were charged with curfew and pass violations and 1 with possession of arms and ammunition.

3. Italian Courts in general continued to function satisfactorily. The Italian Section of the Division continued to be busy with a diversity of matters including the preparation of legal opinions regarding the sale of Allied vehicles and the validity in Italian territory of sentences imposed in VENEZIA GIULIA during the German occupation.

4. In VENEZIA GIULIA the Special Court of Assize tried 14 cases during the month. On 30 September 21 cases were docketed for trial in this Court as compared with 51 at the end of the preceding month.

PUBLIC SAFETY SUB-COMMISSION

5. No serious disturbances were reported in Italian Government territory during the month except in the VENICE area. On the 10th September at MESTRE a crowd of about 1000 unemployed assembled in the principal square demanding food and work. Later they looted a food shop. 13 persons were arrested but the crowd demonstrated outside the Police building where the arrested persons were detained with the result that the local officials became apprehensive of further serious disorders and released those detained. Later in the month alleged unemployed demonstrated in PADUA, raided food shops and attacked the offices of a newspaper. Police action in both cases left much to be desired and as a result 500 Public Safety reinforcements were drafted into MESTRE to assist the local police. During recent months there has been a serious crime wave in PADUA. Disci-

Declassified E.O. 12356 Section 3.3/NND No. 785017

149 charges in Summary Courts as compared with 139 and 149 in August. Superior Court cases included 17 charges for possession of firearms and ammunition one of the defendants being sentenced to five years imprisonment; 9 others were sentenced to lesser terms and seven were found not guilty. The number of charges preferred against persons for offences to the prejudice of good order dropped from 103 in the month of August to 11 for September. This was due to a lessening of subversive activity in the area. Charges for offences against good order, larceny and unlawful possession were, as heretofore, most prominent in trials before Summary Courts. In such cases the average sentence was for one month or less. Summary Court cases for August and September were the lowest in numbers apportioned in the past ten months.

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PUBLIC SAFETY SUB-COMMISSION

5. No serious disturbances were reported in Italian Government territory during the month except in the UDINE area. On the 10th September at GEMONA a crowd of about 1000 unemployed assembled in the principal square demanding food and work. Later they looted a food shop. 15 persons were arrested but the crowd demonstrated outside the Police building, where the arrested persons were detained with the result that the local officials became apprehensive of further serious disorders and released those detained. Later in the month alleged unemployed demonstrated in PADUA, raided food shops and attacked the offices of a newspaper. Police action in both cases left much to be desired and as a result 500 Public Safety reinforcements were drafted into TRIESTE to assist the local police. During recent months there has been a serious crime wave in ESTE. Discipline and conduct of Public Safety Agents has been lax, due generally to the numbers of untrained auxiliaries within their ranks. An energetic drive by reinforced Carabinieri was being carried out in the area and conditions improved considerably during the month. In VENEZIA GIULIA the month was reasonably quiet and the crime situation fairly satisfactory. There were 15 cases of bombs being thrown into or at buildings. This type of crime, believed to be invariably political caused the authorities serious concern and special instructions were issued and efforts redoubled to detect the perpetrators.

4821

Declassified E.O. 12356 Section 3.3/NND No. 785017

6. Recruiting for the Carbinieri Corps showed little change, the intake being small compared to the numbers required and barely exceeded normal wastage. Agents of Public Safety were up to strength but generally the material was poor. Finance Guards functioned reasonably well.

7. A considerable amount of illegal travel to TRIPOLITANIA from SICILY took place during the month. The people concerned were mainly those desiring to return to their families in TRIPOLITANIA. Two small parties of Jews entered ITALY clandestinely during the month through the RESIDENCIES. In each case they were returned to AUSTRIA. They were apparently intending to cross ITALY to the West coast and obtain a sea passage to PALESTINE. Action was being taken by Police authorities in an endeavour to stop illegal entry and irregular migration.

DISPLACED PERSONS SUB-COMMISSION

8. Conferences and numerous discussions took place during the month with representatives of the Italian Government on the question of the transfer of responsibility for supplies for Allied Commission Camps from Allied Military Authorities to the Italian Government. The main topic of discussion was purely the administrative question of changing the present normal system of supplying camps through Military Supply Depots and repayment in bulk to the Military by the Italian Authorities to one of direct supply of the camps by the local Italian Authority (supplemented where necessary from Central Italian Bulk Stores). The Italian representatives on each occasion raised objections and points irrelevant to the question and no agreement was reached. On 29 August an Administrative Instruction was issued together with amended ration scale by Allied Commission wherein it was stated that (a) all flour or bread would be drawn from the Italian Authority concerned for consumption from 15 September 1946 onwards, (b) the remainder of rations would be drawn from the Italian Authority concerned from 1 October onwards.

9. This instruction was accepted by the Italian Authorities with little argument. All Allied Commission Camps with the exception of the Centre at BARLETTA are now receiving certain supplies from the Italian Authorities. A further meeting took place with representatives of the Ministries of the Italian Government concerned on 27 September, 1946, to discuss the provision of rations to DP Allied Commission Camps. After considerable discussion it was finally agreed that the Italian Authorities concerned would provide certain commodities from local stocks, which are rationed items. All other commodities have to be bought by local contract and are to be paid for by the Post Bellum credits.

10. The long-awaited CHINESE repatriation finally materialised during the month when 516 Chinese left NAPLES for HONG KONG. The vessel was due to arrive in HONG KONG on the 13 October 1946.

11. It was expected that the Displaced Persons Camp at AVERSA near NAPLES would be closed before the 15 October 1946, the premises decrepitioned and handed over to the Italian Government and the inmates absorbed into No. 2 DP Centre CASERTA.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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12. During the month the original recording of all Allied Commission Camps was completed. This operation was begun in June 1946. 5,900 case sheets were completed; there were approximately 42 nationalities, 109 occupations and approximately 60 destinations recorded.

13. Difficulty was experienced during the month with the Italian Authorities on the question of financing camp purposes. The Ministero Post Bellica stated that they had been ordered to cease all payments as it was felt that the financing of "alien" camps was no longer their responsibility. However, after considerable discussion, the Ministry agreed to continue payments up to the end of October, 1946 when a definite decision will be made by the Italian Government as to which Department will subsequently be responsible for such payments.

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART III - ECONOMIC SECTION

FOOD & AGRICULTURE BRANCH

1. The wheat situation improved generally during the month. Amassing was practically completed, 80.2% of the target figure having been attained, leaving on hand at the close of the month 1,245,061 tons. This amount covered requirements for 99 days. The requirements covered will decline as far as the number of days are concerned from now on as consumption will probably exceed the amount of wheat amassed and imported. The harvesting of spring planted varieties of corn progressed although the ripening of corn in Northern Italy was delayed by rains and low temperatures. The harvest was not expected to exceed 2 million tons. The sugar position appeared to be good. Harvesting of sugar-beets was being completed in Northern and Central Italy. Adverse weather conditions did not effect the beet crop. The estimated production was in the neighbourhood of 2,400,000 tons. The production of olives while estimated that it will be greater than last year was not expected to reach previous estimates. Prospects were good for the LIGURIA Region and Northern-Central Italy. In Central and Southern ITALY olive production was damaged by drought and parasites. Production of grapes was greatly damaged by drought and wine production was estimate at less than last year.

2. Crops throughout ITALY were adversely affected by weather conditions. Drought was prevalent throughout ITALY except in some of the Northern Provinces where excessive rain and unseasonable cold weather prevailed. The drought was an obstacle to the preparation of the ground for autumn planting.

3. In VENEZIA GIULIA flour stocks on hand were sufficient to support the bread and pasta rations until approximately 15 December. Stocks on hand in UDINE were sufficient to maintain the bread ration throughout January and the pasta ration through December.

4. The Italian High Commissioner of Food agreed to support the sugar ration in AMG territory with 150 grams, to bring the sugar ration in that territory on a par with the rest of ITALY. This will continue until such time as AMG is able to assume this additional ration.

5. The transport situation throughout ITALY was critical and affected the food distribution programme. There continued to be a shortage of work animals, farm machinery, fertilizers and fungicides.

6. Health conditions of livestock generally improved. There were some cases of foot and mouth disease, anthrax and hog cholera, but none in epidemic proportions and the situation was gradually improving.

COMMERCE (FOREIGN TRADE) BRANCH.

7. Requests were received during the month from Italian areas under British Military Administration for the supply of various goods ranging from school text books to spare parts for the Mogadishu power station. The bi-lateral trade agreement between ITALY and the ex-colonies did not appear to have developed along the lines expected when it was decided to introduce private trade with payment in sterling. The result [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785017

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8. Syrup, honey, manufactured food containing sugar, dried fruit and all seeds not on Reserved Commodity List 1 were decontrolled during the month.

9. During the month the Italian Government decided to amend the import regulations regarding imports "franco valuta". Previously imports from abroad

4020

Declassified E.O. 12356 Section 3.3/NND No. 785017

could not be paid for in foreign countries by Italian firms and importers were receiving imports without paying. However it is now possible to import and pay in lire if the consignor overseas is willing to accept payment in lire deposited in a blocked account in ITALY, spendable only in ITALY, or if the funds used overseas belong to Italian citizens who are not obliged by law to renounce such funds to the Italian Government.

INDUSTRY & UTILITIES BRANCH

10. Some progress was made in de-requisitioning industrial and public premises during the month and releases in the near future were promised for further premises. No releases were obtained for private property such as houses and flats.

11. The hydraulic plant situation was unchanged during the month. The increase in demand will be met by means of larger thermal generation and power import from Northern ITALY where the situation is good. The power availability in Central and Southern ITALY remained about 20% less than the total demand making some form of curtailment necessary and a rationing scheme for the coming winter was being studied by the Italian Commissioner in Northern ITALY. More generating units will be reactivated in Central ITALY during October but practically no benefit is expected from their operation until sufficient water is available. The drought persisted in Southern ITALY. Thermal generation was approximately 500,000 KWH/day. Silo reservoirs had approximately 45 millions of KWH in storage.

12. 676,098 long tons of coal and petroleum coke arrived in ITALY during the month including 13,755 tons from POLAND. 600,000 tons were allocated during the month. SARDINIAN coal production for the month was 82,235 metric tons, 2,952 less than August.

13. Stocks of P.O.L. products continued to be maintained at the normal sixty day level.

TRANSPORTATION AND SHIPPING BRANCH

14. The railway wagon situation continued to be very acute during the month but eased slightly during the latter part because of the non-arrival of coal from AMERICA due to the strike.

15. Road transport could not be utilized fully due to shortage of petrol and the lack of tyres.

16. Coastal shipping received more requests for tonnage than was available.

Declassified E.O. 12356 Section 3.3/NND No. 735017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB-COMMISSION

1. The Italian cruiser ABRUZZI, the transport DUILIO and the SESTRIERE continued to repatriate Italian Prisoners of War during the month. The destroyer CAIO DUILIO arrived in PORT SAID on 5 September with personnel and stores for the battleships in the BITTER LAKES. The Italian Fleet Auxiliary MONTE GRAPPA, bound from SIMONSTOWN to MALTA, ran aground on SPHISTO Island (CRETE) during the month and was refloated by a British trawler and towed to SUDA BAY.

2. The practice of the issue of small quantities of coal by the Italian Naval officer-in-charge, PIRAEUS, to harbour craft operated by UNITED STATES authorities was discontinued as the Allied authorities in question are in a position to obtain their requirements of coal from their own sources. The coal in question was British coal supplied to the Italian Navy for the exclusive use of minesweepers. In cases of emergency small quantities may be loaned but must be repaid in kind.

3. During the month there were several important changes made in the High Command of the Italian Navy. Vice-Admiral Bruto BRIVONESI, Secretary General of the Navy, became Inspector of Naval Forces.

4. The French Government requested that it be reimbursed for the use by the Italian Government of the French river boat "ECOLIERE" which was used by the Supreme Maritime for the purpose of carrying coal and wheat from CIVITAVECCHIA to PALERMO. It was agreed by the C-in-C Mediterranean Station that the Italian Government should pay a reasonable hiring charge for the vessel and he directed that the latter be settled between the Allied Commission, the charterers and the French Navy Mission.

5. Negotiations were underway to arrange for the towing of certain French River Barges from the VENICE Area to TOULON.

6. Satisfactory progress was reported by all minesweeping groups and the Gulf of TARANTO was completely cleared.

LAND FORCES SUB-COMMISSION

7. The strength of the Italian Army as of 30 September was 205,498 including 64,059 Carabinieri. There were no further disbandments of PRI-MI Units and the number remained at 4. The Italian War Ministry issued instructions for the separation of Signals from Engineers and for the proposed formation of a Signal Corps and Engineer Corps.

8. Improvement in the release of motor transport to the Carabinieri was maintained during the month. Telegraphic communications between Carabinieri stations, particularly in the South remained unsatisfactory, many stations being unconnected. The chief difficulty was lack of funds for this work. Good progress was made with W/T instruction and six of the Mobile Battalions were trained and equipped. During the month 1170 Beretta SMG were received and distributed to units.

9. The call-up of the 1925 Class Recruits proceeded smoothly and

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trawler and towed to SUDA BAY.

2. The practice of the issue of small quantities of coal by the Italian Naval officer-in-charge, LECCE, to harbour craft operated by UNITED STATES authorities was discontinued as the Allied authorities in question are in a position to obtain their requirements of coal from their own sources. The coal in question was British coal supplied to the Italian Navy for the exclusive use of minesweepers. In cases of emergency small quantities may be loaned but must be repaid in kind.

3. During the month there were several important changes made in the High Command of the Italian Navy. Vice-Admiral Bruto BRUNO ESI, Secretary General of the Navy, became Inspector of Naval Forces.

4. The French Government requested that it be reimbursed for the use by the Italian Government of the French river boat "LOGLITE" which was used by the Compagnie Maritime for the purpose of carrying coal and wheat from CIVITAVECCHIA to FIUMICINO. It was agreed by the C-in-C Mediterranean Station that the Italian Government should pay a reasonable hiring charge for the vessel and he directed that the matter be settled between the Allied Commission, the charterers and the French Navy Mission.

5. Negotiations were underway to arrange for the towing of certain French River Barges from the VENICE Area to PAULO.

6. Confirmed progress was reported by all Minesweeping groups and the Gulf of TARANTO was completely cleared.

LAND FORCES SUB-COMMISSION

7. The strength of the Italian Army as of 30 September was 205,496 including 64,059 Carabinieri. There were no further disbandments of GRUPPI Units and the number remained at 4. The Italian War Ministry issued instructions for the separation of Signals from Engineers and for the proposed formation of a Signal Corps and Engineer Corps.

8. Improvement in the release of motor transport to the Carabinieri was maintained during the month. Telegraphic communications between Carabinieri stations, particularly in the South remained unsatisfactory, many stations being unmanned. The chief difficulty was lack of funds for this work. Good progress was made with W/T instruction and six of the Mobile Battalions were trained and equipped. During the month 1170 Beretta SMG were received and distributed to units.

9. The call-up of the 1925 Class Recruits proceeded smoothly and satisfactorily. A small proportion had had military experience. Generally speaking, the educational standard was low, some men being completely illiterate but discipline was good and the elementary stages of their training promising.

10. The three Sub-Depots comprising 557 Base Ordance Depot at NAPLES

4819

Declassified E.O. 12356 Section 3.3/NND No. 785017

were completely handed over through the Chief Disposals Officer (Italy) Ministry of Supply to the Italian Government Agency (R.R.R. No difficulty was anticipated in obtaining available stores and essential items needed for the maintenance of vehicles and weapons. The Italian medical stores in FLORENCE continued to receive quantities of captured stores from Allied sources. Approximately 25 tons were received during the month, priced, and handed over to the Italian Army.

PRISONERS OF WAR

11. 9,088 IPOW (military) were repatriated during the month (8,501 from British hands). Of the 1,548,594 PW at the beginning of the repatriation programme 73,586 remained as at the end of September. Plans were made to return approximately 5000 IPW from EGYPT during October; this will almost complete repatriation from EGYPT. Repatriation from the UK may now be considered finished. Of the original 158,029 PW held in the UK, 1542 remained. Confirmation was awaited that these PW have been released from PW status and are working in the UK. Some 2000 PW were expected to disembark in NAPLES from SYDNEY (AUSTRALIA) in late October.

AIR FORCES SUB-COMMISSION

12. All courier flights were successfully completed during the month with the exception of one aircraft on the PARIS flight which made a forced landing at LYONS with engine trouble. Contracts were signed by the Italian Government with British European Airways and Transworld Airways for the operating of Foreign Internal Commercial Airlines in Italy. The BEA-Italian Company will be known as A.I.I. (Aeree Italiani Internazionali) and the TWA-Italian Company as L.A.I. (Linee Aeree Italiane). Both companies hoped to begin operations in the latter part of November or early December, subject to AMG approval. Italian aeronautical technicians visited the UNITED KINGDOM as guests of British European Airways during the month. They were flown to ENGLAND in a B.E.A. VIKING. While in ENGLAND the party visited various aviation factories and installations and showed great interest in the latest British appliances for furthering the safety of airlines. Much interest was also shown in the latest developments in RADAR and in the LONDON Airport.

13. Apart from minor difficulties the Air Sea Rescue Service of the Italian Air Force continued to do good work. Fifteen overdue action reports were received during the month and in each case the missing aircraft was located within a reasonable time. The first five ex-RAF High Speed Launches were handed over to the I.A.F. during the month. A complete list was made of all places in the ALPS where a competent search party, under a local professional guide could be formed. In case of necessity it will be the responsibility of MILAN and VENICE Aircraft Safety Centres to give full information to a local representative of the Alpinist Association or the Carabinieri either of whom will arrange a rescue party.

14. No further new Meteorological Stations were opened during the month. The total number in the Italian network stood at 142. A fairly extensive coverage on the Italian mainland has now been reached, but additional stations are needed on the islands around the coast of Italy. Great difficulty has been experienced by the Italian Meteorological Service in trying to open these stations because of transport difficulties, also the salary fixed by the Italian Air Ministry for Civilian Meteorological

Declassified E.O. 12356 Section 3.3/NND No. 785017

complete repatriation from N.W.E. Repatriation from the UK may now be considered finished. Of the original 150,029 PW held in the UK, 1,440 remained. Confirmation was awaited that these PW have been released from PW status and are working in the UK. Some 2000 PW were expected to disembark in N.W.E. from SUEZ (USTRALIA) in late October.

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14. No further new Meteorological Stations were opened during the month. The total number in the Italian network stood at 142. A fairly extensive coverage on the Italian mainland has now been reached, but additional stations are needed on the islands round the coast of Italy. Great difficulty has been experienced by the Italian Meteorological Service in trying to open these stations because of transport difficulties, also the salary fixed by the Italian Air Ministry for Civilian Meteorological observers is very low. It is necessary to employ civilian personnel in de-militarised zones such as PANTELLERIA and LAMPEDUSA. The Italian Meteorological Service assumed all Allied commitments at PISA on 25 September 1946.

15. There were no major changes in the Italian Air Ministry during the month. The morale of the I.A.F. was unstable and has generally deteriorated due to the decisions of the PARIS Peace Conference and on the limits placed on the size of the I.A.F.

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16. On the 26 September the telephone switchboard operators of all the censored radio telephone companies went on strike for higher wages. Long distance operators did not strike. In accordance with previous agreements between the operators' union and the Ministry of Posts and Telecommunications operators continued operating switchboard positions handling Allied Military circuits. The strike ended in 2½ hours and the resulting settlement gave the operators 12% wage increase plus one month's pay for the period 1 January 1946 to 31 July 1946 and a 30% wage increase effective from August 1946. Twenty-one civilian long distance circuits were activated during the month. The gradual return to civilian operation of all long distance telephone switchboards and long distance circuits used exclusively for Allied Military traffic was commenced on 15 September. As traffic conditi permit all such switchboard positions will be returned to Italian communications personnel for operation. The operation by civilian personnel will permit all circuits to be used for all types of traffic and traffic congestion will be relieved accordingly. Fourteen long distance telephone operating positions in the ROME long distance exchange were released from Allied Military use for civilian use. A telephone link with AMSTERDAM was put into operation on 16 September 1946.

17. The ROME-STOCKHOLM radio telephone circuit was put into operation on 2 September. Arrangements were completed between MARCONI and Swedish Telephone and Telegraph Company to extend the privilege of making radio-telephone calls to individuals chargeable to the person called in the UNITED STATES to 1st May 1947. 30,728 radio telephone calls were made to the U.S between 1 July 1945 and 30 June 1946 as compared to 2,783 in 1939.

18. The British APO Base Post Office completed the handing back of the Civil Post Office premises at MILAN Fortuna Post Office for the resumption of the new Internal Parcel Post. The reintroduced service was working extremely well. A gift parcel service was established from the UNITED KINGDOM to ITALY during the month.

19. Allied Force Headquarters did not approve the request of the Italian Government to repair and resume operation of the MILAZZO-PONZA submarine cable because the cable has been diverted and forms the GIBRALTAR-PONZA cable. Cable service in TRIESTE was increased to 24 hours daily. Previously cable service to TRIESTE was available only for a few hours each day.

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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19. Allied Force Headquarters did not approve the request of the Italian Government to repair and resume operation of the MALTA-SICILY submarine cable because the cable has been diverted and forms the GIBRALTER-MALTA cable. Cable service in TRIESTE was increased to 24 hours daily. Previously cable service to TRIESTE was available only for a few hours each day.

Elliott W. Stone

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Rear Admiral, USNR
Chief Commissioner

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C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
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C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
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M O N T H L Y R E P O R T

AUGUST 1946

Ref.: 824/30

11 October 1946

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MONTHLY REPORT

AUGUST - 1946

INDEX

		Page No.
	POLITICAL SUMMARY 1	- 2
PART I	AMG AND LIAISON GROUP REPORTS 3	- 7
	AMG Venezia Giulia 3	- 5
	AMG Udine Province 5	- 6
	Liaison Officer, 88 Area, Venezia 6	- 7
	Liaison Officer, Tenda	7
PART II	CIVIL AFFAIRS SECTION 8	- 9
	Legal Sub-Commission	8
	Public Safety Sub-Commission 8	- 9
	Displaced Persons Sub-Commission	9
PART III	ECONOMIC SECTION 10	- 11
	Food and Agriculture Branch	10
	Commerce (Foreign Trade) Branch 10	- 11
	Industry and Utilities Branch	11
	Transportation and Shipping Branch	11
PART IV	INDEPENDENT SUB-COMMISSIONS.....12	- 14
	Navy Sub-Commission	12
	Land Forces Sub-Commission (BMLA) 12	- 13
	Prisoners of War Division	13
	Air Forces Sub-Commission 13	- 14
	Communications Sub-Commission	14

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Declassified E.O. 12356 Section 3.3/NND No. 785017

POLITICAL SUMMARY

1. During the month political interest was mainly focussed on the PARIS Peace Conference and the activities of the Italian Delegation to the Conference. A certain sense of impatience combined with pessimism on the part of Italians was apparent. On August 1, just after the terms of the draft were published, the Italian Government issued a statement in which it referred to the "unanimous painful impression caused by the harshness and gravity of the Treaty". The Council of Ministers instructed its delegation to the Paris Conference "to make every effort in order that the United Nations..... may make it possible for ITALY to become a positive element in international reconstruction and co-operation". Signor NENNI's trip to several of the capitals of Northern Europe appeared to have been aimed at laying the groundwork for, and ascertaining the possibility of, modifications in the Treaty. Modifications most desirable in his view included extension of the limits of the proposed free territory of TRIESTE so as to include therein POLA and the west coast of ISTRIA; post-ponement of final decisions on colonies but without any derogation meanwhile of Italian sovereignty over the colonies; improvement, from the Italian point of view, of the terms of the treaty dealing with Italian use of hydro-electric power produced in the territory to be ceded to FRANCE.

2. Following an official invitation to appear before the PARIS Peace Conference, the President of the Council, accompanied by Signori SARAGAT, BONOMI, CORBINO, and MACRELLI departed for PARIS on August 7; the delegation also comprised experts on juridical, military and economic-financial questions. The Prime Minister's formal address to the plenary session of the conference took place on August 10 and was widely reported in the local press which generally praised it for moderation and dignity. His opening observation was that the draft treaty was extremely hard; he criticized the severity of the demilitarisation clauses and the proposed solution of the VENEZIA GIULIA problem which he characterized as a ruinous derogation of the ethnic principle upon which the Council of Foreign Ministers had previously agreed. He also proposed that the TRIESTE problem be set aside for a year, and then be settled by direct ITALO-JUGOSLAV negotiations. He was opposed to the enforced renunciation by ITALY of claims against GERMANY.

3. Intensive lobbying by the Prime Minister and other members of the Italian delegation among the various foreign delegations at PARIS resulted at first in excessive optimism on the part of the delegation and other Italian observers as to their hopes of bringing a revision of the treaty in ITALY's favour. This impression was on the whole encouraged by the speeches of Mr. BYRNES and Mr. ALEXANDER on August 16 made in reply to the Russian delegate's previous charges against the Italian Government. On August 18 the delegation presented a bulky exposition of their case, raising 60 points of economic aspects alone with about 20 pages of comment on each. The immediate reception of this document by the political commission deputed by the Conference to examine and report on the Italian Treaty was unexpectedly severe. In a criticism of the preamble to the draft treaty intended to secure recognition of the part played by ITALY in the war against GERMANY, it was pointed out that HOLLAND and BELGIUM had never declared war on ITALY. This incited the Belgian and Dutch representatives on whom the Italian delegation had been counting for support at least in securing minor concessions, to protest violently, on the grounds that the Italian statement implied a slur on the character of their war effort. The Italian amendment was defeated unanimously and the delegation was generally regarded to have made a major tactical blunder. Their depression was accentuated

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4811

Declassified E.O. 12356 Section 3.3/NND No. 785017

introduced by the DUTCH delegate and accepted on August 26 with the agreement of all except JUGOSLAVIA.

4. The developments at PARIS were accompanied by an incipient governmental crisis at home. Signor TOGLIATTI, the leader of the Communist Party returned from PARIS to ROME on August 18 where he had seen M. MOLOTOV. In a newspaper interview he attacked the Government's policy particularly as regards Signor DE GASPERI's proposal to postpone for a year the settlement of the VENEZIA GIULIA question, which he declared would only prolong the Allied occupation and enable them (the Allies) to transform TRIESTE into another MALTA or GIBRALTER. These statements followed a week of tension during which the Communists accused de GASPERI of acting without authority from the treaty commission of the Constituent Assembly, of secretly intending to align ITALY on the ANGLO-SAXON powers, and failing to emphasize sufficiently the complete break between the old FASCIST regime and the present one. Signor TOGLIATTI later qualified his criticisms in a calming statement in which he said that although he reserved the right to criticize the government when necessary, the development least desired was a governmental crisis at this stage.

5. In spite of Signor NENNI's asseverations that the Socialist Party must pursue its own course and not act as a mediator between the Communists and Christian Democrats a rift seemed to appear in the party ranks between those who with NENNI would like to renew the pact of unity of action with the Communists and the rest who have come to regard continued partnership with the Communists as a course too dangerous to Italian interests to be justifiable in present circumstances. Division of opinion also existed in the Christian Democrat Party on the question whether the Communists are more dangerous inside or outside the Government.

6. Signor de GASPERI returned to ROME on August 23 and made a report to the Council of Ministers on the 24th in which he endeavoured to clear misunderstandings and to answer his critics. Among other things he emphasized that in proposing a postponement of a settlement of the VENEZIA GIULIA question for a year he in no way hoped for a similar postponement of the peace treaty itself. He had endeavoured to reach a settlement of the question by direct discussion with the Jugoslav delegate, but the latter had refused to enter into contact with him. Although de GASPERI's statement was criticized at length by the Communist Minister of Finance, Signor SCOCCIMARRO, the meeting concluded by passing a unanimous resolution of approval for the work done by de GASPERI and the delegation at PARIS.

7. The domestic political situation was to a considerable degree determined by the moods engendered by developments at PARIS; several urgent problems principally economic in nature, were of necessity dealt with by the Government. Scattered demonstrations in protest at the peace treaty took place in the North, but at no time did the authorities lose control of the situation. The Government also gave serious consideration to the problems of unemployment relief and extended the ban on dismissals to September 30.

8. The most disturbances during the month took place in SICILY, beginning with a clash on 5 August between Carabinieri attempting to enforce the amassing of wheat and a sizeable portion of the local citizenry. Order was restored on August 8.

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9. Following developments at ASTI when a band of partisans took to the hills as a protest against their unsatisfactory economic status and partly against the Government's attitude in certain political questions, a delegation was received by Signor NENNI who was acting President of the Council in the absence of signor de GASPERI. The delegation presented a petition containing seven requests mainly of an economic character. These were under consideration by the Government.

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - AMG AND LIAISON OFFICERS.

AMG VENEZIA GIULIA

1. There was a marked increase in tension during the month after a period of comparative calm following the General Strike early in July. The fact that the future of the Area was under discussion at the PARIS Conference gave rise to renewed attempts at influencing the final decision. Both sides were still hoping that adjustments in the boundaries of the international zone and the ITALO-JUGOSLAV frontier could be made in their favour and made every endeavour to accomplish this. Demonstrations took place early in the month as a protest against the seizure by the VENEZIA GIULIA Police of foodstuffs hoarded for distribution among the participants in the strike. Some of this had come from Zone B. This action by the Police led to a number of incidents such as that at MUGGIA when a crowd of 3000 workers (pro-Slav) prevented the police from impounding food and carried it away to a new hiding place. On 3 August tram drivers belonging to the Sindaci Unici stopped work as a protest against AMG refusal to return confiscated food, and tram service in the City of TRIESTE was completely paralyzed. This, however, was not entirely due to the strike, but mainly to the fact that during the night armed men broke into all the tram depots and removed an essential part of the mechanism from every tram; parts of the tracks were also blown up. Army workshops turned out the necessary parts and the tram service was running normally on the 4 August. The most serious disturbance during the month took place in GORIZIA on 9 August when a large number of Italians met in a public park to commemorate the anniversary of the liberation of GORIZIA from the Austrians. The service developed into a political fracas between Yugoslavs and Italians; the Slavs threw two hand grenades at intervening V.G. Police and during the ensuing riot 16 civilians and 6 V.G. Police were injured. More trouble occurred on the same day when two Yugoslav officers in a car were held up by an Italian crowd and had to be rescued by V.G. Police. A subsequent search revealed that there were four hand grenades in the car. Numerous minor demonstrations took place outside AMG Headquarters in TRIESTE against the warrants issued for the arrest of the strike leaders, the detention of "anti-fascists", the requisitioning of U.A.I.S. premises, and the action of the V.G. Police. Attacks on AMG, and the Civil Police continued unabated. Pro-Slav elements were busy creating incidents and devising every possible means of obstructing the Government. The violent anti-Italian speeches by KEBLER and VISHINSKI led to a strong anti-Slav and anti-Russian feeling among the Italian section of the population with a corresponding swing towards the Allies. This was further encouraged by the attitude of GREAT BRITAIN regarding reparations. There was no change in the local Government during the month.

2. The situation as regards public safety was quieter in certain respects than previous months. However, there was a sufficient number of incidents to keep all branches of the police force fully occupied. Commencing at midnight 5 August a large scale raid was made by combined military and civil police in the DOBERDO DEL LAGO area, following incidents in which military vehicles were fired upon. Subsequent to the occurences mentioned in para 1 at GORIZIA, several minor incidents took place during the day but at no time did the situation get beyond the control of the Police. At VERGAROLLA, POLA on 18 August a serious explosion occurred when a large quantity of mines and ammunition stored on the sea front exploded and 63 persons were killed. On 26

Declassified E.O. 12356 Section 3.3/NND No. 753017

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2. The situation as regards public safety was quieter in certain respects than previous months. However, there was a sufficient number of incidents to keep all branches of the police force fully occupied. Commencing at midnight 5 August a large scale raid was made by combined military and civil police in the LORENZO DEL LAGO area, following incidents in which military vehicles were fired upon. Subsequent to the occurrences mentioned in para 1 at CORIZIA, several minor incidents took place during the day but at no time did the situation get beyond the control of the Police. At VERGAROLLA, POLA on 18 August a serious explosion occurred when a large quantity of mines and ammunition stored on the sea front exploded and 63 persons were killed. On 26 August following disturbances and intimidation of workers at the MONFALCONE shipyards, it was decided to patrol the yards continuously. Mixed patrols of military and civil police were introduced for that purpose and there was little further trouble. The morale of the civil police was well maintained during the period. The crime situation was satisfactory in so far as ordinary crime was concerned and a general overall decrease was noted. The most satisfactory feature of the month was the marked progress made against crime

401.

Declassified E.O. 12356 Section 3.3/NND No. 745017

in the docks and railway yard areas. The month was reasonably quiet so far as political crime was concerned, although there were a number of occasions when explosives were used and there were many acts of terrorism in the MONFALCONE area. Few of these caused injury to persons and damage to property was slight. There were 17 cases of use or attempted use of explosives for political purposes. In the TRIESTE Zone 293 crimes and 71 cases of injuries to persons were reported. General crimes included 2 cases of murder. The behaviour of Allied troops during the month was excellent and there were no reported clashes with civilians. The prison population decreased, the total number confined being 1104. Health conditions in the prisons continued to be excellent.

3. During the month a review was made of Defascism and the progress made over the past twelve months. The work of defascism being almost complete it was decided that no further denunciations should be received after the 30 August 1946. The Special Court of Assise was reduced in numbers and reorganised. The Court will continue to function for a further 3 months by which time the bulk of the work will have been completed. Since the beginning of defascism 1378 denunciations have been received, of which 1307 have been decided and disposed of.

4. Generally speaking, economic conditions during the month remained unchanged. Public Works reached their peak in a programme to relieve unemploymen which remained serious. At the end of the month 16,000 people were employed on public works projects and it is hoped to exceed this figure in the near future. The population was supplied with normal rations during the month with the exception of pasta, the balance of which will be made up in September. Prices of locally produced foods showed a tendency to rise. These increases were not believed to be due to reduced availability but to the general economic and political situation.

5. A period of dry weather during July and August scorched a percentage of the maize crop, but the damage was expected to be limited in the event of early rains. On the whole the harvest of grain, fruits and vegetables was very good and prices on the markets in TRIESTE and GORIZIA decreased accordingly. The shortage of hay continued. Wheat amassing was practically finished having reached 200% of the original total. 4,100 tons have been amassed to date. Agricultural radio programmes were continued during the month including much useful information on increasing fruit production, methods for packing and preparing fruit for export, methods for combatting diseases of fowl and other technical information which appeared to be very much appreciated by the farmers. The development of the sheep and cattle industry was hampered by a lack of sufficient feed. Fertilizers were readily available but the prices were too high for the purchase of large quantities. It is hoped that commercial supplies will soon be available from AMERICA. Reafforestation projects continued and plans were drawn up for further projects. The catches of fish for the month were very good, 370 metric tons of fish having being brought into TRIESTE alone.

6. The chief interest from an industrial point of view was centred in the MONFALCONE Shipyard. Handing back control to the management was followed by a recurrence of hooliganism. However, on 26 August a combined force of civil and military police were introduced to patrol the yard. This resulted in a sit-down strike which continued until the following day. Work was

Declassified E.O. 12356 Section 3.3/NND No. 785017

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7. Repairs and reconstruction on 245 Public Buildings were completed during the month, and AMG approved expenditure of 211,500,000 lire for

Declassified E.O. 12356 Section 3.3/NND No. 785017

reconstruction of houses in distressed villages. More than 15,500 persons were employed in Public Works. During the repairs of the Church of GRADO some precious fragments of mosaic were found representing a very important archeologic discovery as some were more than 1400 years old.

8. On the unemployment registers a decrease of 24 was noted in respect of last month in spite of increased absorption of workers in Public Works projects. The gradual unblocking of dismissals were continued formally by allowing dismissals only to employers who had not availed themselves of declared percentages over the previous period. This will enable AMG to await the decision of this question in Italy before taking any further initiative.

9. General health in the area remained good during the month. Distribution of drugs and dressings etc. continued. A supply of insecticide powder and anti-malaria spray was delivered to all communes free of charge.

10. Movement in Displaced Persons continued and figures showed a slight increase over the previous month. 2024 people passed through the Centre during the month. Close watch was kept on refugee movement from Zone B as now arrivals from ISTRIA tend to settle in TRIESTE. The condition of P.O.W.s from YUGOSLAVIA remained very unsatisfactory. Further interviews took place with various officials during the month regarding evacuation of POLA.

11. Plans for the reopening of schools were under way. Text books were prepared and were being printed for both the Italian and Slovene schools. The PWOO School Section was insisting that schools be under its administration during the coming year, but withdrew its objections to permitting its teachers to attend the Summer Training Courses established for Slovene teachers. Many teachers and pupils went to YUGOSLAVIA, however, and it is assumed that these will return indoctrinated to disrupt the efforts of those interested in the functioning of non-political schools. On the Italian side there was calm on the surface, and indications that teachers in GORIZIA were not willing to cooperate. In TRIESTE they appeared to have lost heart and to be unwilling to do anymore than was strictly necessary for the functioning of their schools.

AMG UDINE PROVINCE.

12. Anxiety and despondency were general amongst the thinking population due to the uncertainty of the Eastern Boundary of the Province and VENEZIA GIULIA, the continued dissension at the PARIS Conference and the attitude of the Slavs. Politically the Province was quiet but there was a considerable amount of pro-Slav activity and there appeared to be numerous Yugoslavs infiltrating into the Province.

13. There was a noticeable decrease in serious crimes during the month and in general public order was good. While there was a marked increase in the number of demonstrations and strikes due to unemployment, such incidents as occurred passed off without serious disorder. Anti-Allied sentiments continued, due largely to the decisions being made at the PARIS Conference and the anticipated fate of VENEZIA GIULIA and TRIESTE. Much publicity was given by the press to motor accidents involving Allied vehicles. Carabinieri carried out their duties satisfactorily and morale and efficiency were good although shortage of personnel continued to present a problem. A gradual improvement was being effected in the Auxiliary Police Force although there remained a good deal to be desired. Guardia di Finanza performed their duties

Declassified E.O. 12356 Section 3.3/NND No. 785017

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14. The economic situation generally was reasonably satisfactory. P.O.L. supplies improved and the only serious shortage was nafta(diesel oil). Unemployment reached a figure of approximately 56,000 and was responsible for

4814

Declassified E.O. 12356 Section 3.3/NND No. 785017

much discontent. The delay on the part of the authorities in approving Public Works projects was responsible in part for much of the unemployment although emigration appeared to be the only real solution to the problem. Regular distribution of rationed foodstuffs continued. The new milling rate of wheat for bread of 85% as against 91% was received favourably, the population appearing to prefer to accept a decrease in the bread ration in order to have a whiter bread. On a ration basis of 235 grams of bread daily and 2000 grams of pasta monthly, the stocks of wheat on hand are sufficient to support the bread ration until March 7, 1947 and the pasta ration until the end of December 1946. The ban on the export of livestock from the Province was lifted and permission for up to 300 head of cattle to be exported from the Province given. Contributions to the Peoples Granary decreased during the month due to the continued drought. However, rains in the latter part of the month will increase figures during September. 25,697 tons of wheat were amassed to date. The situation was satisfactory in respect of potatoes, forage and vines.

15. 16 road projects of military interest totalling approximately 20 million lire were approved during the month. 16,398,000 lire was advanced from AMG funds under the decree of the Prefect in anticipation of final approval in specially urgent cases and 8,780,000 lire worth of military projects was initiated. The supply of bitumen was renewed and it was hoped to secure a substantial amount in the near future.

16. During the month 1075 Italians and 214 non-Italians passed though the UDINE Refugee Camp. 127 ex-POW from RUSSIA arrived in the Province during the month.

17. As a result of a 25% tariff reduction a substantial increase in the transport demand was observed. The tyre situation remained unsatisfactory.

18. The work of Italian Courts continued normally. The number of cases tried by AMG Courts during the month totalled 5, all of which were Summary Court cases which resulted in convictions.

LIAISON OFFICER 86 AREA (Venezia)

19. The attention of the public and of the press continued to be focussed on the Peace Conference during the month. A certain amount of anti-Slav feeling was noted, engendered partly by the distressed condition of refugees arriving from VENEZIA GIULIA. The political parties were united in their efforts to support economic reconstruction.

20. Public order deteriorated somewhat in that strikes were common throughout the area among employees and unemployed. The latter in MESTRE succeeded in stopping all traffic and closing shops for four hours. In MESTRE on the 23 August disorders followed an incident when Italian civilians molested a girl walking with two British soldiers and then attacked the soldiers. The following evening British troops in a cafe were provoked and insulted by a crowd of civilians. This resulted in a fight in the cafe. Both sides were reinforced by their supporters and the numbers involved rose to approximately 300 British and 500 civilians. In the melee an Italian woman was run over by a truck and killed, 1 British officer and 3 N.C.O.s were taken to hospital and several others were

Declassified E.O. 12356 Section 3.3/NND No. 785017

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21. The cost of living showed a slight increase over the previous month. In spite of existing restriction restaurants continued to serve numerous courses and shops displayed plenty of food and other goods. Black market activities relaxed somewhat due to increased availability of goods. Amassing of grain continued

Declassified E.O. 12356 Section 3.3/NND No. 745017

and the figure for the whole Region including UDINE Province was reported to be 290,774 tons.

22. There were increasing signs of industrial revival but shortages of coal and bitumen continued to hamper large scale rehabilitation. Plans were being made to present several exhibitions of industrial, artisan, and agricultur products in VENICE, VICENZA, TREVISO and BELLUNO during September and October. Another sign of returning confidence was the constant requests received for de-requisition of industrial premises.

23. The local labour offices in VENICE and MESTRE started an agitation and threatened a general strike of all employees in military offices and installations. After numerous meetings the demands of the workers were clarified as (a) establishment of Internal Commissions, (b) cost of living bonus to be brought into line with private industry and made retrospective to 1 May 46, (c) inclusion of the Comune of VENICE including MESTRE in Zone "B", (d) Payment of the Republican Bonus. Clause (a) was granted and clause (b) granted retrospective to 1 August 46. (c) and (d) were referred to higher authority.

LIAISON OFFICER TENDA

24. The political situation remained quiet in the UPPER ROYA VALLEY during the month and the people appeared to be resigned and to accept without question the decisions made at PARIS regarding the boundaries of FRANCE and ITALY. It was not considered likely by the local authorities that any breach of the peace would arise on the publication of the PARIS decisions. The announcement in the press that the territory of PERRE DI CAPCIA and SAN BERNARDINO, together with other parts in the North will be given to FRANCE was accepted without comment. Partisan activity in Northern ITALY did not affect the area. It was reported that leaflets were distributed in TURIN asking the people of PIEMONTE to take an active interest in the ultimate fate of TENDA and BRIGA, but no action was effected in the district.

25. Unemployment in the area temporarily decreased owing to large numbers of people engaged in picking lavender, however, as the season finishes it is expected that figures will revert to their previous total.

26. Work on the LIMONE road tunnel, road bends leading to the tunnel, and the bridges, while not yet being complete, reached a stage where the movement of traffic was not handicapped. It was expected that work would be completed on the rail tunnel in November; the project was being carried out as quickly as possible. The closing of the rail tunnel resulted in a decrease of 100 cubic metres of wood per month exported elsewhere in ITALY.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4813

Declassified E.O. 12356 Section 3.3/NND No. 785017

of immunity for their action.

DISPLACED PERSONS AND REPATRIATION SUB-COMMISSION.

6. The SACMED/UNRRA Agreement for the transfer of Displaced Persons eligible for UNRRA care was effected on 1 August 1946. Responsibility for 8,395 Displaced Persons was assumed by UNRRA. As on 24 August 1946 there were 15,424 persons in Allied Commission Camps and 8,280 in UNRRA Camps. Persons receiving UNRRA assistance outside of camp numbered 12,103. Royal Yugoslavs working for Allied installations and eligible for admission to Allied Commission Camps totalled 4,000. (Grand total 39,807) it was estimated that at least 14,000 Displaced Persons, exclusive of those receiving UNRRA care, would be on hand as a commitment at the conclusion of the Military occupation of ITALY.

7. **The Chinese** repatriation move was cancelled at the last moment owing to the ship on which they were to embark developing engine trouble. This was the second time that the Chinese had been alerted for repatriation and that unforseen circumstances had prevented their embarkation. 203 Poles and 13 Czechoslovaks were repatriated under UNRRA arrangements. The Germans in BOLZANO Camp (which was handed over to the Italian Authorities on 31 July 1946) still remain in ITALY. This small group of 1,200 Germans have been awaiting repatriation since March 1946 but are unacceptable to the authorities in Germany.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4612

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART III

ECONOMIC SECTION

FOOD AND AGRICULTURE BRANCH.

1. The wheat situation continued to improve during the month but at a slower rate than during July since threshing had been completed in all but the most northern provinces. Stocks on hand increased 125,000 tons during the month or sufficient to maintain the bread and pasta rations for 131 days.

2. Two important changes were made in respect to rationed foodstuffs during the month: (a) Prefects were granted the authority to reduce the milling ratio from 91% to 85% if at the same time the bread ration was decreased from 250 grams to 235 grams daily; (b) the sugar ration was increased from 100 to 300 grams, this change being due to the prospect of a sufficiently large production of domestic sugar. In addition the High Commissioner for Food ordered the release of 200 tons of sugar for the manufacture of infant food; issued new ration scales for tubercular patients in hospital; authorized a special allotment of powdered milk, dried vegetables, conserved meat, dried soup and eggs for childrens' summer camps; and authorized a substantial improvement in the ration scales for crews of merchant ships.

3. General food conditions remained good during the month. Rains over most of the country prolonged the production of summer vegetables which were abundant and of good quality. Fruits were plentiful but prices were high in relation to the purchasing ability of the average consumer. In AMG territory the supply of imported foodstuffs except sugar was ample for present needs. Expected receipts of imported sugar are not sufficient to permit the increase in the monthly sugar ration to the 300 grams which was authorized for the rest of Italy.

4. The weather during the month was exceptionally favourable for agricultural production except in local areas where strong winds, rains and hail did much damage to orchards, vineyards and sugar beets. All important field crops, fruits and vegetables showed noticeable increase. Wheat production initially estimated at 5,600,000 tons, later raised to 5,975,000 tons was increased to 6,089,000 tons. Similar increases were made for other crops. 580,079 tons were collected during the month in the Peoples Granary - to date 3/4 of the present Amassing goal of 2,577,652 tons have been collected. The first shipment of veterinary supplies on requisition was received during the month and distributed in VENEZIA GIULIA and UDINE. The supplies included basic and laboratory veterinary units and immunizing biologicals, notably anti-anthrax serum. Spare parts for caterpillar tractors requisitioned over a year ago were also delivered in August. All approved requisitions for agricultural supplies were believed to be filled with the exception of fertilizers.

5. An allotment of trees for reafforestation was made to VENEZIA GIULIA by the Director of the Forestry Corps during the month which will serve to start the reafforestation project.

COMMERCE (FOREIGN TRADE) BRANCH.

6. During the month the Italian Government requested the help of the

Declassified E.O. 12356 Section 3.3/NND No. 785017

ratio from 91% to 85% if at the same time the bread ration was decreased from 250 grams to 235 grams daily; (b) the sugar ration was increased from 100 to 300 grams, this change being due to the prospect of a sufficiently large production of domestic sugar. In addition the High Commissioner for Food ordered the release of 200 tons of sugar for the manufacture of infant food; issued new ration scales for tubercular patients in hospital; authorized a special allotment of powdered milk, dried vegetables, conserved meat, dried soup and eggs for childrens' summer camps; and authorized a substantial improvement in the ration scales for crews of merchant ships.

3. General food conditions remained good during the month. Rains over most of the country prolonged the production of summer vegetables which were abundant and of good quality. Fruits were plentiful but prices were high in relation to the purchasing ability of the average consumer. In AMG territory the supply of imported foodstuffs except sugar was ample for present needs. Expected receipts of imported sugar are not sufficient to permit the increase in the monthly sugar ration to the 300 grams which was authorized for the rest of Italy.

4. The weather during the month was exceptionally favourable for agricultural production except in local areas where strong winds, rains and hail did much damage to orchards, vineyards and sugar beets. All important field crops, fruits and vegetables showed noticeable increase. Wheat production initially estimated at 5,600,000 tons, later raised to 5,975,000 tons was increased to 6,089,000 tons. Similar increases were made for other crops. 380,079 tons were collected during the month in the Peoples Granary - to date 3/4 of the present Amassing goal of 2,577,692 tons have been collected. The first shipment of veterinary supplies on requisition was received during the month and distributed in VENEZIA GIULIA and UDINE. The supplies included basic and laboratory veterinary units and immunizing biologicals, notably anti-anthrax serum. Spare parts for caterpillar tractors requisitioned over a year ago were also delivered in August. All approved requisitions for agricultural supplies were believed to be filled with the exception of fertilizers.

5. An allotment of trees for reafforestation was made to VENEZIA GIULIA by the Director of the Forestry Corps during the month which will serve to start the reafforestation project.

COMMERCE (FOREIGN TRADE) BRANCH.

6. During the month the Italian Government requested the help of the Allied Commission with regard to many diverse items ranging from the import of carbon black from GIBRALTAR to claims to assets abroad. All Italian claims to assets in AUSTRIA and GERMANY are passed by the Italian Government to the Embassy of the Military Authority concerned.

7. Certain changes took place in the Reserved Commodity Lists of the

Declassified E.O. 12356 Section 3.3/NND No. 785017

Combined Boards Washington: raisins and dates were removed from the List and pepper and spices are now importable from the DUTCH EAST INDIES without a licence from WASHINGTON. The Hides, Skins and Leather Committees controlling world allocations of these commodities was dissolved.

6. Much liaison work with the Ministry of Foreign Trade was carried out, mainly in relation to import permits both for controlled and uncontrolled goods required by Zone A VENEZIA GIULIA to trade with Zone B and JUGOSLAVIA.

INDUSTRY AND UTILITIES BRANCH.

9. Requisition was obtained for 11 grain warehouses and an agricultural institute in the Province of MACERATA and for a precision laboratory in ROME during the month. In LEGHORN the position was constantly under review and releases made where practicable.

10. Imported coal arrivals during the month were the highest since the end of the war: 911,000 tons. UNRRA shipments accounted for the major part. Allocations for the month totalled 540,000 tons; the balance of 331,000 tons was stockpiled pending a decision as to the division of supplementary allotments between Italian State Railways and other civil consumers. The Railways had 44 days stock. Sardinian coal production for the month was 92,185 metric tons, 29 tons less than July. Actually the daily production during August slightly exceeded that of July but numerous holidays during the month accounted for the discrepancy. Lignite production continued at about the same level i.e. 160,000 tons per month. Coal from POLAND expected during the month failed to arrive.

11. Stocks of P.O.L. continued to be maintained at about a 60 day level. It was anticipated that arrivals of crude oil in ITALY would permit the starting of the refineries at NAPLES and BARI during September. 150,000 tons were ordered forward to cover a 3 month programme for conversion to gasoline, kerosene, diesel and fuel oils. It was estimated that this would save 500,000 dollars in credit for Italian economy.

12. In Northern Italy the reservoir situation was good and the present supply of power to Central and Southern Italy will be maintained throughout September. In Central Italy the drought persisted and the situation was serious. The thermal generation was approximately 100,000 KWH per day. In Southern Italy the hydro-electric plant situation was poor. Steam generation was 500,000 KWH per day.

TRANSPORTATION AND SHIPPING BRANCH.

13. Both passenger and freight traffic continued to be very heavy throughout the month and the shortage of rolling stock was acute. A transport committee was formed consisting of Military, UNRRA, State Railway representatives and representatives of the various Ministries of the Italian Government requiring transport. The object of the committee is to coordinate the requests for traffic with the available means of transport with a view to utilizing to the best advantage rail, road and coastwise shipping.

14. It was expected that the MONT CENIS tunnel would be opened during

Declassified E.O. 12356 Section 3.3/NND No. 785017

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14. It was expected that the MONT CENIS tunnel would be opened during the first week in September, thus giving the most direct rail route to PARIS. Electrification was being utilized and pursued where possible in an effort to reduce coal consumption and overcome shortage of steam locomotion.

481

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB-COMMISSION.

1. The total strength of Italian Naval Personnel is being gradually reduced and during the month arrived at a figure just below 50,000, double that anticipated under the Peace Treaty.

2. Royal Navy stocks of POL at LEGHORN administered by the Italian Navy and C.I.P. on behalf of the Admiralty were completely turned over to C.I.P. during the month on the authority of the C-in-C Mediterranean Station. On 11 August British Admiralty instructions stated that Italy is now in a position to arrange with banks for the supply of necessary funds to cover expenses of Italian vessels when visiting foreign ports, and that supply of funds would only be advanced by British Naval Authorities in very exceptional circumstances.

3. Italian Minesweeping Groups continued clearance operations in their respective areas satisfactorily. At CIVITAVECCHIA 11 mines and 7 anti-sweeping devices were cut, and 10 mines at VENICE and 6 at CARBOFORTE were also reported cut. Mine Disposal Units working along the Northern Adriatic Coast cleared extensive areas of German GK mines.

4. During the month the Italian cruisers GIUSEPPE GARIBALDI, DUCA DEGLI ABRUZZI, and ATTILIO REGOLO together with 3 transports almost cleared the MIDDLE EAST of Italian Prisoners of War having repatriated to ITALY a total of approximately 9,000 men including 170 POW from TRIPOLI. The ex-hospital ship TOSCANA returned to NAPLES with approximately 1,500 Italian civilians repatriated from MASSAWA and the sloop ERITREA entered the Mediterranean bound for ITALY with 300 repatriates from CHINA and SIAM.

5. Torpedo-boats, corvettes and coastal craft continued anti-contraband control in the Italian Adriatic waters throughout the month. No incidents were reported. Destroyers and small craft carried out the usual lifts of Italian Naval personnel and stores between principal Italian ports.

LAND FORCES SUB-COMMISSION.

6. Italian Army Strength as at 31 August was 179,250 including 64,120 Carabinieri. Disbandment of SR-ITI Units continued leaving four in existence.

7. An Italian Mobile Training Team was formed to carry out inspection of training methods employed at Schools and Training Centres with the object of improving and standardising instructions. This team was trained by 13 Corps on the lines of British Mobile Teams. The training of the second intake of recruits was in progress during the month and the "call-up" was satisfactory. Alpine Units were inspected during the month and morale was found to be exceedingly high. Extreme keenness was shown by all ranks at work under most arduous mountain conditions. British arms were in the process of being distributed down to Battalion level and all ranks evinced an enthusiastic interest in their new weapons.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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8. Representations were made to the Italian Ministry of War regarding the slow delivery of equipment of all types to Carabinieri and a considerable improvement resulted. Carabinieri authorities were desirous of increasing the number of Legions on the grounds that some of the existing Legions are unwieldy and have to cover too much territory. As the scheme would involve considerable additional expenditure and would merely entail the superimposing

Declassified E.O. 12356 Section 3.3/NND No. 735017

of a new "Commando Legione" on already existing groups it is not thought that the scheme will succeed. During the month a considerable improvement was made in the release of transport. 5000 beretta pistols were delivered to the Ministry of War and assigned to the Carabinieri Corps. A course was started in ROME for the training of a number of men in the use of the mine detector, a consignment of which was received. Recruitment for the Carabinieri made little headway, the main causes being poor pay and the uncertainty as to the future of the Corps.

9. The decree regarding the compulsory and voluntary retirement of surplus Italian officers is likely to be implemented after 17 September 1946. Officers wishing to retire voluntarily were given three months in which to make application, the three months expiring on 17 September. It was understood that a number would be compulsorily retired before any applications for voluntary retirement would be considered.

Good idea

PRISONERS OF WAR DIVISION.

10. Repatriation of Italian POW continued; during the month 26,740 POW were repatriated from British hands and 499 from other sources. Nearly 8,000 Prisoners were returned from INDIA during the month; 19,% of the original number held in INDIA await repatriation. 1,445 P[illegible] out of 158,029 remained in the UK. The repatriation from the UK is virtually completed since some hundreds of IPW voluntarily deferred their repatriation to assist in agriculture. One ship arrived in NAPLES from AUSTRALIA during the month with 500 sick and compassionate cases. Another ship is expected with 600. No further information was received regarding large scale repatriation from AUSTRALIA. All co-operators were returned from MIDDLE EAST and it was expected that the repatriation of non-co-operators would be completed by mid September 1946. The position as regards IPOW in S. AFRICA and E. AFRICA remained unchanged. IPOW continued to return at the rate of 2000 a month from each country but no plan existed for mass repatriation. With the completion of MIDDLE EAST repatriation it is hoped to speed up this comparatively slow rate. A few IPW arrived through VIENNA from RUSSIA.

AIR FORCES SUB-COMMISSION.

11. The total strength of the Italian Air Force as at the end of August was 26,855. (3,187 officers and 26,855 other ranks.) Two recruiting centres were opened at TURIN and NOVI LIGURE. The centres were functioning smoothly and the recruits showed keen spirit and enthusiasm. The morale of the I.A.F. was generally good although quite naturally it was higher in the flying units with a corresponding increase in efficiency. The new pension scheme was well received by the medium ranks of the I.A.F. It will afford them the opportunity to retire on moderately substantial incomes, and many were taking advantage of the scheme.

12. All schedule courier flights were carried out satisfactorily during the month. Aircraft of the Transport Wing were also used to convey Italian Ministers and Representatives to and from PARIS for attendance at the Peace Conference. Normal flying activity took place during the month but shortage of petrol and maintenance problems restricted flying to an average of 6 hours per pilot per month.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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13. The Navigation School at FROSINONE was inspected during the month and the general standard of navigation and reconnaissance training was found to be satisfactory. There was no instruction in astro-navigation and in the flying exercises insufficient attention was given to general D.R., searches and the use of the Recce. Code. These points were brought to the attention of the Italian Air Ministry. Training flying continued during the month

4810

Declassified E.O. 12356 Section 3.3/NND No. 785017

in the Light Harbour Ring and particular attention was paid to formation flying.

14. A new Italian Aircraft Safety Centre was opened at ELMAS SARDINIA and operated successfully. The Italian Aircraft Safety Service has now had considerable experience and is a reliable force. Three new meteorological stations were opened during the month making a total of 142 reporting stations in the Italian network.

15. During the month about 500 I.A.F. Prisoners of War were repatriated.

COMMUNICATIONS SUB-COMMISSION.

16. Postal service was reactivated from HUNGARY to ITALY on 8 August after temporary suspension. Dispatches from ITALY to HUNGARY were reintroduced on 26 August, full authority for the services having been issued by the Hungarian Control Commission. Internal parcel post was reintroduced in ITALY on 16 August having been suspended because of handling difficulties.

17. Restoration of normal commercial, personal and governmental radio operations resulted in several essential additions to Italian radio. During the month authority was given to the Ministry of Posts and Telecommunications to lift the ban on amateur radio operation. The Italian Government was authorized to engage in international broadcasting using facilities and frequencies already authorized with a power limitation of 10 KW. This will enable the Italian Government and people to present their views and problems to the peoples of other nations.

18. The Italian Ministry of Foreign Affairs presented a memorandum to the Allied Commission and the British and American Embassies requesting authority to repair the BARCELONA-MILAN and the MILAN-PORTA submarine cables. The former was approved and the latter is still being considered. The repair of the ROME-BARCELONA cable has been already approved. The repair of these cables will enable ITALCABLE to resume direct communication with NORTH AMERICA.

19. Rearrangement of long distance telephone facilities resulted in a gain of seven long distance circuits during the month. Agreement was reached between the Allied Forces and the Ministry of Posts and Telecommunications regarding a plan for the hand-over of military long distance telephone lines to the Italian civilian companies for operation. Italian companies commenced the preliminary structural and circuit changes necessary.

20. The telephone circuit between MILAN and BUDAPEST was completed but authority to open to the circuit was withheld by Control Authorities in HUNGARY who have been asked to review their decision. Operation of the six-channel high-frequency telegraph system with AUSTRIA was held up due to the reluctance of the Ministry to allot the necessary circuits. A new circuit was opened between TRIESTE and VIENNA for the USFA Austrian Mission.

21. Considerable anxiety was felt at the loss of equipment anticipated if the VENEZIA GIULIA area is separated from ITALY after the Peace Treaty. It is practically impossible for any changes to be made with existing equipment at present. It will be necessary therefore, for TELVE to provide additional carrier and repeater equipment for lines in Italy to provide for the

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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HEADQUARTERS ALLIED COMMISSION
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MONTHLY REPORT

JULY - 1946

Ref: 824/EC

September 1946

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MONTHLY REPORT

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C O N F I D E N T I A L

HEADQUARTERS, ALLIED COMMISSION
APO 794

M O N T H L Y R E P O R T

JULY - 1946

I N D E X

		Page No.
	POLITICAL SUMMARY.....	1 - 2
PART I	AMG AND LIAISON GROUP REPORTS.....	3 - 9
	Liguria Region.....	3
	Cuneo Province.....	3 - 4
	Naples, Campania and Calabria.....	4 - 5
	Bolzano.....	5
	AMG Udine Province.....	6
	AMG Venezia Giulia.....	6 - 9
PART II	CIVIL AFFAIRS SECTION.....	10 - 11
	Legal Sub-Commission.....	10
	Public Safety Sub-Commission.....	10
	Displaced Persons Sub-Commission.....	10 - 11
PART III	ECONOMIC SECTION.....	12 - 14
	Food and Agriculture Branch.....	12
	Commerce (Foreign Trade) Branch.....	12 - 13
	Industry and Utilities Branch.....	13
	Transportation and Shipping Branch...	13 - 14
	Captured Enemy Materials Branch.....	14
PART IV	INDEPENDENT SUB-COMMISSIONS.....	15 - 17
	Navy Sub-Commission.....	15
	Land Forces Sub-Commission (MAIA)....	15
	Prisoners of War Division.....	15
	Air Forces Sub-Commission.....	16
	Communications Sub-Commission.....	16 - 17

Declassified E.O. 12356 Section 3.3/NND No. 785017

POLITICAL SUMMARY

1. The first Government of the new Italian Republic was formed and the names of the new Ministers announced on the 13 July 46. The process, despite considerable difficulties in agreeing upon the political and economic programme and in deciding the new composition of the Ministries, was completed in ten days. Signor DE GASPERI in addition to his duties as President of the Council of Ministers also undertook the office of Minister of the Interior and, ad interim, Minister of Foreign Affairs. (See Appendix A for a complete list of the council of Ministers).

2. The economic programme which was drafted by Signor CORBINO (Ministry of the Treasury) was anti-inflationary in tendency and aimed at reduction in the cost of living as opposed to increased wages. The Communist Party strongly opposed this and demanded salary increases for all workers of at least 20%. In this they received a measure of support from the Socialists who maintained that while inflation had to be avoided, steps should be taken to meet the demands of the needy classes. The solution preferred by the Socialists was that there should be a greater amount of essential commodities at controlled prices. The Christian Democrats insisted throughout the proceedings that no undertakings should be assumed which might undermine the position of the lira. Signor DE GASPERI pointed out that ITALY needed foreign loans which could only be obtained if an anti-inflationist policy were adhered to. A general agreements was finally reached in the economic and financial sphere as also in the field of foreign policy. It was agreed that in foreign policy, the need for joint action in the defence of ITALY's interests on the part of all parties represented in the Government be reaffirmed and it was declared that all the Ministers would share equally the responsibility for the Government's foreign policy. The essential principles of internal policy was to be the maintenance of public order and respect for the law. The objectives of the financial policy were to be the recovery of public finances and the defence of the purchasing power of the lira. With these ends in view the budget was to be divided into two parts, namely - an ordinary and an extraordinary budget, the revenue for the latter having to be derived from an internal loan to be launched next September, from an extraordinary tax on capital and from confiscation of Fascist and war profits. The solution of the salary question took the form of a compromise. It was decided that while the Government must aim at reducing the cost of living, at the same time they would grant all workers a bonus to be known as the "bonus of the Republic". The final point in the new programme was the reaffirmation of the Government's intention to carry out land reform.

3. As a first practical step towards bringing down the cost of living, it was agrred to increase the bread ration to 250 grams per day and the pasta ration to 2000 or 3000 grams per month which would mean according to various estimates an increase in the real value of wages of anything up to 18%.

4. Discussions were held between the three major parties regarding the actual structure of the new Government. The Socialists had previously proposed that the number of Ministries should be reduced to 10 by combining the Ministries of War, Air and Marine into a single Ministry of National Defence and by fusing the Ministry of Finance with the Treasury. However, when announced the Government contained 17 Ministries, two less than before. The number of Ministers was the same as two Ministers without Portfolio had been appointed.

5. The name of Signor TOGLIATTI was absent from the Government for the

Declassified E.O. 12356 Section 3.3/NND No. 745017

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5. The name of Signor TOGLIATTI was absent from the Government for the reason that he had preferred to remain outside in order to look after the affairs of the Communist Party. Signor NENNI was appointed Minister without Portfolio but will take over as Minister of Foreign Affairs after the Peace Treaty. He is also deputy to the President of Council of Ministers.

6. Throughout the period of negotiation for the formation of the new Government, news from the PARIS Peace Conference of the decisions of the Four Foreign Ministers continued to cause great consternation in ITALY. The Italian Government prepared its case against what was generally regarded by the Italian people as a harsh and unjust peace. A special Commission was set up in PARIS by the Big Four to draft the Constitution of the Free Territory of TRIESTE. ITALY on being requested to attend, affirmed that she had already made known her fundamental objections to the solution proposed by the Big Four; that as for the present invita-

460

Declassified E.O. 12356 Section 3.3/NND No. 745017

invitation, apart from the above objections, she considered the procedure inadequate in view of the gravity and complexity of the problem, and owing to the haste in which the meeting was to be held, the lack of useful discussions, the impossibility of studying the problem carefully, and the ignorance of the principles to be adopted by the Commission, their work would be largely deprived of any value as a practical and effective contribution to the problem or to the satisfaction of just Italian requirements. However, the Italian Government notified its intention of sending experts by the fastest possible means and requested a 24 hour postponement to enable the delegates to arrive in time.

7. ITALY was also invited to send a delegation to PARIS to be heard by the Peace Conference; DE GASPERI will head this delegation.

8. The Italian Press reported extensively and commented bitterly on the decisions of the Council of Foreign Ministers; at the same time there were outbreaks of violence in many cities throughout the country. In every case it appeared that the principal subject of protest by the demonstrators was the decision to internationalize that part of VENEZIA GIULIA between the proposed so-called FRENCH LINE and the area definitely confirmed as Italian. The demonstrations, like the press, assumed a marked anti-Allied tone.

9. In an address to the Constituent Assembly the Prime Minister outlined the Government's foreign policy. In regard to foreign policy, he said, ITALY would seek to obtain an ethnic frontier to the East; he affirmed ITALY's will to collaborate with JUGOSLAVIA, and asked, with reference to the Western frontier, that ITALY be consulted on all problems regarding FRENCH claims. He concluded by saying that the Government would not pledge its word on a peace treaty before consulting the Constituent Assembly, to which the law gives the right to decide whether any treaty is to be signed or rejected.

10. In an effort to obtain support for ITALY's cause among nations other than those represented in the Council of Foreign Ministers, Signor NENNI made a trip to the capitals of NORTHERN EUROPE with the avowed purpose of explaining ITALY's position. Count SFORZA arrived in SOUTH AFRICA on a similar mission.

Declassified E.O. 12356 Section 3.3/NND No. 735017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - LIAISON GROUP REPORTS

LIGURIA REGION.

1. During the month the interest of the population was centred mainly on the activities of the Foreign Ministers in PARIS, especially in regard to TRIESTE and the readjustment of the FRANCO-ITALIAN border. The possible loss of pre-fascist colonies caused grave concern while a more moderate view was taken generally of the disposition of territory acquired during the fascist regime. The people were looking to their new Government for alleviation of unemployment and the high cost of living, and efforts were made to enforce the Government's decision regarding the employment of "Reduci" by private firms. There was considerable opposition to this by industrialists and the owners of private firms.

2. All Police agencies in the Region continued to function reasonably efficiently. The Vigili Urbani were issued with well fitting summer uniforms and presented a very smart appearance. Carabinieri were not so fortunate, their uniforms being ill fitting and badly made. Law and order were satisfactory, and there were no security problems. The prison situation was reasonably good although overcrowding continued to present a problem.

3. Many complaints were made during the month in respect of the poor quality of bread issued. A slight reduction was made in the extraction rate. Fruit was plentiful but expensive. Sugar and fats continued in short supply. The agricultural situation was generally satisfactory although there continued to be an urgent need for fertilizers.

4. In the Province of IMPERIA there was an outbreak of disease thought at first to be dysentery but which later proved to be abdominal typhoid. The epidemic was investigated and quickly controlled, no further cases being reported.

5. Rail connections between CAMPASSO and BIVIO SUCCURSALE and between CAMPASSO and BIVIO RIVAROLO were expected to be in operation on 5 August 46. Digging and masonry work proceeded on tunnels and the doubling of the line between STAZZANO and ARQUATA was approximately 50% complete. The laying of the second line between RECCO and S. MARGHERITA and of the siding at MULINETTI were completed. During the month a total of 341,191 tons was loaded in the station of GENOA, 48353 tons in SAVONA and 179,038 tons in other stations.

6. The status of Allied merchant seamen continued to cause great confusion. Cases of smuggling by Allied seamen occurred almost daily but if fined by the Italian authorities these men generally refuse to pay such fines and the matter then becomes one of adjustment between the Italian authorities and the ship's master.

CUNEO PROVINCE.

7. There was little political activity in the upper ROYA Valley. The majority of people appeared to have recovered from the shock administered

Declassified E.O. 12356 Section 3.3/NND No. 785017

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CUNEO PROVINCE.

7. There was little political activity in the upper ROYA Valley. The majority of people appeared to have recovered from the shock administered by the announcement of the decision of the Foreign Ministeres in PARIS. However, there was a general feeling of optimism regarding the possibility of the decision being reversed. There were no incidents of any kind during the month and only two meetings took place which might be regarded as demonstrations. One was held at SAN DALMAZZO and addresses were given by the Under-Secretary of State for Foreign Affairs and an Italian Captain who had been a partisan leader. Two telegrams were read, one for ddspatch to the Big Four, the other to the Italian Government. The second meeting was the occasion of a Mass celebrated on Mt. SACCARELLO by the Bishop of VENTIMIGLIA and attended by a large crowd. Speeches were made regarding the Italian

4807

Declassified E.O. 12356 Section 3.3/NND No. 785017

character of TENDA and BRIGA. General Giacomo Lombardi was appointed Commissario Prefettizio of the Commune of Tenda. The General submitted to the Italian Government a memorandum setting out his views on a satisfactory solution to FRANCE and ITALY of the upper ROYA Valley problem. His memorandum dealt with problems relating to the High Power Stations, pasturage, timber, inhabitants and the strategical situation. His view was that if the high power stations eventually go to FRANCE it will provoke a crisis in the industries of LIGURIA, but he believed it possible for FRANCE and ITALY to reach an agreement on this problem by a proper distribution of the power. His suggested solution was to make the High ROYA Valley a "Zona Franca" similar to the AOSTA Valley Autonomy, this he believed, would guarantee an administrative and commercial independence that would satisfy both ITALY and FRANCE.

8. There was some unemployment, mainly among returned prisoners of war, discharged soldiers and men returned from forced labour abroad. It was difficult to find employment for these men as most of the trades in the valley are specialized e.g. timber cutting, hydro-electric work etc. Efforts were being made to induce contractors to employ as many local men as possible.

9. Work on the road tunnel connecting TENDA with LIMONE was near completion and the tunnel reopened to traffic. It was hoped to have all repairs and rebuilding on bridges and road bends completed by the end of August. The railway tunnel which was used for road traffic of all kinds prior to the reopening of the road tunnel was closed. This gave rise to considerable discontent among the people engaged in the timber industry and in road haulage as many of the lorries trucks used to carry wood are unable to negotiate the hairpin bends leading to the road tunnel but used to use the rail tunnel. The result was that removal of timber from the valley decreased. No official reason was given for the closing of the tunnel although rumours were rife. Carabinieri were perturbed as drivers and timber workers were threatening to take action. Application was made through Carabinieri Headquarters to the Genio Civile for the official reason for closing the tunnel. Information from the Commissario, however, was that streams in the mountain over the tunnel have caused an earth movement which constitutes a danger and it is considered necessary to completely rebuild the tunnel. The rebuilding of two bridges near BRIGA commenced.

10. The cost of living increased in the valley and prices were higher than in CUNEO. As there are no Co-operative Stores in TENDA & BRIGA, the people are at the mercy of the shopkeepers.

11. As the railway does not operate beyond VENTIMIGLIA, communication is maintained between the frontier, BRIGA, TENDA, SAN DALMAZZO and the railhead by means of trains owned by the State Railways operating as Couriers. There were two transport companies operating in the valley: one for the transport of timber and the other for sand used in the manufacture of glass.

NAPLES, CAMPANIA, CALABRIA.

12. Political meetings were few during the month and a quiet atmosphere

Declassified E.O. 12356 Section 3.3/NND No. 785017

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NAPLES, CAMPANIA, CALABRIA.

12. Political meetings were few during the month and a quiet atmosphere prevailed. The excitement over the Referendum and the elections died down although there was an undercurrent of disappointment at the results of the Referendum and the decision of the PARIS Peace Conference.

13. The crime situation was normal during the month with theft predominating. There were seven cases reported of holds-up of cars and trucks by deserters or persons dressed in Allied uniforms. Disturbances occurred almost simultaneously at POZZUOLI, CASERTA, BENEVENTO, TORRE ANNUNZIATA and in CALABRIA; these were caused by ex-POW demanding work. There was a demonstration by farmers in AVELLINO against the Italian Government Agrarian Inspectors who were collecting details of the harvest.

Declassified E.O. 12356 Section 3.3/NND No. 743017

14. Reports of the harvest continued to be good but amassing results were small. The basic bread ration was increased to 250 grams per day. White bread and white flour were on sale in many districts. Fruit, vegetables and milk were plentiful.

15. A further strike of petrol distributing agencies (C.I.P.) occurred in July and a strike of short duration also took place at the ALFA ROMEO Works. Employment by the Allies continued to fall slowly, the numbers so employed being 30,000 at the end of the month. Unrest due to unemployment was manifested in a number of places. Schemes for giving employment on a large scale continued to be delayed. The general rise in wages tended to unbalance labour economy. Some progress was made towards derequisitioning and the ANSALDO Works at POZZUOLI were reopened. There continued to be considerable agitation over requisitioned premises; mainly against those cases where the properties did not appear to be fully utilized.

16. As anticipated, typhoid increased with the hot weather; eighty five cases were reported as against 35 for the previous month. The relief service of free meal provided by the Roman Catholic Church in NAPLES discontinued as is usual until next winter. The E.C.A. (Ente Comunale Assistenza) and the Assistenza Nazionale Partigiani continued to provide meals at low cost.

BOLZANO PROVINCE.

17. The hopes of the Volkspertei were raised by the debate in the British Parliament on the South Tyrol. As their claims are to be heard at the Peace Conference they considered that a chance still exists for annexation to AUSTRIA. There was little of political importance in the Province during the month. The most notable event was the agreement in writing of the Volkspertei to cooperate fully with the Italian Government on the subject of regional autonomy. The option decree was eagerly awaited, although the feeling was among the German speaking people that their interests in this respect were being safeguarded.

18. Public Safety conditions in the Province were excellent and relations between Allied Forces and Italian Police were good.

19. There was no shortage of food either in the towns or villages and the distribution of rationed foodstuffs was satisfactory. The agricultural situation was satisfactory although insecticides were in short supply. A regular service of fruit trains conveying South Tyrolean fruit from MILAN direct to ENGLAND and from BOLZANO to STOCKOLM was organized and ran satisfactorily. It is hoped to export wine next year. There was an abundance of fruit in the Province and prospects were bright for a good wine harvest.

20. There was little change in the industrial position; lack of coal and raw material hampered production. Some of the factories in the area will be compelled to close down unless solid or liquid fuel is forthcoming.

21. The Swiss authorities set up a bureau in MERANO for the enrolment of servants, barmen, waiters, hotel attendants, etc. thus providing employment although there was not in fact any serious unemployment problem in BOLZANO.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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22. There was an outbreak of typhus alleged to have been brought by children on holiday from the South. This was successfully handled by the local medical authorities.

23. The Displaced Persons Camp was handed over to the Italian authorities on 31 July. C.R.X. (GERMANY) were doing their utmost to persuade Zone Commanders in GERMANY to accept their quota of displaced persons but so far without result.

4306

Declassified E.O. 12356 Section 3.3/NND No. 785017

AMG UDINE

24. During the month all sections of the public expressed discontent at the Foreign Ministers' proposals for the treatment of TRIESTE and the ITALO-SLAV boundary. Some anti-allied feelings were expressed due to the alleged harsh terms of the proposed treaty. Further requisitioning led to many complaints and there was a noticeable lack of cooperation by officials in UDINE excluding the Prefect. Slav propaganda appeared to have decreased slightly. A strong rumour that TARVISIO might be ceded to the Slavs in exchange for some part of ISTRIA resulted in a deputation from the Commune calling upon the Prefect protesting against any such suggestion. The rumour was denied by the Foreign Ministry.

25. The Public Safety situation showed some improvement during the month. There was a general decrease in the number of crimes reported. Unemployment and economic conditions gave rise to considerable uneasiness and were the cause of numerous strikes and demonstrations. However, no serious disorders occurred. Morale and efficiency of the Carabinieri were reasonably satisfactory. Dissatisfaction was felt at the elimination and epuration of efficient members of the force when at the same time notorious fascists were being pardoned under the recent amnesty. Guardie di Finanza performed useful work in connection with the grain amassing. The position as regards prisons was greatly relieved by the recent amnesty. Internal discipline and morale of prison guards improved due to better conditions of pay and allowances.

26. The bread ration was increased from 200 to 250 grams on the 21 July and the pasta ration increased to 2000 grams. Normal distribution of other foodstuffs continued. During the month two shiploads of wheat totalling 15,275 tons arrived for UDINE. The amassing of wheat proceeded satisfactorily. 20,863 tons have been amassed and it was estimated that more than 30,000 tons would be amassed before the campaign ended, (the actual target figure was 27,000 tons). On the ration basis of 250 grams there will be a sufficient supply of wheat available to the 11th February 1947. The state of crops was very good and a high yield of potatoes, beans, forage and grapes was expected.

27. The full allocation of 6000 tons of coal was received which materially assisted industrial revival particularly in the cement industry. Export permits were granted to the two cement factories at CIVIDALE.

28. During the month Public Works projects totalling 48,831,775 lire were approved. Unemployment relief by Public Works programmes reached its full volume. Unemployed figures were approximately 54,000, nearly double that of VENEZIA GIULIA. Public opinion was seriously disturbed by the lack of emigration facilities and the slow progress in financing public schemes. High prices continued to be the cause of considerable dissatisfaction.

29. A total of 2614 displaced persons passed through the Refugee Centre; of these 2,163 were Italians, the balance being made up of POLES, RUSSIANS, JUGOSLAVS, HUNGARIANS, AUSTRIANS and GERMANS.

30. The total number of cases tried by AMG Courts in the Province during

Declassified E.O. 12356 Section 3.3/NND No. 785017

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30. The total number of cases tried by AMG Courts in the Province during the month was 51 of which 34 were Superior Court Cases. Italian Courts continued to function satisfactorily.

AMG VENEZIA GIULIA.

31. Both Italian and pro-Jugoslav elements were extremely active during the month. The PARIS decisions were unacceptable to either side of the general public and the impression gained was that the free Giulian State proposed in PARIS was not considered by either side as a permanent institution but rather as a prize to be collected at some later date by one or the other. However,

Declassified E.O. 12356 Section 3.3/NND No. 785017

it would appear that the hysteria of numerous Italian press publications represents the views of extreme nationalists rather than that of the Italian general public. On 1 **July** the U.I.S called a strike which took on a very violent character. On 11 **July** bands of strikers and sympathizing Jugoslavs from the surrounding country districts descended on the city of TRIESTE and for a few hours the town was to some degree in the hands of Communist strikers and SLOVENE peasants. The strike was called off on 12 July without any of the strikers' demands having been met. The outstanding feature of July's disorders was the attempted Anti-Allied Manifestation which resulted only in ugly fights between Italian elements and Allied soldiers. This manifestation was fostered mainly by the local Christian Democrat and Action Parties backed by irresponsible newspapers.

32. Heavy demands were made on the Civil Police during the month. During the General Strike (between the 1st and 12 July) called by the U.I.S a total of 414 arrests were made; 158 civilians were injured and 3 killed. Police casualties numbered 4 killed and 11 injured. Serious injuries were also sustained by 2 Allied personnel. After the Civil Police had been fired upon several times the Corps Commander on 4 July authorized them to carry arms on ordinary patrols during the day. The 12 critical days of the strike were characterized by small and more frequent demonstrations, fights between mobs of opposing factions and attacks by them on their respective party buildings. Frequent use of firearms was made by civilians and several cases of grenade throwing occurred resulting in damage to property. Following the declaration of the illegality of the strike the police were very active in preventing transport of foodstuffs from Zone "B" into the occupied territory for the purpose of feeding the strikers. The morale of the Police Force was well maintained due principally to the active participation in operations of Allied officers and armed auxiliary police both American and British who were called out to assist. In VENEZIA GIULIA "ordinary crimes" (i.e. non-political crimes) decreased. Thefts in the marshalling yards in TRIESTE decreased due to the posting of additional guards. Although persistent thefts from wagons in the yard are admitted the alleged thefts of UNRRA supplies destined for JUGOSLAVIA are strongly refuted.

33. Practically all the Political crimes occurred during the first few days of the month particularly while the illegal strike was in progress. They were mostly offences against persons (assaults etc) although there were numerous cases of damage to property. The difficulty with the political crimes was that generally none of the parties concerned would assist the police due to fear of reprisals and sometimes fear of investigation into their own activities. The activities of the Jugoslav elements who abduct people, usually Jugoslavs and take them into Zone B were a cause of grave concern to many people particularly anti-Tito Jugoslavs who were reduced to a state of terror. By comparison with pre-occupation numbers the crime figures would be considered satisfactory if it were not for the number of crimes directly due to the extraordinary political situation. On the night of 6 July a number of Allied service personnel in TRIESTE retaliated vigorously and effectively when 40 Allied soldiers were attacked and stoned by about 1000 excited Italians. The attack was the climax of an Anti-Allied outburst following the publishing of the Big Four Decisions regarding TRIESTE. There were no serious consequences.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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34. The prison population showed a slight increase and although the prisons contained over 25% of their normal capacity conditions as regards hygiene and sanitation were very good.

35. A General Court sat in TRIESTE on 3 July and continued until the 27 July to try 7 members of the VENEZIA GIULIA Police Force charged in connection with the SERVOLA Church flag incident in March. Charges were pre-intentional homicide and assault with intent to inflict bodily injury. All defendants were acquitted. (For further information on Legal activities VENEZIA GIULIA see Legal Sub-Commission).

4805

Declassified E.O. 12356 Section 3.3/NND No. 785017

36. Revenue from indirect taxation showed a marked increase. Revenue for 1946/47 was estimated at 2,861,000,000 Lire. Local Government indirect taxes steadily increased altough they do not provide nearly sufficient revenue to meet expenditure. Certain Slovene communes, intimated that they would pay no further taxes under AMG Administration being of the belief that they would shortly become part of JUGOSLAVIA.

37. Economic conditions remained unchanged. There were the usual demands for increases in wages, the latest being from the bakers. The major economic problem was the movement of people and goods from POLA. Most of the movement was by sea and no transportation difficulties were encountered. The numbers of people desirous of removing from POLA to Zone A were said to be in the vicinity of 28,000.

38. Normal rations were distributed during the month with the exception of pasta. It was intended to reinstate the 2000 grams monthly pasta ration but late arrivals of flour prevented full distribution. The balance will be distributed in August. The bread ration was increased from 200 to 250 grams. POLA's special 1 500 grams ration was not increased. A plan was devised during the month to provide an alternative source of bread supply in the event of the threatened bakers' strike. VENEZIA GIULIA and military police confiscated some 50 tons of contraband foodstuffs, largely imported from Zone B for distribution to strikers. Sufficient rain in May and June resulted in a successful harvest of grains, fruits and vegetables. The hay and fodder supplies although deficit that of last year were not sufficient and will mean importing hay from other parts of ITALY. Repairs to war damaged properties and drainage of land flooded by the Germans was a contributing factor to the excellent harvest. Reafforestation projects were carried out and further plans drawn up.

39. Due to many moonless nights July showed a 25% increase in fish over June. 250 tons were brought into TRIESTE and further reductions in price were made.

40. Industry during the month was adversely affected by the general strike. The strike, backed by the pro-Jugoslav element was by no means popular and a considerable number of strikebreakers remained at work. Resumption of work on 13 July resulted in clashes between non-strikers and ex-strikers. These clashes became progressively worse and at the CANTIERI OF S. MARCO and MONFALCONE the managements were unable to control the situation. To prevent bloodshed and destruction, the directors of CANTIERI RIUNITI DELL'ADRIATICO on their own responsibility and without prior reference to AMG closed these two yards on 16 July affecting 10,000 workers. The Yard was reopened on 19 July under AMG control with the Chief Industries and Utilities Officer in charge, assisted by 2 American and 2 British officers of AMG. Fifty American and fifty British troops were provided for the maintenance of law and order. The workers resumed and quickly settled down. Allowing for normal absenteeism, attendance was practically 100% from the start, workers appeared well pleased and a good standard of production was maintained. On 31 July both yards were returned to normal management, one AMG Officer remaining at each yard as an observer. Textiles, electrical engineering and building materials continued to be the most prosperous sections of industry. Orders were obtained from BULGARIAN shipowners for two 3000 ton cargo vessels. Port reconstruction, almost brought to a standstill by the strike, went ahead. The GORIZIA cotton mill worked at 40% of capacity in spite of the strike.

Declassified E.O. 12356 Section 3.3/NND No. 785017

the movement was by sea and no transportation difficulties were encountered. The numbers of people desirous of removing from POLA to Zone A were said to be in the vicinity of 28,000.

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41. All projects for the repairs of war damaged Case Popolari were approved and work was in progress. Contracts were awarded for the enlargement of the children's hospital and for the first block of communal apartments. Work on roads and bridges continued.

42. Unemployment increased 375 over the previous month but the new housing and reafforestation projects should bring some relief. The Sindaci Unici continued their agitation through the press immediately the general strike was suspended.

Declassified E.O. 12356 Section 3.3/NND No. 785017

43. Public Health remained good. The general strike did not extend to hospital workers and hospitals and institutions functioned normally.

44. Movement of displaced persons continued; 1338 refugees were repatriated during the month. Public assistance work increased as refugee movement from Zone B to ITALY continued.

45. Teachers training courses were established at GORIZIA and TRIESTE for the preparation of Slovene elementary and secondary school instructors. Candidates are paid while attending these courses. The non-sectarian Boy Scouts of VENEZIA GIULIA held a 3 week summer camp opening its first camping season since the abolition of the Scout movement by Fascism.

46. The telephone company took over from the military the repair work and installation of most military circuits. Arrangements were being made with the ANGLO-AMERICAN authorities for the installation of a six-channel telegraph system between VIENNA and TRIESTE. This will give possible circuits to ZURICH and WARSAW if required. A telegraph circuit was opened between TRIESTE and PRAGUE.

47. Patriot organizations remained outwardly calm during the month, but it was evident that partisan formations are regrouping and endeavouring to rearm so as to be in a position to meet any calls made on them by their respective countries. As was the case during the war, headquarters of the partisan formations operating in the territory are situated outside Zone A. Italian partisans in VENEZIA GIULIA were persuaded not to follow the general policy of partisan associations of returning all certificates and awards given by the Allies, as a protest against the decisions of the Foreign Ministers.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4804

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART II

CIVIL AFFAIRS SECTION

LEGAL SUB-COMMISSION

1. Allied Military Courts were in session during the month in VENEZIA-GIULIA and the Province of UDINE. Superior and Summary Courts were held in both these areas and a General Court was convened in TRIESTE. In VENEZIA GIULIA 108 accused were tried on 140 charges by Superior Courts and 120 accused were tried on 157 charges by Summary Courts. These figures showed an increase in cases tried by Superior courts and a decrease of Summary Court cases in comparison with June figures. The greater number of cases handled by Superior Courts may be attributed largely to Civil Disturbances which occurred in this area recently. The lesser number of cases disposed of by Summary Courts may be considered as indicative of a more normal trend.

2. Italian Courts continued to function reasonably well. One Allied officer was appointed to maintain contact with Italian Courts to help expedite disposition of cases.

3. Review of all AMG sentences continued. The Italian Branch was active during the month of July, and among the legal matters which necessitated dealings with the Ministry of Justice and other Italian authorities may be listed:

Status of Allied merchant seamen in Italy; sales of hulks during AMG administration; implementation of Italian laws and decrees in UDINE PROVINCE; claims from the REPUBLIC of SAN MARINO, PRINCIPALITY OF MONACO, the GREEK Delegation and various private concerns; shipping rights of Italian fishermen in JUGOSLAV waters; claims by the Jugoslavs for the restoration of shipping seized by Italians and a number of other JUGOSLAV claims; legislation in VENEZIA GIULIA; extent of the Amnesty; rights of stateless Jews; alleged war criminals in ZONE "A" claimed by Jugoslavs. Conferences at the Ministry of Justice regarding amendments required in Italian law relating to marriages between Allied Nationals; correspondence relating to War Crimes; correspondence with the Procuratori Generali of various tribunals regarding trials where Allied interests are concerned; transmission of petitions from persons convicted of War Crimes for consideration by the appropriate authorities, and correspondence with Procuratore Generale Militare. Considerable work is given to this Branch in the preparation of memoranda requested by the Ministry of Justice for the release of A.M.G. prisoners on conditional liberty.

PUBLIC SAFETY SUB-COMMISSION

4. The month passed without any serious incidents in Italian Government Territory. There were a number of minor demonstrations in consequence of unemployment and high cost of living, but public order was restored in every case without drastic measures being taken by the Police Forces.

5. In UDINE public order was tranquil throughout the month, but in VENEZIA GIULIA serious disturbances occured almost daily during the first half of July. The trouble arose when Jugoslavs demonstrated against an Italian cycle race, interfering with the cyclists near MONFALCONE on 30 June 46. Counter demonstrations in TRIESTE by Italians led to a general strike being declared which lasted until 12 July. In the meantime demonstrations by both Italians and Jugoslavs occurred daily. The VENEZIA GIULIA Civil Police were reinforced by American and British Military Police and although at times hard pressed, they kept the situa-

Declassified E.O. 12356 Section 3.3/NND No. 785017

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3. Review of all AFI sentences continued. The Italian Branch was active during the month of July, and among the legal matters which necessitated dealings with the Ministry of Justice and other Italian authorities may be listed:

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DISPLACED PERSONS

6. Reference Monthly Report of HQ., Allied Commission, for Month of May 1946.

The second sentence of para 8, page 23 of a/m report reads as follows, "The handover to UNRRA of Displaced Persons Camps is now completed".

Declassified E.O. 12356 Section 3.3/NND No. 745017

Please amend to read, "The handover-to-UNRRA of Displaced Persons Camps is now partially completed."

7. The UNRRA/SACMED agreement was signed during the month and becomes effective on 1 August 46. As a result of theis agreement, complete resposibility and the administrative control for Camps and other installations maintaining displaced persons eligible for UNRRA care is transferred from Allied Commission to UNRRA. The initial exchange of acceptable and non-acceptable displaced persons between UNRRA Camps and Camps retained by Allied Commission was completed.

8. Approximately 1,500 POLES (Military and Civilian) were moved from ITALY to the UK by rail. Only specified categories of POLES will be eligible to be moved as dependents of members of POLCORPS to the UK. The position of Italian wives of Polish troops was under discussion.

9. As a result of continued endeavours the GERMAN Camp at BOLZANO was handed over to the Italian Authorities on 31 July 46. The prospects of the early repatriation to GERMANY of the inmates did not appear to be any nearer.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 735017

PART [illegible]

FOOD & AGRICULTURE BRANCH

1. The wheat situation throughout July was unusually favorable inasmuch as stocks in hand were considerably above immediate requirements. Receipts from local sources and from imports during the month were much greater than consumption. As a result the month ended with stocks on hand of almost a million and a half tons of wheat or sufficient to support the present bread and pasta ration of 250 grams and 2000 grams respectively for 120 days. (Due to the improvement in the wheat situation, the Italian Government restored the pasta ration to 2000 grams per month on 1 July and increased the bread ration to 250 on 10 July.)

2. Much progress was made during the month by the Italian Government in repaying food loans to British S & T on the account of Midshift Meals. All loans other than flour were repaid up to 30 June. Advances of meat, sugar, lard, dried vegetables and dried soup were made to the British Army to supply Displaced Persons Camps under the supervision of Allied Commission.

3. The arrival of two wheat and one flour ships during July placed UDINE and VENEZIA GIULIA in a relatively good position in respect to these commodities. Amassing results were good in UDINE and supplies of wheat were sufficient to maintain the bread and pasta rations in that Province until 20 January 1947. The corresponding date for VENEZIA Giulia, 27 September 46, while not so distant as that of UDINE because of much smaller local production, is satisfactory.

4. Good weather for harvesting and threshing prevailed during July in all parts of ITALY except the extreme Northern Provinces where local rains interfered to some extent with these operations. Seasonally dry weather was experienced throughout central and Southern ITALY and approached drought conditions in so far as the production of green vegetables and fodder were concerned. However there was no serious concern evident. Reports on Wheat yields were very satisfactory although no final figures on production are yet available. The estimated total production is 5,976,220 tons but it will probably be raised to over 6,000,000 tons after all figures are received. Corn (maize) gave promise of a heavy yield due to favourable weather conditions. Most of the hemp in the Southern Provinces was cut and the lifting of sugar beets commenced. Wheat amassing continued satisfactorily in most Provinces except in the South where deliveries were disappointing. Control measures have never been popular in [illegible] ITALY and the disappointment felt there over the referedum results has not resulted in a strong desire to cooperate with the new republican government. Total wheat collections for all ITALY as in July was 2, 386,000 tons.

5. No agricultural supplies against RA and YB or YT requisitions were received during the month. Four ships carrying such supplies were en route and due to arrive early in August.

6. Good progress was made in both UDINE and VENEZIA GIULIA in amassing the new crop of wheat. An extensive plan of reafforestation in VENEZIA GIULIA for the autumn and winter was prepared.

COMMERCE (FOREIGN TRADE) BRANCH

Declassified E.O. 12356 Section 3.3/NND No. 785017

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COMMERCE (FOREIGN TRADE) BRANCH

7. As a result of communications from Civil Affairs CAIRO and discussions held with the Italian Ministry of Foreign Trade in June, the views of the Italian Government regarding trade between TRIPOLITANIA, ERITREA, and CYRENAICA were submitted to the respective Military Administrations. The present position as regards trade between ITALY and her former Colonies is on a merchant basis. Compensation trade, never satisfactory, was dispensed with, payments being made in sterling. Imports and exports will be controlled in the same way as all other countries not having a trade agreement. Military Administrations were supplied with full information regarding the type of controls in force in ITALY and the goods they affect. Information as to controls in force in the ex-Colonies, together with lists of goods to which they refer were requested for onward transmission to the Italian Government. This information will be published in the Foreign Trade Information Bulletin so that Italian merchants may acquaint themselves with the conditions

Declassified E.O. 12356 Section 3.3/NND No. 785017

under which trade can be conducted. One point awaiting clarification was that of Customs procedure. The Italian Preference system for the areas under consideration remains in force and the Italian Government wishes to know whether the reciprocal system can be maintained.

8. During the month several requests were received from the Italian Government regarding the import from GERMANY of special items such as steel and alternators for the MONTECATINI electrical plant under construction at GLORENZA. These requests were passed on to the appropriate Allied Authority in GERMANY and replies are awaited.

INDUSTRY & UTILITIES BRANCH.

9. Considerable success was achieved during the month in the derequisitioning or partial release of numerous industrial premises including a tobacco warehouse, a grain warehouse, a wire and nails plant, a printing firm and a textile plant. Little progress was made in the areas occupied by 13 Corps or the Base depots of NAPLES and LEGHORN and the question was taken up with AFHQ from whom a reply is awaited.

10. The coal situation throughout ITALY showed considerable improvement. Shipments from the U.S. were resumed and arrivals from the RUHR totalled approximately 100,000 tons. Approximately 514,000 tons of imported coal from all sources arrived during the month compared with 135,000 tons last month. SARDINIAN coal production for the month was 95,514 tons, an increase of 17,539 tons over June. Lignite production continued at about 160,000 tons per month (the equivalent of 64,000 tons of hard coal-. Final arrangements for the purchase of 15,000 tons of POLISH coal by UNRRA for ITALY were made.

11. The distribution of petroleum products was interrupted during the month by a sudden strike of C.I.P. employees at GENOA on the 15th and which, by next day, became effective over the whole country. During the period of the strike incoming tankers were discharged with one exception. The strikers did not interrupt deliveries to the Allied Armed Forces nor to British and American Embassies, but all Italian and other categories of civilian Consumers including UNRRA were unable to obtain supplies of POL. The Italian Government after being unsuccessful in making the CGIL call off the strike issued an order placing all the petroleum installations under Italian Military control and calling on, under penalty of fines and imprisonment for refusal all key personnel to distribute P.O.L. to essential services and to UNRRA. The Government again took up negotiations with the strikers' representatives and an agreement was reached late on Saturday 20 July. The critical situation which existed in June in heavy motor lubricating oils improved during the month.

12. No important generating units were restored to service during the month. However, a 12,000 KW unit at the natural steam plant in the LARDARELLO area and a 10,000 KW unit at PESCARA are due to be restored and begin production in the early part of August. These machines will furnish power to the CENTRAL and SOUTHERN ITALY grids. Due to an estimated deficit of 13% electric power requirements brought about by the drought conditions which affected stream flow plants, the Central Commission for the distribution and Utilization of Electric Power of the Italian Government issued a formal order directing that all consumers, with certain exceptions, reduce their consumption of power in August by 15% of their June consumption. The classes of customers to be exempted are electric traction, hospitals and similar institutions, food preservation industries, water systems, bonifiche, and power companies. It

Declassified E.O. 12356 Section 3.3/NND No. 785017

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TRANSPORTATION & SHIPPING BRANCH

13. There was a heavy increase in rail passenger traffic during the month, especially to sea and mountain resorts. This made the scarcity of passenger stock felt more acutely. Many new services were introduced and numerous bi and

4802

Declassified E.O. 12356 Section 3.3/NND No. 785017

tri-weekly services were increased to daily services. A new fast service between ROME and MILAN was introduced, the journey being timed for 12,05 hours.

14. There was a general increase in freight traffic especially at the ports, due to arrival simultaneously of grain and coal cargoes. The average port loadings during the month were 1457 wagons of which 565 were coal and 183 grain. During the last fortnight average daily loadings were 2000 wagons . The demand for wagons far exceeded the supply and the situation was critical.

15. Electrification was completed on a total of 64 kilometers and direct communication resumed between BOLOGNA and PADUA.

16. The Italian Government agreed to become a party to the international agreement of fuel coupons. Instructions were issued at the same time to facilitate the issue of fuel coupons to foreign tourists.

CAPTURED ENEMY MATERIALS BRANCH

17. The total number of releases of C.E.M. made to the Italian Government during July numbered 141 as compared with 79 in June. Included in these releases was a large Signal Depot in LEGHORN consisting of quantities of Italian and German signal equipment of considerable value. Other releases consisted of 500 MT vehicles, 59 electric motors, 14 snow ploughs and snow clearing equipment, film processing machinery and thousands of tons of bombs and ammunition.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB-COMMISSION

1. Repatriation of Italian Prisoners of War continued to be the principal occupation of the active units of the Italian Fleet. The cruisers MONTECUCCOLI and DUCA degli ABRUZZI made a combined total of five trips to PORT SAID returning 800 prisoners on each return trip. In addition the transport MIRAGLIA, the SESTRIERE and CITTA' di ALESSANDRIA were employed in this service. The ex-hospital ship TOSCANA was employed in repatriating Italian civilians from MASSAWA. Italian minesweeping units continued to make progress in clearing the coast of mines and underwater obstructions.

2. A considerable quantity of naval materials of all kinds recovered in NORTHERN ITALY were turned over to the Ministry of Marine for the maintenance of the Italian Navy. In addition ammunition of Italian origin was returned to the Italian Navy for arsenal stocks, or to be destroyed. Three small motor launches were made available to the Ministry of Marine by the Air Forces Sub-Commission.

3. During the month, the Ministry of Marine reported that the Italian Navy's SARDINIAN coal allocation for July had been completely suspended by the Ministry of Industry and Commerce pending the results of an inspection by the latter of the Italian Navy's coal consumption with a view to attaining greater economy. Strong representation was made through UNRRA to the Italian Ministry of Industry and Commerce to obtain the allocation for the month pending the completion of the inspection. These were successful and any deductions will be made in August. While arrangements were being completed for the supply of coal to Italian Navy Minesweepers at GENOA by UNRRA, the Ministry of Marine was able to transfer sufficient stocks of coal to GENOA for their use.

4. A representative of the Navy Sub-Commission accompanied the Demilitarization Committee to the Islands of PANTELLERIA, LAMPEDUSA and LINOSA.

LAND FORCES SUB-COMMISSION

5. The total strength of the Italian Army as at the end of July was 214,604 including Carabinieri (64,120). Disbandment of Br - ITI units continued; there were only six remaining at the close of the month. Application for the disbandment of three of these was made. The remainder were employed in guarding Prisoners of War at RIMINI. Disbandment of US - ITI units was slow and behind programme.

6. Release of transport by the War Ministry continued to be unsatisfactory. Figures based on the new reduced war establishment showed that Carabinieri were in possession of 65% of their establishment.

7. Carbinieri morale probably higher than at any period since the Armistice, but reports from all areas indicated a strong and growing apprehension in all quarters and among all ranks as to the future of the Corps.

8. The Medical stores at FLORENCE continued to receive stores from Central

Declassified E.O. 12356 Section 3.3/NND No. 745017

hospital ship TOSCANA was employed in repatriating Italian civilians from MASSAWA. Italian minesweeping units continued to make progress in clearing the coast of mines and underwater obstructions.

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3. During the month, the Ministry of Marine reported that the Italian Navy's SARDINIAN coal allocation for July had been completely suspended by the Ministry of Industry and Commerce pending the results of an inspection by the latter of the Italian Navy's coal consumption with a view to attaining greater economy. Strong representation was made through UNRRA to the Italian Ministry of Industry and Commerce to obtain the allocation for the month pending the completion of the inspection. These were successful and any deductions will be made in August. While arrangements were being completed for the supply of coal to Italian Navy Minesweepers at GENOA by UNRRA, the Ministry of Marine was able to transfer sufficient stocks of coal to GENOA for their use.

4. A representative of the Navy Sub-Commission accompanied the Demilitarization Committee to the Islands of PANTELLERIA, LAMPEDUSA and LINOSA.

LAND FORCES SUB-COMMISSION

5. The total strength of the Italian Army as at the end of July was 214,604 including Carabinieri (64,120). Disbandment of Br - ITI units continued; there were only six remaining at the close of the month. Application for the disbandment of three of these was made. The remainder were employed in guarding Prisoners of War at RIMINI. Disbandment of US - ITI units was slow and behind programme.

6. Release of transport by the War Ministry continued to be unsatisfactory. Figures based on the new reduced war establishment showed that Carabinieri were in possession of 65% of their establishment.

7. Carabinieri morale probably higher than at any period since the Armistice, but reports from all areas indicated a strong and growing apprehension in all quarters and among all ranks as to the future of the Corps.

8. The Medical stores at FLORENCE continued to receive stores from Central MEDITERRANEAN, MIDDLE EAST and EAST AFRICA Commands and from MERANO.

PRISONERS OF WAR.

9. A total of 31,036 POW were repatriated during the month. (30,243 from British hands and the remainder from other sources). Two ships were allotted to repatriate 1,100 sick PW and PW from AUSTRALIA whose early return was requested on compassionate grounds. These ships are scheduled to leave FREMANTLE 3 August. Further efforts were being made to obtain ships in order that mass repatriation might begin.

4301

Declassified E.O. 12356 Section 3.3/NNB No. 785017

AIR FORCES SUB-COMMISSION

10. The number of Italian Air Force personnel employed with RAF and USAAF Units decreased during the month, the total remaining being 3,313 (1385 with the USAAF and 1928 with the RAF). The total strength of the Italian Air Force as at 1st July was 27,598 (3,255 officers, 24,324 other ranks). The present system for the reduction in strength of the I.A.F. caused considerable comment. The general feeling was that the Committee carrying out the reductions was incompetent and that the wrong type of person was being retained for service. There were also numerous press attacks on recent promotions and retirements of certain senior officers. The majority of these attacks were malicious and without foundation. However a number of Colonels were promoted to Generals to afford them better pensions on retirement.

11. During the month approximately 500 Prisoners of War of the IAF were repatriated. 400 of these were discharged from the Service, the remaining 100 being sent to Reception Depots. The total numbers of war Casualties in the I.A.F. between the 10 June 1940 and 8 May 1945 were reported to be 3,010 killed in action and 3,330 missing.

12. Many difficulties were experienced through lack of resource and credit. Firms were reluctant to supply shoes, clothing, materials etc. until cash accompanied the order. New economy measures were being introduced and recommendations made for sale of certain items to obtain funds for the purchase of other items.

13. A conference was held at the Airfield on SARDINIA which was attended by representatives of the Allied Forces as well as Italian Air Ministry officials for the purpose of ascertaining the extent that RAF personnel could be replaced by Italian on the station and to consider whether it would be practical to withdraw all RAF personnel and hand the entire manning of the station over to the I.A.F. It was eventually recommended that an RAF nucleus be retained, to reduce British personnel gradually and replace such personnel by I.A.F. personnel. The situation is to be reviewed in 3 months.

14. A total of 42 airfields were derequisitioned by the USAAF during the month and returned to the Italian Air Ministry with authority to convert them to agriculture.

15. Approval was granted in principle for FRENCH Airlines to operate on the Routes PARIS - MILAN - ROME, PARIS - ROME - TURIN and PARIS - VENICE - BALKANS. It is not expected that these services will operate for several months. The operation of a SPANISH Civil Airline was approved in principle and proposed routes were submitted. This line was expected to commence operations during August. A request was also received from a SWEDISH Airline Company for an increase in schedule from twice monthly to once weekly. On 23rd July a B.O.A.C. passenger aircraft landed at MILAN to conclude ultimate arrangements for the forthcoming service between ENGLAND and ITALY due to commence on 1 August.

16. Four new reporting stations were opened during the month bringing the total of Italian Meteorological stations to 139. The Italian delegation to the International Meteorological Organization Conference in PARIS returned. The main themes developed were the collection and distribution of meteorological information and the standardization of [illegible]

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Declassified E.O. 12356 Section 3.3/NND No. 785017

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COMMUNICATIONS SUB-COMMISSION

17. Five frequency radio allocations were made for use of commercial companies and one frequency allocation was made for the ROME Area police net. The commercial circuits included ROME-MILAN, ROME-NEW YORK, ROME - ISTANBUL. The latter circuit will operate on a time sharing arrangement with the ROME - CAIRO and BEIROUT circuit.

18. Permission was granted to ITALCABLE to extend to Saturdays and Sundays a commercial radiotelephone service to CANADA, CUBA and MEXICO with existing facilities. This was possible mainly because of a decrease in military traffic.

Declassified E.O. 12356 Section 3.3/NND No. 783017

A radiotelegraph circuit between ITALCABLE in ROME, and MACKAY RADIO & TELEGRAPH Co. in NEW YORK was opened on frequencies previously allocated. A telegraph circuit was opened between TRIESTE and PRAGUE.

19. Systematic improvements to the telecommunications system were accomplished and further improvements authorized during the month. Fixed plant facilities were also improved. Plans were completed for a trial handover of military lines and circuits between ROME and NAPLES.

20. A 5000 line commercial automatic telephone exchange was approved and materials assembled for installation in UDINE.

21. ITALCABLE was authorized to recover unused portions of the ROME-MESSINA submarine cable for use in repairing other submarine cable.

22. The major portion of the NAPLES FERROVIA sorting office was handed back to the Civil Postal authorities by the British Army Post Office which will facilitate the Ministry's proposal to reintroduce internal Parcel Post Service in August. Censorship of correspondence in ZONE "A" addressed to Zone "B" was introduced during the month in an effort to overcome the smuggling of currency. Civil mail from ITALY to HUNGARY was suspended temporarily owing to difficulties with Control Commission.

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Chief Commissioner

4884

Declassified E.O. 12356 Section 3.3/NND No. 785017

APPENDIX "A"

The names of the ministers in the new De Gasperi Government were announced on 13 July. The list is as follows, the last column showing the corresponding ministers when De Gasperi formed his last government in December 1945 :

MINISTRY	NAME	PLACE OF BIRTH	DATE OF BIRTH	
President	A. DE GASPERI (CD)	Trento	1881	A.DE GASPERI (CD
Without Portfolio	P. NENNI (Soc)	Faenza	1891	P. Nenni (Soc)
Agriculture	A. Segni (CD)	Sassari	1896	F. Gullo (Com)
Air	M.Cingolani (CD)	Rome	1883	M.Cevolotto(Lab. Dem.)
Education	G. Gonella (CD)	Verona	1905	E.Mole' (LAb Dem
Foreign Affairs	A. De Gasperi (CD) (Interim)	Trento	1881	A. DE GASPERI(CD
Finance	M. Scoccimarro (Com)	Udine	1895	M.Scoccimarro(Co
Foreign Trade	P. Carpilli (CD)	Frascati	1891	
Industry &Comm.	R. Morandi (Soc)	Milan	1902	G. Gronchi (CD)
Interior	A. De Gasperi (CD)	Trento	1881	R. Romita (Soc.)
Justice	F. Gullo (Com)	Cosenza	1889	P. Togliatti(Com
Labour	L. d'Aragona (Soc)	Cernusco (Milan)	1876	G. Barbareschi (Soc
Merchant Navy	S. Aldisio (CD)	Gela	1890	
Navy	C. Micheli (CD)	Parma	1896	R. De Courten (Ind)
Posts & Telegraphs	M. Scelba (CD)	Caltagirone	1901	M. Scelba (CD)
Postwar Relief	E. Sereni (Com)	Rome	1907	L.Gasparotto (Lab.Dem.
Public Works	G. Romita (Soc)	Tortona	1887	L. Cattani(Lib)
Transport	G. Ferrari (Com)	Parma	1887	R. Lombardi (Action)
Treasury	E. Corbino (Ind)	Augusta	1890	E. Corbino (Lib)
War	C. Facchinetti (Rep)	Milan		M. Brosio (Lib)
Without Portfolio	C. Macrelli (Rep)	Romagnolo	1903	E. Lussu (Action)

Declassified E.O. 12356 Section 3.3/NND No. 785017

Agriculture	A. Segni (CD)	Sassari	1896	F. Gullo (Com)
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Declassified E.O. 12356 Section 3.3/NND No. 785017

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APO 794

MONTHLY REPORT

JUNE - 1946

Ref.: 824/EC

12 August 1946.

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APO 794
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MONTHLY REPORT

JUNE - 1946

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HEADQUARTERS, ALLIED COMMISSION
APO 794

MONTHLY REPORT

JUNE - 1946

INDEX

		Page No.
	POLITICAL SUMMARY	1 - 3
PART I	AMG AND LIAISON GROUP REPORTS	4 - 16
	Liguria Region	4
	Lombardia Region	4 - 5
	Piemonte Region	6 - 7
	Venezia Region	7 - 8
	Naples, Campania and Calabria	8 - 9
	Bari and Puglie and Marche	9
	Emilia Region	9 - 10
	Bolzano	10 - 11
	Abruzzi and Lazio	11 - 12
	Rome City and Province	12
	AMG Udine Province	13
	AMG Venezia Giulia	13 - 16
PART II	CIVIL AFFAIRS SECTION	17 - 18
	Local Government Sub-Commission	17
	Legal Sub-Commission	17
	Public Health Sub-Commission	17
	Public Safety Sub-Commission	17 - 18
	Displaced Persons Sub-Commission	18
PART III	ECONOMIC SECTION	19 - 21
	Food and Agriculture Branch	19
	Commerce (Foreign Trade) Branch	19
	Industry and Utilities Branch	20
	Transportation and Shipping Branch	20 - 21
	Captured Enemy Materials Branch	21
PART IV	INDEPENDENT SUB-COMMISSIONS	22 - 23
	Navy Sub-Commission	22
	Land Forces Sub-Commission (MELA)	22
	Prisoners of War Division	22
	Communications Sub-Commission	22 - 23

Declassified E.O. 12356 Section 3.3/NND No. 785017

MONTHLY REPORT

JUNE - 1946

INDEX

		Page No.
	POLITICAL SUMMARY	1 - 3
PART I	AMG AND LIAISON GROUP REPORTS	4 - 16
	Liguria Region	4
	Lombardia Region	4 - 5
	Piemonte Region	6 - 7
	Venezia Region	7 - 8
	Naples, Campania and Calabria	8 - 9
	Bari and Puglie and Marche	9
	Emilia Region	9 - 10
	Bolzano	10 - 11
	Abruzzi and Lazio	11 - 12
	Rome City and Province	12
	AMG Udine Province	13
	AMG Venezia Giulia	13 - 16
PART II	CIVIL AFFAIRS SECTION	17 - 18
	Local Government Sub-Commission	17
	Legal Sub-Commission	17
	Public Health Sub-Commission	17
	Public Safety Sub-Commission	17 - 18
	Displaced Persons Sub-Commission	18
PART III	ECONOMIC SECTION	19 - 21
	Food and Agriculture Branch	19
	Commerce (Foreign Trade) Branch	19
	Industry and Utilities Branch	20
	Transportation and Shipping Branch	20 - 21
	Captured Enemy Materials Branch	21
PART IV	INDEPENDENT SUB-COMMISSIONS	22 - 23
	Navy Sub-Commission	22
	Land Forces Sub-Commission (MMLA)	22
	Prisoners of War Division	22
	Communications Sub-Commission	22 - 23
	Air Forces Sub-Commission	23 - 24

CONFIDENTIAL

Declassified E.O. 12356 Section 3.3/NND No. 785017

Declassified E.O. 12356 Section 3.3/NND No. 785017

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POLITICAL SITUATION

1. The elections were held throughout ITALY except in VENEZIA GIULIA and BOLZANO Province on June 2nd and 3rd. According to all reliable accounts they passed off without incident. The poll was particularly heavy and abstentions were low. Voting was conducted with a dignity and a clear determination on the part of the voters to prove to the world that in their first ostensible step towards democracy the people of ITALY were able and willing to play their part. The rumours and counter rumours of widespread incidents during and after the elections were proved to be unfounded: the threatened 'coups d'état' and 'coups de main' did not take place. Even during the critical week of controversy between the Royal House and the King's Ministers, the country remained calm - though intensely interested.

2. Politically the results of the election brought a great surprise. The Christian Democrats were supported by 35.2% of the voters; the Socialists and Communists came next with 20.7% and 18.9% respectively. The National Democrats, Uomo Qualunque (which perhaps was a surprise packet) and the Republican Party, all obtained a million votes, while the other parties had but negligible success.

3. Appendix "A" gives a complete review of the Election results.

4. The Referendum, of course, caused far more difficulty and heart burning. It was generally expected, before the polls, that the result would be very close, but there seems to have been lack of foresight on the part of the Government as to how to deal with inevitable irregularity and hair splitting which would take place in this event.

5. Immediately prior to the elections on June 1st, King UMBERTO made a statement expressing sympathy with the voters' personal attempt to do his duty in the crucial and he absolved his pledge to accept the results of the Referendum calling upon the supporters of the Monarchy also to respect "the decision of the majority without reservation". He then went on to say that should the Referendum show that the majority of the people were in favour of the Monarchy, he pledged himself that as soon as the Constituent Assembly had accomplished its task, the Italian people would again be given the opportunity to express their views on the institutional question in such form as the representatives of the people might agree. By that time feelings would have calmed down and the people would have time to make a mature choice.

6. The early results of the Referendum soon began to trickle out and by June 5th it became increasingly clear that the Republic would win by a narrow margin. The Queen and the royal children left ITALY on June 5th by H.M. cruiser for PORTUGAL and from that time onwards there was much speculation and indeed controversy as to the position of the King. Victory having already been unofficially conceded to the Republic many thought that the King would and should leave for PORTUGAL forthwith.

7. The trouble was that the results of the Referendum, together with appeals, had to be scrutinised by the Supreme Court of Cassation who, by law, were required to finish their labours by June 17th. In fact it was hoped that they would have finished by June 10th. Not, however, until June 10th did the Court make any utterance and then produced only an interim report.

8. On June 6th it became known that certain groups of Monarchists had entered protests against the legality of the Referendum claiming that according to Decree Law No. 98 of [illegible] 16th [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4. The Referendum, of course, caused far more difficulty and heart burning. It was generally expected, before the polls, that the result would be very close, but there seems to have been lack of foresight on the part of the Government as to how to deal with inevitable bickering and bitter splitting which would take place in this event.

5. Immediately prior to the election on June 1st, King Umberto made a statement expressing sympathy with the voters' perplexities in the difficult decision he had to make and pledged his word that whatever the result of the Referendum calling upon the supporters of the Monarchy also to respect "the decision of the majority without reservation". He then went on to say that should the Referendum show that the majority of the people were in favour of the Monarchy, he pledged himself that as soon as the Constituent Assembly had accomplished its task, the Italian people would again be called on the ordinary to express their views on the institutional question in such form as the representatives of the people might suggest. By that time feelings would have calmed down and the people would have time to make a mature choice.

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8. On June 6th it became known that certain groups of Monarchists had entered protests against the legality of the Referendum claiming that according to Decree Law No. 98 of March 16th, 1946, the Referendum should be calculated on the "Majority of voting electors". Thus, for example, if 25 million votes were cast and 2 million were found to be technically invalid, the majority in the Referendum would nevertheless have to be over 13 million rather than over 12 million. A request was also received by the Allied Commission from the head of the Italian Monarchist Union for intervention by the Allied authorities to check if not to supervise the work of the Court. The letter was forwarded to the Prime Minister for such action as he might deem appropriate and the writer was so informed.

479

Declassified E.O. 12356 Section 3.3/NND No. 785017

9. On June 10 the Court of Cassation made their interim report to the Government on the basis of almost complete returns. The report concluded that the Court would pass final judgment on the protests and claims before complete results of the referendum were proclaimed. The Council of Ministers thereafter immediately issued a communique stating that the Council had taken note of the Court's findings which indicated a majority favouring the Republic, calling upon all Italians to preserve calm and order and declaring June 11 a national holiday in honour of the Republic. The interim report of the Court, however, led to a most unfortunate situation, inasmuch as three members of the Government of Republican tendencies decided the Republic to be proclaimed immediately on the basis of the Court's interim report, while the King was not convinced that it was proper for him to transfer the powers to the Provisional President of the Republic until the definite findings of the Court had been received. The King proposed the appointment of Signor DE GASPERI as his Lieutenant General since under Decree Law No. 98 Signor DE GASPERI would automatically assume the functions of Chief of State on the final proclamation of the Republic. Under this proposal the King thereby to retire to the country until the Court's final decision was known. The Government asked the King to set forth in detail the manner in which he proposed to appoint the Lieutenant General and the powers which he would assign to him. The King's formal reply came on June 12 in a letter to the Prime Minister which was simultaneously published in Rome newspapers confirming his willingness to await the decision of the majority of Italian electors and concluding with the statement that he was sure that he and the Government could continue their cooperation for the sake of Italian unity. The Government, after three meetings during the day, took a different view of the situation and issued a communique early on June 13 in which it adopted the position that the interim report on the Referendum by the Court had automatically established a transitional regime and that as a result thereof, the functions of the Chief of State fell automatically to the President of the Council of Ministers. During these negotiations the King made a sudden and secret decision to leave Italy. He left the ROME airport at 5 o'clock on the afternoon of June 13 by Italian aircraft, joining his wife and children in PORTUGAL the next day. The first news of the King's departure from ROME was received in the Allied Commission by a telephone call from the airport one half hour after the plane took off. The destination was unknown. Shortly after 5 PM the Minister of the Royal Household informed the Chief Commissioner, Allied Commission, that the King had left ITALY. He would not disclose that the King's destination was but stated that a royal proclamation would be issued that evening. The Proclamation, released that evening, recalled the King's oft-expressed willingness to abide by the decision of the people, but stated that in view of the provisional and partial results made known by the Court of Cassation, the various protests and the question raised as to the manner of calculating the majority, the King had decided to avoid the difficult and final decision of the Court of Cassation. The Proclamation went on to say that in violation of the law, the Italian Government had recognized a "revolutionary" act by assuming powers that did not belong to it. Thus, it stated, the King was faced with the alternative of causing bloodshed or enduring violence, and in order not to become an accomplice to the illegality could not see to spare the people further suffering, he had decided to leave the country. He added that he felt it his duty as an Italian and as King to protest against the violence committed. He called on his followers to abstain from anything that would threaten the unity of the country and released all those who had sworn allegiance to the King from their oath. The King's departure was carefully concealed from the Italian Government who learned of it from other channels. A statement was issued by the Government branding the King's Proclamation as a "spiteful" document and deploring that a difficult situation, which had developed not without dignity had ended on an undignified note. The Prime Minister spoke to the nation on the same day. The Court of Cassation issued its final official report on the Referendum on June 18. According to the [illegible] final count the Republic received 12,717,923

Declassified E.O. 12356 Section 3.3/NND No. 785017

or Order of Merit on the final proclamation of the Republic. Under this pro-
posal the King intended to remain in the country until the Court's final decision
was known. The Government asked the King to set forth in detail the manner in
which he proposed to appoint the Lieutenant General and the powers which he
would assign to him. The King's formal reply came on June 12 in a letter to the
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ing that a difficult situation, which had developed not without dignity had ended
on an undignified note. The Prime Minister spoke to the nation on the same day.
The Court of Cassation issued its final official report on the Referendum on
June 18. According to the Court's final report the Republic received 12,717,923
votes and the Monarchy 10,719,284. The Court decided that the phrase in the
electoral law "majority of the electoral vote" must be interpreted as meaning a
majority of the electors who expressed themselves through valid votes. There
were approximately one million and a half invalid votes. Immediately thereafter
the Council of Ministers approved a decree establishing procedures in view of the
change in the institutional form of the state. The Italian tricolor was estab-
lished provisionally as the national flag without the Savoy coat of arms. The
Government also approved a decree dissolving the Senate and the date to the Constituent
Assembly should convene.

Declassified E.O. 12356 Section 3.3/NND No. 785017

10. The Constituent Assembly convened in ROME at Palazzo Montecitorio on June 25th. Giuseppe SARAGAT, Socialist party leader, was elected President of the Assembly. The session was opened by Signor CIANCO and the Prime Minister replied on behalf of the Government. Both speeches referred to the meeting of the Council of Foreign Ministers in PARIS and reiterated the reasons why ITALY should not be subjected to a punitive peace. The President of the Italian Republic was elected by the Constituent Assembly on June 28. The Assembly's choice by 396 out of 501 votes cast, was Enrico DE NICOLA, a Neapolitan jurist, 69 years old, with a distinguished legal and parliamentary career behind him.

11. The text of the Revised Armistice as agreed by the Four Foreign Ministers at PARIS on May 16th was officially communicated to Signor DE GASPERI on June 1st. It was intended that the agreement revising the Armistice terms should be signed by the Supreme Allied Commander and the Italian Government at the same time as two supplementary agreements between the UNITED STATES and ITALY and the UNITED KINGDOM and ITALY respectively regarding the maintenance of Allied troops in ITALY.

12. With the elections over Foreign Affairs - and in particular the deliberations and decisions of the Council of Four in PARIS claimed the anxious attention of the Government, the perhaps too outspoken criticism of the Press, and the deep concern of all thinking Italians. The Prime Minister stated that the Italian community would never be able to endure even the "mutilations" and public feeling ran high over the proposed terms of the Peace Treaty. On June 29 Italians received what was clearly a shock to the majority in the decision of the PARIS Conference to uphold FRANCE's claims on the FRENCH border, particularly at BRIGA, TENDA and MONTE VISO. The Prime Minister called the news bitter and unexpected, an injustice against ITALY and a very great error against Italo-French friendship; he spoke of efforts made to prove to FRANCE that democratic ITALY had repudiated Mussolini's aggressive policy - "ITALY renounced her privileges in TUNISIA - undertook to repair ten French ships sunk in Italian waters - signed a commercial agreement extremely considerate of French requirements - and declared that she was ready to give to FRANCE the upper ELBA and VESUBIO VALLEYS, CLAVIERES and the STRETTA VALLEY and the LANZO ST. BERNARD PASS. For MONTE VISO she proposed an Italo-French cooperation for the common use of water power resources". Newspaper articles were violent and somewhat hysterical.

13. The Amnesty Decree was approved by the Council of Ministers on 21 June and consisted of 14 articles, granting amnesty for political crimes committed between the date of the Italian liberation, 25 May 1945 and 18 June 1946, for all common offences punishable with imprisonment not exceeding 5 years and a remission of 5 years for longer sentences. It also included political offences committed after 8 September 1943 even if punishable with longer sentences. As for fascist crimes, death sentences will be commuted to life imprisonment, and longer sentences will be reduced by one third. The amnesty will not apply to premeditated murder, criminal conspiracy, corruption of public officials, crimes against the Allied Forces etc. It applied to fascist political crimes and to collaboration with the enemy only if the offences did not have an "elevated responsibility of civil or military command", and did not participate in massacres, atrocities, murders etc. The question of the application of the amnesty to offences against Allied Forces is under consideration.

Declassified E.O. 12356 Section 3.3/NND No. 735017

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4797

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - LIAISON GROUP REPORTS.

LIGURIA REGION.

1. The elections took place in an atmosphere of complete calm and no incidents occurred in the whole of the Region. The results were awaited with great interest but were received with little comment and no demonstrations. Following the elections the general feeling amongst the population was the desire to cooperate and work towards reconstruction. Great disappointment was felt at the decisions of the Foreign Ministers in PARIS. Little local partisanship was apparent in the Italian zone along the ITALO-FRENCH Border; it appeared to be generally accepted that FRANCE would receive concession of the TENDA-BRIGA area.

2. Police agencies in the Region functioned reasonably well under the difficult conditions prevalent during the month and all arms of the police acquitted themselves excellently during the elections. Public order was satisfactory, any serious crimes being largely redeemed by prompt arrests of the persons responsible. Crime statistics showed a general decrease over the previous month. The prison situation was satisfactory.

3. There was an increase in unemployment figures, the largest section was that of the industrial workers where unemployed increased 1,250 during the month. The total registered unemployed in LIGURIA was 39,914, total increase during the month being 3,559.

4. The food situation remained unchanged. Fruit continued to be plentiful as did fresh fish. The cost of living increased slightly. The Region had sufficient flour to maintain the bread ration until 12 July and a shipment of flour was expected on 7 July. Weather conditions were wet and stormy during the month, causing damage to potato and fruit crops and hay cutting was retarded. However, the general agricultural situation was good and harvesting had begun in the coastal areas.

5. Goods unloaded in the Port of GENOA during the month totalled 311,684 tons. Work on rail junctions, lines and tunnels proceeded satisfactorily

6. A group of illegal Jewish immigrants attempted to sail from VADO LIGURE during the month and although their attempt was successful, experiences gained by the Italian Police Agencies in a former similar instance were used to the full.

(For a complete summary of this occurrence see Page - "Displaced Persons".)

LOMBARDIA REGION.

7. The elections on 2 June were carried out in an orderly and somewhat restrained manner; no serious incidents occurred apart from a hand grenade thrown into the offices of "LA STAMPA", a prominent independent newspaper; no one was injured. Although the Republic obtained a strong majority in the Region there was no reaction by the Monarchists and they appeared to take their defeat in an attitude of tranquillity. There was no indication that the initial stages of the ...y Government would be disturbed by political disorders or attempts to restore the Monarchy. Both Republicans and Monarchists were collaborating closely with the sole purpose of ensuring the reconstruction of ITALY. It had been the opinion of the majority that FRANCE and ITALY would

Declassified E.O. 12356 Section 3.3/NND No. 785017

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8. The general opinion as regards the Carabinieri was that this, the most efficient of the police forces, should be accepted by the new Government. Lack of adequate transport continued to hamper their complete efficiency and they continued to be in need of more official and public support than they were receiving. The Carabinieri appeared to be prepared to do their best for the Republic.

Declassified E.O. 12356 Section 3.3/NND No. 785017

9. On 23 June a demonstration took place in the early morning in MILAN at the Camera del Lavoro with the intention of provoking a one hour strike of all workers as a sympathetic gesture towards unemployed war veterans; an additional grievance of the workers was that they were not receiving the usual daily subsidy. Their proposals were not considered so the demonstrators marched to the centre of the city where they were charged by Auxiliary Agents with truncheons. This incident caused such public comment that the Prefect intimated that by 10 July all private concerns must engage unemployed war veterans in the proportion of 8% of their total personnel. The problem of the daily subsidy was remedied by the supply of extra funds. Relations between Allied military and civilians continued to be good. The CC.RR carried out numerous arms raids and recovered considerable quantities of arms and ammunition. Approximately 50 arrests were made in this connection.

10. Temperamental weather throughout the month seriously hampered wheat threshing operations. However, the estimated yield of 550,000 tons for LOMBARDIA was expected to materialise. Amassing had begun in most Provinces and official figures gave an approximate total of 40,000 tons in the Granai del Popolo on 28 June. This is considered very satisfactory and no difficulty is expected in reaching the target estimate of 212,980 tons by the end of July. Approximately 10,000 tons of soda and ammonium nitrate were distributed during the month and a further 3,000 tons is expected. POL and coal for threshing operations were arriving satisfactorily.

11. Three exhibitions were opened during the month - toy, furniture and reconstruction - the two former being open to the trade only. The latter which is to tour all the principal cities in ITALY was visited by 150,000 people; it created considerable interest and many orders were taken by the exhibitors. A delegation of Russian engineers arrived in MILAN during the month to visit the major industrial plants in LOMBARDIA to ascertain the potentiality of Italian industry and to see what possibilities there are of completing orders for the Soviet Union. The total number of unemployed as at the end of the month was 240,000; 215,000 were classified as industrial workers.

12. 50 Public Works projects were approved during the month, mainly road works. There was an adequate supply of cement for rebuilding, but only 5% of the required amount of bitumen for road works was available.

13. The situation at NOVARA was relieved slightly by the evacuation of 800 people to BELGIUM through the medium of the Belgian Government. Several hundred displaced persons were still awaiting repatriation to FRANCE; some of these refugees (who are Italians resident in FRANCE) have been living in camps for nearly a year and no definite decision has yet been given by the French Government.

14. The health of the population remained good and there were no serious outbreaks of epidemics though a slight increase in infantile paralysis was noted in MILAN Province.

15. Law Courts functioned slowly due to inadequate staff and the increased amount of work entailed by the trials of ex-Fascists and by the amnesty. MILAN's biggest political trial, that of KOCH and 50 others, opened on 29 June. The decision to allow the accused to go about free until called upon to give evidence created an uproar in the Court among members of the

Declassified E.O. 12356 Section 3.3/NND No. 735017

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16. Many of the schools commenced their summer vacations but in a few others teachers were on strike in an effort to increase their wages. There were no apparent staff shortages and the supply of books was adequate, although text books remained expensive.

17. General Mark CLARK visited MILAN on 27 June to decorate ex-partisan leaders with the "Bronze Star". Ex-partisan leaders sent a telegram to President TRUMAN recalling their long struggle at the side of the Allies and, in the name of their 60,000 dead and wounded asked for the President's intervention in order to obtain for ITALY a just and generous peace.

Declassified E.O. 12356 Section 3.3/NND No. 785017

18. The elections, after much intense and noisy propaganda by the various parties, were held in an atmosphere of calm solemnity. No incidents of any kind marred the disciplined behaviour of the people throughout the entire region. Following the declaration of the victory of the Republic, ceremonies were held in TURIN and other Provincial cities to inaugurate the advent of the Republic. These were well attended by the citizens generally and no untoward incidents occurred. The decisions of the Council of Foreign Ministers in PARIS regarding the fate of BRIGA, TENDA and MONCENISIO, came as agreat blow to the bulk of the population of PIEMONTE and more particularly to the pro-Italian inhabitants of these Communes. The impression left in the minds of the inhabitants of BRIGA and TENDA following the recent visit of the Allied Commission of Enquiry, was that the Commission generally was in favour of the Italian claims to these territories. The decision of the Ministers came, therefore, as a shock. The immediate reaction was expressed in pained surprise that FRANCE should have made the request, followed by expressions of anti-French sentiments. Anti-Anglo/US sentiments were also expressed. However, the inhabitants behaved with calm and no untoward incidents occurred. At MONCENISIO feelings were much less tense although a similar atmosphere maintained. There was much more general concern expressed over the ultimate fate of TRIESTE. There was a considerable improvement in the situation in the AOSTA VALLEY where since the elections calm has prevailed. The Regional press reported reasonably objectively on the conduct of affairs in PARIS but there was a lively feeling of betrayal by the Allies of promises made during the war, of short memory, lack of appreciation of the efforts made by ITALY to redeem her Fascist past, and a general feeling that ITALY could not have been treated much worse if she had refrained from co-belligerency. There were no signs of neo-Fascist activities.

19. Public order during the month was excellent. No political crimes were reported and there were no demonstrations or disorders involving violence. There was a slight increase of highway robbery and homicides. Crime generally, however, was on the decrease and numerous good arrests were made. The Carabinieri carried out their duties efficiently and are fast regaining the esteem and confidence with which they were once held in ITALY. No change occurred in the status of the Railway Police but some very good work was done by this despised body in bringing numerous black market cases to light by their efforts.

20. The cost of living remained about the same with a tendency to increase. The price of fresh fruit, much of which was damaged by excessive rain, remained very high. Flour rose in price and there were many complaints as to the poor quality of the bread issued. Prices of butter, oil, milk and wine showed a tendency to decrease. Harvesting of hay was retarded and in some cases ruined by the torrential rain which prevailed in the Region. The harvest of rice was very promising although cultivation was put back by industrial disputes in the rice fields which have subsequently been settled. Chemicals, particularly phosphates, were in very short supply but insecticides were becoming more plentiful. Hail storms caused some damage to crops particularly the CUNEO-SALUZZO area. Unemployment remained widespread throughout the Region although in the BIELLA (wool and cloth) district, factories were working full time and were employing extra hands. Coal continued to be the great need in the factories. FIAT stated that they had all the steel, etc., which they require to allow them to go into full production but their great deficiency is coal. This firm, which is the heart of TURIN, was turning out 40% of its pre-war production. Much hope was centred in the recent negotiations with BELGIUM for the

Declassified E.O. 12356 Section 3.3/NND No. 785017

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21. Bad weather and insufficient supplies of cement retarded public works but roads showed a definite improvement. Work on the road tunnel to TENDA proceeded slowly due to the political situation although road work and bridge building in the TENDA zone itself proceeded apace. The electric power situation was good due to the abundant heavy rain. Some anxiety was

Declassified E.O. 12356 Section 3.3/NND No. 785017

felt regarding the power stations at BRIGA, TENDA and MONCENISIO, and their probable control by the French.

22. The Displaced Persons situation at NOVARA was eased somewhat by the repatriation to BELGIUM of a number of Belgian refugees. A barracks at RIVOLI was requisitioned on behalf of UNRRA with accommodation for 11,000 persons.

23. Public Health in the Region was good, no serious epidemics being reported during the month. A large number of tubercular cases continued to be reported.

24. The amnesty decree had a good effect in reducing the overcrowded prison population by about 20%. More attention was given to prisoners being held without trial and the numbers of these were also being decreased. The amnesty decree was received with mixed feelings by the population and some disquiet was expressed at the release of certain types of prisoners.

VENEZIA REGIONE

25. The elections were carried out in good order throughout the Region and although rumours were circulated relative to irregularities, no outstanding incidents were observed. The interest of the population was centred mainly on the international situation and the PARIS Conference. An anti-Allied feeling arose throughout the Region, fostered chiefly by the Rightist press, students and ex-partisans and "reduci". All violently denounced the Allies for having accepted ITALY as a co-belligerent and then having allegedly placed her on the bargaining counter. Much of this local feeling was fanned by some thousands of unemployed refugees from VENEZIA GIULIA who have permeated into the Region. Another factor contributing to this situation arose from the large amount of Allied military requisitioning required throughout the area. These requisitions have been kept at a minimum consistent with military requirements but the situation is more complicated in the PADOVA, TREVISO and VERONA areas due to temporary troop movements into VENEZIA GIULIA. The general attitude of the public is likely to continue unless economic conditions improve and unemployment decreases.

26. The general crime situation remained reasonably good and all civilian police agencies functioned fairly well. However, local Allied military authorities in the area were concerned over the weakness of the civilian administrative and police officials and agencies in maintaining public order. There developed a definite increase in the number of strikes particularly in the VENICE area but police made little effort to interfere when incidents arose during such strikes. In the PADOVA area there were several anti-Allied incidents yet at no time were the police able to effectively control the crowd.

27. The general food situation continued to be reasonably good although the cost of living did not change. The shops continued to be filled with foodstuffs and little effort was made to control the number of courses served in restaurants. The basic bread ration remained at 200 grams and 300 grams of rice or pasta. The general grain situation throughout the Region indicated about a third increase in both production and amassing over last year, the estimated wheat production in 1946 totalling 636,800 tons. Total unemployment figures decreased during the month to 177,698, a decrease of about 20,000 over the previous month. The industrial situation remained unchanged [illegible] the lack of coal and raw materials. The woollen mills in

Declassified E.O. 12356 Section 3.3/NND No. 745017

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4393

28. Public Works projects throughout the Region were in full operation and had considerable effect in reducing unemployment. Energetic efforts were being made by Prefects and Sindaci to push this work on as rapidly as possible.

Declassified E.O. 12356 Section 3.3/NND No. 785017

29. The month saw a tremendous increase in the number of Italians from VENEZIA GIULIA and especially POLA making their way into this Region. Communes had become so overburdened with these persons, most of whom were unable to maintain themselves or their families, that Sindaci were exerting every effort to get them placed in the Post Bellica refugee centres. Another problem was the movement by the Italian Government of families from NORTH AFRICA. These too were gradually finding their way into the refugee camps. In the PADOVA Post Bellica refugee centre there was a total of 1713 refugees and in VERONA camp a total of 413. In VENICE area Post Bellica were caring for about 1300 persons.

30. The public health situation remained good.

NAPLES, CAMPANIA AND CALABRIA.

31. The elections for the Constituente and the Referendum for the constitutional form of the State took place in a correct and orderly manner. Polling was heavy though somewhat less than for the administrative (Communal) elections and women were again much in evidence in the voting. A few minor irregularities were reported but there was nothing of a serious nature. In all constituencies except CATANZARO the Christian Democrats proved to be the most popular single party. In CATANZARO both Communists and Socialists outnumbered Christian Democrats. NAPLES, the most important centre, returned 38 Deputies of whom 13 were Christian Democrats, 8 National Democratic Union, 4 Communist and 6 Uomo Qualunque. All electoral colleges South of AQUILA, PESCARA, CHIETI and TERAMO showed a majority of votes for the Monarchy in the Referendum - a total of nearly 2½ million votes out of the overall total of 5 million votes recorded in the 9 Provinces. When the results of the Referendum became known there was great disappointment. The Monarchists staged a large demonstration when the Queen and her children left NAPLES, which, however, went off without violence although one man was killed. Subsequent to this elements of trouble became more in evidence; there were even anti-clerical incidents. The departure of King UMBERTO from ITALY on the 13 June took the tension out of the situation and the Republic appeared to be accepted. The choice of Enrico de NICOLA, a NAPLES born lawyer with (according to local reports) an unimpeachable political record, as the first President of the Republic, made a very good impression.

32. Cases of crime apart from political disturbances were less then usual. Strong measures were taken by Questore and Carabinieri to preserve order throughout this difficult period. On the evening of 11 June a fight between demonstrators and police resulted in 7 dead and 50 wounded; 17 police agents also suffered injuries. Outside NAPLES, in REGGIO DI CALABRIA, there was a demonstration with a few casualties on 12 June. Apart from political disturbances the most serious feature of the month from the public safety point of view was the number of hold-ups of cars and trucks by armed persons dressed in Allied uniforms, often in broad daylight, NAPLES, POMPEI and CAPUA being the areas affected. CALABRIA headed the murder list with 11 murders reported from REGGIO CALABRIA alone. NAPLES had the high number of 16 suicides. The behaviour and discipline of Allied troops were excellent.

33. At the beginning of the month grain and flour stocks were so low that they were reported to be sufficient only to maintain the basic bread ration of 9 oz. over the first week of the month in CAMPANIA, the position in CALABRIA being even worse. The bread ration, however, was not cut and local stocks of grain were sufficient to allow a sharp fall to take place in the price of free, or so-called black market bread in the first period of June. Threshing was well under way and reports indicated a very good harvest. On

Declassified E.O. 12356 Section 3.3/NND No. 785017

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34. At the beginning of June the Allies were still giving employment in the NAPLES area to over 33,000 Italian civilians. The British NAPLES Area alone employed 30,000.

Declassified E.O. 12356 Section 3.3/NND No. 785017

35. A strike occurred on 22 June at a flour m[illing]; other mills struck in sympathy and the MILANO bread supply was in jeopardy. The men alleged malpractice against the management and adulteration of the flour. They demanded 40 kilos of white flour a week per head (about 90 lbs of white flour a head) as their price to continue work. An investigation was ordered by the Prefect and work was resumed in all but the originating mill. Mill labourers receive each, 8 to 30 lbs of flour per head per week, apart from the normal basic rations, as part of their emoluments. Each profession in its own centre excuses this practice on the score that individually, in its own centre, the additional drain on the ration is "small".

36. Very slow progress was made under the Public Works schemes by Genio Civile. A proposal to build workers flats at BAGNOLI in which PBS (American) cooperated actively and helped by dercquisitioning the area quickly in order that the first houses could be built by the winter, remained in abeyance. After two months delay no work on this project was started.

37. Public health remained good. Typhus increased slightly as was expected, (35 cases in June as compared with 19 in May and 8 in April).

BARI AND PUGLIE MARCHE.

38. The elections and Referendum took place as scheduled in good order and the subsequent political situation remained calm. There were a few Monarchist demonstrations after the elections but these were free of outstanding incidents with one exception when some 36 persons were injured in a demonstration staged by the Communist Party. As a result of the decisions reached at the PARIS Conference public morale was low and public opinion definitely anti-Allied. The general feeling was that the promises made by the Allies during the war to the effect that ITALY might expect better treatment by throwing her lot in with the Allies were not adhered to and that ITALY's co-belligerency and aid given to the Allies against GERMANY were not being recognized; in fact nothing had been gained by assuming the status of co-belligerent.

39. Public order considering political events was extremely good. The Carabinieri and Civil Police functioned efficiently and recruiting for these services was meeting with success.

40. A very small quantity of wheat has been amassed although a good crop was harvested. Fruit an vegetables were plentiful and a satisfactory grape harvest was expected. Prices of food remained unchanged. No pasta ration was issued during the month and pressure was being exerted by all concerned to have the bread ration increased from 200 to 250 grams. The continual unemployment of "reduci" and veterans caused amiety. Demonstrations took place, but all were orderly and without incident. There were approximately 40,000 of the above category in BARI Province but a considerable number will probably be absorbed by agricultural activities during the harvest.

41. Polish Displaced Persons Camps at TRANI and BARLETTA were efficiently organised and well run, particularly as regards education and hospital facilities.

EMILIA REGION.

42. The elections and referendum passed off in an atmosphere of calm; there was much less excitement evinced than at the local elections in April.

Declassified E.O. 12356 Section 3.3/NND No. 743017

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EMILIA REGION.

42. The elections and referendum passed off in an atmosphere of calm; there was much less excitement evinced than at the local elections in April. Great interest was shown by the population as was evidenced by the heavy polling. The Communists and Socialists were victorious in this Region and the people appeared to be satisfied with the result although some disappointment was felt at the overall results of the Communist Party. Public holidays to celebrate the birth of the Republic passed without incident and symptoms that the people were tired of political excitements were discernable. The meetings of the Foreign Ministers in PARIS were followed with the keenest interest and a good deal of disappointment was expressed at the decisions reached. The unpopularity of the Allies increased and it was said that they had not kept the promises made during the war nor recognised ITALY's co-belligerency. Monarchists complained that the Allies had not helped their cause and have permitted Communism to come to ITALY while the Communists complained that the Allies were against them. Provincial administration was reasonably satisfactory. All Communal budgets showed a deficit although such taxes as were being levied were being paid.

Declassified E.O. 12356 Section 3.3/NND No. 785017

43. Public Safety conditions remained unchanged. There was a slight increase in armed robberies, a decrease in murders and an increase in kidnappings. Public order during the month was exceptionally good having regard to the excitement of the elections. The reputation of the Carabinieri was enhanced by their conduct before and during the elections, and the morale and efficiency of this force improved accordingly.

44. The general food situation was reasonably good and there was sufficient grain to last until the harvest which was expected to be very good. The amassing of the 6% of the producers allowance of the 1945/6 harvest, produced about one-third of the expected amount. There was some agitation for an increase in the bread ration and disputes continued between the land-owners and the farmers which affected the amassing. Other foods were plentiful; fresh fruits and vegetables were in abundance and quantities of fish at prices that fluctuated according to the catch. Meat was expensive. The shops continued to be well stocked with goods, particularly textiles including silk. The position of industry remained unchanged, the shortage of coal and raw materials being the main obstacles to reconstruction.

45. There was some decrease in the numbers of unemployed due to seasonable employment in agriculture but the problem remained grave. Demonstrations took place in PIACENZA and PARMA. A general strike was called in the Province of PIACENZA on 18 June and lasted until 21 June. The demand was an increase in wages. Public utilities employees remained at work and there were no disorders. Agricultural work proceeded satisfactorily and there was every prospect of a good grape and sugar beet crop.

46. Public Works programmes proceeded and further programmes on a larger scale were planned for the second half of the year in order to relieve unemployment. The supply of water was adequate although there was a shortage in BOLOGNA. The supply of electricity was satisfactory. The lack of coal remained the difficulty as far as gas was concerned.

47. All Displaced Persons Camps were under Allied Commission control and the work proceeded satisfactorily. At BOLOGNA one camp was being used for students and dissident Yugoslavs, the other had been prepared for a possible influx of refugees from VENEZIA GIULIA. At REGGIO EMILIA one camp held displaced persons of all European nationalities, except RUSSIAN and YUGOSLAV: the other was housing ALBANIANS. There were no outstanding incidents in the camps during the month; health was good and no epidemics were reported. The most prevalent diseases were tuberculosis and V.D.

48. Public Health was good during the month and no serious epidemics were reported. Measles were prevalent throughout the Region, the incidence being highest in FORLI Province. A childrens holiday camp was opened at RICCIONE with a capacity of about 100. The arrangements made will enable children to take a 10 to 15 day holiday at the sea.

49. Railways gradually improved and there was ample road transport with a resulting lowering of haulage costs. Postal telegraph and telephone facilities continued to improve.

50. Italian courts continued to function slowly.

51. Most schools closed for the summer and it is hoped to have repairs completed before the reopening thus allowing a more efficient functioning.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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BOLZANO PROVINCE.

52. During the month news and rumours from PARIS almost completely overshadowed the Government crisis in ROME. However, the decision to leave the SOUTH TYROL with ITALY was expected and received with dignity by both sides. The German speaking people appeared to realise that their future lies within the framework of ITALY and to this end the powerful Sudtiroler Volspartei agreed to cooperate unreservedly with the Italian Government to frame rules for Autonomy. This agreement was confirmed in writing by the President and Secretary General of the S.V.P. The S.V.P. also confirmed in writing their change of programme from that of annexation to AUSTRIA to that of cooperation with ITALY. The German speaking people would have

Declassified E.O. 12356 Section 3.3/NND No. 785017

preferred Provincial Autonomy to Regional Autonomy, the former embracing territory down to the SALORNO line (the ethnical division) with the addition of the UNTERLAND and the three communes in BELLUNO Province. The Option Committee submitted its recommendations to the Italian Government for the definition of the various categories of citizenship. It was recommendedthat (a) those who opted for GERMANY but did not receive actual forms of citizenship will automatically become ITALIAN citizens unless they confirm their option within two months of the publication of the decree; (b) those who opted for GERMANY and received forms of citizenship but did not remove themselves to GERMANY must renounce their option in writing within two months of the publication of the decree or their option will be enforced and they will automatically become aliens; (c) those already in GERMANY must apply in writing to the Ministry of Interior within two years of the signing of the Peace Treaty with ITALY. Each individual application will be examined by a Committee formed of one Judge, six German-speaking and six Italian-speaking members in BOLZANO. Much work has been done to further the interests of the German people during the last six months; autonomy has been granted, citizenship regularised, dual language authorised, courses of instruction run for German-speaking Communal Secretaries, schools organised for instruction in both languages. All Italianised names changed into their original form, re-employment of discharged Forestry personnel and arrangements made for the reception of South Tyrolean POW's.

53. Carabinieri acquitted themselves well during the month and increased confidence in this body was noted. The crime situation remained generally the same although there was a definite decrease in major crimes. Gaols in the area continued to be overcrowded. Numerous complaints were received of theft of chickens, fruit and other farm produce, and the accusations were directed againstItalian troops in the area.

54. It was hoped to find a market for fruit in SWITZERLAND, but difficulties were foreseen as SWITZERLAND has a very good crop this year. However, the local Chamber of Commerce intends to export quantities of fruit and wines to Allied troops in AUSTRIA. Contracts worth 200 million lire were made for the export to SWITZERLAND of South Tyrolean wines. Arrangements for export to SWEDEN were also made. The industrial situation remained precarious owing to lack of liquid and solid fuel and a shortage of raw materials. It was anticipated that some of the factories in the area would be compelled to close down. The food situation in the Province was satisfactory but crops in general are very late this year on account of the weather conditions. Heavy rains during the month caused some decrease in the fruit crop especially in the ADIGE VALLEY. The fodder situation was very good. Unemployment increased, the unemployed numbering 5,200. Arrangements were made by the Chamber of Commerce for a number of these to go to SWITZERLAND to work in hotels; the conditions of salary, etc. were favourable.

55. Public Health was good and the medical supply situation was excellent.

56. Orders were received to the effect that the Displaced Persons Camp No.19 was to be handed over to the Italian Government by 21 July. There were 1,188 Displaced Persons in the Camp of whom 1,161 were GERMANS. Discussions regarding their return to GERMANY were in progress.

57. Italian Courts functioned slowly due to a lack of personnel, especially those with bi-lingual qualifications.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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ABRUZZI and LAZIO.

58. The elections were carried out in all Provinces in an orderly and serious fashion; the results of both the elections and the Referendum were calmly accepted by all parties and the population generally. The election of DE NICOLA as President of the Republic was favourably commented upon. Meetings of the Big Four in PARIS created much interest and a general depression on the part of the people was evident at the decisions reached.

4797

Declassified E.O. 12356 Section 3.3/NND No. 785017

59. Although political events during the month required the attention of a large part of the Police Forces, crime did not show any appreciable increase and the situation was satisfactory.

60. Harvesting and threshing were in full swing and were yielding good results. The conferring of grain to the "ammassi" proceeded well. Shortage of coal, electric power, raw materials and high production costs hindered the recovery of industry. However, there was a slight decrease in unemployment figures. Public Works were being furthered to the full extent of funds allotted, thus relieving the unemployment situation considerably.

61. Public health was generally good, measles being the only cases showing any considerable numbers.

62. Transport and communications showed a steady improvement. In ANCONA the city tram system was partially rehabilitated and fast trains to and from ROME were reinstated. In PERUGIA the city bus lines recommenced to operate and in ASCOLI PICENO the railway line ASCOLI-PORTO d'ASCOLI was reopened to traffic.

ROME CITY AND PROVINCE.

65. Polling during the elections was notably heavy and the people showed great interest, conscientiousness and public spirit, many waiting in queues to cast their vote for up to periods of six hours. The results of the Referendum and the elections were received calmly. The conflict between King UMBERTO and the Government on the legality of the Referendum results gave rise to a delicate situation but the King's departure restored the balance. The verdict of the Supreme Court of Cassation banished any doubts as to the results of the referendum and the population showed a genuine desire to relegate politics to the back-ground and get on with their jobs. The amnesty decree was interpreted as a definite step towards more normal conditions and the establishment of good feelings in the new Republic.

64. Criminal activity was kept under control in spite of the widely spread economic uneasiness. Many cases of suicide were reported.

65. Unemployment continued to present a very difficult problem; the increasing numbers of "reduci" and ex-POW's swelled the ranks of the unemployed. Prices remained high and in some cases increased. Factories were handicapped by a lack of raw materials and insufficient coal thus preventing increased production and therefore employment.

66. A very good cereal crop is expected and threshing commenced during the month. There was, however, a lack of farm implements, petrol and fertilisers and there were numerous disputes between landowners and tenants. The cost of farm implements was high and improvements and reorganisation by farms proceeded very slowly. POL allocations to farms were insufficient and delayed operations thus forcing farmers to buy petrol on the black market as the work could not be postponed. Prices fixed by the Granai del Popolo and bonuses for early delivery while showing a sizeable increase over last year's figure were still not considered high enough and it was expected that there would be considerable evasion of the law. Government control appeared to be very slack but lack of adequate transport and insufficient personnel made close supervision very difficult. There was an abundance of fresh fruits and vegetables in the markets and the

Declassified E.O. 12356 Section 3.3/NND No. 785017

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67. Transportation in the City was much improved and was almost back to normal although an increase in the number of vehicles to transport workers from the outskirts of the City to the centre was needed. The OSTIA LIDO railway line commenced operations during the month making it possible for approximately 50,000 people to be transported daily to the sea. This service was being supplemented on holidays allowing for an additional 30,000. There was little work done on roads.

68. No infectious diseases were reported during the month and public health was generally good.

Declassified E.O. 12356 Section 3.3/NND No. 785017

AMG UDINE PROVINCE

69. As elsewhere, the general election and the referendum on the Monarchy on the 2nd and 3rd of June took place in conditions of tranquillity. Arrangements for the elections were well organized and no incidents of any kind were reported. The poll was remarkably high except in one or two communes in the VAL CANALE where Slav and Austrian minorities did not vote. Although figures on the Referendum were in many cases very close, the results were received throughout the Province in a calm and orderly manner. Since the elections, party politics tended to fade into the background and attention was focussed chiefly upon the international situation, particularly as it affected Italian interests both in UDINE and VENEZIA GIULIA. Genuine anxiety was expressed over the possible fate of TRIESTE and VENEZIA GIULIA; this was increased during the month by a number of incidents provoked by Slav or pro-Slav elements throughout the Province, some of which had repercussions chiefly in the CIVIDALE area. Polling during the elections was particularly high in those areas to which the Slavs lay claim.

70. Some anxiety was felt by officers and men of the Carabinieri as to their position under the Republic, but they continued to carry out their duties loyally and satisfactorily. The economic situation as regards Carabinieri was materially improved by the increase of the "carovita" (cost of living bonus). The uniform and clothing situation left much to be desired. The prison situation was much improved; there were 300 detainees and this figure was expected to be reduced considerably as a result of the recently proclaimed amnesty. There was a slight increase in the number of armed robberies, but an encouraging number of good arrests were made. Resolute and efficient action was being taken by all police forces to combat crime. Some hidden arms were recovered during the month but there was little doubt that a large amount continued to be concealed throughout the Province.

71. Regular distribution of all rationed foodstuffs continued and all sick people received the normal supplementary rations as did heavy workers. Wheat amassing progressed satisfactorily and reached the figure of 3500 tons. Violators of the amassing laws were being denounced with wide publicity given in the local press. Food prices generally remained at the same high level nor was there any indication of any fall in prices in the near future. The general agricultural situation was highly satisfactory: a great increase was expected in the potato crop and the prospects as regards vines and fruit trees were promising. The serious position of coal supplies was alleviated by the arrival of 1500 tons. Tyres for vehicles continued to be in short supply. Industry, generally, reached an average of 43% normal production and the number of workers was approximately 58% of normal.

72. Public Works approved by the the Magistrato totalled 517 million lire, 60% of the programme authorized by the Ministry. Severe storms during the month caused much damage to roads; in one storm alone some 13 million lire worth of damage was done to Route 13 (L of C to UDINE and AUSTRIA).

73 A total of 1380 refugees passed through the Refugee Centre of which 1162 were Italians. The remainder included Poles, Russians, Jugoslavs, Hungarians, Austrians and Roumanians.

74. Although Public health was generally good there were a number of infections diseases throughout the Province, measles being most prevalent.

AMG VENEZIA GIULIA

75. A number of disturbances and political incidents took place during the [illegible] Italian elections and Referendum on June 2nd and subsi-

Declassified E.O. 12356 Section 3.3/NND No. 785017

VENEZIA GIULIA; this was increased during [illegible] by a number of [illegible] voked by Slav or pro-Slav elements throughout the Province, some of which had repercussions chiefly in the CIVIDALE area. Polling during the elections was particularly high in those areas to which the Slavs lay claim.

70. Some anxiety was felt by officers and men of the Carabinieri as to their position under the Republic, but they continued to carry out their duties loyally and satisfactorily. The economic situation as regards Carabinieri was materially improved by the increase of the "carovita" (cost of living bonus). The uniform and clothing situation left much to be desired. The prison situation was much improved; there were 300 detainees and this figure was expected to be reduced considerably as a result of the recently proclaimed amnesty. There was a slight increase in the number of armed robberies, but an encouraging number of good arrests were made. Resolute and efficient action was being taken by all police forces to combat crime. Some hidden arms were recovered during the month but there was little doubt that a large amount continued to be concealed throughout the Province.

71. Regular distribution of all rationed foodstuffs continued and all sick people received the normal supplementary rations as did heavy workers. Wheat amassing progressed satisfactorily and reached the figure of 3000 tons. Violators of the amassing laws were being denounced with wide publicity given in the local press. Food prices generally remained at the same high level nor was there any indication of any fall in prices in the near future. The general agricultural situation was highly satisfactory: a great increase was expected in the potato crop and the prospects as regards vines and fruit trees were promising. The serious position of coal supplies was alleviated by the arrival of 1500 tons. Tyres for vehicles continued to be in short supply. Industry, generally, reached an average of 43% normal production and the number of workers was approximately 58% of normal.

72. Public Works approved by the the Magistrato totalled 517 million lire, 60% of the programme authorized by the Ministry. Severe storms during the month caused much damage to roads; in one storm alone some 13 million lire worth of damage was done to Route 13 (L of C to UDINE and AUSTRIA).

73 A total of 1380 refugees passed through the Refugee Centre of which 1162 were Italians. The remainder included Poles, Russians, Jugoslavs, Hungarians, Austrians and Roumanians.

74. Although Public health was generally good there were a number of infections diseases throughout the Province, measles being most prevalent.

AMG VENEZIA GIULIA

75. A number of distirbances and political incidents took place during the month. These began with the Italian elections and Referendum on June 2nd and culminated in the stoning at PIERIS on 30th June of the "Round Italy" bicycle race. Public agitation was maintained at a high pitch throughout the month by the protracted PARIS discussions on the fate of VENEZIA GIULIA and TRIESTE. The predominant feature was the violence of Italian extremists who felt that POLA and FIUME were lost and that the BIDAULT plan for VENEZIA GIULIA would be adopted. While afficial expression on both sides condemned the BIDAULT plan for an international state, more moderate elements agreed that the plan might be workable provided it includes a larger part of VENEZIA GIULIA. A popular suggestion was that the plan should include all territory between the ISONZO and the WILSON LINE. Other Italian groups favoured the BIDAULT plan but felt it should provide for a plebiscite to take place

4792

Declassified E.O. 12356 Section 3.3/NND No. 785017

in about 5 or 10 years' time. Jugoslav Officials in VENEZIA GIULIA stated that their nation would never renounce its demands for complete annexation of TRIESTE to JUGOSLAVIA. The general impression gained from political circles on both sides was that if the present plan for internationalization of TRIESTE is promulgated both sides will continue to hope for and work towards eventual annexation of the territory comprising the new international zone. This would partly explain Italian bitterness as POLA and ISTRIA would be forever lost to ITALY being out of the proposed International Zone and also UAIS agitation in GORIZIA and MONFALCONE.

76. Civil Police were fully employed actively engaged during the month in dealing with the many demonstrations, processions, meetings and political incidents: leaves and rest days had to be suspended. Morale of the Force was maintained principally by active participation of Allied officers during this critical time. Crime returns showed a slight increase but this may be accounted for by greater efficiency in the keeping of records and an increased tendency on the part of the public to report crimes to the police. With effect from 7 June the control of wheat amassing commenced. In the MONFALCONE Area the AMG Order was disregarded by many farmers. On 24 June a crowd of demonstrators forced the main gate of the Prison at MONFALCONE with the intention of setting free the detainees. They did not succeed. In the GORIZIA Zone Finance Guards operated successfully against Black marketeers. Conduct of Allied troops was generally good, there being no cases of serious misconduct in public. Prison population showed a slight increase and there existed considerable excitement amongst the inmates of the prisons because the General Amnesty, conceded recently by the Italian Government does not apply to VENEZIA GIULIA.

77. Summary Courts tried 262 accused, a sizeable decrease from the figures for The number of pending cases also showed a considerable drop. Ordinary Civil Courts functioned with reasonable satisfaction.

78. Advances on cost of living increases to pensioners were authorized pending issue of a General Order. A thorough examination of Police finances was in the course of completion. During the month it was finally decided not to reactivate the State Lotteries. The source of revenue from Consumer Tax increased and there was more cooperation from some of the Jugoslav Communes while others remained rebellious.

79. The Italian decree for dessequestration of Allied owned property was being implemented and a decree was anticipated from the Italian Government releasing control of AUSTRIAN property and treating Austrians as other nationals. Final instructions were given for release of bank accounts and securities of JEWS which were confiscated by the Germans.

80. The economic situation in POLA was very serious. Contractors were reluctant to make bids on Public Works which is the main source of employment. Most contractors demanded 100% payment before making commitments. Italian capital was virtually not available in POLA for short term enterprise and many of the merchants and industrialists were making every effort possible to move their assets out of the area. This situation increased unemployment figures. The removal of plants and machinery to TRIESTE was prohibited by AFHQ. A widespread feeling of hopelessness pervaded throughout the Italian section of the population of POLA. Large numbers of people signified their intentions of leaving the area and the stream of refugees continued daily, transporting as much of their furniture and belongings as was possible. Economic life was at a standstill; even the rehabilitation of the town itself had stopped.

81. Normal rations were issued during the month with the exception of pasta which had to be cut from 2000 to 500 grams. Imported stocks of grain were exhausted on 26 June. One ship scheduled with 8000 tons of flour failed to arrive but by speeding up the grinding only a small quantity had to be borrowed from British Army

Declassified E.O. 12356 Section 3.3/NND No. 785017

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82. With the seasonal movement of farm products and increased coal shipment from ARSA mines transportation showed an overall increase in traffic. Due to the shortage of POL only a few of the numerous requests for bus services could be granted. Warehouse traffic was normal; Cargoes received in the Ports and Warehouses totalled 35,834 tons. Commodities transported by Schooners Fleet totalled 20,420 tons. The Rail Section moved a total of 133,825.5 tons.

Declassified E.O. 12356 Section 3.3/NND No. 745017

83. Efforts were made by political agitators during the month to organize the tenant farmers under Sindaci Unici. The farmers were ordered by these organizers to leave their grain in the fields and not have it threshed unless the farm owners signed contracts making a 75% - 25% division instead of the 50% - 50% division. However, a firm stand was taken by AMG and most of the threshing machines were again in operation. The fruit crop generally was about 50% better this season. Hay harvest also showed an increase although it is still far below requirements. A large forestry and pasture project was prepared for study and approval; 6000 workers could be employed for 110 days and an additional 1200 during autumn for tree planting. Fish prices continued low as a result of good catches and efficient distribution. Fish canning was held up due to difficulties in procuring cans and olive oil in sufficient quantities.

84. Industrial activities throughout the territory with the exception of POLA remained calm. Initial steps were taken to secure a proportion of any orders which may be placed in ITALY by the British Board of Trade for utility furniture. A limited gas service was maintained throughout the month and the electricity situation was adequate. In the shipbuilding yards no orders for new construction of any magnitude were secured during the month. CRDA's (the shipbuilding firm) proposal to build 3 tugs for sale on completion was approved. The ROMOLI Cotton Mill resumed production and industries supplying building materials bricks, tiles, timber, cement etc. were meeting local requirements. Steady progress was made on port reconstruction and urgent military jobs.

85. The sale of cloth manufactured in the GORIZIA Mills progressed 50,000,000 lire worth having been sold to date. This plant was operating to full capacity.

86. The financing of the Communal housing programme was approved. This programme calls for the construction of 800 low-rental apartments. Marine salvage work, mine disposal and dredging increased and the work on Bonificas and hydraulics showed good results not only in improving the unemployment situation but in actual increase in agricultural production. The number employed on Public Works increased, the total being 12,665. Of 41 bridges destroyed in the territory 12 have been rebuilt and 20 were in the process of being rebuilt.

87. Labour Offices continued to perform excellent work. There was an increase of 1146 in unemployment figures in the whole of VENEZIA GIULIA. Categories mainly affected were clerical, maritime, and metal workers. During June, food costs for a standard family reached the lowest index since January both in TRIESTE and GORIZIA. Meetings both public and private (on industrial premises) reached a record level during the month. This increased activity intended mainly to provoke agitation was coupled with a more untractable attitude of the "Sindaci Unici" and suggested that the political machine behind the Sindaci Unici was paving the way towards a climax.

88. Public Health during the month was good. Typhoid in TRIESTE showed a slight increase. The Comitati Assistenza Post-Bellica (Welfare organization) functioned satisfactorily and was organising numerous childrens' holiday camps.

89. There was no appreciable change in figures of Displaced Persons; 1735 arrived and 1715 departed. Refugee movement from POLA increased.

90. Politically Italian schools comported themselves well. The PWOO School section intensified its attacks on the school administration of the Territory. Unauthorized text books were confiscated in SLOVENE schools of S.GIOVANNI and BARCOLA. The PWOO School Section called a Meeting of AMG teachers and instructed them that they would be required to go to Jugoslavia for training during the summer months. However, AMG has established a summer refresher course in Slovene language

Declassified E.O. 12356 Section 3.3/NND No. 785017

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91. A check of sub-post offices showed that all were functioning and only 5 were thought to be under the influence of FNOO. No wire thefts were reported during the month.

Declassified E.O. 12356 Section 3.3/NND No. 785017

92. All printed material pertaining to the electoral rolls was delivered during the month and many communities were working on their preparatory lists.

Declassified E.O. 12356 Section 3.3/NND No. 785017

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART II

CIVIL AFFAIRS SECTION

LOCAL GOVERNMENT SUB-COMMISSION

1. A close technical study of the election procedure was made by the Sub-Commission in ROME, NAPLES and MILAN. (Please see Appendix A). Public order was good, the numbers of voters remarkably high and the procedure prescribed by law was properly followed. In view of the allegations made prior to the elections that electoral certificates were being deliberately with held from voters, particular attention was paid to this point. The number of certificates remaining undelivered at the close of the polls was 5.2% of the registered electorate. Numerous complaints were made to the Allied Commission alleging that the elections had been irregularly or fraudulently conducted and requesting that AC should intervene. The policy adopted by Allied Commission was to refuse to receive such complaints and refer the complainants to the remedies under the Italian law which are considered adequate. The Chief Commissioner called upon the Italian Minister on 21 June and expressed on behalf of the United States and British Governments their congratulations on the orderly manner in which the elections were carried out.

LEGAL SUB-COMMISSION

2. Allied Military Courts, Superior and Summary were in session in VENEZIA GIULIA and UDINE Province during the month. Italian Courts functioned with reasonable satisfaction. No General Court cases were tried. The numbers of pending cases continued to decrease.
In UDINE a number of Proclamation offences of lesser importance were handed over to the Italian Government. The Court of Appeal of Naples continued to be concerned with its ever-present material and personnel problems. The various courts disposed of 211 cases involving 319 defendants for crimes against the Allied Forces. In VENEZIA GIULIA the Ordinary Court of Assize recessed for vacation but as there were 13 cases pending trial a request was directed to the Court Officials to institute a special term of court to dispose of some of these cases in July.

PUBLIC HEALTH SUB-COMMISSION

3. Very little incidence of communicable disease was reported during the month. The only disease of any import was smallpox and figures were the lowest for many months. The total for the whole of Italy was 40. Deaths from all forms of tuberculosis totalled 169 as compared with 202 in April.

PUBLIC SAFETY SUB-COMMISSION

4. Good order prevailed during the two days of the elections and Referendum on the 2nd and 3rd of June. This tranquility prevailed for a few days until the first published results. Demonstrations involving crowds varying from a few hundred to several thousands took place without any serious results until 11 June. That evening a large Monarchist demonstration consisting of several thousand people collected outside the Communist Headquarters in NAPLES demanding that Republican and Communist flags be removed. Strong action was necessary to disperse the crowd who fired on the Police and threw hand grenades. 7 persons

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4790

Declassified E.O. 12356 Section 3.3/NND No. 785017

Carabinieri carried out their duties very well during the elections. The Amnesty helped to ease the problem of prison overcrowding but the release of so many criminals at the same time is expected to have its natural repercussion in future months.

DISPLACED PERSONS SUB-COMMISSION

5. During the month the re-shuffling of displaced persons between UNRRA and DPRSC Camps was completed. At the end of June UNRRA had taken over the responsibility for feeding the Camps in SOUTHERN ITALY and were endeavouring to get stock piles in position for the Camps in NORTHERN ITALY which will continue to be supplied by the military until the SACMED/UNRRA Agreement is signed. As a result of extensive fruitless endeavours to obtain clearance for the German nationals in BOLZANO, AFHQ considered it impracticable to effect the closing of the Camp by first evacuating the Germans accommodated therein. Unless the Italian Government agree to take over the responsibility it will be necessary to close the Camp and disperse the inhabitants.

6. It was not possible at this stage to make an estimate of the number of POLES who will remain in the Centre at BARLETTA and TRANI at the completion of the movement of 2 Polish Corps to the UK. The number was expected to be considerable. No illegal Jewish entrants into Italy through the BRESIO PASS were reported.

7. On the 4 June the M/V "BEAUHARNAIS" of 320 tons flying the flag of the PANAMA REPUBLIC arrived in GENOA from NEW YORK. The vessel called in GENOA to put a member of the crew ashore who was sick. She then sailed to SAVONA where certain repairs were carried out. Reports stated that nightly trucks with civilian drivers came alongside the vessel and loads were placed on board. These proceedings aroused the suspicion of the authorities of SAVONA who suspected that the ship was about to embark clandestine passengers. On 6 June the Captain of the vessel asked the Harbour Master of SAVONA for sailing orders to PORT SAID and at 2100 hrs that day the ship left SAVONA. Public Safety Agents noticed that the vessel, instead of sailing due south for PORT SAID, took a westerly course and anchored soon after off the shore of VADO LIGURE. The officers immediately left for VADO LIGURE and arrived just in time to be present at the arrival of a number of civilian trucks which discharged 1250 Jews who were immediately taken on board the vessel by the boats belonging to the "BEAUHARNAIS". The Jews had no documents and declared that they had come from various concentration camps. Attempts were made by Finance Guards to prevent the Jews boarding the ship but were unsuccessful owing to their small numbers. Consequently the Jews got safely on board, the ship's moorings were cut and the vessel sailed.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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7. On the 4 June the M/V "BEAUHARNAIS" of 820 tons flying the flag of the PANAMA REPUBLIC arrived in GENOA from NEW YORK. The vessel called in GENOA to put a member of the crew ashore who was sick. She then sailed to SAVONA where certain repairs were carried out. Reports stated that nightly trucks with civilian drivers came alongside the vessel and loads were placed on board. These proceedings aroused the suspicion of the authorities of SAVONA who suspected that the ship was about to embark clandestine passengers. On 18 June the Captain of the vessel asked the Harbour Master of SAVONA for sailing orders to PORT SAID and at 2100 hrs that day the ship left SAVONA. Public Safety Agents noticed that the vessel, instead of sailing due south for PORT SAID, took a westerly course and anchored soon after off the shore of VADO LIGURE. The officers immediately left for VADO LIGURE and arrived just in time to be present at the arrival of a number of civilian trucks which discharged 1250 Jews who were immediately taken on board the vessel by the boats belonging to the "BEAUHARNAIS". The Jews had no documents and declared that they had come from various concentration camps. Attempts were made by Finance Guards to prevent the Jews boarding the ship but were unsuccessful owing to their small numbers. Consequently the Jews got safely on board, the ship's moorings were cut and the vessel sailed.

Declassified E.O. 12356 Section 3.3/NND No. 745017

FOOD AND AGRICULTURE BRANCH.

1. The wheat situation, which appeared to be very critical at the beginning of the month, improved rapidly towards the middle of the month due to unexpected progress made in gathering and delivering the new harvest. The estimate or target figure for June arrivals was 15,000 tons but actual wheat deliveries reached 254,000 tons by the 30th June. Temporary bread famines were reported in a few localities at the beginning of the month but these were rapidly met by the prompt transfer of flour from other Provinces. Small arrivals of foreign wheat were the lowest in June of any month since 1945 and would have resulted in acute shortages of flour had not the new harvest been available. Total imports for the month were 150,000 tons. The predicted reduction of the bread ration, proved to be unnecessary. However, the suspension of the pasta ration was extended through June in order to conserve flour stocks as much as possible. Estimated stocks on at 1st July were 433,000 tons. Sugar, fats and dried vegetables were in short supply during the month. Fresh fruits and vegetables were plentiful in nearly all provinces and were relatively cheap. A satisfactory plan was worked out by the Italian Government for the repayment of food advanced by the Allied Forces for Displaced Persons and for Maintenance of civilians employed by Allied Military Units; such progress was made during the month in making substantial repayment and in setting up a supply programme against future needs for displaced persons. Two ships arrived in AMG territory during the month carrying miscellaneous foodstuffs.

2. Good weather conditions for harvesting and threshing prevailed generally throughout Italy during the month. As a result nearly all the excellent crops of cereals were harvested and threshing was well under way. Most vegetables, maize crops and pastures were in need of more moisture and heavy hail caused some damage mainly in VENETO and PIEMONTE especially to corn and sugar beet. Wheat yields were with few exceptions notably higher than were predicted, (187,000 tons more than was forecast in May). Yields of other cereals were also proving to be good, notably oats which is maturing at a time the crop also proving to be good, notably oats which is maturing at a time the crop harvests of 1945. Rice showed an unsatisfactory condition on 30 June. Heavy rains and low temperatures made sowing and replanting necessary in some of the principal rice growing areas. The production of potatoes is expected to be double that of 1945. Damage was caused by frost to trees in some Provinces by strong winds but in general fruit was reasonably plentiful and of good quality.

3. The only supplies received during the month against MA,MB and MT requisitions were nitrogen fertilizers, ploughs, tractors and spare plough parts

COMMERCE (FOREIGN TRADE) BRANCH.

4. During the month discussions were held with the Ministry of Foreign Trade regarding trade between ITALY and the OCCUPIED TERRITORIES. ITALY is anxious to resume her trade with her former colonies in the raw materials and food available in these areas. Conversely, ITALY has many things which are needed in these areas. The question of ERITREA's need for industrial sugar remained to be solved if an enormous quantity of fruit is not to be wasted. Allied Commission suggested three possibilities: (A) temporary imports, (B) loans from other countries, (C) sub-allocations from UNRRA. The first was finally adopted, the second (B) is under consideration; the third (C) appears to be impossible, UNRRA stating that deficiencies in their imports is due solely to non-availability of the sugar. Import of POL products by private enterprise

Declassified E.O. 12356 Section 3.3/NND No. 785017

[illegible] ration was extended through June in order to conserve flour stocks as much as possible. Estimated stocks on 1st July were 445,000 tons. Sugar, fats and dried vegetables were in short supply during the month. Fresh fruits and vegetables were plentiful in nearly all provinces and were relatively cheap. A satisfactory plan was worked out by the Italian Government for the repayment of food stamps by the Allied Forces for Displaced Persons and for Midshift Meals of civilians employed by Allied Military Units; much progress was made during the month in making substantial repayment and in setting up a supply programme against future needs for Displaced Persons. Two ships arrived in ANCONA carrying miscellaneous foodstuffs.

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COMMERCE (OVERSEAS TRADE) ITALIAN.

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5. The Trade Agreement between Zones A and B VENEZIA GIULIA was still under discussion.

4789

Declassified E.O. 12356 Section 3.3/NND No. 785017

INDUSTRY & UTILITIES [illegible].

6. The general industrial situation was again overshadowed by the non-arrival of coal, the actual receipts being less than 50% of what was expected and the latter figure being only 30% of normal pre-war consumption. Stocks, however, were conserved but little expansion of the basic industries can be expected until these figures are considerably improved.

7. Some progress was made during the month in the derequisitioning of industrial premises; these included a food processing plant, tobacco curing warehouse, and a textile plant, all of which were handed back to their owners' control. The important firm of ANSALDO POZZUOLI (ship builders) was partly derequisitioned by the British Army and will be completely vacated in 3 months time. There exists, unfortunately the threat of requisition by the US Navy for store and dockyard. This has been taken up with AFHQ and an answer is awaited. Polish Corps vacated several smaller premises in the ANCONA TRIESTE Area. There was little change in the MARITIME LEGHORN area. Elsewhere the month of June was fairly successful in the matter of derequisitioning of industrial premises.

8. The Timber Plan approved by AFHQ and implemented by the Italian Government appeared to be functioning in a satisfactory manner. Additional finance for the sawmills will be required for the third quarter of the year.

9. During the month of July the use of household gas will be extended from 1½ to 2½ hours daily, as a result of a larger allocation of coal to the gas companies. Sardinian coal production was 77,975 tons in June. This was a decrease of approximately 11,000 tons as compared with May. The decrease was occasioned by the diversion of manpower to the harvest and the anti locust campaign. Production of lignite remained at about 160,000 tons a month.

10. Heavy motor lubricating oil was in short supply both for civilian and Italian Military vehicles. However, advice was received of recent shipments which should relieve the situation on arrival. Deliveries of fuel oil from VADO LIGURE and LEGHORN kept pace with the increased demand of North Italian industries. Those items and demands were due to conversion from coal to fuel oil in many plants and to the strength activity in the sugar refining and canning industries.

11. Transfer of work at the GENE sub-station north of ROME will permit an additional 15,000 KW of power to be transported from SOUTH ITALY to Central Italy which will then total approximately 130,000 KW. The first 3,500 KW unit of the TRIGARIA plant was restored to service during the month and will be connected to the SOUTHERN ITALY grid. (These were damaged in May 1944). Power allocations for July for SICILY and SOUTHERN ITALY remained unchanged. Slightly increased allocations will be allowed for industrial operations in SOUTHERN ITALY.

12. The Ministry of the Treasury took an adverse position on the proposed 1½ million lire autostrada project between TRIESTE and VENICE. The matter is being considered.

TRANSPORTATION & SHIPPING BRANCH.

13. Rail passenger traffic remained very heavy during the month and the shortage of passenger stock was severely felt, particularly after 15 June when passenger services which had been suspended due to shortage of coal, were resumed

Declassified E.O. 12356 Section 3.3/NND No. 785017

[illegible] March. There was little change in the [illegible] Area. [illegible] of June was fairly successful in the matter of de-requisitioning of industrial premises.

8. The Timber Plan approved by AFHQ and implemented by the Italian Government appears to be functioning in a satisfactory manner. Additional finance for the sawmills will be required for the third quarter of the year.

9. During the month of July the use of household gas will be extended from 1½ to 2½ hours daily, as a result of a larger allocation of coal to the gas companies. Standing coal production was 77,575 tons in June. This was a decrease of approximately 11,000 tons as compared with May. The decrease was caused by the diversion of manpower to the harvest and the anti locust campaign. Production of lignite continued to about 150,000 tons a month.

10. Heavy motor lubricating oil was in short supply both for civilian and Italian military vehicles. However, advice was received of recent shipments which should relieve the situation on arrival. Deliveries of fuel oil from VADO LIGURE and [illegible] kept pace with the increased demands of North Italian industries. Minor fuel oil demands were met by conversion from coal to fuel oil in many plants and to the increased activity in the sugar refining and canning industries.

11. Transfer of work at the ORTE sub-station north of ROME will permit an additional 15,000 KW of power to be transmitted from [illegible] to Central Italy which will then total approximately 150,000 KW. The first 3,500 KW unit of the TERNI plant was in service during the month and will be connected to the SOUTHERN ITALY grid. (These were destroyed in May 1944). Power allocations for July for SOUTHERN and NORTHERN ITALY remained unchanged. Spare heavy allocations will be allowed for industrial operations in SOUTHERN ITALY.

12. The Ministry of the Treasury took an adverse position on the proposed 14 million lire autostrade project between FOREST and the ISO. The matter is being considered.

TRANSPORTATION & SHIPPING BRANCH.

13. Rail passenger traffic remained very heavy during the month and the shortage of passenger stock was severely felt, particularly after 15 June when passenger services which had been suspended due to shortage of coal, were resumed. Internal freight traffic increased during the month but Port traffic was reduced owing to decreased imports of coal.

Declassified E.O. 12356 Section 3.3/NND No. 785017

14. On the 15th June traffic on the SAN TSIO-UDINE line was interrupted due to heavy [illegible] Deyover traffic was established on the 16th again. The bridge at ARCOS NEW between TAVERIO and VILLAFI was destroyed on the 15 June; it is hoped that repairs will be completed by the 10 July. At the beginning of the month the electric line between ROME and VILLA LITERNO was completed and the 12th saw the completion of the UDINE-PORDENONE electric line. Electric traction was also established between ROME and RECHIO CALABRIA, and MILAN-VICENZA

15. Information was received that ENIC was to be abolished and replaced by a special office under the Ministry of Transport. Repairs to road surfaces and bridges proceeded satisfactorily.

CAPTURED ENEMY MATERIALS FOUND.

16. Releases for the month totalled 79 as compared with 19 during May. There were many releases outstanding, most of these are two large vehicle dumps in the North. The demilitarisation side of AMG showed definite improvement, proof of this being the declaration in eight acceptance notes. Releases in the North were of a general nature, and in the South were comprised of assorted vehicles, assorted road making machinery, light locomotives, telephone and high tension cable, industrial gas cylinders and wooden telegraph poles; all representing considerable cash value. There remained a large amount of undeclared C.M.E. in the SALERNO area and representatives were sent up with a view to listing and handing over materials to the Italian Government. All FWT files were handed over to the Archives Branch, Allied Commission.

Declassified E.O. 12356 Section 3.3/NND No. 785017

16. Releases for the month totalled 79 as compared with 13 during May. There were many releases outstanding, some of these are two large vehicle dumps in the North. The administration side of MUR showed definite improvement, proof of this being the reduction in signal message traffic notes. Releases in the North were of a general nature, and in the South were comprised of assorted vehicles, assorted road making machinery, light furniture, telephone and high tension cable, industrial gas cylinders and wooden bell mouth poles; all representing considerable cash value. There remained a large amount of undercleared S.T.E. in the BYLEAND area and representatives were sent up with a view to listing and handing over responsibility to the Maltese Government. All MUR files were handed over to the Archives Branch, Allied Commission.

4787

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB COMMISSION

1. The Italian cruisers "Scipione Africano" and " Abruzzi", in addition to several smaller vessels, continued to repatriate Italian POW from the Red Sea and the LEVANT Area during the month. The ex hospital ship "Toscana" arrived in MASSAWA to embark about 1500 Italians nominated for repatriation.

2. Minesweeping continued in all light areas where Italian M/S Groups are operating. A further small M/S Group consisting of Motor Fishing Vessels was being constituted at RIMINI.

3. The cable ship " Rampino" completed her refit in SPEZIA and began cable repair work on the CAPRERA (SARDINIA) - TALAMONI cable.

4. On 6th June the " Abruzzi" departed from Naples for LISBON with the Queen and members of the Royal Family on board.

5. A large quantity of stores and equipment recovered in NORTHERN ITALY of naval origin was turned over to the Ministry of Marine for the maintenance of the Italian Navy. Enemy ammunition torpedo parts and other material of a potentially offensive nature was ordered to be destroyed or scrapped.

6. Arrangements were made during the month to supply the Italian Navy Mine Sweepers operating from GENOA with suitable coal made available by UNRRA Coal Branch. The quantities of coal supplied will be reduced by UNRRA from Italian Naval Coal stocks at LEGHORN. As the supply and maintenance of Italian Warships in the Mediterranean is a British responsibility, the Royal Navy was authorised to make payments on behalf of the Italian Navy for supplies and services rendered to Italian warships by the FRENCH Authorities in NORTH AFRICA. These payments will be reduced by the Ministry of Marine in the Lire equivalent.

LAND FORCES SUB-COMMISSION

7. The strength of the Italian Army as at 1 June was 217,641 including Carabinieri (64,554).

8. For the first fortnight of the month, training at the various schools was interrupted by the absence of recruits and permanent staff on security measures required for the election and referendum period. The outcome of the referendum was greeted with great disappointment by many of the officers whose initial thoughts favoured resignation of their commissions. Training, however, recommenced and progressed favourably.

9. Of the classes recently recalled for military service, 1,350 returned and were in service with the Carabinieri Corps. It is anticipated that by the 15th July the effective strength of the Carabinieri will be approximately 64,200. Recruitment exceeded wastage (due to retirement, non re-engagement etc.) by appreciable margin. The position as regards arms and ammunition appeared to be satisfactory.

10. Equipment maintenance stores continued to be issued to the Italian Army from Allied surpluses. Releases of suitable vehicles armaments, tyres and spare parts having been provided in principle were taking a long time in practice with a certain amount of inefficiency resulting. The sorting out of accomodation as between the Italian Army, the Allied Army and Displaced Persons and refugees proceeded slowly

Declassified E.O. 12356 Section 3.3/NND No. 763017

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PRISONERS OF WAR DIVISION

11. Italian POW repatriated during the month totalled 43,717. (20,981 from British hands, 22,736 from other sources).

COMMUNICATIONS SUB-COMMISSION

12. Civilian long distance telephone circuits were increased by 22 during the month and military telephone carrier equipment of no further immediate use

Declassified E.O. 12356 Section 3.3/NND No. 785017

to Signals is to be loaned to the Ministry and will be set up where most needed to increase the numbers of civilian circuits. A 10% increase in the cost of all international telephone calls will come into effect next month owing to a devaluation of the lira with respect to the International Gold Franc.

13. Two additional frequencies were allotted to Italcable for working a second Radio Telegraph link to USA. This will be working to MacKay Radio.

14. The Italcable Service of US Troops telegrams between FOGGIA and GORIZIA APO's and USA was extended so that telegrams are sent by electric means all the way.

15. A new Airmail service to SOUTH AMERICA was introduced at the beginning of the month. Correspondence is despatched 3 times weekly from NAPLES to AMSTERDAM for onward transmission by the British Service.

16. VENICE became the office of Exchange for despatches to ALBANIA, JUGOSLAVIA, AUSTRIA, BULGARIA, CZECHOSLOVAKIA, POLAND, ROUMANIA, RUSSIA and HUNGARY. MILAN became the Office of Exchange for SWITZERLAND.

17. The Ministry of Posts and Telegraphs propose to re-introduce Internal Parce Post Service with effect from 16 August 46. A request has been made for the derequisiti of the NAPLES FERROVIA SORTING OFFICE presently being used as an APO.

AIR FORCES SUB-COMMISSION

18. The early part of the month saw little flying activity due to the continued shortage of fuel, and ground training was predominant. With the arrival of fuel flying activities were increased.

19. The Italian Government was authorized to establish offices on Allied controlled airfield in order that greater control may be exercised in enforcing Italian customs immigration laws. Authority was obtained for the Italian Government to purcha 20 surplus C 47 aircraft provided that the aircraft are not flown until proper author is obtained; that all instruments of war be removed, and that the aircraft be allotted to civilian aviation.

20. Plans were begun for a new seaplane base at AUGUSTA and the derequisitioni of the Seaplane Base at S. ANDREA by the Royal Navy was completed.

21. The heads of the Italian Meteorological Office left ROME to attend an International Meteorological Conference in PARIS which opened on 14 June. The main purpose of the conference was the simplification and standardization of synoptic codes. A Conference was held at the Italian Air Ministry on the 4 June between British, Americ and Italian Meteorological representatives to discuss the facilities provided by the Italian Meteorological Service especially with regard to the demands of British and American Aviation.

22. Total strength of Italian personnel was 26,436 Italian Air Force, 1772 Italians working for the RAF and 1413 Italians working for the USAAF. Every effort was being made to bring the total strength down to 26,000.

23. The stolen SM 79 aircraft from LINATE airfield MILAN (reported last month was flown to BELGRADE from GORIZIA airfield by Slav pilots escorted by two Slav fighters.

24. Arrangements were in hand for initiating the proposed regular service between MILAN and DOLEDO. Authority was given for the use of aircraft to spray fruit and crops with insecticide. The undertaking was of an experimental nature and if

Declassified E.O. 12356 Section 3.3/NND No. 785017

for onward transmission by the British Service.

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22. Total strength of Italian personnel was 26,436 Italian Air Force, 1772 Italians working for the MAF and 1443 Italians working for the USAAF. Every effort was being made to bring the total strength down to 26,000.

23. The stolen SM 79 aircraft from LUNATE airfield MILAN (reported last month was flown to BELGRADE from COMILLI airfield by Slav pilots escorted by two Slav fighters.

24. Arrangements were in hand for initiating the proposed regular service between MILAN and BOLZANO. Authority was given for the use of aircraft to spray fruit and crops with insecticide. The undertaking was of an experimental nature and if successful, plans for a large scale campaign will be put forward.

25. Demolition work continued, including the breaking down of 14 Messerschmid fuselages thus completing the destruction of all German Aircraft in NORTHERN ITALY.

26. About 600 POW were repatriated during the month.

Declassified E.O. 12356 Section 3.3/NND No. 785017

27. The Fighter Wing assembled 3 cased aircraft for UNRRA to be used for anti-malarial spraying in ITALY, GREECE and ALBANIA. Within 4 days of starting work the first aircraft was assembled and ready for air test. The fitting of spraying equipment was also undertaken by the Fighter Wing.

M S Stone

[redacted] STONE
Rear Admiral, USNR
Chief Commissioner

Declassified E.O. 12356 Section 3.3/NND No. 78507

FREDERICK V. STORE
Rear Admiral, USNR
Chief Commissioner

Declassified E.O. 12356 Section 3.3/NND No. 75017

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CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
APO 794

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MONTHLY REPORT

MAY - 1946

Ref.: 824/EC

July 1946

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HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

MAY - 1946

Ref.: 324/EC

July 1946

CONFIDENTIAL

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C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
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M O N T H L Y R E P O R T

MAY - 1946

I N D E X

		Page No.
	POLITICAL SUMMARY	1 - 3
PART I	-AMG AND LIAISON GROUP REPORTS	4 - 21
	Liguria Region	4 - 5
	Lombardia Region	5 - 6
	Piemonte Region	6 - 7
	Venezia Region	7 - 9
	Naples and Calabria - Campania	9 - 10
	Toscana Region	10
	Bari and Puglie - Marche	10 - 11
	Sicily	12 - 13
	Emilia Region	13 - 14
	Bolzano	14 - 15
	Rome Area and Lazio-Abruzzi	15 - 16
	AMG Udine Province	16 - 17
	AMG Venezia Giulia	17
PART II	-CIVIL AFFAIRS SECTION	22 - 23
	Local Government Sub-Commission	22
	Legal Sub-Commission	22 - 23
	Public Health Sub-Commission	23
	Public Safety Sub-Commission	23
	Displaced Persons Sub-Commission	23
PART III	-ECONOMIC SECTION	24 - 29
	Food and Agriculture Branch	24 - 25
	Agriculture Section	25 - 26
	Commerce (Foreign Trade) Branch	26 - 27
	Industry and Utilities Branch	27 - 28
	Transportation Branch	28
	Captured Enemy Materials Branch	28 - 29
PART IV	-INDEPENDENT SUB-COMMISSIONS AND PUBLIC RELATIONS	30 - 32
	Navy Sub-Commission	30
	Land Forces Sub-Commission (MMLA)	30 - 31
	Air Forces Sub-Commission	31
	Communications Sub-Commission	31 - 32

Declassified E.O. 12356 Section 3.3/NND No. 785017

INDEX

Page No.

POLITICAL SUMMARY ..... 1 - 3

PART I -AMG AND LIAISON GROUP REPORTS ..... 4 - 21
Liguria Region ..... 4 - 5
Lombardia Region ..... 5 - 6
Piemonte Region ..... 6 - 7
Venezia Region ..... 7 - 9
Naples and Calabria - Campania ..... 9 - 10
Toscana Region 10
Bari and Puglie - Marche ..... 10 - 11
Sicily ..... 12 - 13
Emilia Region ..... 13 - 14
Bolzano ..... 14 - 15
Rome Area and Lazio-Abruzzi ..... 15 - 16

AMG Udine Province ..... 16 - 17
AMG Venezia Giulia 17

PART II -CIVIL AFFAIRS SECTION ..... 22 - 23
Local Government Sub-Commission 22
Legal Sub-Commission ..... 22 - 23
Public Health Sub-Commission 23
Public Safety Sub-Commission 23
Displaced Persons Sub-Commission 23

PART III-ECONOMIC SECTION ..... 24 - 29
Food and Agriculture Branch ..... 24 - 25
Agriculture Section ..... 25 - 26
Commerce (Foreign Trade) Branch ..... 26 - 27
Industry and Utilities Branch ..... 27 - 28
Transportation Branch 28
Captured Enemy Materials Branch ..... 28 - 29

PART IV -INDEPENDENT SUB-COMMISSIONS AND PUBLIC RELATIONS ..... 30 - 32
Navy Sub-Commission 30
Land Forces Sub-Commission (MMLA) ..... 30 - 31
Air Forces Sub-Commission 31
Communications Sub-Commission ..... 31 - 32

4285

Declassified E.O. 12356 Section 3.3/NND No. 785017

Declassified E.O. 12356 Section 3.3/NND No. 785017

POLITICAL SUMMARY.

1. The month was notable mainly for the abdication of King Victor Emanuel III in favour of his son Prince UMBERTO on May 9th. King Victor Emanuel signed the instrument of abdication and, according to custom, left Italy as a voluntary exile. The President of the Council stated to the press on the same evening that the essential point was that any change should not affect the solemn and unequivocal pledge given by the Crown to entrust its fate to the decisions of the referendum and the Constituent Assembly. He said he had no reason to doubt this. The King's abdication was the subject of bitter comment in the Left Wing press, particularly the Communist organ; the Royal Family was accused of having violated the truce on the Institutional question.

2. At its meeting on May 10th, the Council discussed the situation arising out of King Victor Emanuel's abdication and Signor de GASPERI read to the assembled Ministers a letter from the new King UMBERTO II in which he reaffirmed that his father's action in no way altered the constitutional powers exercised by him (UMBERTO) in his capacity as Lieutenant-General; nor did it modify in any way the pledge he took concerning the referendum and the Constituent Assemb

3. Signor de GASPERI proposed that in view of these assurances the Council of Ministers should accept King UMBERTO's succession. Signor TOGLIATTI formerly protested against what he termed a "violation of the institutional truce". Eventually after many hours of discussion, the Council approved a decree law of one single article providing that all the regulations on the limits of the powers of the Crown in accordance with Decree No. 90 of March 6 1946 should remain in force and that decrees and judgements should be issued in the name of "UMBERTO THE SECOND, KING OF ITALY" only. On the same day the new King made a proclamation to the Italian people in which he swore before God that he would loyally respect the fundamental laws of the State as renewed and perfected by the people's will and he confirmed his pledge to respect, like all other Italians, the free decisions of the imminent elections which he was certain would be taken bearing in mind the best interests of the country.

4. King VICTOR EMANUEL's abdication was inevitably the cause for numerous demonstrations all of which passed off without serious incident.

5. The abdication was generally interpreted, especially in Left Wing political circles, as an astute move on the part of the Monarchist Party to improve its chances in the forthcoming elections. Certain sections of the monarchical supporters campaigned vigorously for a postponement of the elections, or at least of the holding of the referendum, on the grounds that the country had not been allowed sufficient time to settle down in order to take a calm decision on this important matter and that, moreover, many hundreds of thousands of Italians would be unable to express their opinion on June the 2nd. This campaign took the form of approaches to various Allied officers, including the Chief Commissioner Allied Commission. In order to remove any form of misconception as to the responsibility of the Allies in this matter a statement was published in the press to the effect that no communications or petitions requesting Allied Commission intervention would be received by the Allied Commission.

6. Political activity reached its peak during the month and every party entered the ring with energy and vehemence. The gloves were truly down and political polemics filled the pages of every newspaper. Not until May 25th

the Royal Family was accused of having violated the truce on the Institutional question.

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6. Political activity reached its peak during the month and every party entered the ring with energy and vehemence. The gloves were truly down and political polemics filled the pages of every newspaper. Not until May 25th was the Italian Government officially informed that the Allied Governments regarded the institutional truce as terminated but long before that both Ministers and other supporters of the Monarchy and Republic had been attacking each other hammer and tongs in preparation for the referendum. It was remarkable how quickly and extensively the Monarchists developed their campaign and the betting changed from long odds against the Monarchy at the beginning of the month to even chances and indeed short odds for the Monarchy during the last week. The KING himself was the principle protagonist in this eleventh hour rally of his supporters. He was ubiquitous, and comporting himself everywhere with dignity and energy, did much to swing a great number of voters towards the Monarchist cause. It was, however, generally realized both by him and his followers that the Monarchist campaign had opened too late and with insufficient organization and stimulus to achieve victory at the polls.

Declassified E.O. 12356 Section 3.3/NND No. 785017

7. Throughout the month there was a constant flow of rumours that a coup d'etat would be attempted before or during the elections. It was pointed out that the political parties would take advantage of the enormous amount of arms and ammunition illegally held by the population and diverted into political channels to gain their ends by force rather than by the will of the people. It was reported that Communists had organized their coup de main down to the last detail including the arrest of members of the Royal Family and of their political opponents. The supporters of the Monarchy were equally accused of intentions to use force rather than suffer defeat. The Socialist Minister of Interior was said to have at his disposal a vast number of arms and armored cars which he intended to distribute amongst the civil police agencies augmented by partigiani as auxiliary police in order to overcome the allegedly Monarchist C.C.R.R. and so sway the will of the people, if not to usurp the power for the Republicans. As election day came nearer, so the reports became more numerous and more colourful and a perusal of them might have led a stranger to believe that there would be no free elections and that June 2nd and the days following would see widespread disorders, extensive arrests, with coups d'etat by several of the parties and certainly little chance of free elections. Enquiries made, however, by the Allied Commission from their Liaison Groups throughout the country proved that these reports, as is so often the case in Italy, were without real foundation. It appeared that some members of each of the main parties, in their anxiety and in their suspicion of their opponents' intentions to resort to force, had prepared defensive measures. These measures were sometimes little more than plans based on paper but which had little chance of implementation even if there was any real desire amongst the leaders of the parties who considered them. It seemed to the observer that a certain number of the Italian political hotheads could not believe that countrymen could go to the polls and peacefully elect a Constituente Assembly and give their choice for their institutional future. This cloud of rumours died down during the last days of the month when it became apparent that at any rate the elections would be held.

8. Numerous important political speeches were made, notably one by Sig. de GASPERI in TRENTO on May 11th. He appealed for greater unity within the Christian Democrat Party and expressed his belief that in spite of the national disaster, Italians would save themselves and would save ITALY.

9. On the same day, Signor NENNI spoke in MILAN; he called again for the maintenance of the alliance between the Socialists and Communists. He referred to the dangers of any foreign policy which aimed at attaching ITALY to any so-called bloc of great powers.

10. Sunday, May 12th, was noted for numerous political speeches throughout the country. The President of the Council spoke in TRENTO where he disclosed that there had been attempts to induce the Government to postpone the election while on the other hand exaggerated fears had been expressed on the subject of a possible coup d'etat. These difficulties, he said, had been overcome without affecting the formal pledge on the part of the KING and the nation to submit to the arbitration of the people on June 2nd. Signor de GASPERI emphasised again the importance of the presence in the Constituent Assembly of a mature group of men who stood for liberty, order and progress as well as for the maintenance and defence of spiritual, Christian traditions. The rest of his speech at TRENTO was devoted to a study of the local ethnic problem. He hoped that common sense would prevail and that it would be possible to reach a loyal agreement between the two ethnic groups in the ALTO ADIGE based on equality, justice and democracy. Speaking later in the day at ROVERETO, Signor de GASPERI dealt with the Colonies and declared that Italians would

Declassified E.O. 12356 Section 3.3/NND No. 785017

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11. During the month the Council of Ministers transacted a certain amount of business other than that arising out of the abdication and the preparations for the holding of the national elections. At their meeting on May 10th, Signor de GASPERI made a full report on his mission to PARIS. He stated that the JUGOSLAV representatives had adopted an extremely rigid attitude. He, for his part, had made it clear that no democratic Italian Government could accept the loss of TRIESTE and he had refused the RUSSIAN offer of colonial expenditions. He had also expressed the hope that ITALY might be allowed to retain her Navy as an international force in the services of the UNO. As regards the Colonies he had suggested a form of mandate in which ITALY would take part as soon as she was admitted to the UNO.

4784

Declassified E.O. 12356 Section 3.3/NND No. 745017

12. Meeting on May 15th, the Council of Ministers discussed public order in relation to the forthcoming elections. At the end of the discussion the Council formally reconfirmed its determination to hold the political elections and the referendum on June 2nd. The request of King UMBERTO for the publication of an amnesty decree was examined and approved. The amnesty decree will not be published until after the elections of June 2nd. A draft statute for the SICILIAN REGION which provides for a very wide autonomy of the Island with a large measure of decentralisation within the framework of the United State was examined and approved and a similar statute for SARDINIA was also in preparation.

13. A declaration was approved at the Council's meeting on May 23rd regarding public order during the elections in which everyone was called upon to respect the decision of the referendum and stating that the Government was firmly determined to forestall and repress any acts of violence or intimidation.

14. It became known on May 16th that the four Foreign Ministers, having failed to reach agreement on the conclusion of a peace treaty with ITALY had agreed on an immediate revision of the armistice terms. The revision included the abolition of the Allied Commission and the creation in its place of a military commission attached to the Mediterranean Military Command; the drawing up of civil affairs agreements between GREAT BRITAIN and the UNITED STATES OF AMERICA on the one hand and ITALY on the other; the immediate repatriation of all ITALIAN POWs; the confirmation of the declaration that the armistice would leave ITALY's territorial position unprejudiced; an undertaking on the part of ITALY to hand over war criminals; an undertaking on the part of the Italian Government and of the Allies to allow free elections. There was no forecast as to when the revised armistice would be signed.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - LIAISON GROUP REPORTS

LIGURIA REGION.

1. The month was fraught with rumours of every sort resulting in a "war of nerves" among the political parties and infecting the general public who were so dazed that calm prevailed. In the early stages of the electioneering, the Communist Party flooded the countryside with posters and the usual writings on the walls. The Socialist Party was not far behind in this respect with the Christian Democrats a very bad third. Towards the end, the Monarchists came very much to the fore with meetings and propaganda. Since the abdication of Victor Emanuel and the assumption of the crown by Umberto, the Monarchist Party showed much greater activity. (These were their first public meetings). A surprise visit to GENOA was made by King Umberto II at the end of the month. He received a mixed reception and minor scuffles occurred although there was nothing of a serious nature. All political parties behaved excellently throughout the month. Many electoral speeches were made in each Province, all without disorder.

2. Railway traffic was suspended on the Italian French frontier for 3 days following a refusal by the Italian authorities to extend a permit to a French railway inspector to remain in ITALY. French railway personnel protested to the Italian authorities and afterwards returned to FRANCE. Apparently the Italians ejected the French inspector for political activities on the frontier. However, the difficulties were sorted out reasonably quickly and rail traffic was resumed.

3. Public Safety was satisfactory in view of the prevailing difficulties and Police Agencies functioned well against the obstacles of political interference and lack of public faith. The CC.RR. were efficiently equipped, better disciplined than any of the other agencies and did excellent work. Guardie di Finanza, although handicapped by lack of motor patrol boats for work in the harbours of GENOA, SAVONA and LA SPEZIA, performed their duties very well. Crimes, violence and serious offences decreased and public order was excellent in spite of the polemics and politics of the month. The prison situation was satisfactory and no incidents were reported. The number of clandestine Casinos which have sprung up increased. Fishermen complained of the lack of fuel for their fishing craft and quoted the numbers of luxury cars and motor coaches which came considerable distances to serve the Casinos. The Italian Authorities were aware of this situation and so far have taken no action.

4. Unemployment in the Region increased, there being 29,867 unemployed, 5,948 of whom were women. The total showed an increase of 6,502 over April figures. There were in addition several thousand non-registered unemployed.

5. The food situation remained unchanged. Black market bread was noticeably scarce, but vegetables and fresh fruits were plentiful as was fresh fish; these have helped the poorer classes to eke out their rations. The general shortage was reflected in the fact that thousands fed at the Mensa Popolare in spite of the generally poor quality and small quantity of the food. There were sufficient flour stocks to maintain the bread ration until 11/12 June at which date a grain ship was expected. The excessive rainfall for the past few weeks was of benefit only to the vegetable and forage crops. Grain crops, except those [illegible] a fact which will increase harvesting

Declassified E.O. 12356 Section 3.3/NND No. 785017

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6. The handover of 71 Displaced Persons Camp in GENOA to UNRRA was completed. General health in the Region was extremely good, the only instance of prevalent diseases being measles.

4783

Declassified E.O. 12356 Section 3.3/NND No. 785017

7. Rail movements for the month dropped below those of April, partly due to the diminished number of vessel arrivals. Movements into 13 Corps Area and the rest of ITALY were not successfully and without difficulty. Work on the doubling of the line between BIVIO POLCEVERA and MIGNANEGO was commenced; this is one of the most important lines leading to the North. Doubling of the track on the GENOA-LA SPEZIA line between LAVAGNA and RIVA TRIGOSO was completed. During the first 20 days of May only 6 colliers arrived in the ports of GENOA and SAVONA carrying a total of 49,051 tons of UNRRA coal. This resulted in practically a complete stoppage of labour. The usual varied items of cargo continued to arrive with an increase over April. The warehouse situation was again critical and complete cargoes of cotton were back-piled on the docks. Every effort was being made to obtain storage space away from the port areas and contracts were drawn up with the Italian Military Authorities to lease barracks not in use by the Army.

8. A total of 190,067 tons for Genoa and 151,885 tons for SAVONA were handled during the month.

9. Reinstallations and repair of telephone and telegraph facilities continued satisfactorily.

LOMBARDIA REGION.

10. On the eve of the national elections a complete calm was maintained all over LOMBARDIA, and no incidents whatsoever occured during the election-eering. The electoral campaign, mainly posters, was not so intense as that for communal elections. It was reported that the amount spent by the different parties for such propaganda was only half that spent for the elections in March and April. The delivery of electoral certificates took place satisfactorily. In MILAN a special office was opened for distribution of undelivered certificates. The average percentage of which throughout the whole Region was calculated from 3 to 5%.

11. The re-organization of the MILAN Questura proceeded quietly but satisfactorily. In all the provinces the auxiliaries were being systematically reduced. So far as the CC.RR. were concerned there was a decided improvement in the situation as regards clothing, weapons and transport. There was still however a great shortage of personnel. The morale of the CC.RR. was good but the poor rate of pay was causing dissatisfaction. The Guardia di Finanza functioned almost normally but were badly handicapped by a serious shortage of clothing, transport, arms and ammunition. In every province the CC.RR. showed both zeal and initiative in searching for hidden arms. Two big dumps were found in the mountainous region of SONDRIO. One was buried under 6 feet of earth and the other was underneath the cement bottom of an irrigation channel. Two other substantial deposits were found in the mountainous region of PAVIA. These were under the control of an auxiliary Agente di P.S. who was arrested. He stated that the deposits were formed under the express direction of two men who were local Communist party candidates in the national elections. In all, the CC.RR. made 47 raids and the items found include 90 machine guns, 79 sub-machine guns, 126 rifles, 754 grenades, 293 cases of ammunition, 3037 detonators, 2528 Kilos of explosives and numerous other such articles. The agenti of P.S. made 15 raids (9 in MILAN CITY) with successful results. The crime situation was satisfactory and in some areas there was a decrease in recorded crimes

Declassified E.O. 12356 Section 3.3/NND No. 785017

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12. Food prices showed a certain decrease, mainly due to the seasonal production. 73,400 quintals of wheat were expected to be consigned in LOMBARDIA to the Ammassi in the period before the new crop. A dispute regarding wages between the "Associazione Produttori Agricoli" and the "Mondariso" seemed to be seriously affecting the coming rice harvest; this situation already caused some damage as the harvest is usually already commenced at this time of the season.

13. In order to help the critical financial situation still present in the heavy industries of NORTH ITALY, the Government granted a loan of 3 billion Li

Declassified E.O. 12356 Section 3.3/NND No. 785017

to be divided among the most important plants of which: 550 million went to BREDA and 200 million to ISOTTA FRASCHINI.

14. In MILAN Province a plan of public works was approved (civil buildings, roads, etc.) for an amount of 790 million lire. The Ministry of Post-War Relief granted an amount of 50 million to the Province of SONDRIO for the reconstruction of living houses burnt by the Nazi-fascists for reprisal.

15. Owing to lack of coal, 38 trains from and to MILAN had to be withdrawn during the Holidays.

PIEMONTE REGION.

16. The national elections in PIEMONTE, as in the rest of ITALY, spurred the politically minded to feverish activity. Meetings of all parties were held during the month and in most cases the speakers were heard with patience, if not always with enthusiasm. There was, however, a continual refusal to afford "free speech" to the Uomo Qualunque candidates and the clever left wing device of identifying, in the public mind, this movement with Fascism prevented the party from making much propaganda. The abdication of Victor Emanuel caused a swing towards the Monarchy, and the visit of King Umberto II to TURIN during the month made a strong appeal to the sentiments of the loyalists. The last minute proclamation offering another referendum after the establishment of the Costituente was probably responsible for attracting many waverers from the Republic to the Monarchy. The situation in the border towns of BRIGA and TENDA, remained stationary, with the inhabitants a little tired of waiting for a decision as to their future status. The AOSTA Valley was quiet during the month and there was no repetition of the violence of two months ago, due doubtless to the energetic action taken by the CC.RR. at that time. Rumours of French claims on MONCENISIO caused a certain perturbation in the VAL DI SUSA and strong demonstrations of protest were staged in SUSA itself. There were no disorders and the situation was satisfactory. Despite the activity of the politically minded, the mass of the population appeared to be much more concerned with the cost of living and the immediate day-to-day problems than with politics. There were no signs of Neo-Fascist activities. Some concern was expressed over reports from PARIS as to the intentions of the Allies with regard to the Italian fleet and the Italian Colonies. Local Government functioned reasonably well and the lately elected local municipal officials appeared to be giving a good account of themselves.

17. The situation with regard to Public Safety continued to improve There was a complete absence of political crime during the month and no disorders or demonstrations involving violence. There were a few isolated cases of highway robbery and police were taking energetic means to deal with these and other crimes. Public confidence in the police was much improved. A considerable improvement was effected in Carabinieri equipment but some groups were still badly in need of transport and uniforms. The morale of the CC.RR. maintained a steady improvement, but such could not be said of the Agents of Public Security whose morale was very low, the overall cause being the poor economic conditions under which they serve. Both regular and auxiliary police desperately need greatly improved conditions before they can be relied on to perform their duties satisfactorily and with enthusiasm.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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18. The cost of living remained approximately the same with a slight decrease in the price of bread, pasta, flour and vegetables in the more agricultural provinces. The price of fruit remained very high and was the cause of much unfavourable comment. Rationed bread was said to be of very poor quality, but despite regulations and restrictions, white bread could be freely bought and sold - especially in small towns. Heavy rains retarded the harvesting of hay, delayed the ripening of corn and grain and caused considerable damage to fruit. It is anticipated that the harvest will be about a month later than in normal years, this month having been the wettest May in many years. Chemical fertilizers were more plentiful but were said to have arrived too late. Some delay was caused in rice cultivation by wage disputes among the agriculturalists and the rice workers.

4182

Declassified E.O. 12356 Section 3.3/NND No. 785017

After prolonged discussions wage rates were settled and work proceeded. There was an increasing amount of unemployment. Industrialists complained bitterly of the continued demands of the workers for increased wages; the workers on the other hand stated that the increased wages were more than absorbed by the increased cost of living. A certain amount of goods were exported, notably wines and liqueurs, plastic utility goods and some cloth goods. The home market was, however, practically stationary and factories and shops remained full of manufactured articles awaiting purchasers.

19. Heavy rains were responsible for retarding public works, flooded rivers in some parts carrying away bridges and interfering with road movement. Cement was more easily available and enabled certain works to be carried out. Transportation and distribution of cement was one of the principal difficulties. In the zone of BRIGA and S.DALMAZZO DI TENDA work commenced on rebuilding the bridge over the ROJA River which will cost 10,770,000 lire. Work on bridges and other projects of a like nature proceeded slowly. The abundance of water relieved all anxiety in the hydro-electric installations which functioned at full spped.

20. The Displaced Persons Camp IT 17 at TURIN was taken over by UNRRA during the month.

21. No serious epidemics were reported during May in the Region but some anxiety was expressed by the authorities regarding the increasing incidence of diseases arising from malnutrition and particularly tuberculosis. This was noticeable in prisoners returning from GERMANY. These diseases however, were not confined to "Reduci" but were manifesting themselves in the Agents of Public Security, who had to be out in all weather, underfed and badly clothed.

22. Telegraph and telephone services continued to improve rapidly. There was considerable dissatisfaction voiced regarding the refusal of UNRRA to accede to the abolition of circulation permits for automobiles and the unrestricted use of motor fuels. There was still obviously much mis-use of petrol etc. and hundreds of vehicles circulated without permits, finding their petrol on the black market.

23. The pace of legal processes continued to be very slow, numbers of prisoners in the jails having been awaiting trial for six months. The shortage of judicial personnel was the cause of this.

VENEZIE REGION

24. In the early part ofMay most newspapers and public attention was focused on the PARIS Peace Conference, with particular emphasis on the future disposition of the Italian Fleet. The situation in this area finally climaxed with the demonstration instigated by members of the Italian Royal Navy in St. Mark's square VENICE on 9 May 46 during a band ceremony staged by the British Navy in the presence of Lieut. Gen. Harding, Admiral Kinahan and other Allied Officials. The band ceremonies were admirably executed and completed in perfect order but immediately thereafter the demonstrators closed in on the reviewing party and considerable disorder but no violence occurred. Each political party accused the others of being responsible for the demonstration. However it was

Declassified E.O. 12356 Section 3.3/NND No. 745017

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VENEZIA REGION

24. In the early part ofMay most newspapers and public attention was focused on the PARIS Peace Conference, with particular emphasis on the future disposition of the Italian Fleet. The situation in this area finally climaxed with the demonstration instigated by members of the Italian Royal Navy in St. Mark's square VENICE on 9 May 46 during a band ceremony staged by the British Navy in the presence of Lieut. Gen. Harding, Admiral Kinahan and other Allied Officials. The band ceremonies were admirably executed and completed in perfect order but immediately thereafter the demonstrators closed in on the reviewing party and considerable disorder but no violence occurred. Each political party accused the others of being responsible for the demonstration. However it was generally believed that the entire affair was staged by outsiders, for the local Venetians of all classes resented the demonstration. About the middle of May attention was once more focused on the coming elections - buildings were covered with political posters - speakers and leaders of all parties visited the region and addressed meetings, and the newspapers carried on an extensive campaign but throughout it all, the atmosphere was unusually orderly and no incidents occured. The most immediate source of irritation to the civilians was caused by the Military requisitions in the VENICE and LIDO areas. The Italians found much cooperation from the Allied Military Authorities in this matter, but military committments for ports, warehouses, offices and rest areas were such that many normal activities must of necessity be curtailed. This particularly applied to civilian tourist trade and accommodations on the LIDO. Neo-fascist activities in VENEZIA appeared to be more rumor than actual fact and this applied to many alleged activities of other

Declassified E.O. 12356 Section 3.3/NND No. 785017

parties.

25. The crime situation throughout the Area was normal. Questura and CC.RR. made quite a number of good arrests in connection with armed robberies and the collection of arms. There was a considerable decrease in the number of cases of Military telephone lines being cut. Relations between the civilians and Allied Military were reasonably good with only a few isolated incidents being reported. The prisons were still crowded both with prisoners convicted as well as those awaiting trial. In VERONA 771 political prisoners were still being held awaiting trial. The difficulty lay in the courts not having adequate personnel to try the cases. Inadequate equipment for all civilian police agencies continued to create a problem. 1000 bush shirts dyed green were issued to auxiliary agents of the Public Safety Units in VENICE and PADOVA. The Mobile Battalion of Carabinieri stationed in PADOVA with the detachment of 200 stationed at TREVISO were well trained and armed. Recently, after many inquiries, they received ammunition for use in their armoured car weapons. They are under the control of the Legion Commander in PADOVA, but may not be utilized without orders from ROME.

26. Due to plenty of rain and warm weather all crops throughout the Region were good. The wheat crop was estimated to be near normal and was ripening so rapidly that most of the grain will be cut by the 15th of June. Fruits of all types were in abundance and growers were making every effort in cooperation with UNRRA to transport the crop to other sections of ITALY and even to AUSTRIA and GERMANY. The food situation during May was reasonably good with prices remaining approximately the same as those of April. It was estimated that visible wheat stocks would be exhausted in this Region by the 10th June and UNRRA is doubtful whether they could supply any additional grain or flour. Sugar rations were cut to 100 gr. most of which came from local sources. An additional shipment of sugar is due in from LEGHORN about June 10th. Oil and fat supplies continued scarce and were uncontrolled. The Regional Inspector of Alimentazione stated that no fats would be available for issue to the public during June. Total requirements of fats and oil for this region on the basis of 180 gr. per person would amount to 7000 qls. per month. However the "black market" will continue to supply oils and fats to those who can pay prices of 700 lire per Kg. Coal allotments were received and while the amount was far from sufficient yet there was enough coal on hand to meet allocations for the next thirty to sixty days. The general labour situation did not improve, there being 190,000 persons unemployed during April in the eight provinces of this Region as against 195,000 at the close of May. While extensive public works projects were approved there appeared to be considerable delay in getting under way with construction. There were a few scattered strikes and demonstrations for higher wages but generally the labour situation remained quiet. The silk industry anticipated a considerable increase in production this year due to the good weather and favourable growing conditions.

27. The Genio Civile of all provinces were active in submitting projects and a high percentage were approved in ROME but there continued to be a delay in actual construction, which seemed to be due to lack of materials in many cases. The construction of "popular houses" was getting well under way in most provinces. The majority of projects consist of road repair, bridges, hydraulic works, repairs to Public buildings, slum clearance and Port improvements.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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28. The refugee camp at PORTA S. GIORGIO near VERONA had 468 refugees, mostly from VENEZIA GIULIA, GREECE and TUNISIA. The number was 47 less than last month. The D.P. situation is gradually diminishing in this Region.

29. Public Health remained good. The T.B. situation has always presented quite a problem in this area and due to the destruction of many Sanatori there is a lack of adequate facilities to care for the patients. The UNRRA anti-malaria campaign was well under way and no great malarial problem is anticipated.

30. The Bridge over the PO at FERRARA was scheduled for completion on May 1st but due to defects in construction it will not be opened for traffic

4781

Declassified E.O. 12356 Section 3.3/NND No. 785017

until about the middle of June. The lack of direct Railway Service between VENICE and BOLOGNA seriously handicapped the transportation service of NORTH EAST ITALY. Military control was relinquished over the VERONA-BOLOGNA, and the PADOVA-PIACENZA Lines. Total tonnage moved by trucks continued to increase throughout the Region; Uffici Autotrasporti moved 215,977 tons and Truck Pools moved 6,611 tons. POL allocation was quite satisfactory. Inland water transportation moved 23,173 tons for industry and 2,664 tons of foodstuffs. Tonnage entering the port of VENICE showed a considerable decrease for May over the previous months. Coastwise schooners for BARI and ANCONA continued to increase their tonnage. A new telegraph line was completed between PADOVA and VENICE and another between VENICE and FERRARA. Telegraph service was re-established on 22 May between VENICE and TRIESTE. A total of 4 telegraph Offices were re-opened within the Region during the month, with 6 additional scheduled for re-opening in June, bringing the numbers practically up to the pre-war level. Seven long distance telephone circuits were added during the month, including three from VERONA to BOLZANO. Prior to the war the TELVE Company had 31 telephone exchanges and the TIMO 197 exchanges in operation in this area. TELVE is now back to normal with 31 exchanges and TIMO has 103 with 9 more to be opened in June.

31. The courts continued to be over burdened with cases and understaffed as personnel, all of which prevented the administration of speedy justice, overcrowded the goals and created a general disrespect for law in the minds of the average citizen. The fault appeared to lie in the antiquated court system which badly needs modernization.

REGION OF CALABRIA-CAMPANIA AND NAPLES.

32. The big event of the month was the abdication of King Victor Emanuel III on the 9th of May. He left NAPLES the same evening on the Italian cruiser DUCA DEGLI ABRUZZI for EGYPT. There were no demonstrations and city life was normal. The King's presence in NAPLES during the past year has given rise to no incidents. Political activity increased with the approach of the national elections. Numerous meetings were held by leaders and outstanding personalities of the various parties. The new King Umberto II visited NAPLES on the 19/20 and the Monarchists held meetings and a procession. Good order was maintained throughout except in one case on the 15th involving clashes between several parties, including Communists, and 2 small hand grenades were thrown which caused a panic resulting in injury to 30 persons. In the country districts there were also many meetings, with a few minor incidents but no disorders.

33. Public Safety conditions remained normal but cases of theft were very high. There were nine cases involving Allied personnel in clashes with civilians against eight the previous month. Apart from the clash in NAPLES between the various electioneering factions, the election campaign, though it produced much debating, was remarkably free from violence. CC.RR. Mobile Squads were active and worked well.

34. There was extensive rain during the month but no rust has been reported in the wheat crop and prospects are good for the coming harvest. In NAPLES Province the official estimate for the wheat crop is 18 quintals to the hectare. Stocks of flour for CAMPANIA were reported to be low with only sufficient to maintain the rations for the first week in June. The position in CALABRIA

Declassified E.O. 12356 Section 3.3/NND No. 785017

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35. Owing to redeployment of units, employment by Allied Forces decreased. Exclusive of the RAF, civilians employed by the Allies in the NAPLES Area amounted to approximately 40,000.

36. A strike of CIP workers took place and by the 15th May was nation wide. It ended on the 16th with an assurance of increased wages. There were other minor stoppages and a grain ship was delayed for a day as a result of a strike in a general warehouse against the dismissal of two workers.

Declassified E.O. 12356 Section 3.3/NND No. 745017

37. Public Health remained good and winter epidemics of small-pox and measles subsided.

TOSCANA REGION.

38. With the exception of the political situation there were really no major changes noticeable in conditions, in TOSCANA, for May, from those reported in April. After a lull of some weeks, following the local administrative elections, political activities re-opened throughout TOSCANA on about the 15th of May. From the 15th of May to 1st of June every means of political propaganda and guile was used to influence the public, and to garner votes. The Region was literally covered with posters and leaflets; public meetings and parades were held. Every caffe and trattoria was the scene of political discussion and Loudspeakers and sound trucks were plentiful. All of which made for an intensive, but nevertheless, informative campaign. Until Saturday evening, the first of June, the excitement and tension on the part of officials and party leaders, in particular, and of all the population, in general, was very noticeable, but there were no serious disorders.

39. A continued improvement in law enforcement was noted in TOSCANA. The local prisons were in a disgraceful condition. D.D.T. was badly needed for the vermin which in most cases were out of control.

40. Unemployment continued to be a pressing problem, but the situation was no worse during the month. Optimism prevailed regarding all crops, but there did exist some apprehension over the possibility of too much rain; fertilizer remained scarce. The maintenance of the cereal ration scales depends on the success of the ensuing campaign and on the extent of UNRRA imports. Other foodstuffs became more plentiful, but still were priced beyond the reach of those who need the extra food the most. Prices were definitely on a downward trend; even food prices lowered during the month. Progress in industrial and commercial rehabilitation was necessarily slow.

41. Public works continued to progress and headway was made in the clearing up of the Port harbors; the water supply was sufficient, except in LIVORNO and the electric supply improved during May.

42. In transportation and communications improvement was under way and results were noticeable.

43. Public Health was normal for this season of the year except that there was an increase of T.B. and V.D.

44. The courts functioned capably, but very slowly; Italian Tribunals officials, excepting Pretori, did not appear to work very hard or put in many hours.

BARI AND PUGLIE MARCHE REGION.

45. Great interest in the elections was shown by all Parties. There were no disturbances, although at TARANTO when Togliatti, the Minister for Justice and

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4780

Declassified E.O. 12356 Section 3.3/NND No. 745017

46. The Public Safety situation greatly improved and there was no trouble during the month. On two occasions a small crowd of Veterans assembled outside the Prefettura BARI demanding employment. The CC.RR. and Civil Police showed a steady increase in efficiency and turnout.

47. Harvesting began at the end of the month. The locusts which were reported in TARANTO, BARI and FOGGIA Provinces at the beginning of the month were brought under control and no extensive damage was done. Fuel and lubricants were generally insufficient for agricultural needs but a good production of wheat and other cereals is expected, also of leguminous plants. Production of fodder was satisfactory. The condition of tobacco in LECCE Province was excellent and a good production of wine and olive oil is also expected.

48. Two ships with 53,24 tons of wheat arrived during the month. 100 grams of sugar and 200 grams of olive oil were distributed in May. No pasta was distributed; the price of pasta on the black market increased (250 lire per kilo at the end of May). An exhibition of wines and liquers manufactured in APULIA and LUCANIA Regions took place in BARI and created considerable public interest.

49. Further premises were dercquisitioned during May including 95 apartments and 8 W/Houses.

50. Public Health was satisfactory in BARI Province and generally speaking the population in this area looked well fed and fit. 59 cases of smallpox were reported during the month.

51. Traffic both by rail and road was still on the increase and the railway organisation steadily increased in efficiency. Tyres were very scarce, this being the main reason why road transport could not progress to any appreciable extent.

52. The delays to cases under trial showed no improvement for the same reasons as before, a lack of Magistrates on the Tribunals.

53. Cases of unemployment were still high. Every effort was being made by the Prefect to employ as many "reduci" and veterans as possible, but there continued to be a strong tendency on the part of these people to select their jobs and not to take what was offered.

54. 285 millions lire was granted for Public Works in BARI Province, 80 millions for TARANTO. More and more road repair was to be seen throughout the area and an increase in general repair work was also in evidence.

55. No. 1 Transit Camp was handed over to UNRRA on the 15th May. During the first fortnight of May, 1035 persons arrived in the Camp and 340 left BARI.

Declassified E.O. 12356 Section 3.3/NND No. 753017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

ISLAND OF SICILY

56. Political excitement was increased in the last few days of the month by visits from ORLANDO, DE GASPERI and the King, all of whom had very good receptions. TOGLIATTI on the other hand was whistled at almost continuously at PALERMO. Chief interest appeared to be in the institutional question rather than the party situation, for the Sicilians have a strong leaning towards the Monarchy and were trying to poll every monarchist vote possible in order to counter-balance northern republican votes. On the party issue the strongest parties were the Democratic Christians (easy first), followed by the UDN, Sicilian Independence, Uomo Qualunque and Socialists. Electioneering was more bitter in the PALERMO area than in the east of the Island and there were a few minor clashes without, however, grave consequences. Great anxiety was felt by the Authorities in PALERMO for the days immediately following the announcement of the result of the referendum and the usual rumours of insurrections and violence all without proof were rife. The distribution of election certificates varied considerably; in ENNA and CALTANISSETTA Provinces over 96% were distributed whereas in PALERMO the distribution was less than 90%; the PALERMO authorities blamed this on deaths, removals etc.

57. Public Safety conditions varied a great deal. In CATANIA, ENNA and SYRACUSA there was little serious crime and no banditry was reported; in PALERMO and TRAPANI banditry flourished; in AGRIGENTO and CALTANISSETTA there were a lot of crimes in the sulphur mine areas, and also banditry; in MESSINA the general state was good but there were still a few small bands of brigands in the hills. The police everywhere were grossly overworked and cannot be blamed for the prevalence of crime. Firstly the police have had to work very long hours, with very few men in reserve to control political meetings, processions and elections for several months, and have not been able to concentrate forces against the bandits; secondly the food ration of 200 grams of bread is insufficient for SICILY, where the diet of the people does not include meat, fish, rice, butter, polenta etc., as in the North, and in fact forces many men to crime in order to obtain sufficient money to feed their children on the black market. The police will be further handicapped in the new drive against banditry by the fact that they are just starting the amassi season for wheat.

58. Agricultural prospects were uniformly good, though the wheat crop was about ten days later than usual. Estimates on the wheat crop varied enormously. The acreage sown was down but the best land has been chosen. Estimates varied from 7 million to 5 million quintals (the latter a more reasonable figure based on acreage - an average production of eight quintals per hectare). Grasshoppers threatened the crop in CATANIA but thanks to help from UNRRA the danger appeared to have been averted.

59. The situation in the sulphur industry was not good. The production is on primitive lines and if the owners pay reasonable wages they cannot hope to compete in the world market with others. This industry was in need of capital and modernisation in technique; it has the advantage of producing very high quality sulphur close to Europe. The workers were dissatisfied with the present wages and food scales, and the position gave continual anxiety to the Public Safety Authorities. Cotton prospects were slightly improved by a rise in prices, and there was optimism in AGRIGENTO. If the soap trade in MESSINA could reopen it would largely solve the province's unemployment problem; the PALERMO Authorities have not allowed them to use the necessary fats. The cost of living rose very steeply owing to manipulation of the bread black market in some provinces. Official figures could only be treated sceptically, as in

Declassified E.O. 12356 Section 3.3/NND No. 745017

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60. Progress was being made with proposals for new aqueducts. A great deal of work in this field remains to be done before SICILY can be anything except a poor Island.

61. Illegal emigration of Displaced Persons continued by night along the Eastern and Southern coasts.

Declassified E.O. 12356 Section 3.3/NND No. 745017

62. Public Health remained remarkable good in view of the obvious under-nutrition of large sections of the population.

63. Transport and communications were not bad. The railways functioned well and were very good in distributi . quickly any wheat or other UNRRA supplies. There was a shortage of freight trucks, but for essential deliveries UNRRA gave valuable help. The telephone services were improved.

EMILIA REGION

64. Political activity during the month increased in intensity as the elections in which all classes took the greatest interest approached. As before, the meetings of Communists, Socialists and Republicans were the more numerous; such attempts as were made by other parties were frequently interrupted. During the only attempt of the Monarchists to hold an open air meeting, the speaker was shouted down and a Socialist leader who afterwards addressed those assembled stated that it was not undemocratic to prevent the Monarchists from speaking. A Monarchist meeting at IMOLA was also abandoned in similar circumstances. However, as far as the meetings were concerned, there were no violent incidents or serious disorder. A definite "war of nerves" was conducted during the month, and there were strong rumours, that the extremists were prepared to carry out a coup d'etat, if the referendum should be in favour of the Monarchy. Three incidents of an obviously political character were reported during the month; on 24 May at RAVENNA, two hand grenades were thrown into the premises of Italian Partisan Association; on 15 May at S. MARCO, MACERATA Province, five hand grenades were thrown through the windows of a house in which were the secretaries of the local Communist and Socialist Parties; on 31 May in BOLOGNA, two bombs were thrown, one near the Camera del Lavora and the other one at the entrance of the Casa del Popolo. Some damage was done but no one was hurt. The abdication of King Victor Emanuele was expected and caused little comment beyond the fact that it was considered to be well timed. Some disappointment was expressed at the lack of progress towards a Peace Treaty with ITALY. Provincial administration continued to be fairly satisfactory The financial position of the Communes continued to be bad.

65. The month showed little change in the Public Safety situation. While there was a reduction in the number of armed robberies, holds-up, extortions etc., the number of murders for both political and non-political reasons increased, in fact, it was the highest since November 1945. There were 17 murders, woundings and attempts for political reasons, 17 murders, woundings and attempts for non-political reasons, and 69 armed robberies and attempts. The work of the CC.RR. increased during the month. There was nothing fresh to report about the Questure and other police agencies. The Questure remained as inefficient and unreliable as ever; Questori were all faced with the same difficulties, untrained personnel, unreliable ex-partisan elements, and the "go slow" policy of most regular officials and agents who were all to a greater or lesser degree comprised during the Fascist/Fascist Republican period. The Questure appeared to be as corrupt as they were under Fascism and much less efficient. During the month there was complete absence of escapes from the prisons in the Region.

66. The grain situation in the Region did not improve during the month, but the bread ration was maintained. There was no distribution of pasta rations in some Provinces. The [illegible] amassing programme yielded some 53,000 quintali of grain up to the end of May. This was not considered to be satisfactory by the Prefects. Undoubtedly, there was still a fairly strong black market in grain and flour, despite the firm action of the Prefects and police agencies in stopping vehicles and impounding such grain. Pasta and bread was still on sale in all

Declassified E.O. 12356 Section 3.3/NND No. 743017

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66. The grain situation in the Region did not improve during the month, but the bread ration was maintained. There was no distribution of pasta rations in some Provinces. The requisitioning programme yielded some 33,000 quintali of grain up to the end of May. This was not considered to be satisfactory by the Prefects. Undoubtedly, there was still a fairly strong black market in grain and flour, despite the firm action of the Prefects and police agencies in stopping vehicles and impounding such grain. Pasta and bread was still on sale in all civilian restaurants. There was plenty of meat - at high prices; indeed, every form of food could be bought by those who had the money. Cheese of all varieties, was in good supply; vegetables were abundant, and there was plenty of fish on sale. Industry was still in the same sad state due, as usual, to lack of raw materials and coal, and to a reluctance on the part of business men to buy. In addition the unsettled political situation in the country hampered any progress in this field; it was obvious that many business men hesitated to finance industrial enterprises with the possibility of an extreme Left-wing Government being elected. Unemployment remained a major problem. While the seasonal increase in agricultural work will absorb some, and public works, some more, the ranks of the unemployed are being swelled by returning "reduci". Agricultural work was carried on satisfactorily; there was much rain during the month and

Declassified E.O. 12356 Section 3.3/NND No. 785017

some damage to crops caused by strong winds and hail storms. A very good grain crop is expected, provided the weather remains good until the harvest.

67. There was an increase in the amount of money released for public works, and some progress was made. Delay was still occasioned however, by the lack of raw materials; a good deal of building was being carried out in the Provinces of FORLI and RAVENNA. Water and electricity supplies were satisfactory. The gas position remained the same as previously reported, due to shortage of coal.

68. There were 1,698 Displaced Persons on hand on 20 April and an intake during the month of 1,691; evacuations during the month totalled 2,352. Following a conference in ROME it was decided that all camps in this Region would become A.C. Before this decision was made, refugees were being moved about a good deal and a clash occurred in REGGIO EMILIA between two different groups of people resulting in two deaths and bloodshed. Jews were moved to other camps in MILAN and ROME, and REGGIO EMILIA camp is now empty. The health in all the camps was excellent, there was some whooping cough among children, and the prevelant diseases continued to be venereal and tuberculosis.

69. Generally, public health in the Region was good. Measles were prevelant in all Provinces and there was some whooping cough. Hospitals were getting supplies of medicines and no further complaints were received on that score.

70. In transport and communications the improvement already reported continued. Despite a shortage of FOL, transportation appeared to be adequate.

71. Italian Courts operated as slowly and laboriously as ever. It was noted that as the elections approached there was a very definite slowing up in the fixing of trials of persons with definite political attachments. This applied particularly to the trials of Communist partisans for such offences as murders armed robberies etc. This appeared to have been the policy of the Procuratore Generale in BOLOGNA who has since been replaced.

BOLZANO

72. On every Sunday during May the South Tyrol Party held meetings in various centres either demanding the annexation of the South Tyrol to Austria or protesting against the decision of the Big Four not to discuss their question. All meetings were orderly and the three speakers were usually Baron STERNBACH, Dr. F. VOLGGER, and Dr. V. GUGGENBERG; the meetings were so arranged that the speakers could address each meeting in turn. The first shock came when the Austrian Government asked for a "slight modification" of their frontier to include the PUSTERIA VALLEY (Brunico Area) and EISACK VALLEY (Brenner and Bressanone Area) in order to join the North and East Tyrol by rail. The S.T.V. replied at once by sending a telegram to PARIS protesting against the proposed frontier rectification and asking that representatives of their party might be heard to plead for the complete annexation of the South Tyrol to AUSTRIA. The dwindling hopes of the German speaking population were, however, revived by the speech of Field Marshal SMUTS and the support of their pleas by the "TIMES". As CHURCHILL supported them in Parliament by suggesting a plebiscite, their fading hopes of annexation again revived. The report of the Option Commission to decide the laws of citizenship was sent by the Prefect to the Italian Government. The S.T.V. still remains outside the Autonomy Commission and the Prefect endeavoured to contact certain members of the Hans EGARTER-Group without success. Signor DE GASPERI's speech in TRENTO in which he blamed the German speaking population for non-cooperation received adverse comment in the Press the line of attack being

Declassified E.O. 12356 Section 3.3/NND No. 785017

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73. Security throughout the Province was satisfactory. The CC.RR. worked well; there were only 21 members of the CC.RR. who could speak both Italian and German. Some 200 others were located serving in other parts of ITALY and are shortly to be transferred to this area. Recruiting was opened to the South Tyrolians and some 32 applied for enrolment. A certain number of South Tyrolians recently escaped from POW-Camp in TARANTO and reached their homes. On instruction from ROME they were being arrested and are now languishing in the local jails as transport was not available to send them to the Camp at LATERINA (Arezzo).

4113

declassified E.O. 12356 Section 3.3/NND No. 743017

74. The recently concluded export agreements between ITALY, SWITZERLAND and AUSTRIA have not yet been carried out. Wine and harvest prospects for 1946 are excellent. The fruit crop in SWITZERLAND was expected to be abundant this year. This affects the possibility of exporting the fruit from SOUTH TYROL to SWITZERLAND and the Chamber of Commerce was trying to formulate plans for the exportation of wine and fruit to DENMARK and BRITAIN. The food situation in the Province was satisfactory. Fertilizers and insecticides were required, but on the whole the agriculture situation was above the average. There were 2,685 unemployed in the Province. Arrangements were being made to send hotel servants to SWITZERLAND and small groups of labourers were sent to the south for work in the rice fields.

75. General health was satisfactory except for V.D.

76. There were 1,131 D.P.'s in the Camp No. 19 (formerly No. 23) of whom 1,080 were Germans awaiting repatriation. The Camp Commandant received orders from ROME not to accept more D.P.'s.

77. Conditions in hydro-electric works were very satisfactory with an abundance of water. The industrial zone was handicapped for lack of raw materials and its output was only some 30%.

REGION OF ABRUZZI & LAZIO

78. During the month there was a progressive intensification of the electoral campaign which was conducted vigorously by all parties. Everywhere the Prefects, mainly owing to the collaboration willingly extended by all political leaders, succeeded in maintaining control of the situation avoiding serious friction and excesses, and no disturbances of public order of any importance was reported.

79. The state of law and order except in the Province of FROSINONE where there continued to be frequent cases of highway robberies, showed a further improvement, due to the slow but steady process of reorganization of the Police Forces.

80. There was a further slight increase in the cost of living. The order for the conferring to the "ammasi" of a further 6% of cereals was carried out with varying results which were particularly gratifying in the Provinces of ANCONA (6,000 qls) and PERUGIA (11,219 qls.) The bread ration was maintained at 200 grs. throughout the month, and all other rations, except sugar were distributed on the same reduced scale as last month. Shortage of coal continued to affect the recovery of industry while the unemployment situation slightly improved owing to the increase in agricultural work. In the Province of ANCONA the capture by YUGOSLAVIA of several Italian fishing-boats caused a serious contraction in the fishing industry.

81. Public Works proceeded satisfactorily within programmes, and public utilities were slowly recovering.

82. No appreciable change was noted as regards Displaced Persons; refugees were assisted in all centres and whenever possible repatriated.

83. Public Health was generally good. The measles epidemic in TERNI Province decreased (305cases in the Province, 206 of which were in the city of TERNI, were notified during the month). 72 cases of measles were reported also in the Province of MACERATA and a few cases in RIETI Province.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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ROME CITY AND PROVINCE

84. Considerable activity was noted throughout the area as the political campaign progressed. Some incidents were reported, the most serious being at ANZIOLA where a hand grenade was thrown by the Communists during a Monarchist meeting. A number of other incidents of interference by extreme leftists were also reported. Some traffic in electoral certificates was observed and several arrests made. Numerous demonstrations and public meetings were held during the month; the majority of these were of an orderly nature. Numerous articles appeared in the press and many complaints were voiced concerning non-receipt of electoral certificates and the distance of polling stations from residences of

Declassified E.O. 12356 Section 3.3/NND No. 745017

Declassified E.O. 12356 Section 3.3/NND No. 785017

voters. A special office was opened in ROME CITY to deal with these complaints.

85. The crime situation deteriorated slightly during the month due to the fact that a large percentage of the Police Forces was obliged to concentrate its activities on the electoral campaign to the exclusion of its normal duties. Black market activities continued to flourish and was insufficiently checked. Numerous street accidents indicated that the traffic control situation was far from satisfactory. The supervision of illicit buying and selling comes under the Municipal guards which in turn come under the Sindaco of ROME; this Corps (800 men) is inadequate and is being reorganized. The strength is expected to be increased to 2,500. A steady improvement was noted in conditions for Carabinieri and Finance Guards; their armaments were increased and considerable uniforms and clothing were allocated during the month. Four Flying Squads were created and proved quite efficient in checking crime, but in the maintenance of public order during the electoral campaign their lack of training was evident in the tactless way they carried out their duties. On the whole however, Police organizations appeared to have done their best during this difficult period.

AMG UDINE PROVINCE.

86. Political activity was intense immediately prior to the Elections, and every form of propoganda was employed. With the exception of one or two very minor incidents, all meetings were conducted in a most orderly way. The very active and intelligent propaganda by the Democratic Christians, under the direction of the ex-Prefect, was responsible for the great apparent increase in the support of that Party. Intensive monarchist propaganda was noticeable in the past three weeks. A further appeal by the Sindaci of the NATISONE Valleys against annexation by YUGOSLAVIA was received, and any suggestion that a part of this Province should be ceded to the Slavs aroused the strongest resentment throughout the Province. Slav and Pro-Slav propaganda continued in conjunction with certain sections of the Communist Party. There was general disappointment at the failure of the Foreign Ministers to agree on the Trieste question. Unemployment was responsible for some discontent in the Province, although the recent financing of some 200 million lire's worth of public works projects relieved the situation to some extent. After protracted negotiations with the Labour Section of the Allied Control Commission for AUSTRIA, agreement was eventually reached and 600 Italian bricklayers and kindred tradesmen left for AUSTRIA. This had a marked effect throughout the Province, where it was hoped that it might be the beginning of emigration, on which the unemployed problem, (in this Province). hinges. Though the general political situation was calm, there was some uneasiness as to the outcome of the Boundary problem.

87. The promised increase in the strength of the CC. R. was most welcome, but high cost of living and the low wages had a detrimental effect on this body. Clothing was still urgently required; military trucks assigned to the CC.RR. were being fully utilized and contributed considerably to the morale of this force. There was little change in the crime records for the month and of the few armed robberies some were believed to have been commited by criminals from outside the Province. The 1st of May celebrations were very quiet. Guardie di Finanza were reasonably efficient; they were however, in need of pistols and barrack equipment. In common with other public services, they complained about the difficult economic conditions. Conditions in Udine Gaol were much improved, but the reduction in wages of auxiliary guards affected their morale. More career guards were needed to replace these auxiliaries. The general public safety situation was good.

88. Regular distribution of all rationed foodstuffs continued; present

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88. Regular distribution of all rationed foodstuffs continued; present stocks of flour on hand will enable the ration to be continued until 14 June, but the planned distribution of 500 grams of pasta for May was cancelled on instructions from ROME. The free issue of 500 grams of sugar to residents of UDINE CITY up to 13 years old, given by IRELAND, was gratefully received. The final results of the livestock census gave a total of 192,356 head of cattle. Food prices generally were still high and did not show any tendency to fall. Essential commodities for both industry and commerce were satisfactory except for imported coal, tyres and fuel oil. The tyre situation was unsatisfactory and the coal shortage was acutely felt throughout the Province; only 3,300 tons out of a minimum requirement of 6,000 tons was received. Medical supplies, totalling approximately five million lire, were received. Statal employees were on strike between the 6th and 11th May. The Labour Attache of the British

4777

Declassified E.O. 12356 Section 3.3/NND No. 785017

Embassy arrived shortly after and made recommendations to the Italian Government which so far has given no decision.

89. Heavy rains and further deliveries of fertilizers greatly improved agricultural prospects. Wheat cultivation in the Province showed a 20% increase on 1945, rice a 50% increase and barley a 33% increase. Sugar beets showed a 24% increase, while there was a decrease of 21% for potatoes and 7% for maize. Vines have not suffered by disease, and a good crop is foreseen. A total of 49 new cases of foot and mouth disease were reported, bringing the total number up to 95. In consequence, the export of livestock from the Province was forbidden without a veterinary certificate.

90. The cash position of the Bank of Italy for the month showed an increase of approximately three quarters of a million lire over last month, bringing the total of currency to over two and a half thousand million lire. The decline in the lire was very noticeable during the month, particularly against gold. Some eight million lire were authorised for communal expenses and approximately 483 million lire was authorised for the second quarter to meet statal and parastatal budgets. Military road projects were financed to a total of 10,700,000 lire.

91. Public works projects totalling approximately 206,000,000 lire were prepared by the Genio Civile of the Province. Elaborate preparations for the resurfacing of military roads came to a standstill for the lack of bitumen of which approximately three thousand tons were required. This will have the effect of delaying work on the less important military roads until the promised shipment arrives.

92. During the month, a total of 2,322 refugees passed through the Centre, of which 723 were aliens, Greeks and Yugoslavs being in the majority. One half of the displaced persons arrived from VENEZIA GIULIA, and the balance from AUSTRIA and UDINE area.

93. In a variety of ways, Welfare Office continued to give ample support throughout the Province, and was largely responsible for the provision of an ambulance for the BELLUNA T.B. Hospital. The Ministry of Post-War Assistance provided some seven million lire towards the electric lighting scheme for the communes of the MAE'SCHE Valley. No increase in the number of UNRRA rations for the poor and needy of the Province was authorized, though claims from many communes were received. The general health of the Province was good, but 178 cases of measles and 21 cases of diptheria were reported.

94. There was ample transportation in the Province to meet all ordinary requirements, except for the passenger-carrying vehicles, which were urgently required by statal and para-statal employees and professional classes. The POL allocation was insufficient to meet requirements and the tyre situation was still unsatisfactory; an increase in the monthly allocation is most necessary. A further five million lire was deposited in the AFA account by the sales of ex-enemy vehicle scraps.

95. The Italian Courts worked satisfactorily and the Special Session of the Court of Assize tried 18 cases and dismissed 4, leaving 101 awaiting trial.

AMG VENEZIA GIULIA

Declassified E.O. 12356 Section 3.3/NND No. 785017

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AMG VENEZIA GIULIA

96. The failure of the PARIS conference to come to an agreement over VENEZIA GIULIA and the suggestion that the Powers may accept the French line as a solution caused the morale of the Italian population to sink. This was particularly noticeable in POLA where the energies of the trades peoples are bent more in the direction of getting material and property out, than attempting to increase industrial and commercial activity. The month opened with a large and well-organised pro-Jugoslav demonstration ostensibly to celebrate "Labour Day". The demonstration was hissed and spat upon by Italians and uniformed Partisans in the procession came in for much of the abuse. The Allied Military Parade on the 2nd May was a great success and all political parties for once agreed by instructing their followers to support the parade. After this the city settled down to a period of apparent calm although the discontent and apprehension on the part of the Italians was coupled with a marked resurgence of anti-Slav feeling. The

Declassified E.O. 12356 Section 3.3/NND No. 785017

Next demonstration took place on 19 May; this was supposed to be a sports meeting but resulted in violent pro-Communist and pro-Yugoslav manifestations which however passed off without incident. The anniversary on 24 May of Italy's entry in World War I was celebrated by a Mass at the cathedral and the laying of wreaths on the War Memorial. The month closed quietly with political parties awaiting anxiously the re-opening of the PARIS Conference on June 15. During May two additional communes were subjected to General Order No. 11: DOLINA, PES, COLLIO and BREGORA both in GORIZIA area. BREGORA is the first totally Slav Commune in which it was possible to implement G.O. No. 11. DOLINA DEL COLLIO is inhabited by Italians and Slovenes in approximately equal numbers.

97. In spite of increased activity on the part of the rival Yugoslav and Italian factions during the May Day celebrations, from the Police standpoint May was a reasonably quiet month. Advantage was taken of this 'breathing space' to improve efficiency and conditions in all branches of the Force. The May Day celebrations constituted a 'heavy' period, especially in TRIESTE CITY for the Civil Police, and police resources were extended to the utmost. Nevertheless, although several incidents occurred, the situation throughout was kept in hand and at no time was it necessary to request the military to assist in the restoration or maintenance of public order. During the last few months the Police Force has been thoroughly tested and has so gained the confidence of the higher command and the general public, that increased duties have been delegated to it. In view of this and the fact it must anticipate further public disorder resulting from the general uncertainty surrounding the Peace Conference, it is the intention to increase the force by 1350 bringing the total to 5000. Crime returns were low having regard to the general social conditions and to the population figure. Figures for May showed that a total of 249 crime complaints have been received by all branches throughout the Area, and 169 arrests or denunciations made. The most serious crimes reported during the month involved the death of six persons - two of the deaths being the results of road accidents, the four remaining deaths appearing to be cases of murder. There was no notable increase in serious crime in the TRIESTE Zone during the month although there was a slight increase in the number of reported cases of robbery accompanied by violence. There was a decrease in the number of political crimes reported but many of the reported crimes were still in this category. There was indication of an increase in the number of persons improperly carrying firearms. The uttering of forged Italian currency continued. In the GORIZIA Zone crimes reported showed a decrease as compared with last month and there were no crimes of violence. Eight cases of burglary and many cases of simple larceny were successfully investigated. Apart from a few cases of drunkenness the conduct of troops was good; no case of serious misconduct in public came to notice. There was little change in the prison population; in TRIESTE prisons there were 618 and in other prisons 335.

98. Normal rations were distributed to the whole population during May with the exception of pasta, which had to be cut due to the threatened failure of scheduled wheat flour shipments due to arrive. If possible deficiencies will be made up in June. Two steamers arrived during the month with miscellaneous foodstuffs and a steamer with approximately 8,000 tons of flour is due to arrive on 15 June of which 3,400 tons are for VENEZIA GIULIA and 4,600 tons are for VENETO Province. Until further notice, owing to the wheat situation, pasta rations will be reduced.

99. Incoming shipping during the month totalled 23,930 tons and outward shipping totalled 20,04[illegible] tons. Rail movement totalled 39,240 tons. The total

Declassified E.O. 12356 Section 3.3/NND No. 785017

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99. Incoming shipping during the month totalled 23,930 tons and outward shipping totalled 20,04[illegible] tons. Rail movement totalled 59,240 tons. The total tonnage moved during the month by sea, rail and road was 143,829. A few additional 1st and 3rd Class bus services and temporary summer services were authorized. Certain existing services were intensified and other concessions were withdrawn where supply and demand justified the action. A new system was adopted whereby a more strict control can be placed upon the rationing of new tyres.

100. The 1946 grain collection programme was under way, with police assistance promised. Records were being taken of acreage planted by farmers. The price has been fixed at 2250 lire per quintal, with special premiums for early amassing. The quota of wheat to be collected in the Territory is 20,000 quintals. Trials of evaders during the past season will take place before the 15 of June as a deterrent to this year's contraband operations. The Barcola afforestation project was initiated and bids taken for the work. Although trees will not be

4776

Declassified E.O. 12356 Section 3.3/NND No. 785017

planted until autumn, fencing off, digging of holes, building of roads and walks, etc., will be carried out throughout the summer. More than 200 people are to be employed. Two projects, employing a total 15,000 persons were being projected to take care of reforestation between MONFALCONE and TRIESTE. TRIESTE Comune project was using several hundred people, but work will continue throughout the summer especially in the nurseries at VILLA GIULIA and BASOVIZZA, which are being developed and enlarged to take care of subsequent planting in VENEZIA GIULIA Territory in general, besides the TRIESTE project. The personnel of the Forestry Corps was being increased due to the pressure of work and the increased number of projects. Production of fish continued to increase monthly with further increases expected till late September. Control measures designed to regulate the flow of fish to the population were suspended until autumn, as otherwise too many fish would be concentrated at central collecting points. Prices dropped and meat prices were lower too, as a result of competition from fish as a substitute. Fifteen tons of fish were being produced daily from combined ports in VENEZIA GIULIA.

101. The extension of the debris clearance scheme to include industrial premises had a good moral effect. A plan in detail for the rehabilitation of six major industrial establishments in TRIESTE was completed. The acute despondency engendered in POLA by the strong impression which has gained ground that the "French line" will be accepted brought all industrial rehabilitation plans to an abrupt end. The wish of POLA industrialists appeared to be to leave as quickly as possible and remove as much as possible of their belongings. The position of individual industries showed little change during the month. Textiles and building materials showed the greatest activity and arrangements were completed for constructional timber to be imported in logs and dressed here. This will enable a large saw mill to reopen. The Cantonieri Riuniti dell'Adriatico, owners of MONFALCONE shipyards secured an order for a second 9000-tons cargo steamer from Norwegian owners, and negotiations for repairs to the "Aregybank" continued with the M.O.T. The "Empire Mac Cabe" left during the month, the owner's representative and Captain expressing themselves well-satisfied with the quality of work put into the reconversion. Electricity and gas supplies were normal and care was exercised in screening demands for fuel and POL on account of the current shortage. Rehabilitation of the port continued satisfactorily but constant supervision was necessary on account of the large volume of work on hand, to keep the Magazzini Generali and Contractors up to scratch. The destroyer "Sebenico" was floated and, but for the collapse of a large patch, salvage would have been completed by the end of the month.

102. The first lot of cloth to be produced from Imported Cotton (200,000 m = value about lire 36,000,000) was on sale. The stock of finished cloth was about 300,000 metres. The planned quantity is about 2,200,000 metres. Owing to the coal strike in the United States no shipment of coal was received in May and the position regarding imported stocks was very serious. Against coal allocations accepted for delivery during the first 6 months of 1946, 68,064 tons were received, the allocation being 119,400 tons. The balance of imported coal in stock (as of 1 June) was 534 tons, of which 293 was allocated to TRIESTE Area. The requirements of GORIZIA and POLA for the month of June have been secured.

103. The repair of public buildings was well in hand; practically all those which were slightly damaged have been or are under repair and work was commencing on those which have been heavily damaged. The repair of private housing progressed very satisfactorily. Normal work was at its summer peak with over 3,000

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

104. The Economic situation deteriorated considerably owing to uncertainty as to future status of the territory. Strenuous efforts to institute large scale and long term public works projects, and to rehabilitate industry became necessary to avert complete economic paralysis. Efforts were made during the month to work out schemes for improving the situation and a requisition was prepared for the rehabilitation of the half dozen main industries in the territory, namely ILVA Steel Works, TRIESTE, AQUILA Oil Refinery, TRIESTE, S.I.A.P. Oil Refinery, TRIESTE, GASLINI Oil Seed Pressing, TRIESTE, EDDA SPERITURA Oil Seed Pressing, MONFALCONE, SOLVAY Chemical Works, MONFALCONE. The largest industry in the territory, CANTIERI RIUNITI DELL'ADRIATICO was not included, as orders for new ship construction and reconversion come from overseas and arrangements for the supply of necessary material from abroad are part of the contract negotiations. Prospects of obtaining repair work from BRITAIN for the shipyards of TRIESTE were not, very hopeful, though there was a possibility of some orders for new ship construction being obtained. A contract for the building of two ships for Norwegian owners was obtained with the assistance of the Italian Government. A number of Compensation Deals took place with countries with whom ITALY had Trade Agreements. The GORIZIA Cotton Mill is in a position to work to its full capacity on the basis of its normal Commercial contacts, though A.M.G. is maintaining control over its exports. A contract is in process of preparation whereby it is contemplated that the mill will weave, cloth for the United States Government for use in the FAR EAST.

105. The incidence of measles continued to be high especially in GORIZIA. Work will soon commence on the extension of the CARDFOLO childrens' hospital and when completed this will double the present number of beds. A further 20 tons of drugs and dressings arrived during the month and a price-control committee to standardize prices and sales was set up.

106. Movement of Displaced Persons into Zone "A" of VENEZIA GIULIA continued; a total of 1,852 DPs arrived and 1,909 departed. Work by the British Red Cross representative among refugee and local inhabitants continued. 200 tubercular children from war-damaged districts of YUGOSLAVIA were taken to SWITZERLAND by the British Red Cross representative. Two more attempts at illegal entry by Jewish refugees were made during the month. The first party of 18 was arrested by Security, the second party of 20 was turned back at the frontier. During the month one party of 51 Italian POW's arrived in TRIESTE from YUGOSLAVIA. Their physical state as well as their clothing was deplorable.

107. Total credits issued since A.M.G. took over the administration of this territory aggregated about 12,000,000,000 Lire, one third of which represents expenditures on public works. The next major item was 900,000,000 Lire paid for occupation expenses. Allied owned properties under formal control amounted to 379 whilst 93 were released. 18 German properties were sequestered. The lack of security in the free port continued owing to the shortage of Finance Guards and recent reports indicated that drastic steps must be taken without delay.

108. During May a total of 450 accused were tried on 505 charges in Summary Courts. These figures were higher than normal due to a special effort during May to bring the Court calendars, particularly in the Area of TRIESTE, up to date; this was accomplished by holding extra Summary and Superior Courts. During May total of 84 accused were tried on 115 charges in Superior Courts again due to the special effort to make Court calendars

Declassified E.O. 12356 Section 3.3/NND No. 785017

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109. The Labour Office had a very intensive month particularly in view of the many difficulties which "The Sindacati Unici" have been creating. The "Ispettorato del Lavoro", which calls for complete reform conducted its usual

Declassified E.O. 12356 Section 3.3/NND No. 785017

business doing no more than what is a bare minimum. Unemployment increased; records for VENEZIA GIULIA as a whole showed an increase of 3325. In TRIESTE area alone there was an increase of 2842. Dismissals during May in conformity with G.O. 106 amounted to 3738. The Public Works payroll showed a slight decrease in employment, as compared to April. There was only one occasion on which work was suspended during May and that was in the Shipyards of MONFALCONE where the clerical workers abstained from their work on the afternoon of Saturday 25th in order to protest against the fact that the reduction of time table from 48 to 40 hours was not made to apply in the case of clerical employees. The system of addressing workers on the factory premises still continued and the Sindacati Unici staged five important meetings during May. The difficulty of fixing "piece work" rates in the C.R.D.A. still continued in view of the intractable attitude of "Sindacati Unici" which refused to allow the "Camera del Lavoro" to enter in the joint negotiations while at the same time insisting that the Management and incidentally A.M.G. were to blame for the impasse. The attitude of the "Sindacati Unici" mentioned above is merely a preview of a continued policy of sabotage calculated to precipitate conditions of industrial unrest. In view of this line of action, the advisability of promulgating legislation to regulate Trade Union affairs in general, and joint negotiations in particular, now becomes a necessity, unless A.M.G. is prepared to accept a situation in which a virtual monopoly is tacitly granted to the "Sindacati Unici" to the exclusion of the "Camera del Lavoro".

110. Italian schools under the administration of A.M.G. will close the 1945-46 school year in June, the Slovene schools in July. The School Section of PNOO through its mouthpiece "PRIMORSKI DNEVNIK" continued in a rather mild way to attack education policy in this Territory. Schools will not be recognized where the teachers are not employed legally, where schools have refused to use AMG text books, insist on using forbidden texts, and are not following the Allied Military Government programme of study; students completing their work in non-recognized schools will be authorized to enter recognized schools only upon examination as in the case of any students from private schools. The complete issue of Slovene elementary school text books (those so far completed) has been subsidized and they will be distributed free to the school children of the Territory.

111. Wire thefts continued in the vicinity of OPICINA, and now in the MUGGIA area. On 20 May the Civil Telegraph Service was opened up to the Services for British personnel at concession rates for U.K. and the British Empire. Telegraph services were opened during the month to VIENNA and MILAN and VENICE Stock Exchange.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 745017

PART II

CIVIL AFFAIRS SECTION

LOCAL GOVERNMENT SUB-COMMISSION .

1. The Decree prescri ing the procedure for voting upon the Institutional Referendum was published on 3 May. The Referendum ballots and those for the election of Deputies to the Constituent Assembly will be delivered to the electors simultaneously. The Referendum ballot contained a symbol for the Monarchy consist of the arms of the House of Savoy and a symbol for the Republic consisting of a female head wearing a laurel crown. The voter makes a mark against the symbol of hi choice. The Decree made a detailed provision for integrating the voting and count of the votes for the Referendum with the corresponding procedure for the election Deputies to the Constituent Assembly. The period of voting was extended to 1200 h on Monday 3 June to allow adequate time for dealing with the two ballots. The lis of candi" tes nominated in the 31 election districts or colleges published late in the month showed 4,7?6 nominations for 573 seats: leading men have however been nominated in 2 or sometimes 3 districts. The number of competing parties varied f 2 in the VAL D'AOSTA up to 23 in the NAPLES-CASERTA district and 27 in the distri of ROME-FROSINONE-LATINA-VITERBO.

2. On 21 May a directive was issued to all Allied Commission Liaison Officers to their conduct in observing the elections on 2 and 3 June. As in the case of t local elections, Liaison Officers were instructed to behave as inconspicuously as possible and not to enter polling stations or places where votes were counted.

3. The few communes outstanding all completed their lists by mid-May. A number of special difficulties were investigated and reported upon, including (a) Section lists in Rome. Owing to the fact that numbers of electors were assigned to sectio distant from their homes, the Italian Government granted additional time for applications to be made for transfer and opened a special office for the purpose. (b) Registration of troops. It transpired that large numbers of troops had been i service so long that their original registrations had disappeared and they could n vote. The Italian Government arranged for such cases to be registered in the comm where the men concerned were stationed.

4. The last day for the delivery to the electors of their certificates of registration was 2 May. Shortly thereafter it appeared that large numbers of certificates remained undelivered, especially in the city of ROME. Investigation showed that this was partly due to inherent practical difficulties and partly due to inaccurate work by junior officials. In all communes however electors could apply personally for certificates up to and including 3 June. Instructions were therefore issued to Liaison Officers to report from time to time information as to electoral certificates remaining undistributed in their areas. Arrangements were also made with the Ministry of Interior to obtain similar information from their Inspectors General. The information as obtained showed that by the end of the month the certificates remaining undelivered was in the overwhelming majority of provinces less than 5% of the number entitled to receive them - a satisfactory figure.

LEGAL SUB-COMMISSION

5. Allied Military Courts were in session in VENEZIA GIULIA and UDINE Provi Superior and Summary Courts were held during May in both VENEZIA GIULIA and UDINE.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

Tribunals of LIVORNO disposed of 20 penal cases involving 50 defendants, 11 of whom were acquitted. PISA Province also reported active prosecution of Allied interest cases. The number of inmates of the jail in LIVORNO decreased. The number detained being 334, of whom 295 are males and 39 females. The number of serious crime in the entire TOSCANA region is constantly decreasing.

PUBLIC HEALTH SUB-COMMISSION

6. The situation in ITALY as regards communicable diseases remained satisfactory. Small-pox and poliomyelitis were again, as in the previous month, the only two infectious diseases requiring notification. There were 65 cases of small-pox in May, all of them occurring in SOUTHERN ITALY. The highest incidence took place in the Province of BARI, which registered 37 cases as against 39 in April. Practical all cases of poliomyelitis have occurred in NORTHERN ITALY. 81 cases were reported in May, as against 40 in April, but there were localised outbreaks worthy of note. The provinces of MILAN, VENICE and BERGAMO registered the highest number of cases, the figures being 10, 10 and 9 respectively. Vital statistics for the month of April are as follows. Population of ROME Commune 1,5[illegible],274. Total number of births 2,587. Deaths 1,267. Deaths in children under one year of age 188, which gives an infant mortality rate of 72.3 as against 66.9 in March and 84.8 in February. In the same Commune deaths from all forms of tuberculosis during April were 202 compared to 188 in March. Out of this figure, 159 deaths were due to pulmonary tuberculosis.

PUBLIC SAFETY SUB-COMMISSION

7. Apart from Election and Referendum fever by the various political parties, the month of May was very quiet. Although numerous meetings and demonstrations were held, no serious incident occurred. As previously reported, the condition of the Police Forces continued to improve and the CC.RR. are now becoming an efficient Force. The Pubblica Sicurezza also showed signs of improvement. The prison situatic remained unsatisfactory but efforts were being made by the Italian authorities to regularize the position of the Guards and improve the condition of the prisons. The serious outbreak in the MILAN Prison during the latter part of April undoubtedly caused the authorities to appreciate the urgency of the situation.

DISPLACED PERSONS AND REPATRIATION SUB-COMMISSION

8. During the period under review UNRRA took over the Camp Group in North-West ITALY viz: MILAN, TURIN, and GENOA. The hand-over to UNRRA of Displaced Persons Camps is now completed. The final result of the screening, which was carried out with the purpose of determining the eligibility to UNRRA assistance of all Camp inmates showed a total of 9,922 ineligibles plus 7,000 Poles. It was anticipated that this figure would continue to increase due to the fact that many persons were being refused camp care by UNRRA and would therefore apply for admittance into Displaced Persons Camps. In view of the fact that practically the whole of the population of certain Camps turned out to be ineligible for UNRRA assistance, it wa decided that D.P.R.S.C. should take back the responsibility and administration of such Camps. At the end of the month D.P.R.S.C. had 15 Camps under control. A new policy was drawn up in conjunction with UNRRA with regard to the nationality designations of the Camps. This policy will govern the re-shuffling of the population between UNRRA and D.P.R.S.C. Camps. A new Camp was set up at BAGNOLI n NAPLES mainly for the purpose of accomodating Displaced Persons from MODENA Camp which was required for Italian Army purposes. This new Camp was also to provide accomodation for other Displaced Persons from UNRRA Camps who would be found to be outside UNRRA Charter. It was not decided what the final disposal of the Camp in [illegible] numbering over

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 745017

PART III - ECONOMIC SECTION

FOOD AND AGRICULTURE BRANCH.

1. The cereal situation deteriorated further in May. Total stocks, including working stocks as well as stocks in port warehouses, as of 1st of May were 140,000 tons or about 15 days supply. By the 31st of May it was estimated that stocks would amount to only about 50,000 tons or about 6 days supply. It was believed that estimates would be higher than those quoted because the distribution of the full pasta ration was not made in May. The reduction in the cereal stocks arose from the fact that arrivals from abroad - 154,000 tons - plus amassing were far below the consumption of the country. Because arrivals during the first half of June were expected to be poor and because the new harvest will not become an important source of grain until the latter end of June, an extremely grave situation was expected to arise in the middle of June. Stocks became so low that on May 24th UNRRA approached the Allied Commission with a view to acquiring a loan from Allied Military stocks of up to 20,000 tons of flour to be repaid in 30 days. The matter was referred to AFHQ who were unable to agree. Although no official cut was made in the rations, the Italian Government decided to postpone the May pasta issue of 500 grammes. However a number of cities, including ROME, issued the pasta ration in defiance of the Government's policy. In instituting the emergency amassing programme which was designed to meet the serious cereal situation, the Italian Government reduced the goal from 150,000 tons recommended by UNRRA to 68,560 tons. However, to the 31st of May only 33,685 tons of cereals (excluding rice) or 49.1 % of the goal had been amassed under the emergency programme. The emergency amassing decree was so written as to require delivery of cereals by 31st of May. However, it is expected that receipts will continue into June. There are a number of reasons for the failure to reach the goal set in the emergency amassing programme. Although the decree required producers to surrender only 6% of their annual retentions of 2 and 1.5 qls., the decree came late in the crop year and the 6% reduction in retention amounted to perhaps 25 or 30% of the retention remaining unconsumed. Moreover, the reduction in the retentions (equivalent to a cut in the producer's ration) came at a time when agricultural life is strenuous and the workers are hungry. Another reason for the failure of the emergency amassing measure was the fact that although it almost tripled the official price paid for grain it still left the official price about 1/3 of the black market price. The local enforcement of the decree was perhaps handicapped as well by the fact that the Central Government decree was not published until the 25th of May, the provinces having instituted the emergency measure in provincial decrees based on telegraphic instructions from the Ministry of Agriculture.

2. It was reported previously that the country had large stocks of powdered milk, dehydrated soup and dried eggs. The Italian Government recommended to UNRRA the use of 6,000 tons of powdered milk by mixing it with flour for bread-making at the rate of 4-5%. The proposal was still under study by UNRRA at the end of May. The Italian Government likewise intended to make a special distribution of 500 grs. dehydrated soup per capita in PIEDMONT, LIGURIA and VENETO compartments. To encourage the movement of dried eggs the Government reduced the price at the warehouse from 524 lire to 400 lire per Kg.

3. There was a great shortage of dried vegetables in Italy, practically all stocks having been exhausted in May. Due to such shortage the May ration requirements of dried vegetables were not met in all cases. The Italian Army as well as other groups apparently will have to find substitutes for

Declassified E.O. 12356 Section 3.3/NND No. 785017

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5. There was a great shortage of dried vegetables in Italy, practically all stocks having been exhausted in May. Due to such shortage the May ration requirements of dried vegetables were not met in all cases. The Italian Army as well as other groups apparently will have to find substitutes for dried vegetables in the ration during the next few months.

6. Although the Italian cereal situation became more and more serious in May, it was not reflected in black or free market prices. From the end of April to the end of May there was a rising tendency in the price of bread and pasta, but the increase was not great and a reduction actually occurred in the price of pasta in ROME. In other foods, reductions in prices were just as common as increases. The absence of greater reflections in prices of the serious cereal situation is probably explained by the fact that in May large quantities of locally produced foods, particularly potatoes came on the market.

4783

Declassified E.O. 12356 Section 3.3/NND No. 785017

5. Arrangements were successfully concluded with the Italian Government for the payment in kind to the British Army of outstanding debts as of 31st March (except flour) incurred through Midshift Meals and Displaced Persons issues. The grain shortage prevented the Italian Government from repaying the flour debt.

6. There were sufficient cereals in VENEZIA GIULIA and UDINE to last until the middle of June. A shipment of 6,000 tons of flour was promised to arrive 15 June and will carry the above area for an additional month. Because of the world cereal shortage, the pasta ration in VENEZIA GIULIA was reduced to 500 grs. monthly, putting it on the same basis as UDINE and Italian Government territory. To maintain the usual differentiation in POLA, necessitated by its economic isolation, it was recommended to AMG 13 Corps that the POLA ration be reduced from the former 2,500 grs. to 1000 grs. The reduction in VENEZIA GIULIA pasta ration was effective in May. In May VENEZIA GIULIA distributed all of its rations, although the 500 grs. of pasta distribution was not completed until June. Sugar was distributed at 200 grs. instead of the reduced basis of 100 grs. adopted in the rest of ITALY. UDINE distributed all supplementary rations and rations to Special Classes. A free issue of 500 grs. of sugar, donated by UNRRA, was also distributed to children 0-18 years in UDINE CITY.

AGRICULTURAL SECTION.

7. The rains which broke the long drought during the last few days of April, continued throughout the month of May, benefitting greatly cereals, pastures and gardens but interfering somewhat with the harvest of the first cutting of hay. Only at FOGGIA did recent reports indicate that it was still "seriously dry". On the other hand "excessive moisture" which caused some damage to crops and interfered seriously with field work, was reported from EMILIA. On the whole, both rainfall and temperatures were unusually favorable for May, a month which in Italy is frequently too hot and dry. Stimulated by abundant moisture and favorable temperatures, the conditions of practically all agricultural crops registered notable gains during May. As a result recent estimates of the 1946 harvest made by the Istituto Centrale di Statistica, were with few exceptions, larger than the original forecasts made in January.

8. Reports of new infestations of grasshoppers were received almost daily during May. Although most of the new outbreaks involved relatively small areas of pasture and hay lands, they were very properly regarded by local authorities as the threat of devastating hordes that would cause serious damage to agricultural crops; hence many requests were received by the Minist of Agriculture for material and equipment with which to combat the menace. By to 17 May, infestations were reported in sections of SARDINIA (236 of the 261 communes), SICILY, CAMPANIA, EMILIA, PUGLIA, CALABRIA, LAZIO, VENETO In SARDINIA the infestation was reported to be the most serious encountered in 60 years. Fortunately much of the wheat was too mature to be completely destroyed although the destruction of its leaves will reduce the yield to approximately 70% of that which was expected a month ago. A valiant effort was being made in areas where the infestations were most severe to save the crop, but the shortage of poisons and bran bait made effective control virtually impossible. The frequent rains were of inestimable help in mitigating the damage since moisture favors both growth of parasites on the hoppers and the growth of grass and weeds which the insects prefer to most agricultural crops.

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Declassified E.O. 12356 Section 3.3/NND No. 745017

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9. Hail damage was experienced in scattered areas of the PO Valley during the first half of May; there was also a prevalence of a fungus (fusarium) on much of the wheat of the CAMPIDANO plains in SARDINIA. Lastly aphids caused some damage to fava fields in SOUTHERN ITALY. However all of these unfavorable factors, including the grasshoppers, are not to be compared in importance to the severe drought which blasted crop prospects a year ago.

10. New potatoes were available throughout the country at prices but little more than half those prevailing at planting time. Both yields and quality were very satisfactory. Tomatoes were being harvested in SICILY and were available in ROME but at prices too high for general use. The

Declassified E.O. 12356 Section 3.3/NND No. 785017

season for fava, p[illegible] and artichokes was considerabl[illegible] xtended by the cool moist weather. Green beans were in large supply and of exceptionally good quality.

11. The wheat harvest of SICILY will be approximately 15 days later than usual this year, because of the late planting brought about by insufficient moisture last autumn. The new harvest will start in CAMPANIA and PUGLIE where cutting is expected to be in full swing by 10 June. Reports indicated that harvest operations will be started in practically all provinces by 15 June; hence, new wheat should be available everywhere early in July.

12. The 90 farm tractors and 97 additional boxes of spare parts remaining in Requisition RA-201 were unloaded in GENOA about 1 May. These tractors and 66 machines received in February were finally delivered to farmers, after a delay of nearly three months, during which the Italian officials were deciding what agencies and at what prices machines should be sold. Supplies of fertilizer against RA VE and VT requisitions were received during the month and the manufacture of domestically produced fertilizers was staging a rapid recovery and gave promises of being able to attain from 60 to 70 % of their pre-war production during the year beginning July 1 1946.

13. The emergency ordering decree directing the delivery of not less than 6 per cent of all authorized with holdings of cereals brought in 33,685 tons of grain (excluding rice) during May or 49 per cent of the established goal. Plans and prices for assessing the wheat of 1946 harvest were announced. Prices including substantial bonuses for early deliveries, were approximately 2½ times those prevailing in 1945 and coupled with a harvest estimated at 40% larger should assure deliveries very much greater than those a year ago.

14. An inspection was made during May of forestry equipment imported in 1944 under RA requisition and still in warehouses in the NAPLES area. It was found that the principal items on hand were axes, cross-cut saws, files for sharpening saws and web belting. Although distribution was much slower than was anticipated, it was the opinion of the Consorzio Nazionale Approvigionamento Industrie del Legno, that they will be absorbed by the timber industry at a reasonable date. Storage and method of accounting appeared to be satisfactory.

COMMERCE (FOREIGN TRADE) BRANCH.

15. Subsequent to the handing over by AC of its last remaining foreign trade function, a Working Group was established to advise the Italian Government on foreign trade matters. The Committee, which is advisory, contains representatives of various Ministries such as Foreign Affairs, Industry and Commerce and Foreign Trade, and representatives of the British and American Embassies, UNRRA and AC. Three meetings have been held; the first dealt with the structure and functions of the Committee, and it was decided that the Committee would be informed, and its functions, consultative and of a co-ordinating nature. Meetings were held weekly at the Ministry of Foreign Trade.

16. About the middle of this month AC passed over to the U.S. Embassy the care of the negotiations initiated with the representatives of the U.S. Military Government in BERLIN.

17. Attempts were made to put trade between ITALY and TRIESTE on an easier basis, and to this end, initiated negotiations (see last month's [illegible] and the Italian

Declassified E.O. 12356 Section 3.3/NND No. 785017

and 36% machines received in February were finally delivered [illegible] after a delay of nearly three months, during which the Italian officials were deciding what agencies and at what prices machines should be sold. Supplies of fertiliser against RA, UB and VT requisitions were received during the month and the manufacture of domestically produced fertilisers was stepping up rapid recovery and gave promises of being able to attain from 60 to 70 % of their pre-war production during the year beginning July 1 1946.

13. The emergency governing decree directing the delivery of not less than 5 per cent of all authorised with holdings of cereals brought in 33,605 tons of grain (excluding rice) during May or 49 per cent of the established goal. Plans and prices for assessing the wheat of 1946 harvest were announced. Prices including substantial bonuses for early deliveries, were approximately 2½ times those prevailing in 1945 and coupled with a harvest estimated at 40% larger should assure deliveries very much greater than those a year ago.

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CONTROL (FOREIGN TRADE) BRANCH.

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16. About the middle of this month AC passed over to the U.S. Embassy the care of the negotiations initiated with the representatives of the U.S. Military Government in BERLIN.

17. Attempts were made to put trade between ITALY and TRIPOLITANIA on an order basis, and to this end, initiated negotiations (see last month's report) between the representatives of EMA TRIPOLITANIA and the Italian Government. It was agreed that a system be set up to expedite compensation deals. After this had been agreed, information was received from EMA TRIPOLITANIA which defined the procedure to trade between ITALY and her ex-colonies (occupied territories.) This procedure was submitted to the Italian Government for its comments and a reply is awaited for onward transmission to British Military Administration, TRIPOLITANIA. The effect of the new system, is that normal trade between ITALY and occupied territories (ERITREA, CYRENAICA, TRIPOLITANIA) may be carried on between traders resident in these areas and ITALY, provided settlement is effected in sterling through LONDON. Future trade will not therefore be based on compensations. There

4772

Declassified E.O. 12356 Section 3.4/NND No. 785017

is no doubt that from the moment that the new system is introduced, trade between ITALY and these areas, will have a much better chance to operate. Up till now the dual shackles of barter and bureaucratic control have resulted in little or no trade.

18. In connection with the proposed opening up of private trade on a normal value basis, the question of visits of business men between ITALY and the occupied territories was pursued by AC with AFHQ and by this latter HQ with [redacted]. It is hoped that [redacted] will modify their attitude re. the question of permitting the entry of business men and property owners into ITALY.

INDUSTRY AND UTILITIES BRANCH

19. Numerous requests were received for de-requisition of industrial premises. The worst areas affected were NAPLES, LEGHORN and the area from ANCONA to VENICE. Not much success was evidenced in connection with the first two mentioned areas where the British and American armies have their main base installations. However, with regard to the Ansaldo Plant at NAPLES, the Director of Ansaldo and MMFD and Ordnance have been in conference and it appeared likely that further sections of the works will be handed back to the owners, this will probably help the unemployment situation in this area.

20. The revised timber plan was approved by AFHQ and the Italian Government instructed to implement the scheme, a loan of 50,000,000 lire was advanced by the Italian Treasury to the Timber Federation to enable them to continue work until payment by the Military Authorities for timber supplied could be effected. A large saw mill and a molasses and syrup plant in the FOGGIA area were released by the British Authorities, and with the withdrawal of 2 Polcorps the vacation of many other premises is promised.

21. Little progress in industrial activities was possible due to the coal shortage. It was not possible to re-start the BAGNOLI blast furnace and coke ovens and with the non-arrival of American pig iron the situation was not pressing, this material together with coal is the basis of all engineering industry. It is hoped that the resumption of shipments of American coal will improve matters, but it can hardly be expected that the benefit will be immediate as backlogs have to be made up and priority users supplied.

22. Imported coal discharged in ITALY including SICILY during the month of May totalled 330,000 tons. Sardinian coal arrivals totalled 57,000 tons during the same period. Sardinian coal production for May was 88,854 tons; this was a decrease of 1,316 tons. Production of lignite during the month was approximately the same as the previous month 160,000 tons.

23. Bulk products of POL continued to be released by the Military in a satisfactory manner and by end of May all bulk quantities due against gasoline, kerosene and fuel oil were released in full. Information was received during the month that crude oil from ARABIA would be available for export to ITALY for refining locally.

24. The Northern Italy Advisory Committee discussed the matter of standardisation of frequency and transmission and distribution voltages. It will require several years to complete the programme.

25. The Central and Southern Italy joint meeting discussed standardisation of frequency and [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785017

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22. Imported coal discharged in ITALY including SICILY during the month of May totalled 550,000 tons. Sardinian coal arrivals totalled 57,000 tons during the same period. Sardinian coal production for May was 38,654 tons; this was a decrease of 1,346 tons. Production of lignite during the month was approximately the same as the previous month 160,000 tons.

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24. The Northern Italy Advisory Committee discussed the matter of standardisation of frequency and transmission and distribution voltages. It will require several years to complete the programme.

25. The Central and Southern Italy joint meeting discussed standardisation of frequency and rationing plans for the coming autumn and winter. It is not expected that frequency standardisation will be accomplished by the end of 1946 due to necessary mechanical changes to be made on some customers' equipment. Some power rationing will be necessary in CENTRAL and SOUTHERN ITALY during the coming autumn and winter, but it is not expected to be as serious as that experienced during the past winter. Coal for gas plant operation would be of great benefit in relieving the electric system of domestic heating and cooking loads.

26. The SILA Reservoirs for SOUTHERN ITALY show storage of 232,000,000 KWH or about 80% of full capacity; not much more filling is expected. The reser-

Declassified E.O. 12356 Section 3.3/NND No. 785017

voirs started off [illegible] year at full capacity; howev[illegible] the deficiency will be offset to some extent by restored generating plants and power coming from CENTRAL ITALY and NORTHERN ITALY. The storage reservoirs' position in NORTHERN ITALY is expected to be satisfactory. Those supplying the power for VENEZIA and EMILIA areas are now filled. Those supplying the balance of NORTHERN ITALY are just starting to fill from the melting snows in the Alps. No improvement has been experienced in the storage position in CENTRAL ITALY. Very little change was made in the power allocations for June as compared with May. Such changes as were made were due to seasonal variations in load.

27. The question of contract for wholesale power between FRANCE and ITALY is now under discussion in PARIS. No information is available as yet on the outcome of negotiations. Arrangements were completed for transferring of electrical materials to British Ministry of Supply and Ministry of Public Works. The Italian Government's request for permission to implement a housing programme in VENEZIA EMILIA to relieve unemployment and housing was not deemed necessary at the present time by AMG XIII Corps.

28. Utilities Division AC, was requested by the Directorate of Mirings and Disposals (Fixed Assets) G.M.P. to assist in the negotiations on turning over to the Italian Government all Bailey bridges in ITALY, which are still in position and which were installed by the British Army. Agreements satisfactory to all parties concerned were completed.

TRANSPORTATION AND SHIPPING BRANCH.

29. 91% of the total network of the railway system was in operation. However, the percentage of electric traction was only 84% and the double track available for service only 55% compared to the 1938 figures. The locomotive situation for April showed an improvement over March as there were fewer locomotives awaiting repair. 55% of the tractive power compared to 1938 was available and only 2,412 steam locomotives available compared to 4,277 in 1938. A total of 7,235 passengers made use of the international train services during April compared to 6,956 during March.

30. A total of 2600 motor vehicles were put in circulation during the month of April 1946. As of 31 December 1945 there was a total of approximately 515,760 motor vehicles in operation compared to a total of 650,928 as of 31 December 1939. 1901 new vehicles were manufactured during the month of April.

31. A total of 198,477 tons of coastwise shipping moved during the month of May. This figure showed an increase of 46,276 tons over the preceding month and an increase of 141,871 tons over May 1945. 95 ships with UNRRA, Italian Programme, Army and Swiss Account Cargo, carrying a total of 749,612 tons, arrived in Italian Ports during May.

CAPTURED ENEMY MATERIALS BRANCH.

32. Releases during the month totalled 95 as compared with 269 during April; the main depots, dumps and stores of captured enemy material have now been released for handover to the Italian Government. The releases still to be made appear to be that of material held by units and installations which becomes surplus on their redeployment and disbandment.

33. There were 690 assorted vehicles released in the South, these com-

Declassified E.O. 12356 Section 3.3/NND No. 745017

electrical materials to [illegible] Works. The Italian Government's request for permission to implement a housing programme in VENEZIA GIULIA to relieve unemployment and housing was not deemed necessary at the present time by AMG XIII Corps.

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TRANSPORTATION AND SHIPPING BRANCH.

29. 91% of the total network of the railway system was in operation. However, the percentage of electric traction was only 64% and the double track available for service only 55% compared to the 1938 figures. The locomotive situation for April showed an improvement over March as there were fewer locomotives awaiting repair. 59% of the tractive power compared to 1938 was available and only 2,412 steam locomotives available compared to 4,277 in 1938. A total of 7,855 passengers made use of the international train services during April compared to 6,936 during March.

30. A total of 2600 motor vehicles were put in circulation during the month of April 1946. As of 31 December 1945 there was a total of approximately 313,700 motor vehicles in operation compared to a total of 650,928 as of 31 December 1939. 1901 new vehicles were manufactured during the month of April.

31. A total of 198,477 tons of coastwise shipping moved during the month of May. This figure showed an increase of 76,576 tons over the preceding month and an increase of 141,871 tons over May 1945. 95 ships with UNRRA, Italian Programme, Army and Swiss Account Cargo, carrying a total of 749,042 tons, arrived in Italian Ports during May.

CAPTURED ENEMY MATERIALS BRANCH.

32. Releases during the month totalled 95 as compared with 869 during April; the main depots, dumps and stores of captured enemy material have now been released for handover to the Italian Government. The releases still to be made appear to be that of material held by units and installations which becomes surplus on their redeployment and disbandment.

33. There were 690 assorted vehicles released in the South, these comprised trucks, buses, cars, trailers and motor cycles and were classified as unusable. 92 scrap vehicles of various types were released in the North and the total of 982 were passed over to A.D.A.R.

34. The material from the ammunition dump of VEZZO and TAVERNOLA was in the course of breakdown at the factory of RIVALTA SCRIVIA (Micheletti & Co.) An inspection of the factory will be carried out with a view to controlling the use to which the breakdown components are being put. AD&R released 10 lorries to U.L.M.E.R. (Unione Lavorazione Munizioni Esplosivi Residuati) to help in the transportation of ammunition from the dumps to the factories.

4771

Declassified E.O. 12356 Section 3.3/NND No. 785017

35. The Italian Government accepted the release of 200 vehicles which had been reconditioned in the C.M. Works, BRESCIA and agreed to accept all liabilities of the cost of reconditioning and repairs. The balance of the vehicles, 119, will be taken over by AFAR during next month.

36. In the BOLZANO area there were still a considerable number of C.E. Vehicles in circulation. It is hoped to make an arrangement with AFAR and the Italian Army to collect these vehicles and have them listed. There was still a portion of the Sanitarspark, FERRE, MERANO to be released to the Italian Government; it is hoped that the military command will release this in June for handover to AFAR. Lists of CEM timber were compiled and 3 District requested to give release instructions. Lists of CEM material at MOTOR-GARDEN PLANT, CASTELLELLO were forwarded to 3 District for release. The R.U.E. files together with the staff were moved from BOLZANO to RCHE on the 11th May 46. The setting up of the files for easy reference was completed prior to the end of the month and the work of classification, investigation etc. is now continuing.

37. From available information from 3 District and AFHQ it would appear that the release figures of this month will remain much the same during the next four to six weeks plus a certain number of store releases in the North which were being consolidated.

Declassified E.O. 12356 Section 3.3/NND No. 735017

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37. From available information from 3 District and AMEO it would appear that the release figures of this month will remain much the same during the next four to six weeks plus a certain number of store releases in the North Which were being consolidated.

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART IV.

INDEPENDENT SUB-COMMISSIONS.

NAVY SUB-COMMISSION.

1. During the month the Italian Government assumed responsibility for maintaining food supplies for the Italian Navy thus making the Italian Government responsible for the subsistence of all her Armed Forces excepting US-ITI and EXIT-ITI troops. The transfer was carried out satisfactorily.

2. In addition to the supply of the mine sweeping stores recommended by the President of the Mediterranean Zone Mine Clearance Board, some German minesweeping equipment was transferred to the Italian Navy. This equipment, together with the other minesweeping stores which were supplied from MALTA will ensure the efficient operation of the Italian minesweeping service and, in particular, of the British minesweeping trawlers transferred to the Italian Navy.

3. The end of May saw the completion of a full programme designed to repatriate all the 36,000 Italian POW in FRENCH NORTH AFRICAN CAMPS at the beginning of the year. There remained only a few sick in hospital in ALGERIA.

4. King Victor Emanuel and Queen Helena of Italy embarked in the Duca degli Abruzzi for Alexandria after the King's abdication. The cruiser was escorted by the destroyer Grenadiere.

5. The Ministry of Marine reported the JUGOSLAV seizure of ten Italian fishing craft together with their crews. The report was later confirmed.

6. All eight Italian M/S Groups began work in earnest to secure an expeditious clearance of mines in Italian waters. Almost all the 52 minesweepers lent to the Italian Navy were operational and took part in these operations. Work proceeded off IMPERIA, SPEZIA, CIVITAVECCHIA, PORTO VENERE, CAPE MEZZOIO, BRINDISI, ANCONA, VENICE, ALGHERO and CARLOFORTE.

7. The Italian Navy was represented at the meeting of the International Mine Clearance Board at the end of the month.

LAND FORCES SUB-COMMISSION (ITLA).

8. The total strength of the Interim Italian Army including Carabinieri as on 1 May 46 was 210,114 against a ceiling of 215,000.

9. G.H.Q., S.H.A.E. authorised the release of all outstanding weapons and equipment for the Italian Army. Issue is proceeding.

10. The primary training of the conscripts of the first post-war call-up was completed at the end of April. Advanced training is now proceeding at both CARs (Italian Territorial Training Centre) and Central Schools.

11. All training was suspended during the latter part of May as a result of both recruits and formations being fully employed on election duties.

12. Recruiting of Carabinieri within the additional 10,000 authorized by AFHQ did not come up to expectations, only 1,000 having volunteered for re-enlistment as opposed to an anticipated 8,000. The authorities nevertheless

Declassified E.O. 12356 Section 3.3/NND No. 745017

by the President of the Mediterranean Zone Mine Clearance Board, some German minesweeping equipment was transferred to the Italian Navy. This equipment, together with the other minesweeping stores which were supplied from MALTA will ensure the efficient operation of the Italian minesweeping service and, in particular, of the British minesweeping trawlers transferred to the Italian Navy.

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4. King Victor Emmanuel and Queen Helena of Italy embarked in the Duca degli Abruzzi for Alexandria after the King's abdication. The cruiser was escorted by the destroyer Granatiere.

5. The Ministry of Marine reported the JUGOSLAV seizure of ten Italian fishing craft together with their crews. The report was later confirmed.

6. All eight Italian M/S Groups began work in earnest to secure an expeditious clearance of mines in Italian waters. Almost all the 32 minesweepers lent to the Italian Navy were operational and took part in these operations. Work proceeded off IMPERIA, SAVONA, CIVITAVECCHIA, PORTO VENERE, CAPE MIZZOLO, BRINDISI, ANCONA, VENICE, ALGHERO and CARLOFORTE.

7. The Italian Navy was represented at the meeting of the International Mine Clearance Board at the end of the month.

ALLIED MILITARY SUB-COMMISSION (MMIL).

8. The total strength of the Interim Italian Army including Carabinieri as on 1 May 46 was 210,144 against a ceiling of 215,000.

9. S.A.C.M.F. authorized the release of all outstanding weapons and equipment for the Italian Army. Issue is proceeding.

10. The primary training of the conscripts of the first post-war call-up was completed at the end of April. Advanced training is now proceeding at both CARs (Italian Territorial Training Centre) and Central Schools.

11. All training was suspended during the latter part of May as a result of both recruits and formations being fully employed on election duties.

12. Recruiting of Carabinieri within the additional 10,000 authorized by AMMG did not come up to expectations, only 1,000 having volunteered for re-enlistment as opposed to an anticipated 8,000. The authorities nevertheless remained confident that the necessary men would volunteer when election results became known and recruiting propaganda gained momentum.

13. Automatic carbines up to half entitlement and adequate ammunition both for small arms and armoured cars were issued in case of trouble during the election period.

14. The morale of both Army and Carabinieri continued to rise and relations with the public improved.

4770

Declassified E.O. 12356 Section 3.3/NND No. 785017

15. The Medical D[illegible]t at FLORENCE continued to rec[illegible] stores from MILANO, but part of the FLORENCE plant was occupied by EDERA which hindered officials working. The matter was in hand between the Medical Directorate and the Ministry concerned.

16. Repatriation of PW from FRENCH NORTH AFRICA was completed; 75% of PW in UK and 50% of PW in INDIA have been repatriated. 45,846 PW were repatriated during the month.

AIR FORCES SUB-COMMISSION.

17. Flying training was only possible during the first half of the month due to the petrol strike which grounded all aircraft after the 14th. More intensive ground training was substituted.

18. Two new laws were being passed to reduce the officer and N.C.O. strength of the I.A.F. Army and Navy. It was anticipated that 769 Generals and Senior Officers and 7,000 N.C.O's would be released from service. Released officers will receive two years allowance in the rank they held on being released plus 5 years pension allowance, a special pension allowance and a special monthly allowance.

19. Owing to the delays caused by the High Commissioner for SARDINIA and in view of the fact that the Vatican Relief do not wish to be involved in political wrangles, also because the price of fish and foodstuffs generally were lower than when the scheme was originally mooted last November, the whole project of transportation of non-rationed foodstuffs by air from SARDINIA was cancelled. The facts of the matter were being brought to the attention of the Italian Prime Minister.

20. The British Air Ministry authorised the handing over to the I.A.F. of 57 SPITFIRE IX aircraft from SARDINIA in addition to all spares, ground equipment etc. available in ITALY.

21. On May 27 an Italian SM 79 aircraft was stolen from LUCCA Airfield by five unidentified men, believed to be ex-members of the I.A.F. The aircraft belonged to the school at FROSINONE and was due to return to its base on the morning of the theft. Information was received later that the aircraft landed at UDUSSINA (near GORIZIA) but was not expected by the JUGOSLAV. A full investigation was being carried out in MILAN by Italian Air Ministry Officials.

22. ALFA ROMEO, MILAN carried out tests and overhauls of aircraft engines with an output of 30 per month. FIAT of TURIN was working on designs for the G 46 training aircraft and studies were also being made of types G 22 - 24 and G 26 - 44 for future civil aviation.

23. A record number of 1,300 I.A.F. ex-POW passed through NAPLES during the month.

24. An agreement was obtained with the British Air Ministry to the supply of certain aircraft, marine craft and signals equipment and to a limited number of English-speaking Italian personnel being given certain courses in the UK with a view to improving the standard of training in various Italian Air Force Schools.

COMMUNICATIONS SUB-COMMISSION

Declassified E.O. 12356 Section 3.3/NND No. 745017

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intensive ground training was substituted.

18. Two new laws were being passed to reduce the officer and N.C.O. strength of the I.A.F. Army and Navy. It was anticipated that 739 Generals and Senior officers and 7,000 N.C.O's would be released from service. Released officers will receive two years allowance in the rank they held on being released plus 3 years pension allowance, a special pension allowance and a special monthly allowance.

19. Owing to the delays caused by the High Commissioner for SARDINIA and in view of the fact that the Vatican Relief do not wish to be involved in political wrangles, also because the price of fish and foodstuffs generally were lower than when the scheme was originally mooted last November, the whole project of transportation of non-rationed foodstuffs by air from SARDINIA was cancelled. The facts of the matter were being brought to the attention of the Italian Prime Minister.

20. The British Air Ministry authorised the handing over to the I.A.F. of 57 SPITFIRE IX aircraft from MEDISI in addition to all spares, ground equipment etc. available in ITALY.

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COMMUNICATIONS SUB-COMMISSION.

25. Civilian telegraph and telephone traffic increased steadily especially in N.W. ITALY where in some cities such as GENOA and TURIN, long distance telephone traffic handled were in excess of pre-war.

26. Release of circuits by Allied Military Forces and constructions and repairs by the Ministry of Posts and Telecommunications resulted in a few additional circuits being made available on main routes.

Declassified E.O. 12356 Section 3.3/NND No. 785017

27. Telephone service for troops in ITALY to the U.K. was inaugurated from MILAN, TRIESTE, ROME and NAPLES.

28. Radio-telephone and radio-telegraph services were opened with MEXICO, CANADA, BRAZIL, ARGENTINA and several other SOUTH and CENTRAL AMERICAN countries.

29. Direct air mail service to the U.S.A. was increased to three times a week and direct air mail service was commenced with HOLLAND and the DUTCH EAST INDIES.

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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3A.

HEADQUARTERS ALLIED COMMISSION
APO 794
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MONTHLY REPORT

APRIL - 1946

INDEX

			Page No.
		POLITICAL SUMMARY	1 - 2
PART	I -	LIAISON GROUP REPORTS	3 - 22
		Liguria Liaison Group	3 - 5
		Lombardia Liaison Group	5 - 6
		Piemonte Liaison Group	6 - 8
		Venezia Liaison Group	8 - 10
		Naples Liaison Group (Calabria, Campagna)	10 - 11
		Livorno Liaison Group (Tuscany Region)	11 - 12
		Bari Liaison Group (Apulio, Marche)	13
		Sicily Liaison Group	14
		Bologna Liaison Group (Emilia)	14 - 15
		Bolzano Liaison Group	15 - 16
		Region of Abruzzi & Lazio	16 - 17
		Rome City and Province	17 - 18
		AMG Udine	18 - 19
		AMG Venezia Giulia	19 - 22
PART	II -	CIVIL AFFAIRS SECTION	23 - 24
		Local Government Sub-Commission	23
		Legal Sub-Commission	23
		Public Health Sub-Commission	23
		Public Safety Sub-Commission	23 - 24
		Displaced Persons & Repatriation Sub-Commission	24
PART	III -	ECONOMIC SECTION	25 - 28
		Food Division	25
		Agricultural Division	25 - 26
		Finance Branch	26
		Commerce (Foreign Trade) Branch	26 - 27
		Industry Division	27
		Transportation and Shipping Branch	27 - 28
		Captured Enemy Materials Branch	28
PART	IV -	PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB-COMMISSIONS	29 - 32
		Public Relations Branch	29
		Navy Sub-Commission	29
		Land Forces Sub-Commission	29 - 30
		POW Division	30
		Air Forces Sub-Commission	30 - 31
		Communications Sub-Commission	31 - 32

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - LIAISON GROUP REPORTS..... 3 - 22
Liguria Liaison Group..... 3 - 5
Lombardia Liaison Group..... 5 - 6
Piamonte Liaison Group..... 6 - 8
Venezia Liaison Group..... 8 - 10
Naples Liaison Group (Calabria, Campagna)..... 10 - 11
Livorno Liaison Group (Tuscany Region)..... 11 - 12
Bari Liaison Group (Apulio, Marche)..... 13
Sicily Liaison Group..... 14
Bologna Liaison Group (Emilia)..... 14 - 15
Bolzano Liaison Group..... 15 - 16
Region of Abruzzi & Lazio..... 16 - 17
Rome City and Province..... 17 - 18

AMG Udine..... 18 - 19
AMG Venezia Giulia..... 19 - 22

PART II - CIVIL AFFAIRS SECTION..... 23 - 24
Local Government Sub-Commission..... 23
Legal Sub-Commission..... 23
Public Health Sub-Commission..... 23
Public Safety Sub-Commission..... 23 - 24
Displaced Persons & Repatriation Sub-Commission... 24

PART III - ECONOMIC SECTION..... 25 - 28
Food Division..... 25
Agricultural Division..... 25 - 26
Finance Branch..... 26
Commerce (Foreign Trade) Branch..... 26 - 27
Industry Division..... 27
Transportation and Shipping Branch..... 27 - 28
Captured Enemy Materials Branch..... 28

PART IV - PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB-COMMISSIONS 29 - 32
Public Relations Branch..... 29
Navy Sub-Commission..... 29
Land Forces Sub-Commission..... 29 - 30
POW Division..... 30
Air Forces Sub-Commission..... 30 - 31
Communications Sub-Commission..... 31 - 32

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CONFIDENTIAL

4768

Declassified E.O. 12356 Section 3.3/NND No. 785017

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POLITICAL SUMMARY

1. The month was notable mainly for the holding of the Socialist Party and Christian Democratic Party National Congresses and for a serious crisis in the food situation. The 24th National Congress of the Socialist Party opened in Florence on April 11th and lasted until April 17th. The principal topic of discussion was the question of fusion with the Communist Party linked with which to a certain degree was the future position of the Secretary General of the Party, Signor Nenni. Signor Togliatti, the Communist leader opened the proceedings and ridiculed the idea that his Party wished to absorb the Socialists. He pleaded for a permanent union in domestic and foreign affairs of the two left-wing parties. Speeches followed by representatives from SWITZERLAND, POLAND, AUSTRIA, BULGARIA and SAN MARINO. Prof. Laski, the Chairman of the British Labour Party spoke next and declared that British Labour stood shoulder to shoulder with Italian Socialism; he went on to predict that in May Italians would be sitting side by side on equal terms with their British comrades at the Peace Conference table. Signor Nenni claimed that the Socialist Party had been the most intrepid and consistent champion of the Constituent Assembly and outlined the Party's programme - a democratic Republic; a united State with local autonomies; a single legislative Chamber supported by a Chamber of Economic Councils; a President elected by the Chamber; a government responsible to the Chamber; a constitution guaranteeing freedom of conscience, thought, speech, press and organisation; definition of the right to work, to a home, to existence and to education; limitation of the right of ownership with socialisation of the public services and monopolies and repudiation of war. The Party's foreign policy was that it could not afford to side with any bloc, whether Russian or Anglo-American. She needed to make regional ententes with FRANCE, SPAIN, JUGOSLAVIA, and GREECE. The just frontier with JUGOSLAVIA was that of 1919 and other claims to Italian territory were inadmissable. The Socialists wanted trusteeship for the colonies, access to raw materials and freedom of emigration. As regards the Church, the Party accepted the Lateran Treaty as a fact, but thought it was necessary to define powers more clearly. Signor Nenni then broached the topic of greatest interest - the position of the Party. The Socialists would tackle the political struggle on the basis of unity brought about either by the " pact of united action" or by " fusion". Polemics on the subject of "fusion" with the Communists were artificial. The important point was unity of action and that the Socialists and Communists should gain the majority in the Constituent Assembly. Signor Nenni's report was the subject of lively debate on successive days and the delegates were often hostile in attitude in the early stages.

2. The results of the voting on the four motions submitted for discussion showed the "mozione di base" (inspired by Signor Nenni) to be in the lead by a slight majority. Generally it reaffirmed that the Socialist Party is, and remains, a class Party inspired by the Economic and social Principles of Marxism, having as its ultimate aim the destruction of capitalism, and as its immediate objectives the creation of the Republican and democratic State and the gradual application of substantial reforms in the sphere of land, industry and credit, which will free all the working classes from political oppression and economic exploitation; declares that there is no incompatibility between the members of the Socialist Party on proletarian unity and their religious belief. The Congress reaffirmed the necessity for the autonomy and independence of the Party, considering them indispensable conditions for making the pact of united action between the Socialist and Communist Parties. It therefore reaffirmed, as a result of the debate on the relations between the Socialists and Communists, that there is no question of fusion between the two Parties, but only a question of unity of the working class.

Declassified E.O. 12356 Section 3.3/NND No. 745017

Speeches followed by [illegible] and SAN MARINO. Prof. Laski, the Chairman of the British Labour Party, welcomed the Congress and declared that British Labour stood shoulder to shoulder with Italian Socialism; and declared that British Labour stood shoulder to shoulder with Italian Socialism; he went on to predict that in May Italians would be sitting side by side on equal terms with their British comrades at the Peace Conference table. Signor Nenni claimed that the Socialist Party had been the most intrepid and consistent champion of the Constituent Assembly and outlined the Party's programme - a democratic Republic; a united State with local autonomies; a single legislative Chamber supported by a Chamber of Economic Councils; a President elected by the Chamber; a government responsible to the Chamber; a constitution guaranteeing freedom of conscience, thought, speech, press and organisation; definition of the right to work, to a home, to existence and to education; limitation of the right of ownership with socialisation of the public services and monopolies and repudiation of war. The Party's foreign policy was that it could not afford to side with any bloc, whether Russian or Anglo-American. She needed to make regional ententes with FRANCE, SPAIN, JUGOSLAVIA, and GREECE. The just frontier with JUGOSLAVIA was that of 1919 and other claims to Italian territory were inadmissable. The Socialists wanted trusteeship for the colonies, access to raw materials and freedom of emigration. As regards the Church, the Party accepted the Lateran Treaty as a fact, but thought it was necessary to define powers more clearly. Signor Nenni then broached the topic of greatest interest - the position of the Party. The Socialists would tackle the political struggle on the basis of unity brought about either by the "pact of united action" or by "fusion". Polemics on the subject of "fusion" with the Communists were artificial. The important point was unity of action and that the Socialists and Communists should gain the majority in the Constituent Assembly. Signor Nenni's report was the subject of lively debate on successive days and the delegates were often hostile in attitude in the early stages.

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3. The final day of the proceedings of the Congress was taken up with the election of the new Party Executive, Signor Nenni being elected Chairman.

4. The Christian Democratic Party Congress opened in Rome on April 24th. Signor De Gasperi, the President of the Council and Secretary General of the Party, spoke on the opening day. He said that the programme of the Christian Democrats, having been carefully studied and drafted by the technical committees working under the Party Executive, had been drawn up and developed in full detail as shown by the resolutions of the Party's National Council. He reviewed the vast and complete record of Christian Democracy and the activities of its youth and women's organizations. He stated that loyalty to Trade Union unity must be maintained but subject to the condition that unity within the CGIL was not subordinate to Party programmes and directives. He gave a warning that the

Declassified E.O. 12356 Section 3.3/NND No. 783017

Christian Democrats w[illegible] not prepared to yield to brow-beating and intimidation, and in this connection added, " if there is still something that disturbs our hope of a serene and free decision by the Italian people in the elections, it is the rumors of arms and armed men and of intimidation from the Left and Right." It was absolutely necessary, he went on, that all Parties and citizens should disarm. He declared that the position of the Christian Democrat Party was clear and definite, it was neither Socialist nor Communist but favoured solidarity in the sense of the solidarity of groups in the interests, and for the purposes, of helping in the rehabilitation of the country, and through the system in which work has ensured pre-eminence over everything. As regards industrial reform it was not possible to think that in ITALY two or three million organized workers should presu to decide,unaided, the fate of the working classes when there were still many worke who were not centrally organized. " We are afraid that Marxism, as a tendency, may transform the economic sphere into a political one leading, at a certain point, to intervention with coercion which will be capable of making us lose our freedom. Marxism is permeated by the dialectical materialism which denies the conception of life affirmed by the Church, and we cannot be tranquil and rest content with the accomodating statements made by this or that Party in dealing with Catholics and believers; we do not in fact know the extent to which those statements are a continuation of the tactics often affirmed by Lenin in his writings."

On April 25th delegate Piccioni spoke on the institutional question. The reception of this speech revealed that its topic was the one which interested the delegates most. Debates were extremely lively and it was often difficult to maintain order. Voting by secret ballot was held on the question and resulted in 740,000 in favour of the Republic, 254,000 in favour of the Monarchy and 68,500 abstentions.

The Council of Ministers did not transact much business during the month. Its attention was chiefly occupied by the food problem. In meetings over Easter week-end, it became clear that, unless further Allied support were forthcoming, the bread ration would have to be cut from 200 to 150 grammes on April 24th if the total stocks of wheat held in the country were not to be reduced to 10,000 tons by May 15th. The Council approved a measure on April 17th for the supplementary amassing of 6% of the legal retentions held by producers. This programme is supposed to produce approximately 75,000 tons by May 15th or 30th (as against the UNRRA target of 158,000), but it was felt that it would be largely ineffective if at the same time the Council decided to cut the ration. On April 23rd the Council authorized Signor De Gasperi to cut the ration, if absolutely necessary. The President of the Council held his hand, however, until he could consult Mr. La Guardia, the Director General of UNRRA. He accordingly spoke to Mr. La Guardia on the trans-Atlantic telephone on the same evening and learnt that two ships with a cargo of 8,000 tons of wheat each had been diverted from [illegible]AT BRITAIN to ITALY. There was a possibility of a third. In view of this information, Signor De Gasperi decided not to reduce the bread ration for the present, but to concentrate on the supplementary amassing programme. The immediate crisis had eased, therefore, but the situation remained extremely grave. It is, however, rather optimistically hoped that the May and June arrivals (which will also include shipments of gift wheat from the Argentine) will suffice to see the country through the next few critical months.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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4767

Declassified E.O. 12356 Section 3.3/NND No. 763017

PART I - LIAISON GROUP REPORTS

LIGURIA LIAISON GROUP

1. Conditions improved slightly in the Port of GENOA in spite of the abundance of "festas". There was an increase in the number of arrivals and a slight increase in the number of passengers carried. There still remains a considerable amount of repair work to be done to bring the Port installations back to their peacetime basis. On 28th April ANSALDO Works launched a motor ship "GIOSUE' BORSI", tonnage app. 3,200 at LA SPEZIA. A tanker "PUNTA VIGNO" (dead weight 9,500) was also launched at GENOA on the same date. The British Director of Merchant Ship Repairs, Western Mediterranean, reported that he had lodged a complaint with Higher Authority, submitting that the increasing number of local and National Holidays was interfering seriously with urgent ship repairs.

2. Agriculture was the only work that offered any employment. There was very little unemployment amongst farm workers, the majority of these being engaged on flower-growing which was at its peak during the month. The great mass of unemployment existed among industrial workers. In this class there were 12,000 unemployed with little hope of employment, the lack of jobs being mainly due to the irregular supplies of coal and scrap iron coupled with a scarcity of Governmental and civilian orders for goods; increased unemployment seemed a foregone conclusion. Supplies of cotton stimulated the fishing net industry and smaller shipyards were working, mainly building vessels up to 200 tons. There were over 10,000 unemployed sailors, stewards and other sea-going categories. Future prospects seemed reasonably bright although the likelihood of immediate employment was small. The number of office workers out of work was slightly under 3000 with the prospect of their employment in the near future practically nil. Those who had jobs were badly paid, particularly state employees and consequently there was considerable discontent. The High prices in the shops, which led to an almost complete stagnation of trade, produced some 2,736 out of work. Those who deal in authorized goods suffered far more than the black-marketeers. Paradoxically the unblocking of many goods and the general easing of controls increased unemployment since many people who managed to make a living by dealing in black market goods can now no longer do so. The legal profession was the only one which flourished at all. Doctors, chemists and engineers found work very difficult to obtain and Governmental aid for this type of worker is non-existent. The total of unemployed in the Region approached 60,000, and the feeling is that the Government is not paying enough attention to the unemployment problem. There was no great danger of trouble due to the fact that the unemployed are not organized. Should they become organized there is every possibility of disturbances.

3. General condition of Public Safety in the Region was satisfactory, and the various police agencies functioned efficiently, bearing in mind the present difficulties. The Carabinieri are better equipped and disciplined than at any time since the liberation, and are winning for themselves their former prestige and public esteem. Due to indifferent clothing, lack of arms and transports, Pubblica Sicurezza did not operate efficiently and the Ministry of the Interno appeared to do little to improve conditions. There was a preponderance of partisan personnel in GENOA and SAVONA Questure, most of whom are members of the Communist Party. They are in most instances inefficient and unsuitable agents. Guardie di Finanza, an efficient force, were sadly hampered by lack of motor-patrol boats to patrol the harbours of GENOA, SAVONA and LA SPEZIA. A great deal

Declassified E.O. 12356 Section 3.3/NND No. 745017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

crimes less than in March. Public order was well maintained.

4. No security problems were apparent. All political parties appeared to be behaving correctly with a view to influencing favourable public opinion for the forthcoming constituente elections. "Liberation Day" and "Labour Day" passed without incidents in the Region; the processions in each case consisted mainly of Communist Party Sections and the public response was apathetic. Many rumours continued to circulate about the future movements of the Communist Party, particularly that an attempted "Coup d'Etat" may be attempted after the elections should the Communist Party not be successful in obtaining a majority. From normal FSS/CIC sources, there was no concrete evidence of any such possibility. No apparent activity by pro-French sympathisers in the VENTIMIGLIA Italo-French frontier zone was observed. No problems arose from prisons in the Region. Following the revolt in S.Vittore Prison, MILAN, more stringent security measures were taken by Italian Prison Authorities.

5. The arrival of 1,014 Jewish refugees by allegedly military lorries at LA SPEZIA on 4th April 46 caused considerable interest. Details of their story will be found on page 24 under Displaced Persons. Their detention was effected spontaneously by the Italian Local Authorities and not by the Allies.

6. The average number of Displaced Persons repatriated to FRANCE and N.W. EUROPE dropped, as anticipated, to one hundred and twenty per week. This may be explained partly by the fact that repatriation to BELGIUM was postponed during half of the month. This postponement was ordered by the Belgian Authorities who sent a special Mission to investigate future procedure for transit through FRANCE.

7. There were days when the flour situation approached a critical point, but the danger always failed to materialize. All provinces held sufficient stocks to ensure the bread ration until 5th May, LA SPEZIA until the 9th May. Four ships were expected to arrive within the next week, which would give enough flour to last until 23 - 24 May.

8. Weather conditions were very good and all kinds of cultivation benefited.

The Olive crop continued to show excellent promise as the trees flowered abundantly and early. Grass crops were very good and some of the grain crops, especially wheat, were already in ear. The fresh potato crop began, together with bread beans and peas. Cattle conditions were better but concentrated fodder was scarce and the price of bran remained very high. Agriculture in LIGURIA could be much improved by irrigation, better stock cattle, better distribution of technical information, and the increased use of mountain pastures.

9. During the month, grossly exaggerated reports of an epidemic of smallpox were circulated in the Province of GENOA. Official sources give the figures as six since January 1946. The Medico Provinciale having taken energetic measures to encourage mass vaccination, this "scare" had the good effect of a remarkable increase in the number of persons who presented themselves for vaccination.

10. On 15th April, both the A.C Rail and Port Offices were closed. Rail movements for the month dropped in relation to March, but no difficulties were encountered by I.S.R. either in the North or in the 13th Corps area. The doubling of the line between BIVIO POLCEVERA and MIGNANEGO was finished and will officially open on 4 June, thus the bottleneck between GENOA and the North which has existed since the liberation will be eliminated. Work was also started on the doubling of the line from CAMPOBASSO to BIVIO SUCCURSALE. A large increase

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4766

Declassified E.O. 12356 Section 3.3/NND No. 743017

colliers to SAVONA as per programme. The result will be a further bunching of colliers at that port and possibly heavy demurrage. The main items discharged in April at the ports of GENOA and SAVONA were coal, grain, P.O.L. nitrates, salt, cotton, pyrites, steel, metals and sulphur; cargoes for Switzerland numbered 28 vessels. During the month 106 vessels arrived in GENOA and 36 in SAVONA and the total tonnage arriving was 246,243 tons. As from 1 April, ENIC in GENOA officially closed down; haulage by road is now uncontrolled, trip tickets having been abolished. P.O.L. however continued to be issued to trucks by ENIC on a basis of litres per carrying capacity. The distribution of tyres was also carried out by ENIC in the case of trucks and for these purposes a skeleton staff continued to be employed.

11. Telegraph service improved within the Region as a result of further repairs and overhauling of several routes. GENOVA-PARIS international circuit was connected and is now clearing traffic. More telephone circuits were put into operation with ROME, MILAN and TURIN and trunk dialling systems worked efficiently. In the Provinces of LA SPEZIA and SAVONA all Telegraph Offices were resumed. Teams were very active all over the Region, carrying out their work quickly and efficiently.

LOMBARDIA LIAISON GROUP

12. The month of April produced many incidents in Lombardia and particularly in MILAN. The end of the first week saw the Municipal elections in MILAN which managed to hold its elections in the allotted time limit. The actual elections on April 7 passed off in good order and resulted in a definite win for a well-organized autonomous Socialist party. Professor Laski, of the British Socialist Party spoke at a meeting in MILAN where he advocated a definite anti-dictatorial and autonomist policy for the Socialist Party of Italy, his emphatic statements being supported enthusiastically by the crowd. There was evidence during the month that the republican feeling was growing among the people and even among moderate circles there appeared to be no doubt as to the result of the referendum. The international situation continued to occupy considerable space in the Italian press.

13. There was a serious riot in S.Vittore Prison Milan which commenced on Easter Sunday and for various reasons was not quelled till April 24. (See Page 24 Public Safety Report). As a consequence about 950 prisoners had to be transferred to other prisons which in their turn were already crowded and their administration was thus made still more difficult. The Ministry of Grace and Justice held an enquiry into the reasons of this riot and in the meantime repairs were in progress but it is likely to be many months before this damage can be made good. Subsequently a new director took over S.Vittore Prison. In consideration of the current conditions the crime situation was fairly satisfactory. The behaviour of Allied troops was excellent. This month all Police Forces returned to arm raids again and obtained some excellent results. Considerable controversy and publicity were evidenced when the grave of Musselini was opened and the body taken away by persons unknown. The anniversary of the liberation of MILAN, April 25, was marked by a public holiday and by orderly and not over-crowded ceremonies.

14. Alternate sunshine and rain were very favourable to the crops and the prospects for the harvest were excellent although the lack of fertilizers and tractors is a serious problem. The amassing of rice was disappointing only

Declassified E.O. 12356 Section 3.3/NND No. 785017

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14. Alternate sunshine and rain were very favourable to the crops and the prospects for the harvest were excellent although the lack of fertilizers and tractors is a serious problem. The amassing of rice was disappointing only 1,980,000 quintals being collected instead of the 5,000,000 quintals expected. It is hoped that a further 450,000 quintals might be obtained by the end of June. The fat situation remained serious no ration having been given for 2 months, but the fresh milk position improved as is customary this time of year. The prices of unrationed foodstuffs remained high although vegetables and fruit, being plentiful, were cheaper. It is interesting to note that although prices

Declassified E.O. 12356 Section 3.3/NND No. 785017

of certain articles came down the cost of living continued to go up. There was a considerable tightening up of discipline and restaurants were forbidden to sell white bread, certain types of pasta and cakes and sweets made with flour and sugar.

15. There was a good deal of unemployment and considerable industrial maladjustment. The same causes do not operate in the same way throughout every section of Lombard industry but generally there is available machinery, manpower and horsepower. The inability to put these into operation arises from lack of capital, outlet, and raw materials. Textile warehouses were choked with goods which they were unable to dispose of due to the fact that the shops are carrying large stocks of goods which the public is unwilling to buy owing to the high prices. The reluctance of the public to buy is due to the fact that the prime necessities of life, food and lodging are practically absorbing the whole of the Italian income. Industries previously connected with armaments are going through a period of crisis due to the complete cessation of war production and comparative inability to get going on peace-time industry. Whatever eventual manufacturing activity is decided upon, it appeared clear that only a limited proportion of the present manpower can be absorbed in the near future. In BERGAMO the situation was somewhat relieved by the fact that a high proportion of the work was carried out in very small units, almost private house production. Many of the workers own a small plot of land on which they raise not sufficient to maintain a decent standard of living, but enough to break the shock of unemployment.

16. The Milan Camp was concerned with the coming and going of refugees chiefly of Jewish Nationality. It was decided to use the camp to stage these people in transit before being routed on to Static Camps, south. 730 were despatched to REGGIO EMILIA and 170 were despatched to LECCE; further moves will take place next month.

17. Public Health in the Region was normal.

18. A second Milan-London telephone line was put through during the month which was notable also for the re-establishment of the ITALY-AUSTRIA service; one cct. connecting MILAN with VIENNA. Of the 4800 numbers requisitioned on the Milan Auto System by the military only 700 were in actual use. It should be possible to hand back to STIPEL some 3000 of the remainder early in May.

PIEMONTE LIAISON GROUP

19. Following the local elections the newspapers of this Region took up the question of the bread rationing and kept the subject in the limelight until it was announced that no cut in the ration would be made as yet. Communist papers continued their propaganda against what was termed the Exploitation of Italy by the Allies; that some success was gained by these articles was evidenced by the trend of conversations heard in the streets and other public places. The Monarchists' morale seemed to be at a low ebb, they complained of the lack of funds provided to carry on their pre-election propaganda. Turin Socialists were against union with the Communists and were quick to state that Prof.LASKI'S visit to this country was primarily to boost the antifusionist trend. The Republican Democrat Movement recently opened local Headquarters in TURIN. Several arrests were made following the demonstration in AOSTA, 26 March 1946, but during the month things seemed to be fairly quiet. The big demonstration

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4765

Declassified E.O. 12356 Section 3.3/NND No. 785017

during June, according to best information available. There are 1,021 communes in PIEMONTE, and elections have been held in [redacted] of them, leaving 213 for the future. While some rumors were heard of attempts to influence voters illegally, as well as cases of persons being illegally denied the right of franchise, not one concrete case was uncovered. Neither did any incidents of a serious nature occur during the actual elections. In all, the elections in the Region were conducted in a manner as to reflect credit on the responsible authorities and the voters.

20. The situation regarding Public Safety showed a considerable improvement; there were no crimes of a political nature and no political disorders or demonstrations involving violence. The police in general and the Carabinieri in particular, continued to improve and effected some useful arrests. Highway robberies practically ceased - probably attributable in part to lighter evenings but also due to the fact that the gangs have nearly all been broken up by police action. There were reported a number of crimes "in the house", burglaries and shop-breakings, but these also appeared to be diminishing. The morale of [redacted] continued to rise rapidly, with transport now beginning to be made available and also supplies of automatic weapons which were received and distributed. Political activity on the international boundaries continued to be lively, but there was no recurrence of disturbances in the Aosta Valley nor any incidents on the border in general. The prison situation since the redistribution of prison population quietened considerably, and since the recent troubles in neighbouring Regions the officials generally apparently decided on a stronger policy in the future.

21. Prices for rationed commodities showed very little variation from the March figures, but the monthly cost of items obtained in the "free" market showed an upward trend, especially in ASTI and TURIN Provinces. A study of the daily requirements for a family revealed that more than half, about 60%, of the calorific requirements had to come from other than rationed commodities. Stores continued to be well stocked and those with the necessary means had little difficulty in obtaining their requirements. Supplies of grain and flour continued to arrive at GENOA and were distributed throughout the Region; in all cases the grain went to the mills immediately to be made into flour. Normal consumers did not get any rationed sugar in April. The much heralded cut in the bread ration did not take place, much to the satisfaction of all concerned.

22. Unemployment figures showed that as of 20th April 1946, there were slight increases in all of the Provinces but two, AOSTA and TURIN. In AOSTA the numbers decreased at least one-half from the 20th March 1946 figures, while in TURIN there was a forty percent increase, part of which included the 3,000 decrease shown for AOSTA. The latest figures given show the present number of unemployed as being 75,799. No major labor troubles came up during the month; there were, however, the usual individual and collective cases, the latter being settled and a large proportion of the individual cases adjusted.

23. The prime needs of the manufacturers are well known, coal and raw materials. The large FIAT works employed about 60,000 people, and the numerous smaller firms producing parts etc. for FIAT employed an additional like number. This plant produced approximately 2% of its full capacity, namely about 40 trucks and passenger cars per day. Tires were recently made available and the vehicles were being turned out equipped with them. A large Industrial Exhibition was opened the first part of April, where everything from coffee grinders to farm tractors were on display. It is stated that this Industrial Exhibition is to be made permanent. A Building Exhibition is being planned for opening in September. And a Spring Fashion Fair is scheduled from 12 to 29 May 1946. Signs of industrial rehabilitation were many and bright.

Declassified E.O. 12356 Section 3.3/NND No. 785017

up by police action. [illegible] burglaries and shop-breakings, but these also appeared to be diminishing. The morale of G.R.E. continued to rise rapidly, with transport now beginning to be made available and also supplies of automatic weapons which were received and distributed. Political activity on the International boundaries continued to be lively, but there was no recurrence of disturbances in the Aosta Valley nor any incidents on the border in general. The prison situation since the redistribution of prison population quietened considerably, and since the recent troubles in neighbouring Regions the officials generally apparently decided on a stronger policy in the future.

21. Prices for rationed commodities showed very little variation from the March figures, but the monthly cost of items obtained in the "free" market showed an upward trend, especially in ASTI and TURIN Provinces. A study of the daily requirements for a family revealed that more than half, about 60%, of the calorific requirements had to come from other than rationed commodities. Stores continued to be well stocked and those with the necessary means had little difficulty in obtaining their requirements. Supplies of grain and flour continued to arrive at GENOA and were distributed throughout the Region; in all cases the grain went to the mills immediately to be made into flour. Normal consumers did not get any rationed sugar in April. The much heralded cut in the bread ration did not take place, much to the satisfaction of all concerned.

22. Unemployment figures showed that as of 20th April 1946, there were slight increases in all of the Provinces but two, AOSTA and TURIN. In AOSTA the numbers decreased at least one-half from the 20th March 1946 figures, while in TURIN there was a forty percent increase, part of which included the 3,000 decrease shown for AOSTA. The latest figures given show the present number of unemployed as being 75,799. No major labor troubles came up during the month; there were, however, the usual individual and collective cases, the latter being settled and a large proportion of the individual cases adjusted.

23. The prime needs of the manufacturers are well known, coal and raw materials. The large FIAT works employed about 60,000 people, and the numerous smaller firms producing parts etc. for FIAT employed an additional like number. This plant produced approximately 20% of its full capacity, namely about 40 trucks and passenger cars per day. Tires were recently made available and the vehicles were being turned out equipped with them. A large Industrial Exhibition was opened the first part of April, where everything from coffee grinders to farm tractors were on display. It is stated that this Industrial Exhibition is to be made permanent. A Building Exhibition is being planned for opening in September. And a Spring Fashion Fair is scheduled from 12 to 29 May 1946. Signs of industrial rehabilitation were many and bright.

24. Heavy rainfall in April was generally very beneficial. Seeding of wheat, preparations for the sowing of corn, hemp, potatoes and oats were begun and the planting of vines and fruit trees was completed. Phosphates, azotised fertilizers and spray materials continued to be scarce. The superphosphate factory at NOVARA (capacity 15,000 qls/month) started production and another at POSSANO can start as soon as phosphate rock from AFRICA is available. There was a continued shortage of sulphurous products, except that found on the black market at very stiff prices. Cereals promised well but owing to the meagre fertilization of the soil for the past five years, it's very optimistic to predict a bumper crop. Nut trees were infested with insects and required treatment. Cattle were reported to be in very good condition.

Declassified E.O. 12356 Section 3.3/NND No. 745017

25. Delay in rebuilding bridges was attributed to shortage of cement. Repairs to buildings were being done to the limit of supplies and other matters cropping up to hinder the progress. The hydro-electric plants were all well supplied with power as the result of the melting of the snow and the spring rains. The prior planning done by AMG before the hand-over resulted in effort well spent.

26. The Displaced Persons Camp operated in TURIN was being used to full capacity and continued to operate along the lines that made it one of the best Displaced Persons Camps in Italy.

27. The local medical authorities reported that conditions of health were normal. They reported that there were no epidemics of a serious nature prevalent.

28. During the month the Ministry of Transport abolished the trip ticket formerly required for all transport haulers, and now POL is distributed twice per month according to the load capacity of the truck, etc. Many of the truck owners did not like the new system and claimed that they had to go to the black market in order to make daily trips, and complained that owners who are not busy all of the time can take allotted P.O.L. and sell it on the black market. Just how the new system will eventually work out remains to be seen. In spite of the pros and cons there appeared to be ample P.O.L. available. The projects on reestablishing telegraph and telephone facilities continued to make some progress. The shortage of coal was blamed as the reason for some of the rail facilities not being operated to greater capacity.

VENEZIA LIAISON GROUP

29. A very noticeable decrease in Political activity throughout VENEZIA Region was observed during the month of April, due largely to lack of party funds and enthusiasm expended in the communal elections. The press generally was more occupied with the Paris peace conference and the general economic and food situation. The only groups expressing any great concern over the June elections appear to be the supporters of the monarchy; they seriously urged that the vote on the referendum be postponed for at least a minimum of three or four months. This being their first experience in resorting to electoral processes to maintain their existence they seemed to be at a loss to organize their strength and conduct an effective campaign. It was interesting to observe that the newly elected Communal Council and Giunta generally attempted to cooperate in tackling local problems, irrespective of party affiliations. The Right, particularly the Christian-Democrats, were in many instances surprised and disillusioned by defeat; this did not seem to have reached the point of apathy, but interviews with public officials made it clear that the Italians have little conception of how a minority should function, their definition of a healthy opposition appearing to embrace solely a resigned non-obstructionist attitude characterized by a rather dejected analysis of the disparity in numbers between majority and minority. Generally speaking the Left Wing parties adopted conservative tactics in their campaigning as well as in the selection of their candidates. While many of these men lacked public administrative experience and therefore did not have the confidence of the career Prefects, yet a close check

Declassified E.O. 12356 Section 3.3/NND No. 785017

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30. In general the Public Safety situation throughout the Region declined slightly during April, particularly due to several instances of highway robberies in the Rovigo area; however this entire gang was apprehended. "Reduci" and unemployed were responsible for some demonstrations and minor demonstrations by unemployed were also staged in BELLUNO but all demonstrations were reasonably orderly. The prisons throughout the region continued to be overcrowded. General Military Security was good and no actual acts of sabotage were reported. Although

4707

Declassified E.O. 12356 Section 3.3/NND No. 785017

telephone lines were occasionally interrupted. Recent troop movements into VENEZIA GIULIA with their display of strength evidently had a deterrent effect upon the public.

31. It was most difficult to obtain an accurate and true picture of the food situation in this Region. During April there was no suspension of rationed cereals, and although there was a shortage of oils and fats as well as sugar, these commodities were available to mothers, children and the indigent. All restaurants and shops appeared to be well stocked with foodstuffs. The average cost of living for a family of three was generally estimated at 18,000 lire in VENEZIA and this allowed nothing for luxuries. The average office worker's salary was from 5 to 10,000 lire and the factory worker's from 5 to 9,000 lire monthly. The Italian officials were finally aroused to the necessity of devising ways and means of encouraging the farmers to bring in more grain to the ammassi but at least 70% of grain requirements was being met by UNRRA. Present visible stock supplies of grain are sufficient to meet requirements (ration 200 gr.) in the Region until the 10th of May, with two UNRRA ships scheduled to arrive during the month, which should be sufficient to meet requirements providing continuous pressure is put on the farmers to make up the balance. The situation from June 1st until harvest is much more serious but if UNRRA can continue its present allocations it is believed there is sufficient grain in the area to make up the balance irrespective of what the Italian officials contend. The agricultural outlook was exceptionally good throughout the Region due to recent rains and it is expected that the grain harvest will be approximately normal, the prospects being also extremely good for the fruit and vegetable crops.

32. Industry continued to be handicapped by lack of coal, in fact the glass industries of VENICE have never been able to operate. The wool, silk and cotton industries in VICENZA were operating full time due to arrival of raw materials. Total unemployment throughout the eight provinces of the Region rose from 166,000 in March to 190,000 in April. BELLUNO province sent some 500 miners to Belgium and Poland and the public works programme should be in full operation in May which may decrease the above figures. At the end of April public works projects in the total value of 313,000,000 lire employing 18,200 men were in progress. Approval was received from Rome for two sections of the Venice port improvement project totalling 1,200,000,000 lire. Reconstruction of a silo and warehouses will comprise the first goals in this programme.

33. There was little movement of Displaced Persons within the Region and the situation remained unchanged; the camp at PADOVA contained approximately 1200 persons and at VERONA 500 persons.

34. Public Health continued good; oil and DDT for use in malaria control were available in VENICE and UNRRA is making extensive plans to combat malaria commencing May 1st.

35. Telegraph service was practically back to pre-war status. Prior to the war 386 offices were operating throughout this area and at present there are 376. The situation remained the same with the two telephone companies serving the area. Prior to the war Telve had 31 exchanges and Timo 197 and at the end of April Telve had in operation 31 and Timo 95 with 6 more opening in May. A total of 192,000 tons of shipping entered the port of VENICE during April as against 203,000 tons in March. VENEZIA Region Ufficio Autotrasporti moved 205.077 tons during April, with 5,148 truck pools operating. The POL allocations appeared quite satisfactory.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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36. The Preture and Tribunali were still sadly lacking in personnel. The Corti Straordinarie d'Assise, treating the most urgent and serious cases, borrowed personnel from other courts which only served to make a bad situation worse; cases pending in some districts were well over a thousand.

37. In the field of education, bomb damage and requisitions by Allied Units have to some extent reduced the teaching programme, but nowhere in the Region is any child being deprived of schooling because of these conditions. In fact a

Declassified E.O. 12356 Section 3.3/NND No. 785017

survey of BELLUNO, TREVISO and VENEZIA provinces shows that in 1945, 827 Public schools were in operation against 1056 in 1946.

38. The matter of military requisitions, particularly in VENICE and the LIDO areas is becoming increasingly difficult. Civilians are naturally anxious to reestablish their pre-war business activities but with present military commitments this is at times impossible. Considerable pressure is being put on Prefects and Sindaci to obtain derequisitions and although 86 Area has been most cooperative where possible, this situation will continue to be a source of irritation as long as military occupation continues.

NAPLES LIAISON GROUP (covering Calabria)

39. The number of political meetings increased considerably during the month but no incidents occured. Administrative Elections were held again on the 7th of April which completed the first series, and the results showed the Christian Democrats to be the largest single party everywhere except in Benevento where they were slightly outnumbered by the Liberals. There were many independents, but Communists and l'Uomo Qualunque had few followers. Communists, however, appeared on the Demp-Christian lists and the system of proportional representation is resulting in a weak mixture of many small parties. There was universal good order and interest with heavy polls, amounting to 80% to 90% of eligible voters in many cases. The women voted in strength and in one small Commune 100% of the women voted. Preparations for the Costituente Elections and Referendum on the 2nd of June were in hand and official party signs for 61 parties, for the benefit of illiterate electors were issued. A slight political turn was given to activities of returned POWs by the election of an ex-senior officer of Fascist Militia as President of the Naples Section of the National Union of Italian ex-POWs.

40. Conditions as regards Public Safety continued to be reasonably satisfactory. "Reduci" or returned POW showed menacing activity which alarmed the local authorities as the men did not consider that sufficient was being done to provide them with employment; they demonstrated 7 times in the first half of the month. On the 8th there was a clash between POW returned from Russia and the Communists; labour sided with the Communists in protest and a general strike was only averted by the Prefect taking action to have the Communist Offices guarded. Cases in which Allied troops were involved in theft from or conflict with, civilians numbered 8 as against 14 in March. Two explosions occured in the NOLA area of British ammunition; a total of 20 people were killed and two injured.

41. Further rain made harvest prospects good and a high yield is expected. The free, or so-called black market, for grain and other foodstuffs flourished in all provinces and was particularly in evidence in Naples. Food conditions were discussed with many employees and workmen and all without exception readily admitted that they supplement their bread and pasta rations by purchases on the free market. Publicity emphasizing the shortage of grain in the Ammassi had the effect of raising grain and bread prices.

42. There was little labour unrest. The employees of the San Carlo Opera were on strike with a demand for a pre-war pension liability incurred by the Fascist management to be accepted by the present Impresario. Apart from this, there were a few small disputes in pasta and preserve factories and the gas

Declassified E.O. 12356 Section 3.3/NND No. 785017

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43. Extreme slowness in starting reconstruction is a feature of the Administration in NAPLES. In TORRE ANNUNZIATA, 3 sets of huts for persons rendered homeless by the munition explosion, were nearing completion. One North

4763

Declassified E.O. 12356 Section 3.3/NND No. 785017

of the railway, consisting of four reconstructed buildings and 19 huts on a very crowded site, and two South of the railway consisting of 16 and 10 Nissen type huts respectively. Each hut was designed to give accommodation to two families and the whole scheme to about 500 persons. The accommodation will be very primitive with communal latrines and outside kitchens.

44. Public Health was good but the measles epidemic continued to be in evidence. Venereal disease reports were much the same as last month. 1400 infected women treated as against 1600 in March and 1500 in February.

45. The increasing activity of civilian motor vehicles of all sorts, which seemed to suffer from no petrol shortage was noticeable.

46. Italian Courts continued to function satisfactorily. War crimes trials by British military authorities were held at AFRAGOLA in which A.C. arranged legal assistance for the accused.

LIVORNO LIAISON GROUP

47. Since April 7th, the date of the last local administrative election, a marked tranquillity existed in TOSCANA politics. Meetings continued to be held, but these, for the most part, were of small groups planning strategy for the Constituente elections. That the month of May will bring forth an intensive campaign, there can be little doubt. However, no serious disorders are anticipated during the campaign, nor at the polls on June 2nd, in this Region and there existed an unexpected and unusual cordiality amongst the various party adherents. Local government administration was good.

48. An improvement in law enforcement was reported throughout the Region and a decrease of all types of serious crimes was noted in all of the provinces, with the exception of APUANIA. Robberies continued to be prevalent, however, and the robberies recently reported involve foodstuffs. In APUANIA E.N.D.S.I. Depots were robbed and in PISTOIA food store thefts became a real problem. P.S. Agenti functioned in some provinces better than others, obviously according to the efficiency of the Questore, but they lacked proper police training and arms. The CC.RR. showed marked improvement in its proper functioning, but increased personnel was required in PISA, LIVORNO, APUANIA and SIENA. The prison, however, in the City of LIVORNO was not only dreadfully overcrowded, but dirty, unsanitary, and poorly managed. All protestations and advice were unavailing.

49. Unemployment caused unrest in some of the provinces and orderly demonstrations by those out of work were held in the Provinces of LIVORNO, FLORENCE, PISA and AREZZO. The unemployment situation improved in SIENA and in FLORENCE and LIVORNO the numbers of unemployed were high, but not either serious or higher than during February or March. The situation in APUANIA, PISA, AREZZO and PISTOIA became worse all the time but an improvement was looked for in LUCCA with the start of a new public works programme. Returning POW's affected labour, and were often found to be the ring leaders in detrimental agitation. Apparently, as Allied Prisoners, they were spoiled with too little work and too much to eat, and now expect similar treatment in civil life.

50. In general, the over-all agricultural situation appeared satisfactory and the people were optimistic on the success of this year's crops of every descripti but there was a complaint from every Tuscan province because of the

Declassified E.O. 12356 Section 3.3/NND No. 745017

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50. In general, the over-all agricultural situation appeared satisfactory and the people were optimistic on the success of this year's crops of every descripti but there was a complaint from every Tuscan province, because of the lack of promised fertilizer. The existing cereal supply should last through the ensuing month; sugar is scarce and in most provinces was issued only to the sick and aged, and for children. Oil was scarce in AREZZO, PISTOIA, PISA and LIVORNO: inefficient distribution seemed to be a partial cause. However, meat, fish and green vegetables were available in fairly large quantities although they were too highly priced. Food prices were exorbitantly high and available unrationed foodstuffs were beyond the reach of the very poor who need extra nutrition the most; prices of living necessities, other than food, while very high, continued on the decline. The black market flourished mostly on foodstuffs, bread being readily

Declassified E.O. 12356 Section 3.3/NND No. 743017

obtainbble at 120 lires per kilo - proof of lax amassing. Oil was always obtainable, also at outrageous prices.

51. Commercial establishments showed initiative, enterprise and confidence, and appeared to be on the road to a successful recovery. Many industries began to thrive, but generally lack of raw materials, operational space, and funds jeopardized a normal development of reconstruction and rehabilitation.

52. Public works progressed and results were noticeable, water supply was sufficient and in fact quite normal except for LIVORNO. Electricity was also sufficient except in LIVORNO and APUANIA. The people of LIVORNO protested that the Allied troops and German POWs usd too much of their limited supplies of water and electricity.

53. Transportation and communications were both still a long way from normal, but obviously improving although coal shortage had reputedly curtailed railroad traffic, and industrialists in APUANIA complained of insufficient railway wagons.

54. Complaints were general regarding lack of hospital supplies but the state of public health was good, although T.B. continued on an upward trend.

55. Many Displaced Persons passed through FLORENCE and LIVORNO, but they are constantly decreasing in numbers.

56. General opinion seemed to be that the Italian Courts functioned efficiently but too slowly and there continued to be dissatisfaction on the part of Allied Officers with the manner in which cases involving Allied interests were handled in the Italian Courts. Investigation disclosed that this dissatisfaction and resultant criticism, was due to a misunderstanding of the powers of the Court under existing Italian law. Certain offenses under Allied Proclamations are not offenses in the same light under the Italian Penal Code. This is particularly so insofar as possession of military property is concerned, the mere possession not being a crime under Italian law. It was noted that where an Allied accusation comes within the Civil Code, and where the Allied witness appears and offers testimony so that the required evidence proves the guilt of the accused, the Italian penalties have been generally stiffer than they would ordinarly have been in the previous Allied Military Courts.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4762

Declassified E.O. 12356 Section 3.3/NND No. 735017

BARI LIAISON GROUP. (covering the area of APULIA and MARCHE).

57. The discussions and decisions of the Paris Conference together with the Russian demands in regard to the Italian Fleet and indemnities had a very depressing effect on the people, and a lowering of morale was evident. However in spite of this the pre-election atmosphere became keener every day and party convocations were almost a daily affair. The leaning appeared to be strongly towards a Monarchy. The Leftist Parties, particularly the Communists, lost ground and the popularity of the Uomo Qualunque increased considerably.

58. Disorders continued to break out in different towns such as NARDO (Lecce), GALATONE (Lecce), TARANTO, BRINDISI, TORCHIAROLO (Brindisi) and SAVA near Taranto; these disorders were mainly due to unemployment of the "Reduci" and demonstration against the black marketeers. In all cases the CC.RR. soon had the situation under control. Public opinion of both CC.RR. and Civil Police was favourable and morale in these forces improved accordingly.

59. The prospects of a good grain crop were very bright. There continued to be a lack of fertilisers but there was an adequate supply of fresh vegetables and cereals and a bumper harvest is expected. Swarms of locusts made their appearance in many small towns in the area, but prompt action on the part of the local authorities soon had the situation under control. Four ships containing 146,610 quintals of wheat arrived in BARI during the month and there was sufficient grain in stock to last until the 29th May. All children under 10 years of age received a free ration of 500 grams of sugar, but evaporated milk for children fell far short of requirements. Prices of clothes and household commodities showed a decrease although food prices remained unchanged. Shops appeared to flourish everywhere with no lack of customers in spite of the high prices.

60. Derequisitioning continued and a total of 47 warehouses, schools and other premises were derequisitioned during the month. Courts still functioned slowly - due to the shortage of magistrates on the Tribunals.

61. Freight traffic increased and the number of passengers carried steadily rose. There was a marked improvement in the situation in regard to tyres and tubes for road transport which were supplied from the Pirelli Factory Milan. The owners of cars and trucks made strong representations to be given permits for free circulation but were told that there were far more urgent calls to be met before pleasure trips could be indulged in.

62. There was a very large number of unemployed "Reduci" and the number increased as repatriated PCT arrived in the country; the situation gave cause for anxiety. The Central Government promised necessary financial help to this Province, but the promise has not yet materialised. Some 200 "Reduci" were given employment in Public Parks and local Authorities did what they could to find these men employment. It is thought that local Authorities will be kept up to the mark in this respect as the "Reduci" are continually staging demonstrations and sending delegates to interview the Prefect and Sindaci .

63. The Central Government granted a subsidy of 540 million lire to the "Acquedotto Pugliese" and there was normal activity in re-construction throughout the Provinces. Some of the bad roads were at a long last receiving attention, on the whole the main roads were in excellent condition.

64. Public Health was satisfactory, though a further 28 cases of smallpox were reported during the month. There was a serious shortage of disin-

Declassified E.O. 12356 Section 3.3/NND No. 785017

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64. Public Health was satisfactory, though a further 28 cases of smallpox were reported during the month. There was a serious shortage of disinfectants and quinine.

65. No. 1 Displaced Persons Camp at BARI was being handed over to UNRRA and the handing over is expected to be completed about the middle of May. During the month 367 Displaced Persons arrived in the Camp and 291 left the Camp at BARI.

Declassified E.O. 12356 Section 3.3/NND No. 785017

SICILY LIAISON GROUP

66. There was little change in the general situation. Demonstrations during the month were on the whole short lived and without incident and the elections proceeded in an orderly fashion. All parties intensified their propaganda activity, the Communist Party being especially active in the organization and preparation for elections. Student groups carried out organized but orderly demonstrations, the subjects being Trieste and the Institutional issue.

67. Security, law and order, on the whole greatly improved. Incidence of ordinary crime in the PALERMO Area seemed high, but was not considered alarming by the local authorities. Strikes and demonstrations generally were conducted in an orderly fashion .

68. Food shortage and prices continued to be the main source of complaint. Several strikes by different groups and categories of workers resulted in some adjustments and wage agreements. The local authorities expressed possibilities of serious disorders and riots if the cost of living continued to rise and the food shortages, notably pasta, could not be supplemented. There was some improvement in the unemployment situation due to an increase in public works in the PALERMO district, mainly road and utility repairs. Returned soldiers did not appear to be particularly interested in manual labour; however, there was no island wide agitation.

69. The general picture as regards health was satisfactory, and repairs to water mains reduced the danger of contamination.

BOLOGNA LIAISON GROUP. (EMILIA Region)

70. Following the holding of the administrative elections, political activity became less intense. Even the success of the left wing parties did not cause any increase in the activities of the right wing and moderate parties, and apparently the Socialist and Communist Parties, satisfied with their success, were content to rest on their laurels. The general consensus of opinion, however, was that this was a superficial calm. The meeting of foreign ministers in Paris evoked much interest, while the proposals made by the British Foreign minister caused some dismay and resentment. The general opinion was that the Allies are not keeping their promises of generous treatment to Italy and do not recognise the aid given by Italians to final victory; the more philosophic have the view that Italy lost the war and so must be prepared to pay. Resentment was shown in the attitude of the people who were inclined to increase their already somewhat anti-Allied sentiments. Even the well-to-do asked why the Allies did not get out of Italy and leave her in peace. Summed up briefly, the extremists feel they would have a freer hand if we left, while the others feel that we are doing nothing to prevent Communism. A serious state of affairs came to light in the Questura at REGGIO EMILIA during the month: a Lieutenant employed as an auxiliary agent was dismissed, he then called a meeting of the auxiliary ex-partisan elements and told them that on the 2nd June they would not take orders from the Prefect or Questore but from a "special commission to be set up by the Communist Party". Provincial administration continued to be satisfactory, but the new career Prefects state they have some difficulty and opposition because they do not follow the policies of their political predecessors. There was no change in the financial position of Communes.

71. During the month of April there was little change in the situation with regard to crime and public order, murders, armed robberies, and cases of extortion continued unabated. There were 11 murders and woundings for political reasons,

Declassified E.O. 12356 Section 3.3/NND No. 785017

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71. During the month of April there was little change in the situation with regard to crime and public order, murders, armed robberies, and cases of extortion continued unabated. There were 11 murders and woundings for political reasons, 6 murders and woundings for non-political reasons, 86 armed robberies and attempts and 24 arrests for these types of crime. Steady improvement in the work of the Carabinieri was noted. Unfortunately, this force was sadly under strength. It was noted that the Press and even public officials, consistently attack the force whenever arrests of ex-partisans are made, even for such serious offences as murder and robbery. The Questure as police agencies were worse than useless, all being riddled with the infiltration of undesirable, untrained and violent elements. There were no serious demonstrations during the month. The prison situation showed little or no sign of improvement, five minor breaks or mutinies being reported in MODENA and BOLOGNA.

4761

Declassified E.O. 12356 Section 3.3/NND No. 785017

72. The grain situation became more acute in the Region and decrees, ordering the amassing of 6% of producers ration, were issued. There were signs that private stocks of grain and flour were becoming exhausted, and the amount of black market bread is getting steadily less; supply of fats from LEGHORN was held up by maladministration. Shops were full of other forms of food but prices have risen again and it was reported that the turn over of such shops was limited. An order was issued that only bread for the day concerned would be distributed as many people have used their bread ration cards for May and June. It was reported however, that bakers were afraid to comply with this order. Industry was, if anything, in a worse state than before owing to lack of coal and raw materials. There was also a great reluctance on the part of business men to buy in the present unsettled state of the country. It was stated that all pending allotments of coal were suspended and the small amount of coal available was distributed only to industries of importance. Many brick-kilns and cement plants were, as a consequence, practically idle. Unemployment increased, due to the number of "reduci"; this is undoubtedly becoming a major problem; some demonstrations, all quite orderly, were held and more can be expected. Agriculture work proceeded satisfactorily and recent rains increased the prospects of a good crop.

73. Public works projects were carried forward where possible, but delays were caused by shortage of materials, obstruction by some Chambers of Labour and the tardiness of the release of funds by the Provveditore Regionale alle Opere Pubbliche. The supply of water was adequate and electricity improved, but with the advent of the hot weather, this improvement may not be maintained. There was some shortage of copper. No increase in the supply of gas was possible owing to shortage of coal.

74. In camps in this Region, 560 persons entered and 671 were evacuated. On the 20 April there were 1,698. The health of the camps during the month was excellent; the epidemic of measles in Reggio No.43 subsided and there were no deaths. Chief disease found, except for minor ailments, were T.B.C. and venereal disease; it became increasingly difficult to find beds for tubercular refugees in Italian Sanatorio. The public health in the Region remained good, and no epidemics were reported during the month. A slight improvement in all spheres of Transport and Communications was noted but there continued to be a shortage of P.O.L.

BOLZANO LIAISON GROUP

75. On the surface the decision from Paris was calmly accepted by the South Tyroleans, but there were indications of resentment, which, it was believed, would increase and might be accompanied by outbreaks of violence. The Option Commission (a locally organized body) submitted its recommendations to the Prefect and its members agreed that Italian citizenship should be granted to all those optants who had remained in the country whether they had received emigration papers or not. There were certain categories, still under discussion, to be excluded from Italian citizenship. The Commission recommended that certain optants now in Germany should be allowed to return to the Province. A decree defining this complex question is expected at an early date and it was stated by the President of the South Tyrol Party that the German speaking people were satisfied with the conditions. For a time the unruly elements in the South Tyrol Party were gaining the upper hand but this subsided and the situation is in hand. A group of South Tyroleans holding moderate view were trying to create a political front in opposition to the South Tyrol Party. Their objects is to cooperate with the Italian Government

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 763017

76. Security throughout the Province was satisfactory; the CC.RR. were working well and apart from two murders there was little crime. Frontier control was not satisfactory during the month as the French Authorities were rather light-hearted in the issue of passes into Italy. This matter was taken up with the head of the French Security, who promised to abide by the regulations and it is hoped this control will now be more satisfactory.

77. Following a visit to ROME by the Chamber of Commerce of BOLZANO, decisions were obtained to supply surplus food stuffs to the British Army in Austria. It was understood that efforts were being made to obtain the same facilities for American Troops who meanwhile are excluded from this arrangement.

78. There was sufficient grain and flour to last only to the middle of May, but this was being rectified by the provincial UNRRA representative, who borrowed grain from other Provinces to make up the deficiency in BOLZANO. Apart from this the food situation throughout the Province was most satisfactory.

79. There were 2,500 unemployed shown in April as compared to 2,000 in March. Reports were received that public appointments were filled by Italians to the detriment of the South Tyroleans. In one Commune the number of Italians holding such appointments was nearly double that of the Tyroleans.

80. General health was satisfactory and a wagon load of medicines arrived in BOLZANO. Displaced Persons from Camp No 23 numbered 814 Germans, 27 Austrians, and 38 others; authority to repatriate them was urgently awaited. The Italian Red Cross repatriated some 47 families to Germany in the Red Cross train which left Merano on the 26th of April. These families were selected by the Medical Officers on the grounds that further detention was detrimental to their health.

81. Conditions in hydro-electric works was satisfactory; there was however, a shortage of raw material in the Industrial Zone with the result that full output could not be effected.

REGION OF ABRUZZI AND LAZIO. (This covers the area of the eleven Provinces of ANCONA, ASCOLI, PICENO, FROSINONE, LATINA, MACERATA, PESARO, PERUGIA, RIETI, ROME, TERNI and VITERBO).

82. Party activity increased due to the impending national elections and prefects throughout the area appealed to local political leaders to ensure respect for freedom of opinion and the maintenance of public order.

83. No disturbances or disorders were reported during the month and law and order showed a slight improvement as did the organization of police forces. Shortage of petrol was a serious disadvantage to police agencies greatly hampering their mobility and in the Province of RIETI stations were seriously understaffed.

84. Cost of living showed an increase of 10% over the period January to March. The bread ration of 200 grams was maintained throughout the month and distribution of other rationed foods averaged the same as last month. The order for the conferring to the "Amassi" of 6% of cereals which producers had previously been allowed to retain for their own consumption was strictly enforced and gave some results which however were not deemed sufficient without outside help to cover the gap until the harvest. The order was highly unpopular with the pro-

Declassified E.O. 12356 Section 3.3/NND No. 785017

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85. The recovery of industry continued to be hampered by lack of raw materials, electric power, transport etc., and the situation deteriorated owing to the hold up in coal imports. There was no improvement in the unemployment situation. Public Works schedules were carried out in all Provinces while public utilities showed a further slight improvement, particularly in ROME.

4760

Declassified E.O. 12356 Section 3.3/NND No. 735017

86. Public Health was generally good although in the Province of TERNI the measles epidemic continued, 423 cases out of 511 being in the city of TERNI. 72 cases of measles were registered in VITERBO while 2 cases of small-pox, imported from NAPLES were registered in FROSINONE.

87. Railway functions were curtailed somewhat due to a shortage of coal.

ROME CITY AND PROVINCE

88. Public opinion during the month focussed particularly on the Abdication of Victor Emanuel III and the political tension for the forthcoming elections was high. The Paris conference attracted much attention and anxiety was felt over the revised armistice terms and the lack of agreement between the 3 Big Powers. However, generally speaking, the feeling was that the contributions made by Italy to the Allied Cause and the widespread destruction of the country would not be ignored and confidence was voiced in the Allied sense of justice.

89. Public safety was satisfactory due to the general efficiency of the Police Forces. The number of larcenies was considerably lower than in previous months and cases of juvenile delinquency decreased. The need for automatic weapons and ammunition continued. Morale of the police forces was low owing to the small wages and high cost of living, discontent being mainly due to the inequality between allowances granted to the Civilian Staffs of other government branches and those of the Police, the latter in addition being constantly exposed to considerable risk and danger. The position was considerably improved by a sizeable allotment of uniforms.

90. The economic situation deteriorated; money was scarce and the Government's policy to quell inflation drove the steady-income categories into ever increasing sacrifices. The cost of living rose during the month due to news and rumours of the serious situation as regards the wheat supply.

91. The industrial situation was difficult due to lack of raw materials and coal; the actual allotment of coal is too low to effect recovery on any large scale.

92. Farming activities progressed satisfactorily and a good cereal crop is anticipated. Much doubt was expressed as to the system of control of threshing machines and it was also felt that the Government price offered to farmers for wheat was much too low to be an inducement for them to bring their grain to the Ammassi. Recent rains improved the crop outlook considerably. Mowing was hindered because of the tardy distribution of POL due to a strike of the Petrol Workers. A good crop of potatoes, corn, rice and beans is forecast. Livestock within the Province showed an increase compared with 1944 figures and it is estimated that in 1947 sheep raising will average the 1939-40 figures. Breeders do not slaughter heads under two years but retain them for breeding purposes.

93. The stock exchange after six months decrease showed a brighter tendency and stocks began to gain quotations. The most active branch was the textile trade but an optimistic outlook was maintained for all industries. The rates on the official market for dollars and sterling rose and it was the general opinion that an increase in the price of wheat might bring about a general increase and therefore a further devaluation in the Lira.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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94. Unemployment figures showed an increase due to inactivity of the building trade which in turn was due to the high cost of raw materials. The ranks of the local unemployed were swelled by numerous refugees from the colonies, Greece, Roumania and other countries, these latter being billetted at Cinecitta. The recent France-Italian Agreement on the shipment of Italian workers to France raised the hope of future emigration, at least within Europe.

95. The recent reactivation of several tram-lines in the city was greeted with satisfaction by workers who had found transportation an expensive item. The electricity and water supply also improved. There was confidence that all school buildings might be derequisitioned before next year thus permitting full use.

Declassified E.O. 12356 Section 3.3/NND No. 785017

96. General healt... was good and there were no occurrences of an epidemic of contagious nature. Medical supplies were inadequate.

A.M.G. UDINE PROVINCE

97. All political parties showed increased activity and the population generally was more confident regarding the outcome of the Peace Treaty. The Communal elections for 66 Communes held during the month showed the Christian Democrats to be in the lead followed by the Republican Concentration and with the Communists 5th down the list. The latter were obviously disappointed with the results which were undoubtedly due to the Pro-Slav tendencies of certain of their leaders and the opposition by the women voters to Communist principles. It was felt that a divorce of Socialists from Communists was imminent. The Allied Boundary Commission completed its survey of the Eastern part of the Province on the 2nd April, 1946, without incident, and was everywhere received with cordiality, though many expressed surprise at their visit to a territory which has been repeatedly described as not in dispute. The anniversary of Liberation was celebrated by a Mass Meeting of ex-partisans in the Castle grounds on 25th April, 1946. Speeches were on the whole moderate and the conduct of the crowd then and throughout the day was very orderly. Statal and para-statal employees commenced a strike on the 5th May, for an increase in the "carovita" allowance. The proximity of VENEZIA GIULIA, where a higher allowance has been authorised, was partly responsible for this, but Left-Wing political influence was contributory factor. Some of the grounds for complaint were the different conditions in VENEZIA GIULIA where statal employees received higher wages, an increased ration scale and where there was speedier approval of Public Works thus relieving unemployment. It was also felt that in this Province there was a lack of appreciation of accommodation difficulties in devasted areas combined with military requisitioning which lead to extortionate demands for civil accommodation. Public opinion continued to be preoccupied with high prices and incommensurate wages, particularly amongst black-coated workers and requisitioning of the resources of the Province gave rise to many unfavourable comments against the Allies as did the alleged bad treatment of POWs.

98. No serious disorders of any kind occurred during the month although there were a few minor unemployment demonstrations, and in general, public safety conditions in the Province reached a very fair standard which could be improved by an increase in the strength of CC.RR. The improvement in morale and efficiency of Police Forces was maintained and there was only one murder and seven robberies during the month. Automatic arms, pistols and items of clothing were still required for the police services although some uniforms and equipment did arrive. Transport alloted by 13 Corps contributed greatly to the improvement in efficiency. Demands for higher wages were put forward by Guardia di Finanza and Questura agents and they also asked for better facilities for the purchase of adequate civilian food rations. Repair work in Udine gaol was hastened which should improve internal security, sanitation and general housing conditions. General Order No. 1 resulted in the surrender of only 14 rifles and 39 cartridges.

99. Lack of an adequate supply of coal and tyres gravely hampered normal progress. 3,300 tons of coal were received, minimum requirement being 6,000 tons a month. Unemployment was over 30,000, largely due to the delay in approval and financing of public works projects, and emigration schemes were fervently desired as a solution to the unemployment problem. A.C. Austria repeatedly asked for Italian labour, which was available and the Italian Government have been urged to make a speedy decision to this matter. Further ammunition dumps were taken over from the Army but stock-taking was slow owing to the danger

Declassified E.O. 12356 Section 3.3/NND No. 785017

April, 1946, without incident, and was everywhere received with cordiality, though many expressed surprise at their visit to a territory which has been repeatedly described as not in dispute. The anniversary of Liberation was celebrated by a Mass Meeting of ex-partisans in the Castle grounds on 25th April, 1946. Speeches were on the whole moderate and the conduct of the crowd then and throughout the day was very orderly. Statal and para-statal employees commenced a strike on the 5th May, for an increase in the "carovita" allowance. The proximity of VENEZIA GIULIA, where a higher allowance has been authorised, was partly responsible for this, but Left-Wing political influence was contributory factor. Some of the grounds for complaint were the different conditions in VENEZIA GIULIA where statal employees received higher wages, an increased ration scale and where there was speedier approval of Public Works thus relieving unemployment. It was also felt that in this Province there was a lack of appreciation of accommodation difficulties in devasted areas combined with military requisitioning which lead to extortionate demands for civil accommodation. Public opinion continued to be preoccupied with high prices and incommensurate wages, particularly amongst black-coated workers and requisitioning of the resources of the Province gave rise to many unfavourable comments against the Allies as did the alleged bad treatment of POWs.

98. No serious disorders of any kind occurred during the month although there were a few minor unemployment demonstrations, and in general, public safety conditions in the Province reached a very fair standard which could be improved by an increase in the strength of CC.RR. The improvement in morale and efficiency of Police Forces was maintained and there was only one murder and seven robberies during the month. Automatic arms, pistols and items of clothing were still required for the police services although some uniforms and equipment did arrive. Transport alloted by 13 Corps contributed greatly to the improvement in efficiency. Demands for higher wages were put forward by Guardie di Finanza and Questura agents and they also asked for better facilities for the purchase of adequate civilian food rations. Repair work in Udine gaol was hastened which should improve internal security, sanitation and general housing conditions. General Order No. 1 resulted in the surrender of only 14 rifles and 39 cartridges.

99. Lack of an adequate supply of coal and tyres gravely hampered normal progress. 3,300 tons of coal were received, minimum requirement being 6,000 tons a month. Unemployment was over 50,000, largely due to the delay in approval and financing of public works projects, and emigration schemes were fervently desired as a solution to the unemployment problem. A.C. Austria repeatedly asked for Italian labour, which was available and the Italian Government have been urged to make a speedy decision to this matter. Further ammunition dumps were taken over from the Army but stock-taking was slow owing to the danger of scattered fuses.

100. Food prices continued to be very high, but regular distribution of rationed foodstuffs proceeded with the exception of sugar of which no allocation was received during the month, a great disappointment to the people at Easter. Hospital patients and other special classes received normal supplementary rations as did all heavy workers. There was no change in the Ammassi figures but recent deliveries of fertilizers assisted agricultural prospects. Vines showed no signs of disease but fruit trees were infested with aphides, although otherwise they showed good promise. A census of livestock was completed and over 600 head distributed to other provinces. Except for foodstuffs, prices began to show a decline

4759

Declassified E.O. 12356 Section 3.3/NND No. 785017

101. The cash position of the Bank showed an increase of a quarter of a million lire on last month's figures; statal, para-statal and communal financing continue normally. The Cassa di Risparmio deposits show approximately 100% increase since the Council was formed and a new director assigned. A renewed confidence in the banks was noticed amongst the population generally during the past six months.

102. During the month a total of 4,456 refugees passed through the Centre, of which 1,132 were aliens. Half of the Italian were ex-POWs, many of whom came from Russia. The Communists attempted to win their confidence on arrival, but had a nasty shock when they were repulsed by the ex-POWs who were promptly styled "fascists" by their would-be friends.

103. The Minister of Post War Assistance helped considerably since his visit to the Province, and allotted a further 85 million lire for the relief of devastated areas. Some 60,000 American blankets were received and were being distributed on a priority basis and CAO medical supplies also received during the month were distributed. The health of the Province continued to be good.

104. P.O.L. was insufficient to meet requirements and the tyre situation got steadily worse. Total quantity of goods carried was Qli. 166,606 over 582,476 kilometres. A total of over five million lire was deposited with MFA/I ACC Rome for sales of ex-enemy vehicle scrap.

105. Italian Courts worked satisfactorily. 22 cases were tried by the special session of the Court of Assise, 9 cases were dismissed leaving 120 for trial Only seven cases were tried by AMG Courts.

AMG VENEZIA GIULIA

106. Political activity continued at high pressure during the month though the departure of the Four Power Commission on April 8th was followed by a short period of calm. Italian elements showed signs of increased confidence, mainly as a result of the success of their March demonstrations. Pro-Slav propaganda intensified its efforts and the spirits of its supporters were revived by a campaign against the civil police and AMG. However, Pro-Slav elements showed signs of internal domesti trouble which the resignation of the President of the Sindaci Unici did nothing to conceal. Attempts to induce voluntary restriction of the number of persons entering zone "A" from zone "B" for the May Day celebrations caused intensified attacks on AMG from the Jugoslav adherents. The news of the deadlock in the meetings of Foreign Ministers did not cause surprise but hopes were cherished for the reopening of the discussions and the reaching of an agreement.

107. All reports, statistical and otherwise, indicated a further improvement in the public safety situation in Zone "A" this month , attributable in a major degree to the increased activities of all ranks of the Venezia Giulia Police Force. Satisfactory progress was maintained in improving the efficiency, morale and general welfare of the Force and in this connection much was owed to the Allied Military authorities for their continued support and assistance. Following intensive examination before Selection Boards, 30 serving Guards and NCOs of the VGPF out of a total of 130, entered on Officers' Training Course in TRIESTE on 23 April 1946. There were a number of incidents arising out of "differences of opinion", some cases of intimidation of V.G. Police and, although to a lesser degre press attacks on the V.G. Police. There was a slight decrease in the number of crimes committed during the month, and the number of detections was very satisfacto

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

108. Normal rations were distributed during April with the exception of pasta and fats which had to be cut due to non-availability. Deficiencies, however, will be made up for in May. Edible salt stocks will last approximately 2 months and the Monopolio authorities were asked to renew their monthly shipments. In order to counteract high restaurant prices discussions were being held with a view to setting up popular restaurants at controlled prices. Cooperation of some of the more public-spirited restaurant owners was being sought. The harvest for VENEZIA GIULIA still depends on rainfall, but given a fair break in the weather the crops will far exceed last years production. This is due to the larger acreage planted as well as better natural conditions and a good start this spring. The fruit trees blossomed well, and despite some vandalism, a good crop is expected. Last year the quota for the Territory was 10,000 quintals of wheat, of which 12,000 quintals was amassed. This year the quota has been set at 20,000 quintals and might be exceeded. Italian amassing decrees will be followed here, modified only in such manner as to encourage voluntary consigning of the wheat. Bonificas in the MONFALCONE and GRADO area were under way, and vast tracts of land never cultivated andnow under water will be drained and brought into production. Much of this land will be ready for fall planting. As the season progressed catches of fish increased daily, and the food supply of the Territory was augmented in proportion. Although canning has not yet got under way, due to lack of cans and olive oil; this handicap helped the general supply on the market, resulting in prices dropping again this month.

109. A total of 14,527 tons of shipping were received during the month and 34,136 tons were transported by rail. The sharp decrease from figures of March were due to a drop in the coal imports from U.S. because of the coal strike there. A total tonnage of 59,519.2 was transported by road by civilian vehicles (autotrasporti) and AMG Truck Pool vehicles carried 4,666 tons. The great increase in local movement was accounted for in the tremendous increase of work being done by Genio Civile under Public Works contracts.

110. There was less unrest among industrial workers and General Order No.106 unblocking the dismissal of surplus workers was accepted without any outward signs of serious opposition. Nevertheless it is known abroad that political influences were having an adverse effect on output and orders were more difficult to secure in consequence. Large industries depending upon supplies and markets outside Zone "A" made slow progress but medium and small industries steadily improved. One large industry showing improvement was the Cotonificio Triestino ff GORIZIA which increased to 76% capacity. Good progress was made with Port Reconstruction. The distribution of the cloth made at the Cotonificio from the first 800 imported bales of cotton proceeded slowly and 12 million lire worthof goods were taken over by wholesalers to date out of a total of 400 million lire worth of cloth made or to be made out of the first and second lots of cloth to be delivered. A total of 16,301 tons of coal arrived during the month. With the break in the weather, the roads and bridge programme picked up and is now proceeding at its maximum. On this programme alone there were in round numbers 2900 men working, a big increase from the 500 during the winter months. TRIESTE Commune employed nearly 900 men on the roads. The building supply position was very good, the territory being now able to produce about 90% of all its needs. It is hoped that by the end of June it will be possible to unblock all construction supplies. All Divisions concerned with the rehabilitation of the Area, especially Industry Division, were actively engaged in preparing a programme designed to give added employment, and to get industry started back to its normal prewar production. Most surveys showed that the greater part of the needed materials can be obtained in Italy.

Declassified E.O. 12356 Section 3.3/NND No. 743017

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111. General health continued to be very good except for an outbreak of measles at GORIZIA. About 50 tons of drugs and dressing arrived during the month and a quantity of captured enemy supplies, mainly laboratory equipment, found at the Marine Hospital Pola, was taken over and given to the Hospital at Pola. There continued to be a good deal of political intrigue among the hospital staff in TRIESTE where personal animosities accentuated by Party bias were apt to interfere with medical administration. The Ente Comunale di Assistenza continued its welfare activities. The ECA's work increased rather then decreased, due to the

Declassified E.O. 12356 Section 3.3/NND No. 785017

fact that many ex-internees, POWs etc., have returned home and because the recent unblocking order has been put in effect. ECA's estimated quarterly budget showed an increase of about 7,230,000 lire. The number of war orphans enlisted in the Opera Orfani di Guerra was 2,000 and a plan for the appointment of local civilian representative of this organization in each Commune of Trieste, was under consideration.

112. The increase in movements of Displaced Persons noted during the last few months was maintained during the month of April: 1573 entered and 1524 were evacuated. The responsibility for payments to Greek and Czech nationals will be undertaken in the very near future by their respective Governments. British nationals are already being paid by arrangements with this Division from British Foreign Office funds. Attempts were made during the month by Jewish nationals to enter the Territory illegally in order to get to PALESTINE. These persons were ultimately despatched to Displaced Persons Camps in ITALY and all have now left VENEZIA GIULIA.

113. The cost of living index figure in North ITALY was increased to 130, and the question of amendment in VENEZIA GIULIA was under consideration. Owing to the lack of security in the Port, Insurance Companies were refusing to insure goods, and this constituted a serious matter.

114. In the Summary Courts during April 1946, a total of 82 accused were tried on 89 charges. These figures compare with 518 accused on 546 charges in March 1946. The comparatively small number of cases in the Summary Courts in April was further due to the large number of cases transferred to Superior Courts and consisted mainly of the cases arising out of the demonstrations at TRIESTE and GORIZIA in the latter part of March. This was reflected in the increase of Superior Court cases, which were greater than in any other month due to the fact that all cases arising out of the demonstrations at TRIESTE and GORIZIA were disposed of in Superior Courts. During April 1946, Superior Courts disposed of cases involving 139 accused as compared with 35 in March and 214 charges as compared with 53 charges in March. No General Court cases were tried during the month of April. The Ordinary Civil Courts continued to function with reasonable satisfaction although the problem of adequate personnel was a cause of some concern.

115. Labour Agencies worked satisfactorily in the face of many handicaps but unemployment in the Territory was on the upward trend. The records at TRIESTE, GORIZIA and POLA showed an increase of nearly 2,000 men, 1,200 women and 300 juveniles. This increase would have been more marked if Public Works had not catered for another 3,000 workers. When the gradual unblocking of dismissals becomes effective, figures are likely to increase further unless even more Public Works projects are provided. The margin between wages and cost-of-living is gradually narrowing down and though it is quite correct to say that the gap is still marked, the sweeping statement of the Sindacati Unici that living costs were higher in TRIESTE than in other North Italian Regional Capitals is quite unfounded. Only one strike (and that of a political nature) was staged during April. An attempt by the Sindacati Unici to organize an Industrial agitation over the promulgation of General Orders 105 and 106, blocking and unblocking dismissals, proved a complete failure. There is every indication that the gradual unblocking of dismissals should prove effective and no serious repercussions on public order are expected.

116. The Month of April was a quiet one as regards the schools of the Terri-

Declassified E.O. 12356 Section 3.3/NND No. 785017

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116. The Month of April was a quiet one as regards the schools of the Territory, and the political situation remained stationary. School administration functioned smoothly except for minor political incidents which occured in both the Italian an Slovene schools. In all towns and villages the work of reactivation of school buildings continued and the number of school buildings being derequisitioned increased. On 10 April the 6 Months Training Course for the preparation of Slovene elementary school teachers was started and proved very popular.

Declassified E.O. 12356 Section 3.3/NND No. 785017

On 11 April the Division, through its "Sovraintendenze Scolastiche" started the distribution of the newly printed 4th and 5th Class elementary school reader - "Slovensko berilo" but the school section of the PNOO is placing considerable pressure on teachers, parents, and even children not to purchase this text book. In TRIESTE area where it was estimated 2,000 books would be distributed only 200 have been purchased. The possibility that Allied Military Government will have to subsidise this text book is being planned for, and the number of schools to be officially recognized may have to be decreased. Both the Slovene School Inspector and the Superintendent of Schools of GORIZIA have received anonymous intimidatory letters threatening death for treason to the Jugoslav cause. Strong opposition to our Slovene Schools, including intimidation of teachers, is reported at COMENO, SESANA, S. DORLIGO DELLA VALLE, in the district of AURISINA, in the towns of DOMBERG, RIEMBERGO and above all at SALCANO - suburb of GORIZIA - where the teaching of religion in the elementary school is opposed by the Communist leaders of the Community (this Community is almost 100 percent Communist). In the same manner, religion has been taken out of the school syllabus at PLAVIE near MUGGIA. A thorough inspection tour of all Slovene schools is now in course in order to establish which ones are to be granted recognition for having functioned within the established Allied Military Government directives and according to the proper Programme of Studies. The University of TRIESTE functioned regularly and other institutions of higher learning conducted their work quite satisfactorily, though hampered as usual by restricted premises and shortage of laboratory equipment of which much was taken by Jugoslav and German occupation troops.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4757

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART II

CIVIL AFFAIRS SECTION

LOCAL GOVERNMENT SUB COMMISSION

1. The official figures for the 115 Communes which voted according to the proportional representation system showed a definite majority for the Left (2,138,988 votes; 2,234 seats) followed by the Centre (1,673, 844 votes; 2,152 seats). It was noted that out of an electoral roll of 5,064,150 over 80% exercised their vote. Seats won in all 5,723 Communes including those 115 voting on the proportional representation system were:- Left 43,550 seats; Centre 47,062; Right 3,148; and Others 12,513 seats. Only 3 communes did not have their electoral lists ready at 30 April. The Ministry of the Interior had taken special steps to insure that these lists were ready in time for the national elections. The above figures do NOT include VENEZIA GIULLA and the Province of BOLZANO. The Italian Government has not yet appointed the Special Commission which has to decide on the cases of German speaking inhabitants and their right to be registered as electors. For this reason, the Province of BOLZANO cannot participat in the national elections on 2 June. Copies were received of two communiques issued by the Italian Government on 5 and 8 March as to steps taken to ensure the use of German as well as Italian in schools, courts, public offices etc. and as to local discussions for working out a scheme of autonomy. Copies of these communiqu were forwarded to the British and United States Governments through the Embassies.

LEGAL SUB-COMMISSION

2. In VENEZIA GIULLA the ordinary Civil Courts continued to function with reasonable satisfaction although the problem of adequate personnel was a cause of some concern. LIVORNO reports showed an effort by Italian Courts to cooperate in those cases involving Allied interests and a general improvement in the entire zone as to criminal situation was noted. The work of reviewing the cases of all persons confined in prisons progressed steadily.

PUBLIC HEALTH SUB-COMMISSION

3. The position regarding communicable diseases in Italy during the month was extremely satisfactory. The only diseases requiring notification were small-pox and poliomyelitis. Small-pox showed a sporadic incidence, only isolated cases appearing throughout the country, with the exception of the Province of BARI, where a small outbreak comprising 39 cases occurred. In the Province of NAPLES the number fell from 18 in March to 10 in April. The greatest number of cases of poliomyelitis reported during the month was 5 from the Province of FLORENCE, while the total for the whole of ITALY was 40. The infant mortality rate for ROME Commune for the month of March showed a considerable decrease compared with the February figure, being 66.9 as against 84.8. In the same Commune deaths from all forms of tuberculosis declined from 312 in February to 188 in March.

PUBLIC SAFETY SUB-COMMISSION

4. Generally, the month was reasonably good both from the point of view of serious crime and public order, apart from a determined attempt by the inmates of the prison in MILAN to overpower their guards and escape, and a case of stealing a truck load of hand grenades and other explosives from a dump of munitions at PONTE RONCA, ZOLA PREDOSA, BOLOGNA Province. It was obvious the motive behind

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

occurred where Fascist leaflets and writings appeared in various towns, and Fascist flags were hoisted in FLORENCE and VERONA by unknown persons. This small wave of Fascist enthusiasm was apparently resurrected when the body of Mussolini was taken from its grave in MILAN. Enquiries by the Civil Police are still in hand to trace the body and the persons responsible but so far without success. The hoisting of the Fascist flags was apparently done in commemoration of Mussolini's death. On 30th April 5 armed men entered the Radio Station at Monte Mario, ROME, overpowered two employees and then broadcast by means of a gramophone disc a few bars of the Fascist hymn "Giovinezza". Enquiry to trace the men has met with a negative result. The prison situation showed no signs of improvement. Several attempted breaks were made during the month, the most serious being the outbreak which occurred at San Vittore Prison, MILAN, on 21st April 1946. In this case some prisoners surprised and disarmed 4 prison guards holding them as hostages and after a short time the prisoners gained complete control of the interior of the prison. CC.RR. and troops were called and prevented escapes. A state of siege ensued and the prisoners were not finally overcome until the afternoon of 24th April. Casualties were 4 killed, 56 wounded. Later an enquiry by the Italian authorities into the circumstances of the outbreak was held. The seriousness of this episode may bring home to the authorities the inadequacy of the prison guard service. Other attempted outbreaks took place in EMILIA Region but none was comparable to the MILAN outbreak.

DISPLACED PERSONS AND REPATRIATION SUB-COMMISSION

2. The difficulties which are being experienced during the interim period between take-over of Camps and assumption by UNRRA of financial responsibilities in regard to certain supplies and stores issued from Military Sources for UNRRA operated Camps, were the subjects of much discussion; solutions were achieved. UNRRA screening teams completed their tour of all UNRRA Camps and the Commission returned to ROME. It is too early yet to say what the final results will determine but it would appear that some 10,000 camp inmates will again become the responsibility of D.P.R.S.C., in addition to the 8,000 which D.P.R.S.C. still hold. UNRRA will be left with Jews and perhaps 1,000 others. A reconnaissance was made of the NAPLES area to find suitable accomodation for Displaced Persons Camps in that area. This accomodation is required to take the place of MODENA and possibly BOLOGNA No. 2, which are required by the Italian Army. The main event of the month was the unauthorized arrival of 1,014 Jewish refugees at the Port of LA SPEZIA. The party consisted of 611 Men, 400 Women and 3 Children who, on arrival, boarded a small coastal vessel named "EDDE" which had been partially converted to take passengers, and in which a considerable quantity of rations had been stored. Accomodation was offered to the Jews on arrival at LA SPEZIA, in a specially prepared Camp in CHIAVARI, but this was flatly declined. On the refusal of the Italian Government to allow them to sail, the refugees went on hunger strike at dawn on 8th April. The hunger strike was terminated on 10 April as a result of an address given to them by Prof. Harold Laski, who promised to take up their case and endeavour to obtain permission for their entry into PALESTINE. About this time, they had threatened to stage a mass suicide if the required permission to enter PALESTINE was not granted. On 26 April a representative of the Inter-Governmental Committee for Refugees stated that he had received information from the British Embassy on the evening of the 25th that 769 Jewish subjects would be admitted to PALESTINE. After discussion, the Jews refused to consider sailing unless all were allowed to go. All have subsequently been permitted to sail. A large influx of Jewish refugees into North West Group Camps was reported. These refugees were partly from local areas where previously they had been receiving UNRRA local financial assistance. A disturbance at IT 17 Camp TURIN occurred where between 300-400 non-orthodox Jews rioted against a similar number of orthodox

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4756

Declassified E.O. 12356 Section 3.3/NND No. 745017

PART III.

ECONOMIC SECTION.

FOOD DIVISION

1. In Italian Territory the current cereal ration of 200 grams of bread daily and 500 grams pasta monthly was maintained in April. Rice was substituted for pasta in much of the North. Grain arrivals in April amounted to 176,994 tons or about 85,000 tons below the monthly maintenance requirements. Because of insufficient arrivals and small amassing of local grain, Italian wheat stocks were reduced far below the danger level. As of May 1st only 3 days supply remained in the port warehouses. In addition there was roughly 10 or 12 days supply held in the distributing system (mills pasta factories etc.) These figures are estimates as official inventories are not yet reported.

2. The Italian Government has not reconciled itself to reducing further the bread and pasta ration. It plans to make an all-out campaign to increase local amassing sufficiently to enable a reduction to be permanently avoided. Under the Government's plan cereal producers, who were permitted to retain their future rations out of production will be required to surrender a portion of their retentions, thereby causing them to make sacrifices in the same way that the non-producers sacrificed when the pasta ration was reduced from 2000 to 500 grams per month about the first of the year. A bonus of 1400 lire per quintal for soft grain and 1600 lire per quintal for hard grain in addition to the former price of 900 lire and 1000 lire respectively will be paid for the grain turned in. Producers will be permitted to turn in larger amounts than those asked for which they will also be paid the bonus. Bonuses will also be paid for barley, rye, maize and rice. The purpose of the bonuses is of course to bring the amassing price more in line with black market prices.

3. Cereal collections during April were the smallest of any month since last harvest and totalled less than the equivalent of one small shipment of grain. On the basis of official figures, 672000 metric tons, or more than a third of the total estimated deliveries are still outstanding. It is doubtful that the Government decree for supplementary amassing will be effective in obtaining large deliveries of grain as the prices offered, although increased, are still less than half the prices offered on the free market.

4. The sugar situation was better than at the end of March, 1700 tons of imported sugar being expected in April and May. Sufficient sugar arrived in April to permit a distribution of 100 grams per person to normal consumers and it is expected that this ration will be repeated in May.

5. Central and Southern Italy have sufficient olive oil to permit the distribution of the ration through June and Northern ITALY is securing its fats from locally produced butter and lard. The fat situation in the North is precarious but the High Commissioner for Food hopes to be able to give sufficien lard and refined oils to assure the distribution until the end of June.

6. Stocks of meat and fish in Italy will meet the rations and a special distribution of 300 grams of fish per person in cities over 30,000 population was made in April continuing through May. Stocks of dried vegetables were very low and it is not expected that May committments will be fully met.

7. Large quantities of soup and milk were on hand in the various warehouses throughout the country. Means of utilizing the large stocks of milk were being discussed by UNRRA and the Italian Government. No decision as to

Declassified E.O. 12356 Section 3.3/NND No. 785017

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AGRICULTURAL DIVISION.

8. The weather during the first three weeks of April was very dry over practically all of Italy. However, during the last few days of the month the drought was broken by good rains in practically all areas except the extreme Northern provinces, including VENEZIA GIULIA and UDINE. The crop outlook was improved considerably by the recent rains which came before many crops were

Declassified E.O. 12356 Section 3.3/NND No. 785017

14. It was learned that the occupation troops in AUSTRIA and GERMANY were in the habit of buying supplies from Italian merchants, paying in lire and it appeared that these payments were debited against the cost of occupation for Allied Forces in ITALY. It being obviously unjust that such an arrangement should continue, Finance Branch took the matter up to obtain a clarification and directive from the Combined Chiefs of Staff.

15. B.M.A. TRIPOLITANIA and the Allied Commission discussed trade between ITALY and TRIPOLITANIA and it was suggested that a Clearing Account be set up together with two control offices, one by B.M.A. and the other by the Italian Government.

INDUSTRY DIVISION.

16. The general industrial situation was overshadowed by the American coal strike and anxiety and apprehension existed through all the industrial areas of the country regarding its consequences. Confidence which was beginning to return, suffered a sharp setback. On the other hand the improvement in the power situation helped the big users of electric power. Difficulty was experienced by the Italian industries in the disposing of manufactured products, especially textiles due to large stocks held and lack of export markets. The number of requests received from the Italian Government for the derequisition of industrial premises continued to increase and successful representations were made in several cases. There was also evidence on the part of the Military authorities to cooperate fully on these cases, especially so in connection with food processing plants, state monopoly concerns and plants specialising in reconstruction. The timber plan submitted by the Italian Government through AC to AFHQ was rejected by them on the grounds that it involved too many small firms and would be difficult to operate. An alternative plan was submitted and agreement reached between the Italian Forestry representatives, the Italian Government and the Military. Timber requirements were reduced to a minimum and will be drawn from two areas instead of one, thus spreading the load; agreement on prices was also reached and it is hoped that this problem is now settled

17. The amount of imported coal discharged in ITALY and SICILY during the month of April totalled approximately 722,600 tons and in addition to this some 82,394 tons of Sardinian coal were discharged during the month. Production of Sardinian coal totalled approximately 90,400 tons during the month showing a small increase of 2,000 tons over that for March.

18. A joint meeting of the Southern and Central Italy Advisory Committees was held in ROME to make arrangements for transmitting 110,000 KW of capacity, of which 50,000 KW was to be sent to SOUTHERN ITALY. In June it is expected to transmit 150,000 KW of capacity, of which 50,000 KW will be for SOUTHERN ITALY. Very little change in power allocations was made for SOUTHERN ITALY for May. For CENTRAL ITALY an increase of 19,000 KW of demand and 15,000,000 KWH of energy was allowed for May, most of the increase to be furnished by power to be transmitted from NORTHERN ITALY. Electrical Division was asked to have a representative present at the discussions on renewal of the wholesale power contract between the CELLI Co. of ITALY and the S.C.D.E. Co. of FRANCE, which expired on 30 June. The French Co. desires to renew the contract for a period of one year.

TRANSPORTATION AND SHIPPING BRANCH.

19. A total of 225 kilometres of Italian State Railway Steam Lines were re-opened to traffic during March and as of 31 March there was a total of 14,804,9 kilometres of Italian State Railway lines in operation, including steam and electric and both single and double track; 17 kilometres of double

Declassified E.O. 12356 Section 3.3/NND No. 785017

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TRANSPORTATION AND SHIPPING BRANCH.

19. A total of 223 kilometres of Italian State Railway Steam Lines were re-opened to traffic during March and as of 31 March there was a total of 14,804,9 kilometres of Italian State Railway lines in operation, including steam and electric and both single and double track; 17 kilometres of double tracking were completed during March. There were 5063 steam and 1900 electric, making a grand total of 6963 locomotives in stock at the end of March; this was an increase of 22 over the number in stock as of 28 February. 48,658,479 ton kilometres were run daily during March which was an increase of 4,094,840 over February and a total of 33,617,200 passenger kilometres daily were run during March which was a decrease of 1,207,339 over February. 6,946 passengers were carried by the various services run by the "Wagon Lits" or "Pullman" during March. 119,355 tons of coal and 5,853,354 gallons of fuel oil were consumed during the month. The supply of materials for rehabilitation of the track and for repair of wagons was fairly satisfactory. Cement required was available

4755

Declassified E.O. 12356 Section 3.3/NND No. 735017

appreciably damaged by the dry weather. The condition of the wheat is unusually good, considering the dry winter and the lack of fertilizers. Present prospects indicate a somewhat larger yield than was earlier estimated. Grasshoppers threatened to cause serious damage to crops in Southern and Insular Italy, especially in SALERNO Province and in SARDINIA, where large numbers of the insects were reported to be hatching in late April. Control measures devised in anticipation of such a plague were being applied in so far as was possible. Agricultural supplies imported during April consisted principally of fertilizers and farm machinery. Approximately 20,000 tons of nitrogenous fertilizers were imported against YT requisition and some 500 ploughs, 400 grain binders and 600 mowers were received. Two hundred tons of flax seed were imported by UNRRA from IRELAND for seeding in Northern Italy. Deliveries of grain to the Ammasso during April were insignificantly small compared with the need for cereal, but larger amounts were expected in the future as a result of a new directive requiring producers to deliver at least 6% of authorized with-holdings. Prices for such grain were to be more than double former prices.

9. Reforestation of areas denuded during the war constituted the major problem of the Forestry Corps. A small start was made this year, but the planting season was considerably shortened by the very dry weather. The fishery industry during April surpassed all previous post-war monthly catches of fish. As a result retail prices of fresh fish declined during April. Ocean fishing was resumed and is expected to increase in importance by mid-summer.

FINANCE BRANCH

10. The supply of Metropolitan lire to the Allied Forces in Italy under the terms of the Currency Agreement proceeded without any difficulties or delays. During April the Italian Government submitted to the Council of Foreign Ministers in LONDON a document entitled "Memorandum of the Economic and Financial Questions Connected with the Peace Treaty", the main purpose of the memorandum being to counter any claims for reparations from ITALY that may be advanced by way of the United Nations. The main lines of argument were: (a) as a co-belligerent, fighting at the side of the Allies, ITALY suffered extensive material losses and damages; (b) the present state of the Italian economy is such that Italy needs all of her industrial equipment and current output to rebuild her economic structure and increase her exports in order that she may buy in the world market her essential imports.

11. During the month it was widely reported in the American and Italian press that the U.S. Government had under consideration the granting to ITALY of that portion of the Suspense Account which is the dollar equivalent of the lire expended in Italy by the U.S. Army for the purchase of local goods and service. The net troop expenditure portion of the Suspense Account has already been made available to the Italian Government as a credit. It was unofficially estimated that the amount involved, were the credit to be granted, would be some 110-120 million dollars.

COMMERCE (FOREIGN TRADE) BRANCH

12. Another major change in the functions of Commerce (Foreign Trade) Branch was that AIOCM was no longer responsible for the screening of Reserved Commodity List items. Negotiations took place with representatives of the Military Government of the American Occupied Zone in GERMANY, for the exchange of goods.

13. Representatives of the U.S. Group of Military Government U.S. Zone GERMANY, visited this Headquarters to discuss the possibility of exchange of

Declassified E.O. 12356 Section 3.3/NND No. 785017

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13. Representatives of the U.S. Group of Military Government U.S. Zone GERMANY, visited this Headquarters to discuss the possibility of exchanges of goods between the occupied American Zone in GERMANY and ITALY; the imports into this zone from ITALY are intended for the civilian population. The Representatives had a meeting with the Minister of Foreign Trade which the Director of this Branch attended. The Italian Government wanted to know whether GERMANY could supply certain goods normally imported from that country prior to the war and it was agreed that a certain limited amount of reciprocal trade could be done. The system as to how this trade could be carried out was discussed and it was decided that the Italian Government would be credited in Dollars, this account to be used as a type of "clearing" and ITALY would have to undertake to use the dollar credit to offset imports from GERMANY.

Declassified E.O. 12356 Section 3.3/NND No. 785017

but steel was in short supply and while timber was available, it was not sufficient either for ties or wagon repairs.

20. 44,037 load carrying vehicles and 3,340 buses were in circulation at the beginning of the month. This was an increase of 1,417 load carrying vehicle and 30 buses over the February figures. These figures did not include the three wheel and small motor cars adjusted for goods transport. Fuel was in short supply, only 225,000 gallons of gasoline or petrol and 182,000 gallons of diesel oil being allotted monthly for the operation of motor transport. Tyres were also in short supply; the PIRELLI and MICHELIN Tyre Factories were in production but their output could not meet demands as both raw rubber and coal were in short supply.

21. A total of 152,101 tons of coastwise shipping moved during the month which was a decrease of 52,045 tons from March 1946 but an increase of 92,101 tons over April 1945. The decrease was due to non-availability of commodities at ports for loading. 127 ships with UNRRA and Italian Program cargoes of 964,127 tons arrived in Italian ports during April. Ship repairs progressed satisfactorily, 28 ships of different kinds being repaired and put back into operation during the month. 65 Italian cargo, tanker and passenger ships of over 500 tons carrying capacity each were being used for civilian traffic, and the capacity of ports greatly improved during the month as a result of both increase in number of piers available and repair of quay fittings and tracks as well as additional dredging.

CAPTURED ENEMY MATERIALS BRANCH.

22. The numbers of releases made to the Italian Government increased during the month and a considerable quantity of material which was no longer required for military purposes was declared surplus and made available for handing over to the Italian Government. A total of 295 releases were made to AMAR and 438 signed and completed release notes were received from AMAR. This reduced the outstanding release notes to 109 and a promise was received from AMAR that the position would be brought up to date during the month.

23. 8 dumps containing scrap vehicles were handed over to AMAR, the total number involved being 334 vehicles. Vehicles hulks reported and found were disposed of in accordance with 2 District Instructions and a total of 1,752,000 lire was paid into No. 1 A/C, A.F.A. 4,201,145 lire accrued through the dispos of horse flesh prior to 30 December 1945 was also paid to A.F.A. The Italian Government commenced breaking down ammunition in accordance with AFHQ directive and two dumps were cleared and the contents passed to factories for breaking do

24. Lists and schedules showing inter alia source and destination of Italia equipment and material sent out of ITALY by the Germans were prepared from the RUK records and arrangements were made to locate this equipment and for the interrogation of a number of former RUK personnel. The situation of the DAI/DU funds was investigated and a decision awaited regarding their disposal. A review of the complicated H.S.&G liquidation was undertaken and a full report prepared. Complete schedules of RUK orders for blankets in North ITALY were prepared, and a complete index of all RUK, Rustungskontor, Reges, OT, Supreme Commission U.C.S. and ex-German Embassy files in the keeping of this Branch completed.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4754

Declassified E.O. 12356 Section 3.3/NND No. 745017

PART IV

PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB-COMMISSION

PUBLIC RELATIONS BRANCH

1. Arrangements were made to facilitate the entry into TRIESTE of a party of French journalists who were travelling as guests of the Italian Government. Information services were given to a party of important American newspaper executives and publishers visiting ROME as guests of the War Department.

2. Press releases for general use as well as several home town releases on individuals were issued. The Bulletin was continued and received the commendation of the Chief Commissioner as a unifying instrument of morale in this last stage of the Allied Commission. Complete sets of the Bulletin were in process of preparation for dispatch to universities and libraries in ENGLAND and AMERICA.

3. The Daily Digest of the ROME press was continued and increased in size due to the necessity of adequate covering of the electoral campaign. Normal services continued in the Library Section.

NAVY SUB-COMMISSION

4. In view of the numerous minefields still existing in Italian waters, and the great need for the increase of coastal shipping, the Italian Royal Navy set up degaussing installations at various ports for the protection of ships from magnetic mines. Italian navy personnel were trained by British Officers, and a large quantity of degaussing stores and equipment, including a mobile wiping unit was transferred to the Italian Royal Navy by the Royal Navy. While a number of items were still expected from MALTA, the degaussing service operated satisfactorily.

5. The Italian Royal Navy have now assumed complete responsibility for the rendering safe of mines washed ashore on the East and West coast of ITALY. Italian Navy personnel were trained by British Officers and the special gear required for this work, including non-magnetic tools, was made available by the Royal Navy. Specially fitted vehicles were also supplied to the Italian Navy Mine and Bomb Disposal Units in order that large stretches of coast might easily be covered. The Units were fully operational and working efficiently.

6. Trawlers sweeping in the Gulf of POLICASTRO were expected to complete operations during the month and will proceed to SARDINIA to begin clearance off SANT ANTIOCO AND SAN PIETRO. In addition the check sweep off OTRANTO was completed, thus permitting the cancellation of the danger area off the Apulian Coast.

LAND FORCES SUB-COMMISSION

7. Italian Army strength as at 1st April was 152.738 exclusive of 51,420 CC.RR. There was a surplus of 5715 not yet discharged due to the fact that certain classes of men, although due for release, could not be in fact as they were overseas e.g. CYRENAICA, ERITREA, and arrangements for repatriation were delayed. The CC.RR. was some 13,000 below the authorized ceiling of 75,000 therefore the total authorized ceiling for the Army including CC.RR. was not at any time exceeded.

8. A conference was held at GHQ on 9 April to discuss the provision of train-

Declassified E.O. 12356 Section 3.3/NND No. 785017

on individuals were issued. The Bulletin was continued and received the commendation of the Chief Commissioner as a unifying instrument of morale in this last stage of the Allied Commission. Complete sets of the Bulletin were in process of preparation for dispatch to universities and libraries in ENGLAND and AMERICA.

3. The Daily Digest of the ROME press was continued and increased in size due to the necessity of adequate covering of the electoral campaign. Normal services continued in the Library Section.

NAVY SUB-COMMISSION

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8. A conference was held at GHQ on 9 April to discuss the provision of training equipment urgently required for training at the Central Military Schools. This resulted in the release of the major portion of the equipment most urgently required.

10. Further work was accomplished on a new order of Battle as a result of the 10,000 increase of stronght of the CC.RR. The new Order of Battle provides for an approximate 20% increase of strength in Legions, and the employment of the TRIESTE Legion as Mobile Units with Legions where there are no Mobile Bns. The

Declassified E.O. 12356 Section 3.3/NND No. 785017

War Ministry has promulgated a decree calling back into service, CC.RR. of the 1915-22 Classes, at present in "Congedo"; many of these men have expressed a desire to return to service. It was estimated that 7,000-8,000 extra men will be available for duty by the end of May and there was a total of 1,905 recruits in training. 166 Staghound Armoured Cars, released to Mobile Bns were in actual possession of the units to which they had been allotted; the distribution of ammunition for the Staghounds was arranged and in progress and the translation and printing of instructional handbooks respecting the vehicles was in hand. 43 M/Cs and 3 Jeeps were released to Mobile Bns during the month. Distribution was made to Legions of 7,000 new automatic rifles from the BERETTA Arms Factory but delay was occasioned with the remaining 3,000 promised, owing to lack of cartridge magazines. Reports continue to be received from LOs and other sources, of the improved efficiency and morale of the CC.RR.

11. A public relations organization was set up by the Ministry of War and a P.R. Officer at each Terr. HQ was envisaged. It was hoped that this organization will quickly improve both morale in the army itself and the esteem with which the army is held by the public.

12. The preparations for the provisioning of the Italian Navy and Air Force by the Italian Government w.e.f. 1 June 46 are well under way and no difficulties are anticipated. To date some 170 railway truckloads of medical machinery have been received at FLORENCE from MERANO. Notification was received from GHQ that medical stores in short supply could not be supplied from Allied sources.

POW Division

13. Progress continued with the repatriation of Italian POW, figures for the month of April being: - from British hands 43,627; from US hands 333; from other sources 14,160 thus making a total of 58,120.

AIR FORCE SUB-COMMISSION

14. During the month the Italian Air Force despatched a Commission composed of experts to participate in the PARIS Conference on Civil Aviation. They discussed International Civil Air Lines and the problems of bases. From April 5th all IAF Nucleus Commands were disbanded, this being part of the general plan to revert to the normal peace-time organization. Commissions were set up by the Italian Air Ministry to review the retirement of senior officers. These Commissions were generally unpopular with the Italians because they feel that a stable government should be in power before work of this nature is carried out. A three day Congress was held in MILAN to discuss the technical and economical aspect of air transport in ITALY. Subjects discussed were the inception of air lines, aircraft and organization.

15. The activity of Aviation Firms slowed down owing to the lack of new contracts from the Italian Air Force Administration. The new Italian SM95 made its debut in the military courier service on the 27th of April. This aircraft is a four engined aircraft which can carry a maximum of 50 passengers and has a top speed of 390 kilometres per hour. Aeronautical inventions studied during the month included principle for the gradual and automatic variation in flight of airscrew pitch and a mounting for piston-shafts designed to increase efficiency. The Italian Air Ministry received applications from MILAN Polytechnic for permission to resume study and research in the Laboratorio di Aeronautica. Permission was granted for

Declassified E.O. 12356 Section 3.3/NND No. 785017

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16. A great deal of prominence was given by Allied and local newspapers to the mysterious dropping of wireless sets by unknown aircraft in various parts of ITALY. In fact no wireless transmitters were dropped by aircraft in ITALY, but a number of "Radio Sonde" were despatched for meteorological purposes, and it was these instruments that were found and started the spate of rumours.

4753

Declassified E.O. 12356 Section 3.3/NND No. 745017

17. Two LAF Officers are to be attached to the American A.T.C. - Ciampino Airfield. They will undertake a 30 days course in the study of A.T.C.'s system of radio communication and meteorology.

18. During April the CAVs at ROME and BRINDISI took over Aircraft Safety duties in Southern Italy from the R.A.F. The change-over appeared to have been made satisfactorily, but landline difficulties were still being experienced between the central CAV at ROME and the subsidiaries at BOLOGNA and BRINDISI. This trouble was being covered by the Italian W/T point to point system.

19. All but a very few sub-depots were concentrated into GALLARATE and NOVARA and the equipment from these few remaining depots will be transferred within thenext few weeks to these central depots.

20. About 1000 Prisoners of War were repatriated during the month, amongst whom were officers from INDIA. The morale of POWs arriving from British and American Camps was high and their physical condition good.

COMMUNICATIONS SUB-COMMISSION

21. Telephone Services were opened to AUSTRIA with one line each from MILAN, BOLOGNA and TRIESTE to VIENNA, and a second MILAN - LONDON line was complete. A few important internal inter-urban circuits were provided including a second GENOA - ROME cct and a TRIESTE - MILAN cct. Considerable headway was made with the new switchboard installations at FLORENCE and NAPLES, two of the most congested centres.

22. With the completion of the 12 channels voice frequency telegraph system MILAN-PARIS via the MODANE tunnel new circuits were brought into operation including MILAN - PARIS; (2), ROME - PARIS; GENOA - PARIS; TURIN - PARIS; MILAN - LONDON. In addition a GENOA - LONDON and a ROME - LONDON channel were ready to be brought into use and a considerable number of small offices in the areas round BOLOGNA and TURIN cut off by war damage were restored. Arrangements were made for the Army to pass traffic over the Italcable ROME - MILAN radio link should civil disturbance cut all land routes. Sabotage in VENEZIA GIULIA dropped slightly lately but is still bad, particularly the TRIESTE - FIUME service.

23. By Ministerial Decree dated 7th March 1946, the Italian Government increased the rates of postage to foreign countries as from 1st April 1946 to approximately three times those in force since 1st April 1945. With the commencement on 4th April of the bi-weekly Trans-World Air Service from CAIRO to the U.S.A. via ROME a direct route for the ITALY U.S.A. Air Mail despatches became possible. Unfortunate the capacity available for Italian Air Mails by this service (about 100 Kilos per flight) was insufficient to accommodate all the traffic, which amounts to about 60 Kilos per day. The overflow is being sent to PARIS (for connection with the FRANCE-U.S.A. service) utilising Italian internal and SWISS air services with rail links. It is hoped that an increased frequency of the Trans-World service will soon take effect and provide for the direct transmission of all correspondence. Air Mails to GREAT BRITAIN, EGYPT, and various other countries continued to be conveyed by R.A.F. services. The R.A.F. service which carried the Italian Air Mail to MILANO was withdrawn. The Air Mail fee from ITALY to other European countries was increased from 15 Lire to 20 Lire each 20 grammes. Traffic in gift parcels continued to be very heavy. During the month 102018 parcel bags were unloaded each bag weighing an average of 20 Kilos.

24. Inspection at NAPLES revealed that serious difficulty was still being

Declassified E.O. 12356 Section 3.3/NND No. 785017

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24. Inspection at NAPLES revealed that serious difficulty was still being experienced by the Post Office in obtaining prior information regarding various ships under British control. It was possible to make arrangements which should improve the system of obtaining shipping information. As regards the acceptance of mails on British controlled ships it is still not practicable for the Post Office to make formal mail contracts with shipping Companies but temporary arrangements were made with Sea Transport A.F.H.Q. for the mails to be accepted by S.T. ships against non-negotiable receipt. Proposals were submitted to the G.P.O. LONDON advocating a

Declassified E.O. 12356 Section 3.3/NND No. 785017

special system to be adopted until normal liner berth working is resumed. So far as American shipping is concerned the Post Office was pressed to come to an agreement with W.S.A. to operate a similar system to that suggested in the case of British shipping and so terminate the present undesirable arrangement by which the mails for AMERICA are sent to LEGHORN for despatch with U.S.Army mails. A considerable part of the despatches to the U.S.A. consists of empty mail bags due to be returned for use in the gift parcel service.

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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4752

Declassified E.O. 12356 Section 3.3/NND No. 785017

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HEADQUARTERS ALLIED COMMISSION
APO 794
Office of the Executive Commissioner

Ref.: 825/EC

19 June 1946

SUBJECT: A.C. Monthly Report - March 1946.

TO : All concerned.

1A

Reference Allied Commission Monthly Report for March the following Amendments are made:

page 3. Liguria Liaison Group Add paragraphs 15 to 20 from page 4

page 4. Delete paragraphs 15 - 20.

For the Chief Commissioner

T.B. Hand. Smith
Lt-Col RA
for Brigadier
Executive Commissioner

2A/6.
N946 ab

358/1/Org.

1A

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

BERLIN - 1946

Ref: 824/EC

7 June 1946

CONFIDENTIAL

Declassified E.O. 12356 Section 3.3/NND No. 785017

C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
APO 794

M O N T H L Y R E P O R T

MARCH - 1946

Ref: 824/EC

7 June 1946

C O N F I D E N T I A L

14/6.
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Declassified E.O. 12356 Section 3.3/NND No. 785017

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
A.C.O 794
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MONTHLY REPORT

MARCH - 1946

INDEX

		Page No.
	POLITICAL SUMMARY	1 - 2
PART I -	LIAISON GROUP REPORTS:	3 - 16
	Liguria Liaison Group	3
	Lombardia Liaison Group	3 - 5
	Piemonte Liaison Group	5 - 6
	Venezia Liaison Group	6 - 7
	Naples Liaison Group (covering the area of Campania, Lucania, Calabria)	7 - 8
	Livorno Liaison Group (Toscana Region)	8 - 9
	Bari Liaison Group (covering the area of Apulia and Marche)	9 - 10
	Sicily Liaison Group	10
	Bologna Liaison Group (Emilia Region)	10 - 11
	Bolzano Liaison Group	12
	Rome Area Liaison Group (covering the Provinces of Ancona, Ascoli Piceno, Frosinone, Latina, Macerata, Pesaro, Perugia, Rieti, Rome, Terni and Viterbo).	12 - 13
	AMG Udine	13 - 14
	AMG Venezia Giulia	14 - 16
PART II -	CIVIL AFFAIRS SECTION	17 - 19
	Local Government Sub-Commission	17
	Legal Sub-Commission	17
	Education Sub-Commission	17 - 18
	Public Health Sub-Commission	18
	Public Safety Sub-Commission	18
	Monuments, Fine Arts & Archives Sub-Commission	18
	Displaced Persons and Repatriation Sub-Commission	18 - 19
PART III -	ECONOMIC SECTION	20 - 23
	Food Division	20
	Agriculture Division	20 - 21
	Finance Branch	21

Declassified E.O. 12356 Section 3.3/NND No. 785017

INDEX

		Page No.
	POLITICAL SUMMARY	1 - 2
PART I -	LIAISON GROUP REPORTS:	3 - 16
	Liguria Liaison Group	3
	Lombardia Liaison Group	3 - 4
	Piemonte Liaison Group	5 - 6
	Venezia Liaison Group	6 - 7
	Naples Liaison Group (covering the area of Campania, Lucania, Calabria)	7 - 8
	Livorno Liaison Group (Toscana Region)	8 - 9
	Bari Liaison Group (covering the area of Apulia and Marche)	9 - 10
	Sicily Liaison Group	10
	Bologna Liaison Group (Emilia Region)	10 - 11
	Bolzano Liaison Group	12
	Rome Area Liaison Group (covering the Provinces of Ancona, Ascoli Piceno, Frosinone, Latina, Macerata, Pesaro, Perugia, Rieti, Rome, Terni and Viterbo).	12 - 13
	AMG Udine	13 - 14
	AMG Venezia Giulia	14 - 16
PART II -	CIVIL AFFAIRS SECTION	17 - 19
	Local Government Sub-Commission	17
	Legal Sub-Commission	17
	Education Sub-Commission	17 - 18
	Public Health Sub-Commission	18
	Public Safety Sub-Commission	18
	Monuments, Fine Arts & Archives Sub-Commission	18
	Displaced Persons and Repatriation Sub-Commission	18 - 19
PART III -	ECONOMIC SECTION	20 - 23
	Food Division	20
	Agriculture Division	20 - 21
	Finance Branch	21
	Commerce (Foreign Trade) Branch	21
	Industry Division	21 - 22
	Transportation and Shipping Branch	22
	Captured Enemy Materials Branch	22 - 23
	Venezia Giulia/Udine Supply and Operations Branch	23
PART IV -	PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB-COMMISSIONS	24 - 26
	Public Relations Branch	24
	Navy Sub-Commission	24
	Land Forces Sub-Commission (M.L.)	24 - 25
	Italian Prisoner of War Division	25
	Air Force Sub-Commission	25
	Communications Sub-Commission	26

Declassified E.O. 12356 Section 3.3/NND No. 783017

POLITICAL SUMMARY.

1. The Government have, during the month, taken various steps in preparation for the elections. The date on which the referendum and the elections for the Constituent Assembly would be held was fixed as 2 June. It was noted that elections could not be held in VENEZIA GIULIA because of the present international situation nor in BOLZANO Province because the electoral lists would not be completed in time. The Council agreed that voting would, if necessary, be carried over to 3 June. The Council also approved the decree regulating the operation and proclamation of the results of the referendum. As at present arranged, it should be possible to announce the results of the voting five days after the elections, i.e. on 8 June.

2. On 16 March the Lieutenant of the Realm signed the two decrees on the referendum and the holding of the Constituent Assembly elections. In a letter to the President of the Council H.R.H. observed that if the pact between the Monarchy and the people were to be confirmed, it would constitute the foundation of a reformed Monarchy which would make self-government and social justice fully operative. He also referred to his father's irrevocable decision to retire from public life which was noted by some observers to be an advance from the position taken by H.M. in 1944 when his decision was deemed to be a temporary one. It was generally agreed that this development somewhat improves Prince Umberto's chances in the forthcoming elections.

3. It was reported that at an internal referendum of the ROME section of the Christian Democrat Party 9,000 votes were in favour of the Republic, 2,100 in favour of the Monarchy and there were 2,300 votes in favour of a motion recommending political "agnosticism" or a refusal to decide on the issue at this stage.

4. The Council examined various projects for the relief of unemployment, the promotion of public works, the restoration of ports and harbours and the employment of "reduci." It also studied the food situation and approved the decree granting an amnesty for various military offences. The draft of a law regarding the regulations supplementary to decree-law No. 702 of 9 November 1945 on epuration was approved. The new regulations provide for the prolongation of the time limit for committals to epuration until 31 May, subject to their being limited to the Northern territories restored to the Italian Government after the entry into force of the above-mentioned decree; in the rest of Italian territory epuration ceased on 31 March.

5. In a speech during the month the President of the Council declared that Christian Democracy wanted the new political regime to function by means of a responsible majority and a minority free of control. Referring to foreign policy, the President again declared that ITALY must not enter into the polemics between the two blocs, above all before she knew what treatment was in reserve for her. The new Italian period, he said, would belong to the people and the old plutocratic constellation would not be restored. He concluded his speech by declaring that the only hope for the new world was for it to be based on Christian civilisation.

6. The Island of SICILY was again in the news when the Council of Ministers examined and approved the project submitted by the Sicilian Consultative Assembly as regards the grant of regional autonomy to the island. The belief is widely held that separation as a movement is dead although the leader of the Party had declared his party's readiness to compete in the

Declassified E.O. 12356 Section 3.3/NND No. 785017

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7. An unsubstantiated report from WASHINGTON to the effect that the UNITED STATES and BRITISH Governments were agreed on the grant of a provisional status for ITALY caused a stir in Italian political circles. De Gasperi declared his satisfaction at the reported declaration that a modus vivendi need not interfere with the work of concluding an early peace treaty. He observed that if a modus vivendi were agreed, particularly if it included some financial and economic clauses, ITALY's situation would at once become easier

474

Declassified E.O. 12356 Section 3.3/NND No. 785017

and she would be able to settle down seriously to the work of reconstruction and the provision of relief.

8. SPAIN claimed some attention in Italian thoughts during the month. At the meeting of the Council of Ministers Sig. Nenni supported by Signori Togliatti and Cianca asked that the Italian Ambassador at MADRID should be recalled. Sig. De Gasperi replied that, in view of the Armistice conditions prevailing in ITALY, the Italian Government were bound to conform to the attitudes of the United Nations and to subscribe to whatever decisions they might reach. Signor Nenni claimed that the Italian Government made a mistake first in sending an Ambassador to SPAIN and secondly in concluding a commercial treaty with that country. He urged the need of recalling the Italian Ambassador as a gesture of solidarity with the Spanish people in their struggle against the Falangist regime and of establishing contact with the Spanish Republican Government in FRANCE.

9. Mr. Herbert Hoover, a distinguished visitor to ROME during the month, declared that the 120 days until the next harvest would be crucial and fresh restrictions and sacrifices might have to be imposed on the Italian people. He reiterated AMMIA's promise to make a generous contribution towards the solution of the problem.

Declassified E.O. 12356 Section 3.3/NND No. 735017

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9. Mr. Herbert Hoover, a distinguished visitor to ROME during the month, declared that the 120 days until the next harvest would be crucial and fresh restrictions and sacrifices might have to be imposed on the Italian people. He reiterated UNRRA's promise to make a generous contribution towards the solution of the problem.

Declassified E.O. 12356 Section 3.3/NND No. 785017

PART I - LIAISON GROUP REPORTS.

LIGURIA LIAISON GROUP.

1. During the month communal elections were held in all the four Provinces of LIGURIA and were remarkable for the discipline and good conduct of the public. Police arrangements were good and no incidents marred the picture. It appeared that in the towns the swing of electors was to the "left" whilst the villages were much more moderate in tone. A noticeable feature was the large number of women voters. All parties jockeyed for position without, as far as one could see, committing their various parties to any definite platform, which made for weakness in all but the Communist and Socialist parties. No trouble was experienced from the Italo-French communes, but it was apparent that a strong underground French propaganda drive was in operation.

2. A public works programme was opened to employ about 2,000 people, but the main difficulty amongst labourers was the ratio of wages to the cost of living. There were a large number of "reduci" located in GENOA, a great percentage of whom showed no real desire to obtain work.

3. Public safety was satisfactory; crimes were not high and public order was exemplary. All Agencies of the Italian Police service functioned fairly efficiently in view of the difficulties of the present time. The Carabinieri were well equipped with transport, and were efficiently administered; they are rapidly becoming the only arm of Police in whom the public have confidence. Both Pubblica Sicurezza and Guardie di Finanza were sadly hampered by lack of arms and means of transport.

4. The Sindaco of GENOA estimated the deficit in the 1946-7 budget at 1 milliard 4000 million lire.

5. Due to the increased price of containers etc. the canned fish industry was in serious straits. Local enterprise had nearly ceased and only imported canned goods sold, and these in limited quantities due to import regulations. The food industries in LIGURIA were hampered by a lack of materials, tinplate, oil and sugar, and the high cost of those materials when available; unsettled labour conditions and the resulting high price of goods which causes them to be regarded as luxuries. The populace meanwhile resorted more to fresh foods. Notwithstanding this depressing outlook, the manufacturers made every effort to remain active. The recent Government decree, allowing them to retain 50% of their foreign currency holdings, helped a great deal. Black market prices fell slowly but steadily and more goods appeared in the shops.

LOMBARDIA LIAISON GROUP.

6. The political struggle during the month was practically confined to the Christian Democrats and the Social Communists with the former slightly in the lead. The tendency was for the right and centre parties to vote Christian Democrat; voting averages were high with the women turning out in full force. The record of well-disciplined elections was blackened slightly by two incidents: in one place a polling station was entered by alleged Communists and the uncounted ballots destroyed and in another a polling official was set upon, his ballots destroyed, entry forced into the municipio and the remaining ballots burned.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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7. Apart from the incidents cited above there were no unusual or disturbing situations. Relations between Military Police and Italian Police were excellent. Although the Police Services functioned satisfactorily and morale was high there was extreme dissatisfaction because of the meagre pay. In every case Police Agencies functioned under many handicaps, lack of clothing, equipment, arms, transport, and petrol, besides a shortage of personnel.

4747

Declassified E.O. 12356 Section 3.3/NND No. 785017

8. There were serious riots in several prisons but in each case the situation was under control. Order was maintained solely by the use of firearms owing to the lack of efficient cell-locks. The most serious problem was that of juvenile offenders who had to be detained in adult prisons owing to the fact that there is now no Juvenile Prison or reformatory in the whole of LOMBARDIA. Taking into account present conditions the crime situation was generally satisfactory. MILAN City and Province continued to be a matter for concern.

9. Prices of foodstuffs, especially meat, milk, butter and cheese increased, and cereal shortages occurred due to late ship arrivals and difficulties in unloading. There was no availability of butter and supplementary rations to sick people were not possible. Milk for deficient provinces was not delivered owing to unwillingness of producers to release milk at a fixed price and also because of the difference in price between milk for industry and that for alimentation. Meat amassing was limited to quantities necessary for hospitals and workers etc.

10. A shortage of fertilizers existed and complaints of black marketing of ammonium sulphate were numerous.

11. Recent heavy rains brought about a sudden relief in the electric power situation and restrictions were lifted.

12. Refugee movement continued to be mainly repatriation to W. EUROPE via S. FRANCE.

13. All divisions of the transportation section reported favourable progress. Foreign dispatches cleared through MILAN by rail and air were noticeably heavier and all previous telephone circuits with FRANCE were again active.

14. Public health was normal.

15. The month was remarkably free from "insufficient food scares." The weather was favourable towards practically all brandes of cultivation, the prospects of a good hay crop this season were bright and the fruit crop also promised well.

16. The average number of displaced persons repatriated to FRANCE and North West EUROPE was approximately two hundred a week.

17. The Italian State Railways had a successful month. The doubling of the line between GENOA and MIGNANEGO was 75% completed and all material for the finishing of the tracks was supplied. The Servizio Lavori was asked to supply urgently all materials required for reconstruction work in the Compartimento di LIGURIA.

18. March was another successful month for the ports of GENOA and SAVONA. The total amount of coal discharged at both ports exceeded the estimated figure of 300,000 tons by 10%. General repairs proceeded in the port of GENOA. The total tonnage of vessels arriving during the month was 407,602 tons, while SAVONA had a total of 205,484 tons. There is still a great shortage of warehouse space but owing to the improvement in weather conditions the situation was easier. The only cargoes arriving at LA SPEZIA were discharged from coastal vessels and no information was available as to the date for the opening of the port to sea-going ships.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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19. Transportation by sea, rail and road all showed great improvement during the month.

20. Improvements took place in the auto-exhhange in GENOA. Long distance traffic increased in the Region, and it reached a figure higher than that of pre-war days. Telegraph traffic was being resumed all over the Region and the service improved greatly.

Declassified E.O. 12356 Section 3.3/NND No. 785017

PIEMONTE LIAISON GROUP.

21. Party activities were generally quiet and orderly. Local Government functioned well according to local standards and Italian ability seemed to be equal to the task. The municipal elections, which were conducted without incidents, aroused considerable interest - less of course than will arise during the National elections. Local changes in officials have taken place as a result of the elections.

22. Public safety was satisfactory. The position with regard to crime definitely improved and the Police made some praiseworthy arrests for serious crimes which occurred in recent months. A considerable improvement in Carabinieri morale and performance of duties with a corresponding increase in the esteem of the general public was noted.

23. Prison conditions at TURIN gave the authorities considerable cause for thought, no less than three large-scale attempts at jail-break having occurred during the month. In each case, assistance by Italian troops and the CC.RR was forthcoming and no escapes actually occurred. The immediate cause of the trouble was the bad physical conditions in a desperately overcrowded jail. Considerable numbers of prisoners were transferred to other jails and the position at TURIN was thereby temporarily improved.

24. An ugly demonstration occurred in AOSTA Province during the month, when about 1,500 demonstrators assembled outside the palace of the President of the Council, demanding a plebiscite on the status of the Valley of AOSTA. Numbers of the demonstrators assembled outside the palace and manhandled the President rather severely. Local reports state that the incident was organized from across the French frontier and French journalists and photographers had illegally entered ITALY the previous evening to witness the demonstration. Apart from this incident, magnified of course by the local press, there were no cases of grave mob disorder. A few demonstrations by women in connection with grievances about the food situation occurred in some provinces, but there were no cases of a serious nature.

25. The municipal elections so far held passed off peacefully and were conducted admirably by all concerned. Considerable Police arrangements for surveillance and the maintenance of public order were made but not a single instance was reported of Police intervention.

26. Cost of living was high, as elsewhere throughout the country, but prices seemed to be striking a level somewhere between regulated and black market prices. In places observed, stores seem to be well stocked with more than just bare necessities. The average cost of living throughout the Region for the average working family appeared to be about 12,250 lire per month, which amount is estimated to include food, rent, cooking and light. The foregoing would indicate a rise in the cost of living of about ten per cent. Shipments of flour and grain from five other provinces to PIEMONTE, under National Plan No. 2, were normal during the month.

27. A nationally organized general strike of all workers except state employees and transport workers took place throughout the region on 14 March; the ensuing demonstrations were quiet and without incidents of a serious nature. The Italian Labour officials seemed to have done very well in handling individual and collective disputes recently. It is estimated that there are about 85,775 unemployed in PIEMONTE at this time. About 19,245 were added to the list in March.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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28. There is a bright outlook for the cereal crops, fruit and vegetables and meadows; the sowing of oats, planting potatoes and the pruning of vines and fruit trees started. The condition of cattle generally was thought to be good. There was a shortage of fertilisers, spray materials, machine fuel and lubricants, and the fuel allowance for agricultural purposes was recently reduced.

4746

Declassified E.O. 12356 Section 3.3/NND No. 785017

29. Public works continued to make progress, and the melting of snow refilled the mountain basins supplying hydro-electric generator stations.

30. Public health was generally good.

31. During the month the Italian Ministry of Transport ordered the abolition of the trip tickets required for trucks, and new POL will be distributed according to the capacity of the vehicles, rather than by cargo miles as was done previously. This action may make it easier for POL to find its way to the black market. There appeared to be very little private transport on the roads as compared to what is seen further south.

32. PIEMONTE seemed to lag in getting its former telegraph offices connected and going. Otherwise things appeared to be gradually improving.

33. There were reports of pilfering in the Italian mails and particularly those parcels containing foodstuffs and clothing from abroad.

34. The courts proceeded slowly, the delay in getting cases before the courts being blamed on the lack of proper personnel.

VENEZIA LIAISON GROUP.

35. All of the recent elections throughout the Region were conducted in an orderly manner and in accordance with regulations. Voting averages were high. The Christian Democrats polled the highest vote of any single party (an estimated 40%) but a trend to the Left was indicated by the majority of the votes. Election campaigning as well as the elections themselves created a great deal of interest and much sober thought was given by the entire population. Local Government officials appeared to be functioning reasonably well; all Provinces within the Region have changed their CLN Prefects for career men appointed from ROME.

36. Despite the fact that they were still handicapped by lack of transport the various police forces improved in efficiency. Tyres, tubes and spare parts were required and it appeared that the police were not being given the priority to which they are entitled. Supplies of clothing, bedding, arms and ammunition were also in short supply. Morale improved and more reliance was being placed by the public; the Press showed a keen appreciation of work being done. Crime in general showed a slight decrease as compared with previous months, but armed robberies and thefts continued. The police halted large quantities of grain and rice leaving the Provinces illegally. Black market activities continued but it appeared that many had ceased to buy on it. The prison population at VENICE city was over capacity and efforts were being made to alleviate this. One rather large jailbreak took place from BELLUNO Prison involving 64 prisoners, all of whom had been sentenced for political and other crimes, including murder. 8 of the escapees were captured and 3 returned voluntarily. The escape was believed to be due to negligence or collusion on the part of the guards. Conduct of Allied troops continued to be very good and cooperation between Allied Military Police and Italian Police was good.

37. Although there were at no time during the month any critical shortages the food situation could at best be described as fair. All deliveries of cereals will be completed by mid-May with no visible reserves available for the months of June or July or until the harvest. The balance of 6,000 tons

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 745017

38. Sowing was good throughout the Region and a normal crop was expected. Sugar beet planting was normal. The general feeling was that farm prices are too low and for this reason farmers are hesitant about bringing their crops to the Amasso. There was a serious shortage of insectides and fertilizers which may affect crop production.

39. There was still an acute shortage of coal for industrial purposes. Allocations for March were lower than in February and the March allotment did not arrive during the month. Several plants were in condition to commence operation but stood idle due to lack of coal. The sugar beet factories in PADUA and ROVIGO are capable of handling all this year's crop providing coal is available.

40. Considerable work stoppages were encountered in silk and textile mills due to wage disputes but these were of a temporary nature. VENICE reported a continuation in the slowly increasing reconstruction and reactivation of industries. The average production was about 40% of capacity. Unemployment slowly commenced to decrease but continued to present a grave problem.

41. The crisis in the power situation passed and rationing ceased. Public services functioned as before the crisis and industrial conscription increased. March saw an increase in the number of projects approved but reconstruction of war-damaged houses and roads did not reach the desired state. The repair of roads which are in a deplorable condition was reduced owing to lack of materials. Reconstruction of bridges progressed well.

42. The health of the population was good in all provinces. Infectious diseases, with the exception of Influenza which was on a scale less than epidemic proportions, were at a normal rate. A small outbreak of Smallpox was reported in VENICE but due to widespread vaccination it was controlled.

43. In the port of VENICE considerable progress was made in the repair of docks, equipment, warehouses and railroad facilities. Total civilian tonnage entering the port in March amounted to 205,000 tons as against 170,000 tons in February. All main railway lines in the Region were operating although some were on a limit-basis. Construction continued on branch lines. Telephone and telegraph services were rapidly getting back to normal and installations continued to increase.

44. There was a crying need for more Judicial personnel in the courts which resulted in hundreds of cases pending and may well jeopardize the legal rights of the individual.

NAPLES LIAISON GROUP. (covering the area of CAMPANIA, LUCANIA, CALABRIA).

45. There were some 83 political meetings during the month in NAPLES, mostly small affairs. The main interest was centred in the elections which began in some provinces on 10 March and were in full swing in all provinces by Sunday, 31 March. The Liaison team visited a total of 89 Communes during the month including selected Communes from all 9 Provinces. An orderly conduct of elections, a heavy poll, 80% to 90% of eligible electors voting; and the large number of women voting were general features. In the smaller communes it was personality rather than party that counted.

46. The Christian Democrats were the outstanding big party with Liberals and Labour Democrats next. Communists appeared in very small numbers;

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47. Conditions as regards Public Safety were satisfactory and there was a further small increase in cases of unlawful possession or stealing of Allied property.

48. Reduci gave little cause for complaint during the month, but the increasing number of returned POW is a potential danger coupled with unemployment from the closing of Allied installations.

4745

Declassified E.O. 12356 Section 3.3/NND No. 785017

49. Prisons continued to be overcrowded. The requisitioned prisons at NISIDA were handed back to the Italian authorities.

50. The insistant demand for factories, stores, etc. to be derequisitioned was a major issue. Some small progress was made.

51. The cut in the pasta ration to 500 grams a month was accepted with a reasonable understanding of world conditions. Grain ships kept up with the demand for imports. In the many Communes visited in all Provinces in connection with the elections there were no cases of complaint that the bread ration had not been received.

52. The cost of living went up slightly. For a family of five persons of the artisan class, the monthly figure was worked out by the Chamber of Commerce at about 21,000 lire for the month. The latest figures not yet complete showed some rise over December for food but a drop in clothing prices.

53. Harvest prospects up to the present were good and the area sown with wheat approximated to the 1939 area.

54. Unemployment increased. There were seven strikes or stoppages of work, but there were no incidents.

55. An allotment to NAPLES of 6 milliards of lire was made and one of the biggest items will be work on the clearing and reconstruction of the port itself. The reconstruction of the destroyed VOLTURNO hydro-electric station at COLLI proceeded satisfactorily and it is hoped when reconstruction is complete to work to an output of 22,000 KW.

56. Public health remained good: venereal disease is rampant; 1,135 women were treated in hospitals during the month. The Italian port and medical authorities have resumed control of inspection and quarantine of ships coming into the port.

57. The responsibility for the movement of foodstuffs etc. passed to UNRRA on 1 March and the AC transportation closed.

LIVORNO LIAISON GROUP. (TOSCANA Region)

58. In spite of great political activity and the holding of many meetings only one disorderly incident was reported. Political groups were well organized and disciplined. The local administrative elections started enthusiastically, great interest was shown and voting was exceptionally heavy. In every case women voters predominated. Voting regulations appeared to be scrupulously observed and the elections were conducted in a most orderly manner. There was unexpected cooperation between the parties and in many Communes there were joint party meetings for the purpose of discussing and explaining voting procedure. The Communist Party was the best organized, with the best publicity, and seemed to have all the initiative and plenty of funds. Election officials and police agencies made an excellent job of a difficult task, and the people themselves showed keen intelligence and remarkably good spirit throughout the elections. Local Government continued to function efficiently.

59. There was a sharp decline in the lesser types of crime, and major crime, for the most part, remained under control. Bands of thieves

Declassified E.O. 12356 Section 3.3/NND No. 785017

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59. There was a sharp decline in the lesser types of crime, and major crime, for the most part, remained under control. Bands of thieves continued to operate in APUANIA Province where the police appeared to lack the ability or initiative to cope with the situation. The Carabinieri showed gradual improvement in their general efficiency although there is still much to be desired. Questura Agents and Finance Guards functioned satisfactorily and the uniform situation for both Carabinieri and Finance Guards improved.

60. There remained considerable unemployment in TOSCANA and efforts to relieve the situation were feeble. LIVORNO showed more progress in this respect than anywhere else in the Region. There was no strife because of

Declassified E.O. 12356 Section 3.3/NND No. 785017

the adverse labour conditions.

61. Farmers were optimistic as regards the 1946 crops but fertilizers continued to be in short supply. Conflict between farm landowners and farm workers continued, the latter being needlessly aroused by the Communist controlled "Camera del Lavoro." More grain was amassed during the month but a considerable amount continued to be withheld by the farmers because of weak and late enforcement. Advantage has been taken of last year's drought in that it has been used as an excuse for short crops, out of all proportion to the true state of affairs. Oil production was expected to exceed previous years. The cereal supply was precarious in most Provinces; in some Provinces only a partial distribution or none at all was made during the month of pasta, oil and sugar. Non-rationed foods were available on the markets and there was a gradual decrease in prices in other than foodstuffs.

62. Industrial and commercial rehabilitation progressed slowly but surely. Lack of tooling and raw materials remained a serious handicap but there was more coal and electric power available and industrial plants began to show signs of life. There was an increasing amount of merchandise and the transportation situation improved.

63. Public road works were restricted due to lack of funds; funds were made available for schools and other public buildings, but again progress was slow because of lack of materials.

64. Many Displaced Persons continued to pass through LIVORNO, these were principally non-Italians. Public health was, on the whole, satisfactory. Typhoid cases decreased although Tubercular cases increased; children's illnesses prevailed but not in any serious proportions. Hospitals were in need of supplies and ambulances.

BARI LIAISON GROUP. (covering the area of APULIA and MARCHE).

64. Elections were held in different towns in the BARI area each Sunday during the month of March; everywhere they were conducted in an orderly manner and the organization to enable voters to visit the polling stations was good. Greater political activity was shown by all political parties in the majority of the Communes, but in a few places interest in the elections was definitely lacking. From the returns for March the Christian Democrat Party was shown to be in majority. According to the Prefect of BARI the morale of the people was low. The rising prices of foodstuffs, shortage of pasta, unemployment, general lack of discipline are all formidable barriers to reconstruction. The Communist Party in certain areas was subjected to strong opposition by returning prisoners of war from RUSSIA; Italian prisoners of war returning from AMERICA have been strongly pro-American, going so far as to put up slogans on walls "VIVA L'AMERICA" or publicly speak in favour of ITALY becoming the forty-ninth State of AMERICA. It would appear that the percentage of Poles in this Area who were willing to be repatriated to POLAND was not more than 5 per cent.

65. The condition of Public Safety gave grounds for concern. Disorders frequently broke out in towns on one pretext or another. The real cause of the trouble could be traced to the fact that the wages earned were out of all proportion to the cost of living and the people just cannot make ends meet; veterans were bitterly disappointed in not finding the employment they were led to expect by promises made by the Italian Government, and their women-folk give vent to their feelings and disappointment by staging noisy demonstrations.

Declassified E.O. 12356 Section 3.3/NND No. 745017

sugar. Non-rationed foods were available on the markets and there was a gradual decrease in prices in other than foodstuffs.

62. Industrial and commercial rehabilitation progressed slowly but surely. Lack of tooling and raw materials remained a serious handicap but there was more coal and electric power available and industrial plants began to show signs of life. There was an increasing amount of merchandise and the transportation situation improved.

63. Public road works were restricted due to lack of funds; funds were made available for schools and other public buildings, but again progress was slow because of lack of materials.

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66. The food situation was critical. Everything was done to bring home to each individual the necessity of preventing wastage of foodstuffs. The tendency was for prices of foodstuffs to rise, but prices for commodities which are a necessity showed a tendency to decrease. The shops were well stocked and almost anything could be purchased at a price.

4444

Declassified E.O. 12356 Section 3.3/NND No. 785017

67. Derequisitioning of premises continued satisfactorily, special attention being given to buildings such as schools, hospitals, orphanages and other public institutions. All possible steps were taken to get them derequisitioned.

68. The crops showed a healthy appearance and the farmers were busy in their fields but rain was needed.

69. The unemployment situation was acute but the Italian Authorities were doing what they could to find employment, especially for the veterans who will cause trouble if employment is not found for them. The difficulty was that these people would insist on getting the kind of work which suited them and were not prepared to take up jobs they did not like. Provinces were busy carrying out repairs to roads and constructional works which were scheduled by the Central Government for the month of March but the work in question merely touched the fringe of unemployment.

70. The Refugee Camps worked normally and from observation the people in the Camps appeared to be happy enough. The Camp Authorities specially in BARI worked hard to find employment in the Camp, and provide for recreation and entertainment.

71. The state of Public Health was satisfactory, though with regard to Smallpox fourteen further cases were reported in the Provinces during the month.

72. The serious shortage of coal for the railways caused anxiety and train services had to be curtailed due to a shortage of coal. The situation with regard to road transport was stationary due to a lack of tyres and P.O.L.

73. Italian Courts functioned but slowly. This was due to the acute shortage of Magistrates in the Tribunals.

SICILY LIAISON GROUP.

74. Elections held during the month were quiet and orderly and proceeded smoothly. Law and order on the whole was greatly improved and organized band activity practically ceased due to amnesty arrangements for Separatists and the activity of CC.RR and the Army.

75. The grain shortage was still serious. Perishable foods in considerable quantity were available in the markets with prices on the whole remaining steady and no greater than those prevailing in ITALY. Stocks of commodity goods seemed to be improving with prices generally going down.

76. The unemployment situation continued to be serious and little effort was apparent to provide employment through public works. However, no organized agitation was evident.

77. The general picture as regards health was satisfactory.

BOLOGNA LIAISON GROUP. (EMILIA Region)

78. Political activity increased in tempo during the month of March, as was expected, with the administrative elections being held. Meetings of all parties were held, all in an orderly fashion. The organization of the

Declassified E.O. 12356 Section 3.3/NND No. 785017

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BOLOGNA LIAISON GROUP. (EMILIA Region)

78. Political activity increased in tempo during the month of March, as was expected, with the administrative elections being held. Meetings of all parties were held, all in an orderly fashion. The organization of the Communist Party seemed to be the best, followed by that of the Socialists and Christian Democrats. There was little activity by the Liberals, Uomo Qualunque or other parties. The population took great interest in the elections and the percentage of voters going to the poll was uniformly high, e.g. 84% in BOLOGNA. Red flags, shirts and neckerchiefs were in great display, and here again the parties of the Left were the most active. Generally speaking, the results show the Communists and Socialists in the majority, but there was a healthy opposition from the other parties. Two features of public opinion were noticeable; one was that BRITAIN and AMERICA will prevent, by some unknown means, ITALY being a Communist State, and the other, a general feeling that to hold the referendum before the constitutional elections is a mistake. There was some active propaganda on the TRIESTE problem, mostly in the form of students' processions in

Declassified E.O. 12356 Section 3.3/NND No. 785017

Provincial capitals. Local Government continued satisfactorily. All communal budgets show deficits and this caused some concern.

79. Public Safety conditions in the Region remained about the same; the improvement noted in February was generally maintained in March, but the state of law and order could not be regarded as satisfactory. Political murders and kidnapping still continued, and many crimes are not reported for fear of reprisals. Fifteen murders, woundings or attempts for political motives, five kidnappings, eleven murders etc. for non-political motives, and ninety-six armed robberies and attempts were reported. The total number of arrests for such crimes was twenty-nine. There were no cases of public disorder during the month. Steady improvement was shown in the quality of actual police work, particularly by the CC.RR. The Questura in the provinces did their best to reorganize their forces, but the difficulties were great and progress slow. The equipment of the CC.RR was improved. The prison situation remained unsatisfactory; a serious riot occurred at the BOLOGNA prison on 10 March, and a serious attempt at escape was made by some sixty prisoners in MODENA Province on 24 March. On 30 March, at PARMA, some 70 prisoners attempted to escape, two were killed.

80. The food situation from an official point of view was not good; there was enough grain on hand in the Region to last until the end of the month, but supplies depended upon the arrival of grain ships. Unofficially the population was living on the stocks of grain which were hoarded. All other foods except sugar were unrationed but prices were such as to prevent the major part of the population from buying. No sugar was available. The cost of living was high and even the richer elements were feeling the pinch a little. Some industries functioned but at a greatly reduced rate, due to lack of raw materials and fuel and a reluctance to do business. Unemployment continued to be a grave problem; there was no reduction in the number of people out of work and already local politicians used these for the purpose of demonstrations. Agricultural work was static, but it was hoped that some of the unemployed would be absorbed in the near future. Weather conditions were favourable for a good harvest although there was some need for fertilizer and insecticides.

81. Many Public Works were authorized by the Ministry, but much delay was experienced in obtaining the necessary funds. UNRRA helped much in providing transport on rehabilitation schemes. The supply of water was adequate, and the supply of electricity improved considerably. Sufficient gas was available for domestic cooking, supply being maintained for 3½ to 4 hours.

82. During the month some 1,782 refugees were evacuated. The Medical Departments of the various camps ran smoothly, and further immunization was carried out at all camps except for typhus. Typhus innoculations were suspended pending arrival of new vaccine. The arrival of supplies for distribution to the camps showed a vast improvement over February.

83. The public health of the Region remained good during the month. There were no epidemics reported from any Province but there was a general increase in the numbers of cases of measles and whooping cough in the Eastern half of EMILIA during the latter part of March. Cases of malaria were reported from FERRARA Province. Hospitals functioned satisfactorily but here again there was a need for funds. Supplies of medicines seem to have been adequate, although there was a continuous demand for pencillin.

84. Road transport appeared to be adequate for the needs of the population.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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84. Road transport appeared to be adequate for the needs of the population, but there was a shortage of PCL. Railway transport continued to improve during the month. Post and telegraph facilities were satisfactory although the former was slow. Telephone communication showed steady improvement.

85. Italian Courts functioned satisfactorily but, as usual very slowly. The criticisms of Courts decisions in political cases, which was very strong in the past, greatly diminished. Education was satisfactory, the only problem which came to notice being the lack of funds for the University.

Declassified E.O. 12356 Section 3.3/NND No. 745017

BOLZANO.

86. The general political situation was quiet. There was a split in the South Tyrol Volkspartei between the moderates and others who desired a more active policy. The South Tyrol Volkspartei refused to furnish members on a Commission formed to discuss Autonomy embracing BOLZANO and TRENTO. Preliminary discussions on this subject, however, began between the Prefect and influential South Tyrolians outside the South Tyrol Party. The Prefect had meetings with the judiciary in order to prepare for the use of the German language in the Courts and in judicial procedure. A Commission to discuss the subject of citizenship met and heard views from both ethnical groups. Other meetings will take place from time to time. The number of signatures collected by the South Tyrol Party for annexation to AUSTRIA was believed to be in the neighbourhood of 120,000. The two Autonomistic movements M.I.R. (Movimento Autonomistico Regionale) and A.S.A.R. (Associazione Studi Autonomistici Regionali) slowed down their individual activity as the more tolerant elements among them feel they should combine and form a solid block as the South Tyrol Volkspartei.

87. The strength of CC.RR was 976 and morale was high, although there was a shortage of clothing, arms and transport. Frontier control was carried out as outlined during a meeting between the French and Italian Authorities on 18 February 1946.

88. Negotiations continued for the export of wine, fruit and food to SWITZERLAND and AUSTRIA.

89. The general food situation was satisfactory although there was a cut-down in soup items which was resented by the population; sugar, oil and fat were insufficient, whilst jam was not available.

90. Fertilizers and insecticides were required for agriculture; there was a shortage of labour and farmers asked for the release of their POWs.

91. Unemployed numbered some two thousand in the Province and the percentage of ex-servicemen to be employed by firms and offices was raised by the Prefect from 5% to 10%.

92. General health was satisfactory. The six hospitals in the MERANO Hospital Centre will shortly be reduced to four.

93. Arrangements were made with the Prefect to take over the buildings of No. 25 D.P. Camp when the 400 Germans at present there have been repatriated.

94. Restrictions on the use of electric power were cancelled, the winter supply of electricity was ensured and optimistic views existed regarding the summer supply.

ROME AREA.

95. The area covered by this report includes the eleven Provinces of ANCONA, ASCOLI PICENO, FROSINONE, LATINA, MACERATA, PESARO, PERUGIA, RIETI, ROME, TERNI and VITERBO.

96. Political activity of the various parties was intense during the month in view of the elections of the Communal Councils which were carried

Declassified E.O. 12356 Section 3.3/NND No. 785017

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96. Political activity of the various parties was intense during the month in view of the elections of the Communal Councils which were carried out in all the Provinces as scheduled. The Prefects succeeded in maintaining this activity within the limits of the law without recourse to force by requesting and obtaining the fullest cooperation from all local political leaders.

97. Although the elections provoked no disturbances, the Public Safety situation remained generally unsatisfactory throughout the Provinces particularly in RIETI, LATINA, MACERATA, PERUGIA and ROME. Police organization continued to be decidedly unsatisfactory, the CC.RR being understaffed in rural areas and the Civil Police in larger towns being greatly hampered by insufficient uniforms. There was a serious lack of armament, particularly automatic weapons; transport, tyres and petrol were also in short supply resulting in a curtailment of mobility and efficiency.

Declassified E.O. 12356 Section 3.3/NND No. 785017

98. The economic situation was unsatisfactory throughout all Provinces; costs of products on the open market increased, and rehabilitation of industry proceeded slowly due mainly to a lack of raw materials, electric power, coal and transport. Unemployment was a serious problem in all Provinces particularly in those areas most damaged during the war (i.e. LATINA, FROSINONE, RIETI, TERNI, ANCONA). Agriculture offered a brighter outlook; recent rains allowed a good sowing and crops progressed very favourably. Public works proceeded satisfactorily within the possibilities of the limited funds at the disposal of the local governments and public utilities improved slowly and steadily.

99. Apart from ROME where the numbers of Displaced Persons and refugees were very large and difficult to ascertain correctly, there was a total of 23,283 Displaced Persons in the area.

100. Public health was generally good, the rates of infectious cases being not above normal. In the Province of TERNI there were 201 cases of measles, 107 of which were in the city of TERNI.

101. Motor transportation was restricted due to the lack of vehicles, tyres and petrol. In FROSINONE and LATINA Provinces telephone and telegraph facilities, save for the cities themselves, were practically non-existent.

A.M.G. UDINE PROVINCE.

102. Political activity increased considerably during the month. Administrative elections were held in 43 Communes and polling was carried out in a most orderly and efficient way. A Socialist Friuli Federation Congress was held and was chiefly concerned with the desire of the party to divorce itself from the Communists. At a Congress held by the Christian Democrats it was significant that a vote was recorded of 14,000 in favour of a Republic and 1,200 against. Strict control of movement across the boundary and the presence of Allied troops did much to assist the tranquillity of the province during the month particularly amongst the pro-Slav agitators. Public opinion, except for its widely expressed anti-Tito feelings, its interest in the Boundary Commission and in the Communal Elections, was centred wholly in the economic situation. Prices, though falling gradually, were well beyond the capacity of most, and this coupled with the unemployment situation severely taxed the patience of the people. Relations between the population and AMG continued to be cordial, whilse confidence in Anglo-American equity in deciding the frontier issue was freely expressed.

103. The Public Safety situation in the province during the month greatly improved. Anxiety was felt on account of food and labour conditions and there were signs of impatience which may lead to demonstrations and possible disorders, but on the whole the situation was better than at any time since the liberation. This was brought about by more resolute action on the part of Police Services. In consequence the number of serious crimes dropped considerably although there was an increase in thefts of cars and tyres etc. The efficiency of the CC.RR and Questure improved, their most serious handicap being a shortage of manpower. Lack of sufficient clothing and automatic arms continued but transport and motorcycles provided from military sources proved of the greatest possible service. The morale and efficiency of the Guardie di Finanza also improved but arms and transport were lacking. Complaint was made of the low rate of pay compared with the cost of living and the inadequ-

Declassified E.O. 12356 Section 3.3/NND No. 785017

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104. The Italian Courts worked satisfactorily and the number of cases tried by Allied Military Courts in the Province during the month was 31, of which 3 were Superior Court Cases.

Declassified E.O. 12356 Section 3.3/NND No. 785017

105. The Epuration Commission completed its work during the month of March and was formally dissolved. All documents relative to suspensions made by it were transmitted to the Provincial Delegate of the High Commissioner for Sanctions against Fascism.

106. As the expected rice allocation from Northern ITALY did not arrive the first issue of pasta since December - 500 grams was therefore made in lieu. A census of all livestock was taken throughout the Province. This was one of the measures employed to establish a stricter control on the illegal slaughter and exportation of livestock from the Province. It was necessary to establish a more rigid system of control of the movement of livestock within the Province, due to the exorbitant price of meat on the market. A total of 470 head of cattle was exported during the month to VENEZIA GIULIA and other parts of ITALY. The price of bread increased to 19 lire per Kg. after a careful screening of production costs. Poultry, eggs, fish, vegetables and dried and fresh fruit could be found in abundance on the open market.

107. 30,000 hectares approximately were sown with wheat, but a 100% harvest is not expected owing to the lack of fertilizers. It was estimated that over a million grafted layers and several thousand fruit trees were planted, nearly all pears and apples. Dairy production increased and was generally good, the withdrawal of certain restrictions encouraged the use of Social Dairies. Sugar beets were sown on quite a large scale and tobacco growing was on the increase. Agricultural activity was in full swing and the farmers were doing their best to intensify production.

108. During the month 1,059 Italians and 412 non-Italians passed through the UDINE Refugee Centre. One-half of these displaced persons arrived from VENEZIA GIULIA and the balance from AUSTRIA and the UDINE area.

109. The situation as regards POL was at last satisfactory and the March allocation of coal arrived in TRIESTE. The tyre situation continued to be unsatisfactory.

110. The PALUZZA Sanatorium, the only one of its kind catering for ex-POWs and ex-internees afflicted with T.B. was opened during the month. This hospital was sponsored by AMG and much of its equipment provided from AMG sources, with the welcome assistance of UNRRA in providing an X-ray apparatus. Arrangements were also made to reopen all the summer recuperation and recreation centres connected with different schools, kindergartens etc.

111. Work on hand under the Genio Civile and the State Highway Department totalled 300 projects, value 311,942,460 lire. In addition to this 100 projects totalling 200,439,540 lire were forwarded for final approval to the Ministry of Public Works during March. Considerable delay was experienced in reaching the stage of final approval and initiation, showing the necessity of keeping the military roads financed through AMG until the efficiency of Italian channels is proven.

112. The increase in registered unemployment figures gave some cause for anxiety. Two months ago there were 32,000 of whom 12,000 were thought by the Prefettura to be genuinely unemployed. To-day the registered figure had more than doubled, due chiefly to the fact that a large number formerly did not register.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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A.M.G. VENEZIA GIULIA.

113. The political atmosphere in TRIESTE, never calm, was further disturbed by the arrival at the beginning of the month of the Four Power Inter-Allied Boundary Commission. Both the principal contending parties increased the intensity of their press expositions of their respective cases. In addition, the pro-Jugoslav movement complained loudly that the people in Zone 'A' were not given freedom to express their feelings; the leader of the pro-Italian CLN accused Allied Military Government of "too much impartiality" which left the Italians defenceless against Slav-Communist intimidation. There was little change in local government although efforts were still being

Declassified E.O. 12356 Section 3.3/NND No. 743017

made to increase the number of Communes conforming to the terms of General Order No. 11. On 9 March, after much persistent work, a Communal Committee was appointed at DOBERDO (TRIESTE Area). DOBERDO was the first of the twenty almost completely Slovene Communes in the territory to cooperate with Allied Military Government under General Order No. 11.

114. With the arrival of the Foreign Secretaries' delegates on 7 March and the resulting intensification of political activity, the month has been an extremely busy one for the VENEZIA GIULIA police force. All reports, however, official and unofficial, indicated that they had passed through this trying period with "flying colours." The disassociation of Military and Civil police is now complete and at no time was it necessary to call for military police assistance in dealing with the numerous demonstrations and processions, many of which were on a much larger scale than any experienced since the commencement of the Allied occupation in June 1945. The conduct and reaction of the civil police during these demonstrations showed considerable restraint and impartiality. 548 arrests were made; in many cases the arrests were protective detentions while the remainder were for various offences such as possession of offensive weapons, assaults on police, breaches of the peace etc. During the major demonstrations the police did not resort to firearms, but three major reports stated that firearms were used against the police. The total strength of the VENEZIA GIULIA police force was 3,771 officers and men. The conduct of Allied Service personnel continued to be satisfactory and confining troops to barracks on the occasion of organized demonstrations was of great assistance to the civil police. Owing to the numerous arrests made during the month the prison population reached a record number.

115. During March, the population received their normal rations with the exception of fats and pasta - these had to be cut by half due to shortage of supply. Although the acreage that can be planted this year is almost double that of the preceding year, the factors of uncertain weather, shortage of fertilizers and lack of certain seeds will influence the final crop returns. There is already a shortage of rain, and the wheat harvest will suffer if the usual spring showers do not arrive soon. Many new plantings of nursery stock are also endangered. However, it is generally expected that the food produced in VENEZIA GIULIA this summer will greatly exceed that of last year.

116. Industrial activities were overshadowed throughout the month by political demonstrations staged for the benefit of the Foreign Ministers' delegates. This culminated in a three days general strike in the middle of the month. Even at other times workers had little regard for their contracted liabilities. In spite of the large reforestation project for the TRIESTE area, which absorbed 2,500 men and women, and the extension of blocking of dismissals to 10 April 1946, the labour market showed a total of 29,443 registered unemployed for the month of March - an increase of 307 over February. When the unblocking of dismissals order is in force a very much higher unemployment figure is expected for the territory. To ease this situation, a Public Works programme was worked out which should absorb a large proportion of the unemployed. From 7/8,000 workers were employed on public works schemes, but by 10 April it is hoped that this figure will be raised to 15,000. 26,443 tons of coal arrived during March. After normal distribution the balance in hand was 9,226 tons.

117. General health throughout the territory continued to be good, and scabies in POLA and GORIZIA was on the decrease.

1054
Declassified E.O. 12356 Section 3.3/NND No. 785017

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118. It was confirmed that the Assembly Centres in TRIESTE and UDINE should remain open for an indefinite period. The movement of displaced persons showed considerable increase over the previous months: 1,097 entered and 1,096 were evacuated.

119. There were no General Court cases tried during the month and the number of firearms cases remained at the same level. The Ordinary Civil Courts continued to function with reasonable satisfaction as did the Ordinary Court of Assize.

Declassified E.O. 12356 Section 3.3/NND No. 785017

120. Political unrest in VENEZIA GIULIA which became more pronounced during March, greatly upset the normal functioning of the schools. During the stay of the Foreign Ministers' delegates most people were very sensitive to the daily political issues and this in turn affected the children and students. In Italian schools both instructors and pupils expressed a keen desire to keep the schools out of the political quarrels which disrupt and harm the educational process and instruction was regular and quite serene except in isolated cases. In the Slovene schools the School Section of the PNOO became much bolder in its illegal functions of government and recently issued a profusion of direct orders to the Slovene teachers of the territory. The Education Officer whilst visiting several school districts was told repeatedly by teachers that they were at a loss - intimidation was so real that they could not possibly disobey these illegal orders coming from the PNOO.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E/O. 12356 Section 3.3/NND No. 785017

CIVIL AFFAIRS SECTION.

LOCAL GOVERNMENT SUB-COMMISSION.

1. The Council of Ministers approved and published the final version of the law for the elections to the Constituent Assembly. The Lieutenancy Legislative Decree No. 99 of 16 March 1946 fixed 2 June as the date for the elections to the Constituent Assembly and for the referendum on the institutional forms of the State. The aforementioned law postponed the elections in VENEZIA GIULIA and in BOLZANO Province indefinitely and provided that in the Electoral College of TRENTO-BOLZANO, returning 9 deputies, only 5 deputies should be elected on 2 June by TRENTO Province, leaving 4 to be elected by BOLZANO at a later date to be arranged by subsequent provision. A total of 5,709 Communes held their elections for Communal Councils on Sundays 10, 17, 24 and 31 March. The elections were observed in selected communes. The officers of the Sub-Commission accompanied by Inspectors-General of the Ministry of the Interior covered GENOVA, ALESSANDRIA, COMO, MILAN, VENICE, PERUGIA, TERNI, ROME, CATANZARO, BARI, BRINDISI and TRAPANI. The results of these observations were that public order was excellent, (one or two minor incidents were noticed but they did not affect the general picture), public interest was great, the average poll was high - 75% to 80%, and the procedure prescribed by law was properly followed.

LEGAL SUB-COMMISSION.

2. Allied Military Courts were held in VENEZIA GIULIA and UDINE Province and a General Court was held at NAPLES. The Courts in VENEZIA GIULIA and UDINE were Summary and Superior. VENEZIA GIULIA showed an increase of 206 accused over February, most of this increase being cases in the TRIESTE Area for violation of the Order for the conservation of electricity, which is no longer operative. The number of cases for possession of arms and ammunition was approximately the same as in February (March 17, February 18). The Italian Courts worked satisfactorily in UDINE; cases tried before Allied Military Courts showed a reduction of 12 from February; actual figures being February 43 and March 31. The Special Court of Assize tried 31 cases and dismissed 29. In VENEZIA GIULIA 35 accused were tried resulting in 20 convictions and 15 acquittals. The range of sentences here was from 1 - 30 years, the average sentence being 11 years. In VENEZIA GIULIA the Ordinary Civil Courts continued to function with reasonable satisfaction. LIVORNO reports on Italian Courts were still not entirely satisfactory, where cases of Allied interests are concerned, especially those dealing with the theft and possession of Allied property. 8 of the 18 accused before the Tribunal were acquitted. The report is better as to the other parts of TOSCANA Region. The work of reviewing the cases of all persons confined in prisons progressed steadily with noticeably good results.

EDUCATION SUB-COMMISSION.

3. The first of the series of books on education in GREAT BRITAIN, THE UNITED STATES and CHINA has now been published in Italian - De Young, Introduction to American Education. The enrolment in German schools in BOLZANO was 27,528; in Italian schools 9,214. The schools were in good condition, clean and well disciplined. For the few German communities in TRENTO, elementary schools in the German language were progressing very satisfactorily. There was, however, a shortage of qualified German-speaking teachers so a course for 100 such teachers is to be started shortly. Extra-curricular coures in German, under the supervision of the Provveditore agli

Declassified E.O. 12356 Section 3.3/NND No. 785017

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4740

Declassified E.O. 12356 Section 3.3/NND No. 785017

primers and handed them back to the CAO. The children therefore have no books. The 4th and 5th class readers, in Slovene, published under AMG auspices, were printed and ready for distribution. Three professors who deliberately violated the AMG order closing Slovene schools in TRIESTE following the students' third strike were dismissed. The Slovene schools were reopened after a few days of being closed. Forty-six students applied for admissions to the special concentrated training course for Slovene teachers. Thirty of these were accepted. The course was scheduled to open, in the Istituto Magistrale of GORIZIA, on 10 April.

PUBLIC HEALTH SUB-COMMISSION.

4. With the numbers of Italian Repatriates gradually diminishing, five hotels used as hospitals were closed. Six hospitals now remain with a bed capacity of 2,770 of which 1,329 are occupied. The health of the nation continued to be satisfactory; there were no cases of plague or typhus reported. Smallpox cases reported were small, in CASERTA 36, AVELLINO 24, NAPLES 18 and VENEZIA 10. Vital statistics for ROME during February were as follows: infant mortality 84.8 as compared with 70.9 in January. Deaths from tuberculosis showed a decline: 213 for February as compared with 227 for January.

PUBLIC SAFETY SUB-COMMISSION.

5. From the "serious crime" aspect the month of March was reasonably calm, but various disturbances amongst the civil population occurred particularly in the NAPLES area. The most serious disturbance occurred at ANDRIA, BARI on 5 March and rioting continued throughout 6, 7 and 8 March. Eventually reinforcements of CC.RR and Questura Agents regained control but the situation remained very tense for some time. The trouble commenced when about 200 unemployed demonstrated against general unemployment. Other demonstrations occurred in the FOGGIA area but were suppressed without great trouble. In VENEZIA GIULIA a number of demonstrations by both Jugoslavs and Italians were held during the latter part of March. Nearly all were unauthorized and were held solely to influence the Allied Mission which was in TRIESTE during that period. Strong police action was necessary and was carried out by the newly formed VENEZIA GIULIA Police Force without help from the Military Police. More than 500 arrests were made and the demonstrations were dispersed where necessary without resort to firearms. The morale of the civil police continued to improve. The increase in the strength of the CC.RR from 65,000 to 75,000 was approved and should help considerably in policing the outer areas where CC.RR are at present very "thin on the ground." The prison situation still remained acute due to overcrowding, bad sanitary conditions and unreliable and untrained prison guards. Several prison breaks were attempted during the month, the most serious being at BELLUNO prison. The Italian authorities were fully aware of the conditions and the cause of these attempted prison breaks but they were slow in taking remedial measures. The pay of the prison guards is already very meagre and there is little doubt that a good reliable type of guard will not be forthcoming until the pay is materially increased.

MONUMENTS, FINE ARTS AND ARCHIVES SUB-COMMISSION.

6. After consideration of the Interrogation Report on Colonel Moser, Platzkommandant at VERONA in April 1945, which was forwarded by H.Q.U.S. Forces European Theatre, and consultation with the Italian Direction General of Antiquities and Fine Arts, this Sub-Commission decided that further efforts to

Declassified E.O. 12356 Section 3.3/NND No. 785017

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DISPLACED PERSONS AND REPATRIATION SUB-COMMISSION.

7. D.P.R.S.C. Liaison Officers were established with the PRISM Camps Groups at ANCONA and BOLOGNA. Disbandment instructions were requested for a further two Assembly Centres and three Control Camps. Movement of the displaced

Declassified E.O. 12356 Section 3.3/NND No. 745017

urits will be absorbed within the new war establishment of this Sub-Commission. The period under review was not marked by any outstanding moves, but certain policies and coordination procedures were defined. TRIPOLITANIA at last agreed to accept those Italian children who had already been assembled in ROME under Pontifical Commission arrangements. ERITREA, for the first time, made known its policy to accept back all genuine Eritrean natives irrespective of their past connections with the Axis or whether they were in possession of Vatican passports. 150 Greeks were accepted for transit through ITALY for GREECE and were to be added to the 150 Greeks in BARI who were awaiting repatriation. The Brazilian Government was, according to a Press statement, willing to facilitate immigration and 25,000 Italians were to be included in the quota. Italian miners continued to move to BELGIUM via GENOA and VILLAFRANCHES. There were still 581 Germans and Austrians at BOLZANO awaiting repatriation. Two batches of Jews, who entered ITALY illegally, arrived in BARI. A typhoid epidemic broke out in the boys' school at BARLETTA, TRANI Polish Camps. Necessary precautionary measures having been taken, the situation appeared to be in hand. The UNRRA Camps Chief Medical Officer made a tour of all camps in EMILIA, also GENOA, TURIN and MILAN. Conditions in Camps were generally good, especially TURIN, where general management and medical services were found to be of a high standard.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

ECONOMIC SECTION.

FOOD DIVISION.

1. The grain arrivals in March amounted to about 296,000 tons which was somewhat over the monthly consumption. As a result, the stock in the warehouses rose from 119,000 tons on 1 March to an estimated 160,000 tons on 1 April. However, present indications are that April and May arrivals will be below the consumption level, with the result that a cut in the bread and/or pasta rations is considered to be inevitable in Italian Government territory. The cereal ration in Italian Government territory was maintained throughout the month at 200 grams of bread daily and 500 grams of pasta monthly with a distribution of rice substituted for pasta in much of the North. Only 150 grams of sugar was distributed to normal consumers in March and it does not appear likely that even this reduced sugar ration will be maintained in the future. Sufficient oils and fats were on hand to meet ration requirements through May and present stocks of dried vegetables were equal to April needs and part of those of May. Supplies of preserved meat and fish will take care of requirements through June. Difficulty continued to be experienced in getting people to use dehydrated soup, powdered milk and dehydrated eggs.

2. In Military Government territory the programme was about two months in arrears. No progress was made in building up a reserve of rationed supplies and it was necessary to continue the policy of supporting XIII Corps territory from territory handed over to the Italian Government.

3. Full ration scales were met in VENEZIA GIULIA and UDINE with the following exceptions: in VENEZIA GIULIA 1,000 grams of pasta were distributed instead of 2,000 grams and less than the full ration of 180 grams of fats was distributed. In UDINE 500 grams of pasta were distributed instead of 2,000 grams and 100 grams of sugar were distributed instead of 200 grams.

4. Arrangements were made to hand over to the Italian Government all foodstuffs on AC charge with safeguards for such commitments as Displaced Persons and the requirements for the Midshift Meal. After UNRRA takes over responsibility for feeding the bulk of Displaced Persons in this country, there will remain approximately 16,000 who cannot be catered for under the UNRRA charter. Arrangements were made with the Italian Government to continue their responsibility for feeding these people. The responsibility for feeding the Italian Army was taken over by the Italian Government as from 15 November 1945, S & T having agreed to maintain the Royal Italian Navy and Air Force until 1 June. The Italian Government, however, could not find the foodstuffs and so a loan was made by S & T (British).

AGRICULTURAL DIVISION.

5. Light to heavy rains in all parts of ITALY during the first half of March were of great benefit to all crops, and prospects for a good harvest were much better than a month ago. The shortage of fertilisers appeared to be the most unfavourable factor likely to affect crop yields. However, domestic manufacturers were rapidly repairing their war damaged plants and production of both phosphates and nitrates showed gains during March not thought possible two months ago. Imports of agricultural supplies during March fell much below those of the previous month, due principally to the receipt of only two tail-end shipments on YT requisitions and to the delayed arrivals of UNRRA supplies long overdue.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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6. Milk production showed a noticeable increase with the arrival of green forage, while fresh meat was in somewhat less supply because fewer farmers are now compelled to sell cattle for slaughter to conserve feeds. Insignificantly small quantities of cereals were collected by the Ammasso during March. A plan to encourage the delivery of larger quantities of rice by offering [illegible] fertilizers to producers who exceed their established quotas was initiated by the Ministry of Agriculture. The prospects are good for a large catch of fish during the coming summer, despite the failure of Italian fishermen to

Declassified E.O. 12356 Section 3.3/NND No. 785017

obtain consent to fish tuna off the coast of TRIPOLITANIA.

7. Much concern was expressed both by Provincial Authorities and by Allied Forests experts over the heavy inroads made on Italian timber supplies during and following the war. Plans for replanting the most seriously denuded areas were being made through the cooperation of the various Allied Agencies and the local Authorities.

FINANCE BRANCH.

8. The final phase in the implementation of the Currency Agreement began on 15 March 1946, which was the date fixed for the Allied Forces to shift over from the use of new AM lire to the use of Metropolitan lire. The Banca d'Italia supplied the required amounts and denominations of Metropolitan lire, and the operation proceeded smoothly.

9. During March the Council of Ministers announced the adoption of a new foreign exchange policy whereby 50% of current foreign exchange accruals will be left at the free disposition of the exporter. Exporters may use such amounts for the purchase of goods abroad or may sell their exchange to other Italian importers. Two general restrictions were announced: the commodities that can be purchased with the retained exchange will be limited to a list to be published, and the retained exchange must be utilized within a given time-period.

COMMERCE (FOREIGN TRADE) BRANCH.

10. During the month this Branch was engaged mainly upon the Italian Government programme of import requirements of reserved commodities. Following the directive from AFHQ a system was worked out to include Zone 'A' VENEZIA GIULIA in the foreign trade system forythe rest of ITALY.

11. A commercial contract was signed with DENMARK on 2 March, and trade discussions took place between representatives of the CZECHOSLOVAKIAN and ITALIAN Governments. Arrangements were being made for invitation to ROME of Polish Commercial Delegations from WARSAW.

12. There was no change in the items included in the Reserved Commodities Lists, and the Italian Government in conjunction with UNRRA prepared a programme of import requirements of reserved commodities for the balance of 1946 over and above UNRRA supplies.

13. As a result of Foreign Trade Congress held in MILAN this month, the Council of Ministers decided to pass a new decree giving exporters 50% of the foreign currency resulting from their exports. Thereby the Italian exporter is enabled to use this 50% to purchase raw materials or other goods. It is not necessary, however, for the exporter to use this credit, as he is permitted to transfer it to a third party, but it must be used within ninety days of allocation, otherwise it reverts to the Treasury. The decree contains two lists of merchandise. One list is merchandise freely importable, subject only to a Customs Import Licence, the other is subject to licences issued by the Ministry of Foreign Trade. No reserved commodities are included in this second list.

Declassified E.O. 12356 Section 3.3/NND No. 745017

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14. Figures for exports for the month of March were not available. Details of February shipments amounted to a gross weight total of approximately 26,000 tons of goods exported from ITALY during the month, as against 5,000 tons during January. The total value amounted to approximately nine million dollars. This represented a considerable increase over January shipments whose total was about 1,140,000 dollars.

INDUSTRY DIVISION.

15. Since the main supply functions were taken over by the Bureau of Industrial Rehabilitation, the duties of the Department were chiefly connected with the handling of requests for the derequisition of Industrial premises and the screening of supply requests for VENEZIA GIULIA and UDINE. Numerous

Declassified E.O. 12356 Section 3.3/NND No. 745017

requests for the derequisition of industrial premises were dealt with, an appreciable number of these were successful, and the plant and factories were returned to the owners.

16. Industrial activity continued at a steadier rate during March with better coal supplies, but the American coal strike had a detrimental effect on the gradually recovering economy of ITALY. The amount of imported coal discharged during the month totalled 623,000 tons and in addition 99,000 tons of Sardinian coal was discharged on the Mainland and in SICILY. There was an increase in production of approximately 15,000 tons of Sardinian coal during the month over the February production figures. Approximately 149,000 tons of lignite was produced during March. The transfer to UNRRA of the responsibility for coal supplies to ITALY, excluding VENEZIA GIULIA and UDINE, was completed during the early part of this month.

17. All electric power rationing controls in North ITALY were removed at the end of March, with the exception of the use of electric steam boilers; the thermal plants in North ITALY were discontinued and the surcharge for thermal plant operation was also dispensed with due to the improved situation. All Advisory Committees complained of the excessive charges by manufacturers for rehabilitating generating and transformer equipment. This was partly due to the government prices of raw material to manufacturers. In some cases this amounted to five and six times the imported price. The SILA reservoirs supplying Southern ITALY were about 100,000,000 KWH short of the normal storage at this time of year. Lack of normal snow and rainfall were the causes and storage reservoirs in Central ITALY were also below normal for the same reason.

18. During the month the principal North ITALY manufacturing plants producing transformers, generators, turbines, and transmission equipment were found to be in a good position technically. However, the cost of materials was causing the utility companies to be slow about taking orders. The shortage of certain insulating materials, metallurgical coke, magnetic steel sheets also affected the output. These manufacturers are capable of producing about one million KW of rotating machinery and about 3 million KVA of transformer capacity per year.

TRANSPORTATION AND SHIPPING BRANCH.

19. About 86% of the lines of the Italian Railway System were available for traffic during the month although long stretches of what were double track were being operated on single lines, and a large number of the bridges destroyed were only open to traffic by means of temporary bridges. The AREZZO-FLORENCE line was reopened, thus saving about three hours running time between ROME and FLORENCE. Rolling stock continued to be in short supply, but it is hoped that a considerable part of the rolling stock removed by the Germans will be returned in the near future. Only 40% of the prewar total of steam and electric locomotives were available. During the month congestion of loaded wagons occurred in the NAPLES and ROME area requiring a curtailment of civil loadings.

20. There was a total of 42,960 load-carrying vehicles in operation on 31 March.

21. A total of 204,146 tons were moved by coastwise shipping during the month. Three ships were nominated for the Argentina grain run and will sail in April. Reconstruction and rehabilitation of ports progressed satisfactorily

Declassified E.O. 12356 Section 3.3/NND No. 750017

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18. During the month the principal North ITALY manufacturing plants producing transformers, generators, turbines, and transmission equipment were found to be in a good position technically. However, the cost of materials was causing the utility companies to be slow about taking orders. The shortage of certain insulating materials, metallurgical coke, magnetic steel sheets also affected the output. These manufacturers are capable of producing about one million KW of rotating machinery and about 3 million KVA of transformer capacity per year.

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CAPTURED ENEMY MATERIALS BRANCH.

22. As a result of planning during February, the handover to the Italian Government of CEM Depot No. 1, BOLZANO and CEM Depots Nos. 1 and 2 MERANO was carried out smoothly. Inventories and documents were in first class order, and all material in good condition, well packed and stacked. The material in No. 1 BOLZANO Dump was of a considerable tonnage and included enormous quantities of electrical, carpentry, plumbing, bootmaking and marine equipment, engineering, building and raw materials (metal), vehicle tyres (unuseable)

4737

Declassified E.O. 12356 Section 3.3/NND No. 785017

and cycle tyres, newsprint and other paper, cement, asbestos and miscellaneous equipment of all kinds. The chief representative of ARAR, Dott. De Benedittti and his Italian staff expressed the opinion that, without having visited the Depot, it was impossible to believe the magnitude of the material. The Depots at MERANO contained mainly textiles of practically every kind, including bales of silk, woollens, cotton and large quantities of finished garments and carpets. There was also over 1,500 kilos of silverware, such as tea and coffee services, trays, table cutlery, ornaments etc. The value of the three Depots goes into many millions of dollars or pounds sterling. Dott. De Beneditti expressed enthisiasm for the manner in which the handover had been carried out and was appreciative of the great value to ITALY the material would be. A vehicle dump consisting of over 300 car and truck carcasses all considered scrap was handed over at the same time.

23. The handover of CEM vehicles in the Ufficio Autotrasporti was effected during the month. The vehicles were originally in the hands of the German and Italian armies, and had been used to form transport pools by AMG in the four Regions in the North, and were operated by the Ufficio Autotrasporti under AC/AMG direction. There were 312 General Releases and 224 Ammunition Dump releases during the month. 107 vehicle hulks, which were in possession of civilians and which had not previously been reported, were sold for 1,616,000 Lire, and this sum was placed in the Bank of ITALY.

24. Further large amounts of ammunition were made available to the Italian Government, but no start was so far made in the breaking down of this ammunition into component parts for use in industry.

VENEZIA GIULIA / UDINE SUPPLY AND OPERATIONS BRANCH.

25. Of the approximate 57,478 tons of foodstuffs requisitioned for the first four months for the areas some 18,000 tons arrived with approximately 20,000 additional tons notified as set up for shipment for arrival in the latter part of April. No coal arrivals were received against requisitions for the areas. Adjustments of existing allocations and loans effected an average of 18,509 tons per month for the combined requirements of 22,000 tons for the areas. POL requirements were met from local and military sources.

26. Medical, signal and agricultural requirements were approved. In the case of the medical and signal equipment, considerable quantities were authorized for procurement ex theatre stocks. Textile and shoe requirements were partially approved. Consignments ex theatre stocks of 311,500 undershirts, 5,985 pairs of hose and 113,000 woollen blankets were made by AFHQ.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 735017

PART IV.

PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB-COMMISSIONS.

PUBLIC RELATIONS BRANCH.

1. There was a continuation of considerable activity during the month for reasons that Allied neutral and Italian correspondents still made heavy demands on PRB for aid, information and interviews. Several such interviews were arranged with the Chief Commissioner, and branches and sub-commissions of this Headquarters. Entry to TRIESTE during the visit of the Allied Investigating Commission was arranged for a party of 21 Allied and neutral correspondents, at the request of the Italian Government. Routine travel arrangements for correspondents, including Italians, to visit TRIESTE were continued in cooperation with XIII Corps.

2. Several press releases were issued including an important one on the repatriation of large numbers of Italian POW from INDIA. Nearly 40 daily news bulletins from TRIESTE were relayed to the press. The Bulletin was continued and a Bulletin article about VENEZIA GIULIA was made available for re-use by the British Ministry of Information through the British War Office. Full reports on administrative election returns were made weekly in the Bulletin. The Daily Digest of the ROME press was continued and normal services continued in the library section.

NAVY SUB-COMMISSION.

3. Arrangements were made during the month whereby the Italian Minist[illegible] of Marine was made responsible for the supply of Sardinian coal to the Italian Navy. CO.G.E.N.A. undertook to make available the required tonnage of shipping to ensure a regular monthly supply. In common with the Air Force Sub-Commission, the Italian Government was provided with an estimate of the food requirements of the Italian Royal Navy for the period June to December 1946 with a view to the Italian Government assuming the responsibility for the feeding of the Italian Royal Navy as from 1 June 1946. The Royal Navy is making available to the Italians coal from its own stocks at NAPLES and by diverting a collier to the ports of LEGHORN and NAPLES, to enable the minesweepers to begin operations without waiting for the arrival in [illegible] of suitable coal under the national import programme from which Italian naval requirements are now met.

4. All British minesweepers departed from LEGHORN at the beginning of the month. Minesweeping is now entirely in Italian hands under the direction of the Mediterranean Zone Clearance Board. A meeting was held with the Italians in March to acquaint them with the difficulties facing them. They seemed very enthusiastic at the prospect of assuming complete responsibility in regard to all minesweeping matters. By the middle of March all of the ores to man the 32 sweepers turned over to the Italian Navy by the Royal Navy had taken possession of their ships and operations proceeded successfully.

5. The Italian cruisers continued to be employed in lifting POW back to ITALY. All POW are expected to be repatriated from NORTH AFRICA by 1 June if vessels now employed on this work can be kept operational. 40% of the prisoners in INDIA have been repatriated. In the week ending 24 March 11,000 men were returned Home leaving an estimated 318,000 overseas. The "ERITREA" sailed from TARANTO on 1 April for PORT SAID, for onward routing to the EAST INDIES and CHINA. She carried Italian diplomatic personnel appointed to the FAR EAST, and a few repatriates.

Declassified E.O. 12356 Section 3.3/NND No. 785017

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LAND FORCES SUB-COMMISSION (MILA)

6. Disbandment of US-ITI and BR-ITI units continued steadily. The Ministry of War asked that the position of Italian units be reviewed with a view to accelerating disbandment and the release of specialists. Italian army strength as at 1 March was 133,839 excluding 62,409 Carabinieri. The situation as regards Carabinieri mobile battalions was improved considerably. Of the 12 battalions, 4 were 100% up to war establishment, 4 were 80% and the remainder were 50% or less. The transport recently obtained was in good condition. Arms and ammunition were satisfactory and the battalions were supplied with

4736

Declassified E.O. 12356 Section 3.3/NND No. 785017

3.7 [illegible] ammunition. A new allocation of 168 Staghound armoured cars for mobile battalions was made, delivery expected by the end of May.

7. The War Ministry was asked by the Cabinet to consider a possible reduction in the strength of the army from 140,000 to 100,000 or even 80,000 for economy reasons. However, the Prime Minister was informed that while appreciating financial difficulties the Allies could not consider a reduction of the army strength below approximately 140,000 while there continued to be a large number of redundant civilians carried on the army budget.

ITALIAN PRISONER OF WAR DIVISION.

8. Progress continued with the repatriation of Italian prisoners of war, figures forthe month of March being as follows:

From British hands	39,226
From U.S. hands	4,872
From other sources	3,657
Total	47,755

AIR FORCE SUB-COMMISSION.

9. During the month a period of good flying weather coupled with an improved petrol position enabled a full programme to be operated. Spares were still awaited for aircraft, the principal requirements being airscrews, engines and tail wheel tyres. The uncertainty of the future tended to lower morale in most stations but the morale of the Bomber Transport Wing was excellent and this wing continued to seem the most satisfactorily organized.

10. A thorough review was made of the aircraft situation in the Refresher Flying School and proposals were under consideration regarding the establishment of a constructive long term policy for the supply and maintenance of training aircraft which would enable the school to operate a standardized training programme. Pilot instructors were of a low average standard and were hindered in their work by a lack of suitable equipment.

11. Due to the closing down of all RAF Air Sea Rescue Units the Italian air force took over the whole of ASR, thus furnishing the only service in ITALY. Further meteorological stations were opened during the month making a total of 128 stations in the Italian Meteorological network.

12. The actual active strength of the Italian Air Force was approximately 22,000 exoluding those being paid at home. All LAF personnel of the 1922 class were demobolized, and another 700 POW were repatriated, 400 being released at the end of their homecoming leave.

13. The projected air services from SARDINIA to ROME and from VENICE to MILAN for the purpose of transporting fish and medical relief supplies remained in abeyance due to the apparent unwillingness of the Air Ministry to sign the contract and the reluctance of the High Commissioner to allow fish out of the country. Italian internal air mail services were in operation by all Italian courier lines but the use made by the public of these services was not as great as was expected probably because mail services by rail are constantly improving. Air mail service conveyed by the RAF operated also to LONDON, BUCHAREST, TIRANA, SOFIA, ATHENS, BELGRADE, MALTA, PARIS and MARSEILLES,

14. The Italian Government was granted permissive authority for the running of Italian civil airlines which [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785017

From British hands	39,226
From U.S. hands	4,872
From other sources	8,657
Total	52,752

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14. The Italian Government was granted permissive authority for the running of Italian civil airlines which did not include gliding, club or private flying. The regulation of commercial aviation in ITALY will henceforward be the responsibility of the Italian Air Ministry (Department of Civil Aviation)under the Air Force Sub-Commission. Part of the activity of the aviation firms slowed down due to lack of new contracts from the Air Ministry.

15. All CEM Depots have been handed over to the Italian Government with the exception of the VERONA Depot.

Declassified E.O. 12356 Section 3.3/NND No. 785017

COMMUNICATIONS SUB-COMMISSION.

16. Airmail services were extended to cover most parts of AFRICA, the MIDDLE EAST and the FAR EAST. International telephone and telegraph facilities were increases between ITALY and FRANCE via MODANO. Inter-urban telephone services between VENEZIA GIULIA and the rest of ITALY were improved.

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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4735

Declassified E.O. 12356 Section 3.3/NND No. 750017