0544

Declassified E.O. 12356 Section 3.3/NND No. 785015

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10000/136/69

REORGANIZATION, ALLIED COMMISSION
JAN. 1945; JUN. 1945 – MAR. 1946

0346

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AGO 3572 (Old No. 400)
5-1918

102/CC

LIST OF PAPERS

Office of the
Chief Commissioner

ALLIED COMMISSION

File under No. 102 REORGANIZATION, ALLIED COMMISSION
(Contents: New Deal for Italy - Macmillan Plan and New Directive to Alcom)

Also "RUN DOWN" of AFHQ

CSGRD Confidential From 19 Jun 45
To 15 Mar 46 Vol. II Page 9

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
94a	Cbl FX 61515 Duff	26 Feb 46	Stone	AC Reps for Mar 6,7 Conf
95	Cbl 1472 Stone	27 Feb 46	AFHQ G-5	Conversion of Sub-Commissions
96	Ltr Lush 2621/EC	20 Feb 46	Parsons	Reorganization and control of Service Sub-Commissions in regard to control of existing Italian Navy, Army, and Air Forces Sub-Comms. (Incl Ltr to Lush from Parsons)
96a	Ltr Duff	26 Feb 46	[illegible]	Allied Financial Policy with Italy
97	Cbl 026829 MTOUSA	1 Mar 46	Rome Area MTOUSA	Troop strength Alcom
98	Cbl 1510 Alcom CC	1 Mar 46	Com Gen MTOUSA	Allotment of Personnel
98a	Memo 633/17/EC	1 Mar 46	All Sub-Coms	Conf 4
98b	Cbl 1542 HQ Alcom	2 Mar 46	GHQ Q Brit	"Run Down" of AFHQ; Incl AGENDA/ Names of Reps of AC attend Conf 4
98c	Cbl C-2519 MTOUSA	4 Mar 46	Alcom	Allotment of Personnel
99	Ltr Stone	5 Mar 46	Lirk	Allied Financial Policy with Italy
100	Ltr Stone	5 Mar 46	Charles	Allied Financial Policy with Italy
100a	Memo 633/26/EC CC	5 Mar 46	Alcom	Memo on AGENDA fr Conf 4;& MJPS Paper P/326 (Final) of 26 Feb
101	Cbl FX62294 SACMED	8 Mar 46	AGWAR	Reorganization ALCOM
102	Ltr Kind Smith	8 Mar 46	Exec Officer (B)	Survey of Clerical Situation
102a	Ltr 8273/121/EC	9 Mar 46	AFHQ G-5	Redeply of Brit. Units
102b	Memo 633/26/EC CC	11 Mar 46	Alcom	Functs of G-5 AFHQ and of Alcom
103	Ltr Key	12 Mar 46	Stone	Acknowledgement of ltr of 5 Mar 46
103a	Cbl 367	12 Mar 46	For Off	Run Down of AFHQ Conf Topics
104	Ltr 307/28/46.CD.	13 Mar 46	Stone	Allied Financial Policy with Italy
104a	Cbl 376	14 Mar 46	Sec of St For Off	Reorgan of AC Functs discus Conf 4
105	Ltr CC 102 Stone	15 Mar 46	Charles	Allied Financial Policy with Italy
106	Cbl FX 62820 SACM MAT 1009	15 Mar 46	Finance	Lire fr AM Requirements(Banca D' Italia)

INSTRUCTIONS.—When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

CSGRD Confidential

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Declassified E.O. 12356 Section 3.3/NND No. 785015

102/CC

Office of the
Chief Commissioner

LIST OF PAPERS

File under No. 102 REORGANIZATION, ALLIED COMMISSION
(Contents: New Deal for Italy - Macmillan Plan and
New Directive to ALCOM)
Also "RUN DOWN" of AFHQ
From 19 June 45

-ALLIED COMMISION-

SECRET

Vol II Page 8

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
80	Cbl 9836 HQ ALCOM CC	2 Jan 46	AFHQ	Trans Functs of Econ Sec ALCOM
81	Cbl 9831 MOC434 Stone	2 Jnn 46	AGWAR	Transfer of Personnel to UNRRA
81a	Ltr Lush	2 Jan 46	Stone	Strength of ALCOM
82	Cbl FR/ADJ1 HQAMG Fed Reg	7 Jan 46	ALCOM AC	Allied Commission liaison group Turin
82a	Ltr ES/1.32 Cleveland	10 Jan 46	Off. of CC	Organ. Econ. Sec. U.N.R.R.A. needs
83	Ltr 7001/56/EC	11 Jan 46	AC Lia Offs	Directive for A.C. Liaison Officers
84	Cbl 92901 CA2 Lush	11 Jan 46	CC	Future of ALCOM
85	~~Tam 719 AGAR from CCS~~		AFHQ	~~Remove functions from ALCOM~~
86	~~MAT Draft AFHQ & ALCOM~~			~~Removal functions from ALCOM~~
87	Cbl FX 58353 MAT 975	11 Jan 46	ALCOM Rome	Trnsfr Econ Sec ALCOM functs.
87a	Ltr Stone	13 Jan 46	Lush	Document "S"
88	Ltr 13018/F Stone	16 Jan 46	G-5 AFHQ	Reorient. Allied Fin. Pol. toward Its.
89	Ltr 13018/F Stone	16 Jan 46	Kirk	Reorient. Allied Fin. Pol. toward Ital
90	Meom AC	19 Jan 46	CC office AC	Allied Commission - Assigned Strength
91	Draft Parkin		CG MTOUSA	Reorgan. of 2675th Regt.
91a	Ltr 1265/9/02	23 Jan 46	CC	Disposal of CEM at MERANO
92	Cbl FX 59462 SACMED	25 Jan 46	ALCOM	Puplication Papers by Italian Govern.
92a	Ltr 370-4 Parsons	16 Feb 46	HQ Alcom	Redepl of Brt trps upon Cessat of Hostl
93	Cbl 1270 HQ Alcom	19 Feb 46	AFHQ G-5	Repat & Stat Brnch trnsfd to UNRRA Bld
93a	Cbl FX 61472 SACMED	25 Feb 46	Alcom	Conf to be held 6,7 Mar; Chngs in AFHQ
93b	Cbl 1399 HQ Alcom	25 Feb 46	AFHQ CAO	AC Repres for Mar 6,7 Meet.
94	Cbl 1428 HQ Alcom	26 Feb 46	GHQ CMF	Desire Col Paren be returned to MTO

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Office of the
Chief Commissioner

LIST OF PAPERS

ALLIED COMMISSION

File under No. 102 REORGANIZATION, ALLIED COMMISSION
(Contains: New Deal for Italy - Macmillan Plan and New Directive to ALCOM)
From: 19 Jun 45

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
61a	Ltr AG 221.02/500 C-O	1 Dec 45	CO HQ Co.	Allotment of Personnel
62	Mat AFHQ	1 Dec 45	AGWAR CCS	Draft in reply to TAM 719
62a	Ltr 600/EC EC	1 Dec 45	CC	Future of the Allied Commision
63	Lush	3 Dec 45	For AC Meet	AC Comments on TAM 719 & AFHQ MAT
64	Ltr 600/EC Lush	3 Dec 45	VP's	Fnclo: TAM 719, AFHQ reply, AC comment
65	Minutes of Meeting	3 Dec 45		Discussion on AC Comments
66	Cbl F 55251 AFHQ	3 Dec 45	AC	Arrange for conference
67	Cbl 8979 Ex Com.	4 Dec 45	AFHQ	Conference arranged
68	Lush	4 Dec 45	AFHQ	Final Comments (AC) on TAM 719, AFHQ
69	Memo Kirk	5 Dec 45	AC	Tripartite Economic Advisory Council
70		5 Dec 45	For Conference	AFHQ Draft MAT and AC draft MAT
70a	Cbl RXII/018.14 Vehezia	5 Dec 45	HQ AC	Finance matters direct to Rome
71	Minutes of Meeting Lush	6 Dec 45	All Conc.	
72	Ltr 600/EC Lush	6 Dec 45	AFHQ G-5	Reorganization of AC
73	Cbl FX 56125 SACMED MAT 963	11 Dec 45	AGWAR Wash	Furture of Allied Commission
74	3131 Cbl FX 56242 MAT 965 SACMED	12 Dec 45	AGWAR	Reply to TAM 719
74a	Ltr 20.00 Stone	14 Dec 45	AFHQ	Mil Procur in Italy. wth ACSP
75	Cbl FX 56287 SACMED MAT 966	13 Dec 45	AGWAR Wash.	Prisoners of War read Public Works
75a	Ltr 20.00/33 Stone	14 Dec 45	AFHQG-5	Military Exports from Italy (Financial)
75b	Cbl 9539 EST SEC HQALCOM	20 Dec 45	CC	Formation Liaison Groupes
75c	Ltr Scudder	20 Dec 45	AFHQ	Civ Censor. Grp-- Remov fm Allied Com. Com. Sub Comm and Trans to XIII Corps
76	Ltr G-5 0911 Italy Ham	22 Dec 45	Hdq., AC	Advisory Council to Italy
77	Cbl 9595 Krone	22 Dec 45	ALCOM	Transportation
78	Cbl 9599 HQ ALCOM	22 Dec 45	Civ Aff, Econ	Liaison, Public Safety Offices
78a	Ltr Hamblen	28 Dec 45	Dasher	2675 Regt ALCOM
79	Cbl 9832 HQ ALCOM Stone	2 Jan 46	AFHQ	Transfer UNRRA personal Payroll

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Office of the
Chief Commissioner

ALLIED COMMISSION

LIST OF PAPERS

File under No. 102 REORGANIZATION, ALLIED COMMISSION
(Contents: New Deal for Italy - Macmillan Plan and New Directive to Alcom)

Final phase

TOP SECRET

From: 19 Jun 45
To:

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Page 6

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
49	CCI AFHQ, MAT-768	19 Jun 45	CCS	When is financial directive for Italy forthcoming.
50	CC 1001, Stone	23 Jun 45	SACMED	"Future Policy Toward Italy" - replacement of Alcom by small ALLIED MISSION
51	FAN 467 CCS	2 Jul 45	SACMED	Financial Directive suppl. to FAN 467
51a	13242/F Stone	12 Jul 45	CC AC	Comments on FAN 563
52	Memo Stone	13 Jul 45	Finance	Pls prepare letter to It Prime Minist
53	Ltr 13242/F Stone	18 Jul 45	Parri	Communication of new financial policy of FAN 563 to Ital Govt
54	13242/F, Stone	18 Jul 45	RCs, SCAOs, VPs	New Financial Directive for Italy.
55	CCI AFHQ, MAT-926	24 Jul 45	CCS	New Financial Directive; comments.
55a	Draft Hilldring	6 Oct 45	SACMED	Future of AC (Hilldring Directive)
55b	Memo Lemnitzer	6 Oct 45	Stone	Draft Message to SACMED
55c	Ltr Stone	10 Oct 45	Lemnitzer	Forward of AC Comments on Hill. Draft
56	Memo, CC	10 Oct 45	COS AFHQ	AC preliminary study on CCS draftmsg to SAC - (demilitarization of AC?)
56a	Stone	10 Oct 45	Linnitzer	AC comments on Hilldring Directive
57	Ltr. Stone	26 Oct 45	Gen. Ridgway	FAN 487. and other memo's forwarded.
58	Parri	26 Oct. 45	Stone	Modification of exchange proportion between lire and foreign values to facilitate trade.
59	AFHQ	29 Oct. 45	Alcom	Cbl on release of Italian Armistice Terms.
60	Ltr Cleveland	5 Nov 45	Kirk	Establishing Econ Sec at American Emb.
60a	Cbl FX 54586 NAF 1094	28 Nov 45	AGWAR WASH	Publication of Italian Armistice Terms
61	TAM 719 AGWAR CCS	29 Nov 45	AFHQ Morgan	Reorganization of ALLIED COMMISSION

TOP SECRET

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CC 102 15 March 1946

Thank you for your letter of 13 March 1946, number 307/28/46.CD., and for your support of the policy advocated in my letter of 16 January, "Reorientation of Allied Financial Policy towards Italy".

Yours sincerely,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Sir Noel Charles, Bt., KCMG,
British Ambassador,
84 Via Venti Settembre,
Rome.

3129

105

INCOMING

Secretary of State, Foreign Office

Cypher/OTP Rome

376 of 14.3.46. 08.26 on 15.3.46.

09.40 on 15.3.46.

IMMEDIATE.

Addressed to Rome, telegram no.376 of March 14th, repeated to Caserta and Washington.

Your telegram no.361 (103a)

Having no priority your telegram has only just been decyphered and I fear that we cannot send you full instructions in time for meeting on March 16th. We hope however that you will not, repeat not, urge Supreme Allied Commander to put forward proposals relating to Allied Commission until he receives directive from Combined Chiefs of Staff. On the contrary we should like you and SACMED to keep an open mind until directive can be studied as a whole.

2. Directive is not, repeat not, accurately described in your first paragraph. Essence of it is that while Allied Commission cannot be abolished unilaterally it should divest itself of the greater part of its existing functions with the object of loosening control over the Italian Government. Majority of functions so discarded should pass to UNRRA or Embassies or should simply cease, while those which we contemplate passing to Allied Force Headquarters are on the whole either military in character or intimately bound up with military government in Venezia Giulia. We hardly feel that such segregation of functions could be regarded as retrogressive but if this is really the case the remedy would seem to lie in reducing AFHQ's activities rather than in perpetuating those of the Allied Commission. We consider the rights of Allies and the position of French and Soviet representatives on Allied Commission fully safeguarded and do not therefore fear repercussions in Hungary, Roumania and Bulgaria.

3. We shall of course give careful consideration to any recommendations you wish to submit after receipt of directive, the whole point of which (so far as this department is concerned) is to make for greater freedom for the Italian Government and better relations between Italians and ourselves.

ALS

0351

Declassified E.O. 12356 Section 3.3/NND No. 785015

09.40 on 15.3.46.

IMMEDIATE.

Addressed to Rome, telegram no.376 of March 14th, repeated to Caserta and Washington.

Your telegram no.367 / 1836

Having no priority your telegram has only just been decyphered and I fear that we cannot send you full instructions in time for meeting on March 16th. We hope however that you will not, repeat not, urge Supreme Allied Commander to put forward proposals relating to Allied Commission until he receives directive from Combined Chiefs of Staff. On the contrary we should like you and SACMED to keep an open mind until directive can be studied as a whole.

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ALS

104a

Declassified E.O. 12356 Section 3.3/NND No. 785015

0353

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

307/28/46.CD

BRITISH EMBASSY
ROME

13th March, 1946

My dear Admiral

I duly received your letter 13019/F of the 5th March, 1946, and beg leave to let you know that I had already referred your letter of January 16th entitled "Reorientation of Allied Financial Policy towards Italy" to the Foreign Office on the 8th February, and took the opportunity to express my sympathy with the line of policy which was advocated by you.

Yours very sincerely

/s/ Noel Charles

3127

Rear Admiral Ellery W. Stone, USNR, K.B.E.,
Chief Commissioner,
Headquarters Allied Commission,
APO 394

0354

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

307/28/46.CD

BRITISH EMBASSY
ROME

13th March, 1946

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Yours very sincerely

/s/ Noel Charles

5126

Rear Admiral Ellery W. Stone, USNR, K.B.E.,
Chief Commissioner,
Headquarters Allied Commission,
APO 394

0355

Declassified E.O. 12356 Section 3.3/NND No. 785015

MAR 15 REC'D

307/28/46.CD.

BRITISH EMBASSY,
ROME.

13th March, 1946.

Brigadier Attwood

I duly received your letter 13018/F of the 5th March, 1946, and beg leave to let you know that I had already referred your letter of January 16th entitled "Reorientation of Allied Financial Policy towards Italy" to the Foreign Office on the 8th February, and took the opportunity to express my sympathy with the line of policy which was advocated by you.

100

10/2/46

Yours very sincerely,

Harold Charles

Rear Admiral Ellery W. Stone, USNR, K.B.E.,
Chief Commissioner,
Headquarters Allied Commission,
APO 394.

3125 -

(104)

Copy to Foreign Office
+
Further Copy to Mr Cleveland

OUTGOING

Rome

Cypher/OTP

Foreign Office

367 of 12.3.46.

12.05 on 12.3.46.

Addressed to Foreign Office, telegram no.367 of 12.3.46. repeated to Caserta no.121 and Washington no.58.

Conferences were held in Rome on March 6th and 7th by Allied Force Headquarters to consider its future and re-organisation. Proposal is, as you are aware, that Headquarters at Caserta should close down on the 1st. June and that powers of Supreme Allied Commander should pass to Commander of XIII Corps under title of Supreme Allied Commander, Italy. A special Civil Affairs Conference was held to discuss repercussions on Allied Commission with particular reference to proposals in TAM 719 and MAT 965. At this conference, at which Mr. Hopkinson was present, it was stated by Head of G-5 Section AFHQ that United States War Department had rejected AFHQ's proposals and proposed to restrict the work of the Commission to coordinating functions of services sub-commissions and implementing terms of Armistice and to set up an echelon of G-5 Section, AFHQ, in Rome to fulfill the remaining residual functions of the Allied Commission.

2. I am not clear whether these proposals form part of new directive referred to in your telegram no.125 Saving but in my opinion they are calculated to confuse and disturb the Italian Government, and Italian public opinion. They also appear to entail an alteration in the Armistice Terms and all that involves. In view of decisions already taken by Combined Chiefs of Staff I feel that whatever organisation is left in Rome to deal with the Italian Government should function under the name of Allied Commission.

5124

3. Although, for political reasons, the Italian Government would no doubt welcome disappearance of Allied Commission together with the Armistice Terms, I believe that the Italian Government has confidence in the Commission and likes working through it. I cannot conceive of the Italian Government viewing with any favour the appearance of a military G-5 Section of AFHQ in Rome in place of part of the Commission. Not only would the appearance at this stage of a Section of AFHQ dealing directly with the Italian Government confuse them but it would give the appearance if not the reality, of military control over essentially non-military matters. In this respect it seems to me a retrograde step.

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Addressed to Foreign Office, telegram no.367 of 1[illegible].3.46. repeated to Caserta no.[illegible]21 and Washington no.5[illegible].

Conferences were held in Rome on March 6th and 7th by Allied Force Headquarters to consider its future and re-organisation. Proposal is, as you are aware, that Headquarters at Caserta should close down on the 1st. June and that powers of Supreme Allied Commander should pass to Commander of XIII Corps under title of Supreme Allied Commander, Italy. A special Civil Affairs Conference was held to discuss repercussions on Allied Commission with particular reference to proposals in TAM 719 and MAT 965. At this conference, at which Mr. Hopkinson was present, it was stated by Head of G-5 Section AFHQ that United States War Department had rejected AFHQ's proposals and proposed to restrict the work of the Commission to coordinating functions of services sub-commissions and implementing terms of Armistice and to set up an echelon of G-5 Section, AFHQ, in Rome to fulfill the remaining residual functions of the Allied Commission.

2. I am not clear whether these proposals form part of new directive referred to in your telegram no.[illegible]25 Saving but in my opinion they are calculated to confuse and disturb the Italian Government, and Italian public opinion. They also appear to entail an alteration in the Armistice Terms and all that involves. In view of decisions already taken by Combined Chiefs of Staff I feel that whatever organisation is left in Rome to deal with the Italian Government should be function under the name of Allied Commission.

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4. Moreover, since the Allied Commission is, under Article 37 of the Armistice Terms, the Supreme Allied Commander's sole legal instrument for executing those terms and therefore for intervening directly with the Italian Government, the creation of a G-5 Section Rome would constitute a change in the procedure for implementing the Armistice Terms which would require the assent of the Soviet and French Governments and which inter alia would greatly reduce the role of their representatives on the Allied Commission. (Cf your telegram no.1810 to Washington) Furthermore might not the transfer of Civil Affairs functions from the Allied Commission to a staff section of a military commander provoke a similar move on the part of the Soviet Command in the Balkans to the disadvantage of the United States and United Kingdom representation on the Allied Control Commission in Hungary, Roumania, and Bulgaria.

/5.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

5. I can understand and would welcome the disappearance of the Allied Commission as part of a modus vivendi but if it is to survive in any form I feel that it must continue to be used as the sole channel of approach to the Italian Government on Civil Affairs matters. In any case I trust it need not be prolonged for long. Moreover the primary functions of the new Supreme Allied Commander, Italy, will be military and as he will be located some 500 miles from Rome, probably in the Padua area, I cannot see how he could enter into the arena of Italian affairs even as much as, for instance, SACMED has been able to do from Caserta. The solution put forward by the Allied Commission, in which my United States colleague and I agree, is that further powers should be delegated by the new Supreme Allied Commander and that on many matters the Chief Commissioner could correspond direct with the Combined Chiefs of Staff. The Commission would of course continue to shed its functions progressively as quickly as circumstances permit.

6. My United States colleague is telegraphing to the State Department on the general lines of the above. The matter is to be considered at a meeting of the SAC at Caserta on the 16th March, and, unless you instruct me to the contrary, I propose to urge SACMED to put forward fresh proposals in the light of above considerations.

HHH
ALS

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Declassified E.O. 12356 Section 3.3/NND No. 785015

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

MAR 13 REC'D

Rome, 12 March 1946

My dear Admiral Stone:

Thank you for your letter of 5 March 1946 enclosing copy of reply received from AFHQ entitled "Reorientation of Allied Financial Policy Towards Italy."

This is to advise that this correspondence has been forwarded to the Department at Washington for instructions upon receipt of which you will be further advised.

Sincerely yours,

David McK. Key
Charge d'Affaires

Rear Admiral Ellery W. Stone
Chief Commissioner
Headquarters Allied Commission
APO 394

3123

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0360

Declassified E.O. 12356 Section 3.3/NND No. 785015

TOP SECRET

11 March 1946.

I am sending you a copy of a paper which I have sent down to AFHQ today giving my views on the proposed setup for G-5. The arguments therein are based largely on legal considerations. I just do not see how SACI can take over to himself as a military commander some of the duties of the Commission, of which he is ex-officio President, unless agreement is obtained from the other two signatories of the Armistice; namely, the Russian Government and the Italian Government. Even if this consent should be obtained (I am sure the Russians would insist on attaching the same observers to your G-5 which I now have on AC), I seriously question the wisdom of this move with respect to the Allied Control Commissions in the Balkans and Hungary.

There is no legal objection to discontinuing my appointment as Chief Civil Affairs Officer of Occupied Territory under Allied Military Government in Italy since that position was not consolidated with the position of Chief Commissioner of the Allied Commission until January 1944 and the need for it is perhaps less important today when so little of Italy is under AMG. I do think that, being able to draw on the technical services of the specialists whom I have with me in AC, the consolidation in the past has been helpful and the consolidation effected by Mason MacFarlane did do a lot to bring about uniform practices in the three different types of areas with which we were confronted in the early months of the invasion -- i.e., the Army area, the Rear Army area, and the area under control of the Italian Government. Today there are only two such areas -- Zone A and Udine, which are under AMG, and the rest of Italy, which is under the Italian Government.

The situation with respect to the duties of AC and relations with the Italian Government cannot, in my opinion, be so easily modified.

If you would care to discuss some of these problems with me in Rome on the 15th before proceeding to SAC's conference on the 16th, I should be pleased to have you stop over here as my guest.

3122 - With best wishes,

TOP SECRET

Copy to: EC
CC file

Copy to: Gen. Hawkins, G-5 AFHQ

Lieutenant General Sir John Harding,
KCB, CBE, DSO, MC,
General Officer Commanding,
XIII Corps.

Tel. Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Approved
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TOP SECRET.

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner
++++++++++++++++++++++++++++++++

Ref: 633/26/EC. 5th March 1946.

MEMORANDUM BY THE CHIEF COMMISSIONER, ALLIED COMMISSION ON AFHQ AGENDA FOR CONFERENCE No.4 AND MTPS PAPER P/326 (FINAL) of 26 FEBRUARY 46.

1. It seems to us that SAC, whose responsibilities will - as we see it - be confined entirely to ITALY and VENEZIA GIULIA, whose location will be far removed from the centre of ITALY and the Italian Government, whose military commitments will be directed chiefly towards VENEZIA GIULIA and will be very limited in ITALY, must rely far more than hitherto on the Allied Commission as opposed to G-5 Section for advice on both AMG in VENEZIA GIULIA and on civil affairs in ITALY.

2. The above reasons, coupled with the over-riding necessity of conserving manpower, appear to us to be very strong arguments for SAC, as President (ex officio), delegating to the Chief Commissioner, as Deputy President, a number of responsibilities connected with civil affairs which he now carries and empowering the Chief Commissioner to act in his name both in communication with the Combined Chiefs of Staff and other authorities outside the theatre, e.g., the Economic Councils in Europe, EOITC, ECO, International Postal Conference, etc., and, in fact, using for these matters the Chief Commissioner as his deputy. This is entirely consistent with his title of Deputy President.

3. We take it that the intention is to restrict the size of the new Allied Force Headquarters to a minimum. Use of the Allied Commission, in spite of its distance from main HQ, as a virtual Staff Section of the new HQ, employing the technical officers and their long experience of civil affairs, would help greatly to limit the staff at Allied Force Headquarters provided that SAC is prepared to authorise the Allied Commission to perform the functions now duplicated by Sections at AFHQ. This effects not only G-5 but other Sections such as G-3, SD, G-4, JAG, Finance, etc.

5113 -4. Under the new dispensation we would recommend, for instance, that the final adviser to SAC on all matters connected with the Armistice Terms, civil affairs in ITALY, Italian armed services, should be the Chief Commissioner acting on the advice of his political and technical advisers, e.g., US and British Ambassadors, legal, financial and economic advisers, Directors of Service Sub-Commissions, etc. We recommend that just as the

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AND MFPS PAPER P/326 (FINAL) of 26 FEBRUARY 46.

1. It seems to us that SAC, whose responsibilities will - as we see it - be confined entirely to ITALY and VENEZIA GIULIA, whose location will be far removed from the centre of ITALY and the Italian Government, whose military commitments will be directed chiefly towards VENEZIA GIULIA and will be very limited in ITALY, must rely far more than hitherto on the Allied Commission as opposed to G-5 Section for advice on both ANC in VENEZIA GIULIA and on civil affairs in ITALY.

2. The above reasons, coupled with the over-riding necessity of conserving manpower, appear to us to be very strong arguments for SAC, as President (ex officio), delegating to the Chief Commissioner, as Deputy President, a number of responsibilities connected with civil affairs which he now carries and empowering the Chief Commissioner to act in his name both in communication with the Combined Chiefs of Staff and other authorities outside the theatre, e.g., the Economic Councils in Europe, ECITO, FCO, International Postal Conference, etc., and, in fact, using for these matters the Chief Commissioner as his deputy. This is entirely consistent with his title of Deputy President.

3. We take it that the intention is to restrict the size of the new Allied Force Headquarters to a minimum. Use of the Allied Commission, in spite of its distance from main HQ, as a virtual Staff Section of the new HQ, employing the technical officers and their long experience of civil affairs, would help greatly to limit the staff at Allied Force Headquarters provided that SAC is prepared to authorise the Allied Commission to perform the functions now duplicated by Sections at AFHQ. This effects not only G-5 but other Sections such as G-3, SD, G-4, JAG, Finance, etc.

3113 -4. Under the new dispensation we would recommend, for instance, that the final adviser to SAC on all matters connected with the Armistice Terms, civil affairs in ITALY, Italian armed services, should be the Chief Commissioner acting on the advice of his political and technical advisers, e.g., US and British Ambassadors, legal, financial and economic advisers, Directors of Service Sub-Commissions, etc. We recommend that just as the geographical position of the respective Headquarters will be changed, so the approach to Italian problems should be changed and that instead of Allied Commission referring to AFHQ on matters which do not affect the purely military operations, AFHQ should delegate to the Allied Commission the power to speak in the name of SAC, not only to the Italian Government but to the Combined Chiefs of Staff and other authorities outside the theatre.

5. Discussing now specific paragraphs of the Agenda, in addition to the technical matters referred to in para 9(a), we can add such matters as:

(a) Restrictions under FAN 583:

(i) Remittances from neutral countries,
(ii) old debt repayments,
(iii) Italian exchange rates.

(b) All transactional correspondence.

(c) RCL items.

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(d) Many telecoms and all postal matters.

(e) Italian representation on Combined European Organisation Committees and Boards.

(f) Technical matters arising if and when civil aviation is allowed.

(g) Matters of policy affecting the organisation, but not operations, of the Italian Armed Services.

(h) Matters affecting Italian merchant shipping.

6. With regard to para 9(b) of the Agenda, we recommend as in para 4 above, that on all policy matters the Chief Commissioner should be empowered to communicate in the name of SAC, either having delegated to him by direction or leaving to his discretion as to what matters he should seek the specific concurrence of SAC before taking action.

7. With regard to Displaced Persons, we recommend that the whole responsibility should be accepted by the Allied Commission in which the experienced experts now exist on an existing War Establishment.

8. With the above in mind we recommend that there should be no G-5 Section at the new AFHQ but that we should revert to the practice adopted with AAI and later with 15 Army Group by which a Civil Affairs Section was provided by the Allied Commission to advise the Commanding General on all aspects of military government and civil administration, and to afford liaison between the Military HQ and HQ Allied Commission. This representative group would ensure mutual interpretation of views between SAC and the Chief Commissioner and their staffs, leaving to the Allied Commission the executive and staff functions now carried out by G-5 and, in certain respects connected with the Service Sub-Commissions, by other Staff Sections.

9. We recommend that there should be no change in the organisation of, nor the directives issued to, the Service Sub-Commissions. The operation of our plan may lead to modification of these directives in due course. But there is no intention, or recommendation, of departing from the principle that for operational matters the Service Sub-Commissions must be under the command of SAC.

10. We recommend also that assuming SAC's responsibilities will be limited to ITALY, his political advice should be communicated to him by the Chief Commissioner and his representatives after consultation with the US and UK Ambassadors who are also SAC's principal political advisers. This would not alter the present arrangement by which representatives of the US and UK political advisors are retained in VENEZIA GIULIA for matters affecting that area only.

5112

11. We recommend that the principle of the present directive regarding AMG in VENEZIA GIULIA be maintained, that is to say, that the area be administered as a separate Region under command of 13 Corps, i.e., the new AFHQ, subject to the technical direction of the Allied Commission.

Declassified E.O. 12356 Section 3.3/NND No. 18515

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11. We recommend that the principle of the present directive regarding AMG in VENEZIA GIULIA be maintained, that is to say, that the area be administered as a separate Region under command of 13 Corps, i.e., the new AFHQ, subject to the technical direction of the Allied Commission.

12. We recognise that the above recommendations present problems chiefly connected with the separation of the new AFHQ from the AC and difficulties of communication. We do not believe that many of the problems which would be delegated to the Chief Commissioner would have military implications involving elaborate coordination, but we do recognise that the delegation of powers to the Allied Commission, which we recommend, involves a change of procedure in AFHQ which, from the point of view of manpower alone, we feel will be acceptable. We consider, moreover, and on this point the Political Advisers feel strongly, that this is in the best interests of both the Allies and ITALY, and is a natural evolution consequent on reduction of military strength and in preparation for the total withdrawal of Allied forces and military control after the Peace Treaty.

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TOP SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394

Ref: 633/26/EC

MEMORANDUM BY THE ALLIED COMMISSION ON THE RELATIVE FUNCTIONS OF THE SUGGESTED G-5 SECTION AFHQ IN ROME AND THE RESIDUAL FUNCTIONS OF THE ALLIED COMMISSION

1. Before discussing the detailed functions of the two organizations we think it may be helpful to examine the basis of the proposed relations between SACI and the Italian Government.

2. It is the policy of the Allied governments that the Italian Government should assume the fullest possible responsibility for the government of the country compatible with Allied military needs, and that Allied military intervention shall only take place where or when Allied military interests are concerned. This policy, initiated by the Moscow Declarations and continued in FAN 487, make Italy different from, say, Germany and Austria, which are under full military occupation. Moreover, such intervention can only be carried out under the Armistice Terms. SAC's sole instrument for executing the Armistice Terms, and therefore for intervening with the Italian Government, is the Allied Commission, vide Article 37 of the Long Terms which reads as follows:

> "There will be appointed a control commission representative of the United Nations charged with regulating and executing this instrument under the orders and general directions of the Allied Commander-in-Chief."

3. The origin of the G-5 staff sections at Army Headquarters was the necessity of creating military government sections at Army Headquarters. It is true that, as has happened at AFHQ, the G-5 Section may assume staff responsibilities for matters which do not pertain to military government itself. But in this theatre the Deputy President of the Commission as such remains the principal adviser to SAC on civil affairs in the area under Italian administration. G-5 has rightly had no direct contact with the Italian Government and without changing the Armistice Terms it does not seem possible to alter this state of affairs. It has been mooted that G-5 should deal through the Embassies but the Embassies can only represent the views of their respective governments. They are not SAC's channel to the Italian Government nor can they be used as instruments to execute the directives of the Combined Chiefs of Staff or SAC under the Armistice Terms.

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3. The origin of the G-5 staff sections at Army Headquarters was the necessity of creating <u>military government</u> sections at Army Headquarters. It is true that, as has happened at AFHQ, the G-5 Section may assume staff responsibilities for matters which do not pertain to military government itself. But in this theatre the Deputy President of the Commission as such remains the principal adviser to SAC on civil affairs in the area under Italian administration. G-5 has rightly had no direct contact with the Italian Government and without changing the Armistice Terms it does not seem possible to alter this state of affairs. It has been mooted that G-5 should deal through the Embassies but the Embassies can only represent the views of their respective governments. They are not SAC's channel to the Italian Government nor can they be used as instruments to execute the directives of the Combined Chiefs of Staff or SAC under the Armistice Terms.

4. If we now consider the proposed functions of G-5 in Rome in connection with the subjects which the Combined Chiefs of Staff propose to pass over to AFHQ we find:

(a) <u>Communications.</u> The main interest that AFHQ have in communications is the protection of Allied military interests by the utilization of civilian lines. This is an implementation of the Armistice Terms.

(b) <u>Public Safety</u>. Except as a member of or through the Allied Commission an officer of G-5 could not bring pressure on or ask the Italian Government to adopt public safety measures in the interests of the Allied forces.

(c) <u>Captured Enemy Materials.</u> The function of this branch as regards Italian materials is an implementation of the Armistice Terms (not as regards German materials).

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(d) Transportation. Here again the use of the Italian State Railways and their ports is an implementation of the Armistice Terms. It is true that AFHQ have been dealing direct from the Railway Board with the ISR but the representation of the Allied Commission has been strong and essential because of the Armistice Terms.

(e) Finance. The whole of the Allied financial policy in this country depends from the Armistice Terms.

5. It would seem therefore that the setting up of a G-5 AFHQ of SACI in Rome would merely represent duplication of functions by a body which has no authority to deal with the Italian Government. Quite apart from the legality of the situation, the Italian Government would regard the arrival of a G-5 Section of SACI as a retrogressive movement smacking of increased military control and contrary to declared policies of the Allies. The Russian and French Governments would have to be consulted in any such change in the procedure for the implementation of the Armistice Terms, which, inter alia, would greatly reduce the role of their representatives on the Allied Commission. Moreover, the transfer of civil affairs functions from the Allied Commission to a staff section of a military commander might provoke a similar move on the part of the Soviet Command in the Balkans to the disadvantage of U.S. and U.K. representation on the Allied Control Commissions in Rumania, Hungary, and Bulgaria.

6. As was originally contemplated for G-5 Sections at Army Headquarters the primary task of any G-5 Section established by SACI would be to deal with AMG matters in Venezia Giulia and Udine. Even on these matters the Section would have to use the Allied Commission as their agent in Rome for any dealings with the Italian Government. If in spite of the arguments put forward in the Allied Commission paper of March 5th it is decided not to effect considerable delegation to the Deputy President but to establish a G-5 Section to advise SACI as President, there would appear to be no reason for the considerable waste of manpower in duplicating the section by establishing part of it in Rome, where SACI's Deputy and instrument for civil affairs already exists. In the opinion of the Allied Commission, however, the greatest conservation of manpower will be effected by adopting the proposals put forward in their paper mentioned above dated March 5th.

DISTRIBUTION:
G-5 AFHQ (copies #1 to 10)
American Ambassador (copy #11)
British Ambassador (copy #12)
GOC, XIII Corps (copy #13)
INTERNAL:
Chief Commr
Exec Commr
VP CA Section
VP Econ Section
Exhd (4)

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Chief Commr
Exec Commr
VP CA Section
VP Econ Section
Polad (A)
Polad (B)

11 March 1946

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Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

MAR 12 RECD

Ref: G273/121/AC.

9 March 1946.

SUBJECT: Redeployment of British Units.

TO : G-5 Section, AFHQ.

Reference G-5: 370-4 dated 16 February 1946. 92a

1. The Sub-Commissions of Allied Commission mainly affected by the proposed changes are Land Forces and Air Forces Sub-Commissions and Displaced Persons Sub-Commission.

2. Land Forces and Air Forces Sub-Commissions.

a) Land Forces Sub-Commission with HQ in Rome has British Liaison Units with each Italian Territorial Command as follows:-

	Location	Officers	Ors	Vehicles
No. 1	TURIN	5	12	4
No. 2	GENOA	2	4	2
No. 3	MILAN	5	12	4
No. 4	BOLZANO	5	12	4
No. 5	VENICE	2	4	2
No. 6	BOLOGNA	2	4	2
No. 7	FLORENCE	5	12	4
No. 8	ANCONA	2	4	2
No. 9	NAPLES	2	4	2
No.10	BARI	5	12	4
No.11	PALERMO	2	4	2

Those underlined are immediately affected, others will follow.

b) Air Forces Sub-Commission has British Liaison Units at the following locations in ITALY:

	Location.	Officers	Ors	Vehicles
Detachment	ROME	15	15	16
	NAPLES	4	4	7
	BARI	1	1	1
	FOGGIA	3	3	4
	CASERTA	1	2	4
	ANCONA	1	1	3
	MILAN	3	3	12
	LEGHORN	3	3	1

Those underlined are [illegible]

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Persons Sub-Commission.

2. Land Forces and Air Forces Sub-Commissions.

a) Land Forces Sub-Commission with H.Q. at [illegible] British Liaison Units with each Italian Territorial Command as follows:-

	Location	Officers	Ors	Vehicles
No. 1	[illegible]	3	12	4
No. 2	[illegible]	2	4	2
No. 3	[illegible]	3	12	4
No. 4	[illegible]	3	12	4
No. 5	[illegible]	2	4	2
No. 6	[illegible]	2	4	2
No. 7	[illegible]	3	12	4
No. 8	[illegible]	2	4	2
No. 9	[illegible]	2	4	2
No.10	[illegible]	3	12	5
No.11	[illegible]	2	4	2

Those underlined are immediately affected, others will follow.

b) Air Forces Sub-Commission has British Liaison Units at the following locations in ITALY:

3119

	Location.	Officers	ORs	Vehicles
Detachment	[illegible]	15	15	16
	[illegible]	1	4	7
	[illegible]	1	1	1
	[illegible]	1	3	4
	[illegible]	1	2	4
	[illegible]	1	1	3
	[illegible]	3	3	12
	[illegible]	2	3	4

Those underlined are immediately affected, the others will be in due course.

c) Personnel and vehicles of these units will require supplies, maintenance, and communications for an indefinite period. The relative strength and constituents of these units may vary from time to time keeping pace with the distribution and development of Italian Army and Air Force units.

d) When it becomes no longer possible to use British service channels the following services might by agreement be provided by Italian Army and Air Forces:

M.T. repairs (within the Station)
Petrol.
Postal Service
Medical

/cont.

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CC

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

MAR 12 RECD
A.M.G.I.T.

Ref: 8273/121/AC.

9 March 1946.

SUBJECT: Redeployment of British Units.

TO : G-5 Section, AFHQ.

Reference G-5: 370-4 dated 16 February 1946. (92a

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2. Land Forces and Air Forces Sub-Commissions.

a) Land Forces Sub-Commission with HQ in ROME has British Liaison Units with each Italian Territorial Command as follows:-

	Location	Officers	ORs	Vehicles
No. 1	TURIN	5	12	4
No. 2	GENOA	2	4	2
No. 3	MILAN	5	12	4
No. 4	BOLOGNO	5	12	4
No. 5	UDINE	2	4	2
No. 6	BOLZANO	2	4	2
No. 7	FLORENCE	5	12	4
No. 8	ROME	2	4	2
No. 9	BARI	2	4	2
No.10	NAPLES	5	12	5
No.11	PALERMO	2	4	2

103/cc

Those underlined are immediately affected, others will follow.

b) Air Forces Sub-Commission has British Liaison Units at the following locations in ITALY:

5119

	Location.	Officers	ORs	Vehicles
Detachment	ROME	13	15	16
	NAPLES	1	4	7
	BARI	1	1	1
	LECCE	2	3	4
	TARANTO	1	2	4
	FOGGIA	1	1	3
	MILAN	3	3	12
	LIVORNO	-	3	1

Declassified E.O. 12356 Section 3.3/NND No. 785015

2. Land Forces and Air Forces Sub-Commissions.

a) Land Forces Sub-Commission with H.Q. in ROME has British Liaison Units with each Italian Territorial Command as follows:-

	Location	Officers	ORs	Vehicles
No. 1	TURIN	5	12	4
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No. 5	UDINE	2	4	2
No. 6	BOLOGNA	2	4	2
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	MILAN	3	3	12
	LEGHORN	-	3	1

Those underlined are immediately affected, the others will be in due course.

c) Personnel and vehicles of these units will require supplies, maintenance, and communications for an indefinite period. The relative strength and commitments of these units may vary from time to time keeping pace with the distribution and development of Italian Army and Air Force units.

d) When it becomes no longer possible to use British Service channels the following services might by agreement be provided by Italian Army and Air Forces:

R.T. Repairs (within the Station)
P.O.L.
Courier Service
Medical

/cont.

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Such supplies as bread, meat, vegetables and fruit.

The following might be arranged by air from NAMS:

[illegible]
Naufi,
Postal

Arrangements will have to be made for other services through British I. of C ITALY.

e) Additional facilities and authority for travelling allowances, M.T. service during journeys, authority to hold reserves etc. will also be required.

f) Air Forces Sub-Commission also add that there would be no means of passing Secret or Top Secret messages by Land line or W/T as no cypher staffs are established. The quickest means of transit would be the Italian Air Courier Services, bi-weekly.

g) The Italian Air Ministry teleprinter service between NAMS, BARI, BRINDISI, LECCE and TARANTO is not very reliable owing to power failures and other technical faults. In any case the capacity of the circuits to handle additional traffic must first be examined. The security classifications of traffic permissible on such routes must be defined before deciding to divert signal traffic to these circuits.

h) Certain operational telephone lines between Aircraft Safety Centre, South ITALY, Air Headquarters, RAF ITALY, Allied and Italian controlled airfields, seaplane and marine craft bases are now controlled by the Allies and used by the RAF for controlling Italian aircraft operations. It will be an eventual requirement for the I.A.F. to use these lines extended to NAMS for the same purpose. Meanwhile the relatively small amount of telephonic communication from this Headquarters to Southern ITALY Detachments could be carried on these and on Italian civil telephone services.

3. Displaced Persons Sub-Commission.

5118

a) The following Displaced Persons Camps will be affected:

BARI,
[illegible] LECCE,
[illegible],
[illegible],
[illegible]

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allowances, M.T. service during journeys, authority to hold reserves etc. will also be required.

f) Air Forces Sub-Commission also add that there would be no means of passing Secret or Top Secret messages by Land line or W/T as no cypher staffs are established. The quickest means of transit would be the Italian Air Courier Services, bi-weekly.

g) The Italian Air Ministry teleprinter service between [redacted], BARI, BRINDISI, LECCE and TARANTO is not very reliable owing to power failures and other technical faults. In any case the capacity of the circuits to handle additional traffic must first be examined. The security classifications of traffic permissible on such routes must be defined before deciding to divert signal traffic to these circuits.

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3. Displaced Persons Sub-Commission.

5112 a) The following Displaced Persons Camps will be affected:

Bari,
[redacted], LECCE,
[redacted],
[redacted],
[redacted],
BARLETTA-TRANI

b) With the exception of BARLETTA-TRANI and BARI (shortly to be handed over to UNRRA), all the above Camps are administered by UNRRA. As Polcorps will remain in the Heel, BARLETTA-TRANI will continue to draw supplies from Polcorps BSD BARLETTA.

c) UNRRA should be informed of the impending reorganization and it is suggested that they might take over and operate as a supply point the premises of the D.I.P. at BARI.

d) At the same time G (T should advise UNRRA from which BSD bulk supplies are to be drawn. BARLETTA would appear to be the most convenient.

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/cont.

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HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

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e) As an alternative to the above, in the event of the Polish Units remaining in the Bari there would appear to be no reason why supplies for UNRRA should not be drawn under arrangements Polcorps.

4. The BARI Liaison Group, A.C. suggest that, from their point of view, since HQ 249 Wing RAF are operating in BARI, arrangements could be made to obtain items such as rations, POL, MT repairs and NAAFI through them or their source of supply, if they remain in the area.

For the Chief Commissioner:

/s/ N. W. HIND. SMITH
MAT

Brigadier,
Executive Commissioner.

Copy to:

Land Forces Sub-Commission, A.C. (MMIA)
Air Forces Sub-Commission, A.C.
Displaced Persons Sub-Commission, A.C.
BARI Liaison Group, A.C.

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For the Chief Commissioner:

/s/ N. W. Hind. Smith
MAT

Brigadier,
Executive Commissioner.

Copy to:

Land Forces Sub-Commission, A.C. (SHAEF)
Air Forces Sub-Commission, A.C.
Displaced Persons Sub-Commission, A.C.
BARI Liaison Group, A.C.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

MAR 9 REC'D

Ref: 213/245/50.

8 March 1946.

SUBJECT: Survey of Clerical Situation.

TO : Executive Officer (D).

Reference is made to your memo XIII/11/A dated 25 Feb 46.

1. The Office of the Executive Commissioner consists of four Branches:

a) Office of the Executive Commissioner.
b) Message Centre.
c) Archives Branch.
d) Liaison Division.

A return has already been submitted to you direct by Archives Branch under Ref: D/AB dated 5 Mar 46.

2. All clerical duties for the Liaison Division are now done in the general office of the office of the Executive Commissioner. One WAC is, however, employed solely on duties for this Division and is in addition to the clerks enumerated below. This man will be essential on 1 Apr 46.

3. Your sub-para (a).

a) Office of the Executive Commissioner: At present four British clerks are employed in this Branch and this is considered to be an absolute minimum compatible with efficiency. One British CR will be required to replace 4/13034368 Cpl. CAMPBELL R.A., who is ASC.27. The same number will be required on 1 Apr 46.

b) Message Centre. At present five British clerks are employed in this Branch. One British NCO will be required during April to replace 5/14323541 Sgt. FRASER T.B., who is in ASC.28. The same number will be required on 1 Apr 46.

5116

4. Your sub-para (b).

See Appendix 'A' attached.

(102)

/s/ N. W. HIND SMITH MAT
Brigadier,
Executive Commissioner.

0378

Declassified E.O. 12356 Section 3.3/NND No. 785015

Appendix 'A' to letter 21/245/EC dated 8 March 46.

ARMY NUMBER	RANK	NAME (INDIVIDUAL DETAILS)		AGE	DEFERMENT OF RELEASE & PERIOD
Office of the Executive Commissioner.					
S/4347724	S/Sgt	THORSON, G.T.	Chief Clerk.	34	Does not wish to defer
S/4979133	Sgt	GILLESPIE, J.	Personal clerk to Exec. Comnr.	28	Defer for one month.
S/13034368	Cpl	COOPER, R.A.	Assistant to Chief Clerk & File Clerk	27	Doesnt not wish to defer.
S/10691735	Cpl	HILL, G.C.	Personal clerk to Chief Staff Officer	32	Does not wish to defer.
Kasanga Centre.					
	S/Sgt	[illegible], L.	Chief Clerk	Regular Soldier	Time expires 18 February 1948.
S/14323541	Sgt	FRASER, T.B.	I/c Internal and External dispatch Officers.	28	Does not wish to defer.
S/14325649	Cpl	READ, E.	Assistant to Chief Clerk, reception and distribution of cables, etc.	35	Does not wish to defer.
S/14329595	Cpl	[illegible]AK, L.	Assistant to Chief Clerk. File clerk and civilian pay.	42	Does not wish to defer.
S/14223125	L/Cpl.	[illegible]AK, T.	I/c. registry of Cables and correspondence.	30	Does not wish to defer.

(102)

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref Communist

MAR 9 RECD

CIPHER

EX 62294
081816 A

H/340
MAR 090900
IMPORTANT

TOP SECRET

AFHQ SIGNED SACMED

ACTION AGWAR FOR CCS FOR CCAC

INFO: CABINET OFFICES WHITEHALL FOR BCS AICOM ROME 13 CONTS CINC MED

TOP SECRET

THIS IS MAT 1008. REFERENCE OUR MAT 965.

1. IN CONFORMITY WITH INSTRUCTIONS FROM WAR OFFICE AND WITH KNOWLEDGE OF WAR DEPARTMENT PROPOSALS ARE UNDER CONSIDERATION HERE FOR THE REORGANISATION OF THE ALLIED COMMAND IN ITALY AND VENEZIA GIULIA WHICH WILL BE RENDERED NECESSARY BY THE ANTICIPATED DISSOLUTION OF CMTO CMF ON OR ABOUT 1 JUNE 1946.

2. THESE PROPOSALS MAY EFFECT THE RECOMMENDATIONS ON THE REORGANISATION OF AICOM CONTAINED IN OUR SIGNAL REFERRED TO ABOVE. IT IS THEREFORE SUGGESTED THAT THE DESPATCH OF ANY DIRECTIVE ON THIS SUBJECT WHICH YOU MAY CONTEMPLATE BE POSTPONED UNTIL YOU RECEIVE OUR FURTHER RECOMMENDATIONS IN LIGHT THE NEW SITUATION. THESE WILL BE SUBMITTED ABOUT 16 MARCH 1946.

TOP SECRET

AC DIST

INFO:ACTION: EX COMMISSIONER 2

INFO : CH EF COMMISSIONER

POLAD (A)

POLAD (B)

FILE

SKELETON

9MAR1946

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100

CIPHER TELEGRAM

This message will not be distributed outside British or U[illegible] Departments or Headquarters [illegible] without being paraphrased (Messages marked O.T.P. need not be paraphrased).

SECRET.

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

Ref: 633/17/EC.

1st March 1946.

SUBJECT: "Run-Down" of AFHQ.

TO : Land Forces Sub-Com.
Navy Sub-Com.
Air Forces Sub-Com.
VF, CA Section.
A/VF, Econ Section.
Polad (A)
Polad (B)
Displaced Persons Sub-Com (less attachment)
Communications Sub-Com.

3

1. There will be held in ROME on 6-7 March a series of AFHQ Conferences to consider re-organisation consequent upon changes in the present form of AFHQ.

2. Conference No.1 at 0930 hours, 6 March, will deal with the general plan. The Chief Commissioner and Executive Commissioner will attend this Conference.

3. Conference No.4 at 0930 hours, 7 March, will deal with Civil Affairs under the chairmanship of the Chief Administrative Officer, AFHQ. The Chief Commissioner will attend accompanied by:

Executive Commissioner
A/VF, Economic Section
Chief Financial Adviser
Chief Legal Adviser
Representative of Land Forces Sub-Com
Director, Displaced Persons Sub-Com

102/re Italy

4. The War Office plan on which the conferences are based, for the run-down of CMF, is as follows:

3107 (a) GHQ CMF will cease 1 June when responsibility for all British military matters pass to 13 Corps. HQ 3 District then responsible to 13 Corps for all such matters outside present 13 Corps area.

(b) If peace treaty effective prior to 1 June 1946, plan for withdrawal of Allied troops and for command after treaty will be subject separate study.

(c) If peace treaty effective after 1 June command in ITALY will pass that date to new Allied Headquarters

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Polad (B)
Displaced Persons Sub-Com (less attachment)
Communications Sub-Com.

1. There will be held in ROME on 6-7 March a series of AMG Conferences to consider re-organization consequent upon changes in the present form of AMG.

2. Conference No.1 at 0930 hours, 6 March, will deal with the general plan. The Chief Commissioner and Executive Commissioner will attend this Conference.

3. Conference No.4 at 0930 hours, 7 March, will deal with Civil Affairs under the chairmanship of the Chief Administrative Officer, AMG. The Chief Commissioner will attend accompanied by:

Executive Commissioner
A/AP, Economic Section
Chief Financial Adviser
Chief Legal Adviser
Representative of Land Forces Sub-Com
Director, Displaced Persons Sub-Com

4. The War Office plan on which the conferences are based, for the run-down of CMF, is as follows:

5107 (a) GHQ CMF will cease 1 June when responsibility for all British military matters pass to 13 Corps. HQ 5 District then responsible to 13 Corps for all such matters outside present 13 Corps area.

(b) If peace treaty effective prior to 1 June 1946, plan for withdrawal of Allied troops and for command after treaty will be subject separate study.

(c) If peace treaty effective after 1 June command in ITALY will pass that date to new Allied Headquarters based on 13 Corps responsible to COS. 13 Corps will then require Allied Increment.

(d) BTA will assume responsibility for administration and maintenance 13 Corps by 1 June.

(e) Military movement through TARANTO, BARI, NAPLES cease wef 28 February, 31 March, 1 October respectively.

(f) Future of displaced persons not acceptable to UNRRA still under discussion.

The Civil Affairs Conference will be based on Condition 2(c) above.

98a

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5. Attached is Agenda for the Civil Affairs conference issued by G-5 Section, AMIG. It will be noted that this is based on the disbandment of AMIG. It follows generally recommendations made by the Chief Commissioner to AMIG in recent discussions, particularly with regard to maintaining the status quo and channels of communication relating to VENEZIA GIULIA and the desirability of direct communication on certain matters between the Allied Commission and Combined Chiefs of Staff if AMIG is to be disbanded.

6. The Chief Commissioner directs that a preliminary Conference shall be held at 0930 hours on Monday, 4th March, to discuss the points of these Agenda. Addressees of this letter are requested to attend. VPs, CA Section and Economic Section will also arrange to bring the Chief Legal Adviser and Chief Financial Adviser respectively.

7. Points to be discussed at this meeting will be as follows:

(a) The proposals in general.

(b) The details of 9(a) and 9(b). It will be useful to specify more fully what technical and policy matters could be the subject of direct communication between the Allied Commission and Combined Chiefs of Staff.

(c) The position of the Service Sub-Commissions in their dual capacity.

(d) Displaced Persons.

(e) Responsibilities, both economic and general, of the Allied Commission through the CCAO towards VENEZIA GIULIA.

(f) The desirability of setting up in 15 Corps an Allied Commission Liaison Office on the lines of the former Liaison Office attached to 15 Army Group instead of a G-5 Section.

(g) The desirability or otherwise of maintaining Political Advisers at 15 Corps HQ.

(h) Other points to be raised at the meeting.

SIG: -

L.B. Hurst-Smith
Maj. R.A.
for Brigadier,
Executive Commissioner.

MSL/JG.

Declassified E.O. 12356 Section 3.3/NND No. 785015

(a) The proposals in general.

(b) The details of 9(a) and 9(b). It will be useful to specify more fully what technical and policy matters could be the subject of direct communication between the Allied Commission and Combined Chiefs of Staff.

(c) The position of the Service Sub-Commissions in their dual capacity.

(d) Displaced Persons.

(e) Responsibilities, both economic and general, of the Allied Commission through the CCAC towards VENEZIA GIULIA.

(f) The desirability of setting up in 13 Corps an Allied Commission Liaison Office on the lines of the former Liaison Office attached to 15 Army Group instead of a G-5 Section.

(g) The desirability or otherwise of maintaining Political Advisers at 13 Corps HQ.

(h) Other points to be raised at the meeting.

SIG: -

J.D. Hindd-Smith Brig. R.A.
for Brigadier,
Executive Commissioner.

MSI/JG.

NOTE: Will: (a) VP CA Section please arrange for Chief Legal Adviser and Director, Displaced Persons Sub-Commission to see copy of Agenda;

(b) A/VP Econ Sec please arrange for Chief Financial Adviser to see copy of Agenda.

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Declassified E.O. 11356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

MAR 5 REC'D

13018/P

5 March 1946

My dear Sir Noel:

I refer to my letter 13018/P of 16 January 1946, to AFHQ entitled "Reorientation of Allied Financial Policy Towards Italy", a copy of which I handed to you on 16 January.

I have now received a reply to my letter from the Chief Administrative Officer, AFHQ, and I attach hereto a copy of such reply, dated 28 February, 1946. You will note that in the view of the Chief Administrative Officer my recommendation for the reorientation of Allied financial policy towards Italy is one which should be placed before the Allied Governments through Embassy channels rather than presented to CCS by SACMED. Therefore, if you are in agreement with my recommendation I should be grateful if you could bring it to the attention of your Government.

I should also appreciate being advised in due course of what action you are taking in forwarding the recommendation under reference, as well as any covering recommendation you may make to the Foreign Office.

Very truly yours,

ELLERY W. STONE
Rear Admiral, USNR,
Chief Commissioner.

His Excellency Sir Noel Charles
British Embassy,
Rome.

SECRET

BELT/gv

0385

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

MAR 5 RECD

13018/F

5 March 1946

My dear Mr. Ambassador:

I refer to my letter 13018/F of 16 January 1946, to AFHQ entitled "Reorientation of Allied Financial Policy Towards Italy", a copy of which I handed to you on 16 January.

I have now received a reply to my letter from the Chief Administrative Officer, AFHQ, and I attach hereto a copy of such reply, dated 28 February, 1946. You will note that in the view of the Chief Administrative Officer my recommendation for the reorientation of Allied financial policy towards Italy is one which should be placed before the Allied Governments through Embassy channels rather than presented to CCS by SACMED. Therefore, if you are in agreement with my recommendation I should be grateful if you could bring it to the attention of your Government.

I should also appreciate being advised in due course of what action you are taking in forwarding the recommendation under reference, as well as any covering recommendation you may make to the State Department.

Very truly yours,

/s/ Ellery W. Stone
ELLERY W. STONE
Rear Admiral, USNR,
Chief Commissioner

The Hon. Alexander Kirk,
U.S. Embassy,
Rome.

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BELT/gv

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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H/166
MAR.050915A

ROUTINE

MTOUSA

ALCOM INFO RAAC ROME AREA MTOUSA

UNCLASSIFIED.

This is in answer to your 1510 dated 1 March 1946. 78

Our C-26829 dated 1 March to Rome Area Mtousa, information Alcom, directs that troop forecast for Alcom as called for by inclosure 3 to letter AG 320 point 2/026 C-O dated 24 January 1946, subject: "recommended troop strengths " be complied with.

Letter referred to in Para 1 your 1510 is allotment by grades and ratings for month of February. New allotment letter for March effective on March, based on your recommended grades and ratings received by G-5 this date will be published 6 March.

AC DIST

ACTION EX COMMR *
INFO CHIEF COMMISSIONER
FILE 2
FLOAT
EX. OFF.(A)

510

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Declassified E.O. 12356 Section 3.3/NND No. 785015

MAR 4 RECD

FROM HQ ALCOM

TO CINC FOR Q BRITISH

2 MARCH 46

1542

RESTRICTED
UNCLASSIFIED

FYI 1492

REFERENCE APHQ SIGNAL FOX XRAY SIX ONE FOUR SEVEN TWO CITE FIGHT
OF TWO FIVE FEBRUARY FOUR SIX PARA FOUR ED

NAMES OF ALCOM REPRESENTATIVES ATTENDING CONFERENCE NUMBER FOUR
ON SEVEN MARCH ARE CHIEF COMMISSIONER CMA EXECUTIVE COMMISSIONER
CMA VICE PRESIDENT ECONOMIC SECTION CMA CHIEF FINANCIAL ADVISER
CMA CHIEF LEGAL ADVISER CMA LAND FORCES SUBCOMMISSION CMA
DISPLACED PERSONS SUBCOMMISSION ED

NO ACCOMMODATION REQUIRED

10 Mar 46

- 10 -

PRIORITY

Executive Commissioner

300

(96)

TOP SECRET

TOP SECRET

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

ROME CONFERENCE 6/7 MARCH 1946

AGENDA FOR CONFERENCE NO. 4.

TRANSFER OF RESPONSIBILITIES OF G-5 AFHQ AND FUTURE RELATIONSHIP BETWEEN HQ XIII CORPS, ALLIED COMMISSION AND AMG.

OBJECT.

1. To consider the changes in the Civil Affairs organisation in Italy and Venezia Giulia (Zone 'A') which will become necessary on the disbandment of AFHQ.

BACKGROUND.

2. On 29 November 1945, the Combined Chiefs of Staff asked for the Supreme Allied Commander's comments on a draft directive on the reorganisation of Allied Commission. This directive virtually reduced the Allied Commission to the status of a co-ordinating body for the Service Sub-Commissions with the residual function of acting as the Supreme Allied Commander's contingent for enforcing any of his reserved rights under the Armistice Terms which he might find it necessary to invoke. The present functions of Allied Commission in regard to AMG in Venezia Giulia and Udine were to be transferred to HQ XIII Corps who would report directly to AFHQ.

3. The AFHQ view was that it was inexpedient at this stage to dispense with the services of the Chief Commissioner and his Staff in connection with Civil Affairs and AMG matters, of which they had wide experience and for the handling of which a working organisation was already in being. Moreover there were certain Civil Affairs functions, e.g: Advice on Local Government procedure in connection with the Italian elections and the review of AMG sentences, which the Allied Commission had already undertaken and which could not conveniently be transferred to any other body. Staff Sections to deal with these functions would therefore have to remain in the Allied Commission, even though the Chief Commissioner was relieved of his functions in connection with AMG.

These views were embodied in AFHQ signal MAT 965 of 12 December 1945 to the Combined Chiefs of Staff (repeated ALCOM but not XIII Corps), which

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Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSFER OF RESPONSIBILITIES OF G-5 AFHQ AND FUTURE RELATIONSHIP BETWEEN

HQ XIII CORPS, ALLIED COMMISSION AND AMG.

OBJECT.

1. To consider the changes in the Civil Affairs organisation in Italy and Venezia Giulia (Zone 'A') which will become necessary on the disbandment of AFHQ.

BACKGROUND.

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These views were embodied in AFHQ signal MAT 965 of 12 December 1945 to the Combined Chiefs of Staff (repeated ALCOM but not XIII Corps), which virtually recommended a continuation of the status quo, subject to a gradual reduction in the size of the Allied Commission as its various functions became redundant or were transferred to other agencies, e.g: the British and U.S. Embassies.

4. No reply to MAT 965 has yet been received. It is understood, however, that the AFHQ recommendations have been accepted.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

REORGANISATION REQUIRED [illegible] IF AFHQ IS DISBANDED.

5. Based upon the assumption as set out above, the disbandment of AFHQ will not affect the present relationship between Allied Commission and the two AMG organisations in Venezia Giulia and Udine. The only new requirement will be the establishment of an inner cell of G-5 Section at HQ XIII Corps to perform the functions which were formerly those of AFHQ, those functions which can be dispensed with either by establishing direct contact between Allied Commission and the Combined Chiefs of Staff or by other means.

6. The present chain of command and communication is shown at Appendix 'A'.

7. The present function of the Head of G-5 AFHQ is to act as the Supreme Allied Commander's principal Staff Officer for Civil Affairs matters.

The G-5 Section deals primarily with matters relating to the following subjects:-

(a) Civil Affairs in Italy as distinct from Venezia Giulia, the channel of communication being:

Combined Chiefs of Staff - AFHQ - Allied Commission.

(b) Civil Affairs in Venezia Giulia in so far as they are affected by Commander XIII Corps' special responsibilities in regard to that territory, the channel of communication being:

Combined Chiefs of Staff - AFHQ - HQ XIII Corps.

(c) Civil Supplies for Venezia Giulia and Udine, the channel of communication being:

Combined Chiefs of Staff - AFHQ - Allied Commission.

(d) Displaced Persons, the channel of communication being:

Combined Chiefs of Staff - AFHQ - Allied Commission.

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It is probable that by 1 June 1946 this commitment will have greatly diminished if it has not ceased to exist.

A table showing the present organisation of G-5 AFHQ is at Appendix 'B'.

DESIRABILITY OF DIRECT COMMUNICATION BETWEEN ALLIED COMMISSION AND COMBINED CHIEFS OF STAFF.

8. It is for consideration whether certain categories of matter connected with Civil Affairs in Italy and not affecting XIII Corps or Venezia Giulia could not be dealt with by means of direct communication between Allied Commission and the Combined Chiefs of Staff.

The Supreme Allied Commander, or Commander XIII Corps as his successor, in his capacity as President of the Allied Commission, is entitled to delegate any part of his functions to the Chief Commissioner

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Declassified E.O. 12356 Section 3.3/NND No. 18515

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8. It is for consideration whether certain categories of matter connected with Civil Affairs in Italy and not affecting XIII Corps or Venezia Giulia could not be dealt with by means of direct communication between Allied Commission and the Combined Chiefs of Staff.

The Supreme Allied Commander, or Commander XIII Corps as his successor, in his capacity as president of the Allied Commission, is entitled to delegate any part of his functions to the Chief Commissioner, whilst himself retaining ultimate responsibility. The Chief Commissioner is in fact already authorised to deal directly with the Combined Chiefs of Staff on matters connected with Civil Supplies for Italy proper and a special cable series has been allotted for the purpose.

9. The matters in which direct communication might be considered can be sub-divided into two categories:-

(a) Technical matters without a military implication, such as those connected with the interpretation and clarification of Combined Chiefs of Staff directives, and the recent currency agreement with the Italian Government, and

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Declassified E.O. 12356 Section 3.3/NND No. 785015

matters pertaining to the payment of such advances to the Advisory Council for Italy. In such matters AFHQ ordinarily acts as a post office.

(b) Policy matters, which may or may not have a military aspect, but in which the parties mainly interested are the Italian Government, through the medium of Allied Commission, and the Combined Chiefs of Staff, e.g. changes in Armistice Terms, Civil Aviation, relations with UNRRA. These are at present dealt with either on a section level, after co-ordination with the interested AFHQ Staff Branches, or, if sufficiently important, by discussion at the Supreme Allied Commander's periodical conferences prior to submission to the Combined Chiefs of Staff.

10. There appears to be no practical reason why Allied Commission should not be authorised to deal directly with the Combined Chiefs of Staff on matters referred to in para 9 (a) above. This would save Staff work but not to a sufficient extent to enable the size of G-5 XIII Corps to be materially reduced.

11. The direct handling by Allied Commission of matters under para 9 (b) above would have the following advantages:-

(a) The executive action would be taken by the Headquarters most directly concerned and with the fullest background.

(b) There would be a great economy in Staff work at HQ XIII Corps. Only a comparatively small co-ordinating Section instead of an organisation on the lines of the present G-5 AFHQ would in fact be required.

The objections to such a course, even although Allied Commission was punctilious in consulting HQ XIII Corps on all matters with a military aspect, would be:-

(i) That many of the problems to be dealt with would have military implications involving elaborate co-ordination within Corps HQ, so that time might be wasted rather than saved.

(ii) That Comd XIII Corps, although President of the Allied Commission, would be dependent for advice on high policy matters on the Chief Commissioner situated in Rome instead of on the Head of his G-5 Staff Section within his Headquarters, with the result that he might find it difficult to maintain touch with Italian Civil Affairs matters.

CHAIN OF COMMAND AFTER DISBANDMENT OF AFHQ.

5102 12. At Appendix 'C' is a table showing the Chain of Command, based upon the assumption that a G-5 Section is to be established at HQ XIII Corps. For the sake of clearness, this table shows a direct channel of communication between Allied Commission and the Combined Chiefs of Staff for the matters discussed in para 9 above.

FOR DISCUSSION.

13. (a) The extent to which Allied Commission should be authorised to deal directly with the Combined Chiefs of Staff.

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Declassified E.O. 12356 Section 3.3/NND No. 185015

ficient extent to enable the size of G-5 XIII Corps to be materially reduced.

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FOR DISCUSSION.

13. (a) The extent to which Allied Commission should be authorised to deal directly with the Combined Chiefs of Staff.

(b) The composition of G-5, XIII Corps.

NOTE: Details of War Establishments and of the postings of individual officers will not be discussed.

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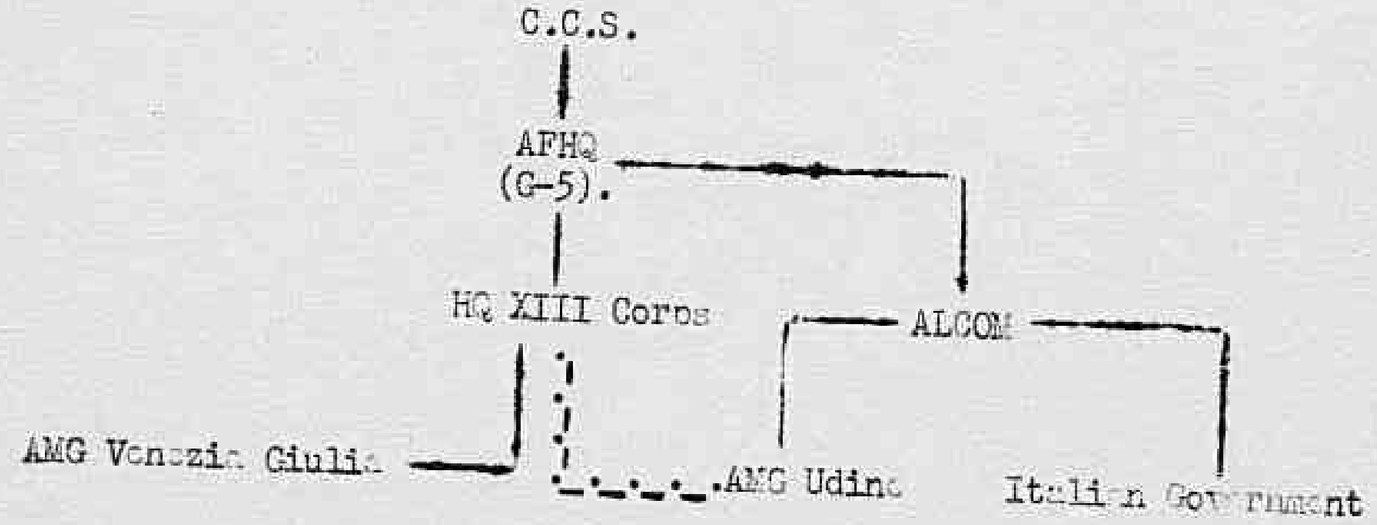
Declassified E.O. 12356 Section 3.3/NND No. 785015

APPENDIX 'A'

PRESENT CHAIN OF COMMAND

(Civil Affairs).

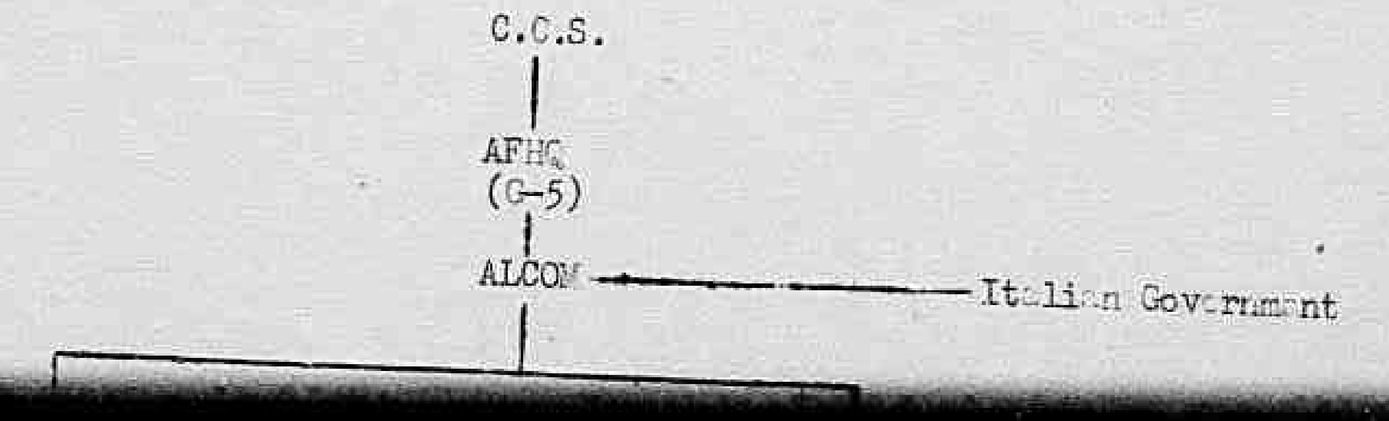
1. General Matters.



LEGEND: General Matters ——————

Matters affecting operational requirements of XIII Corps only -·-·-·-·-·-·-·-

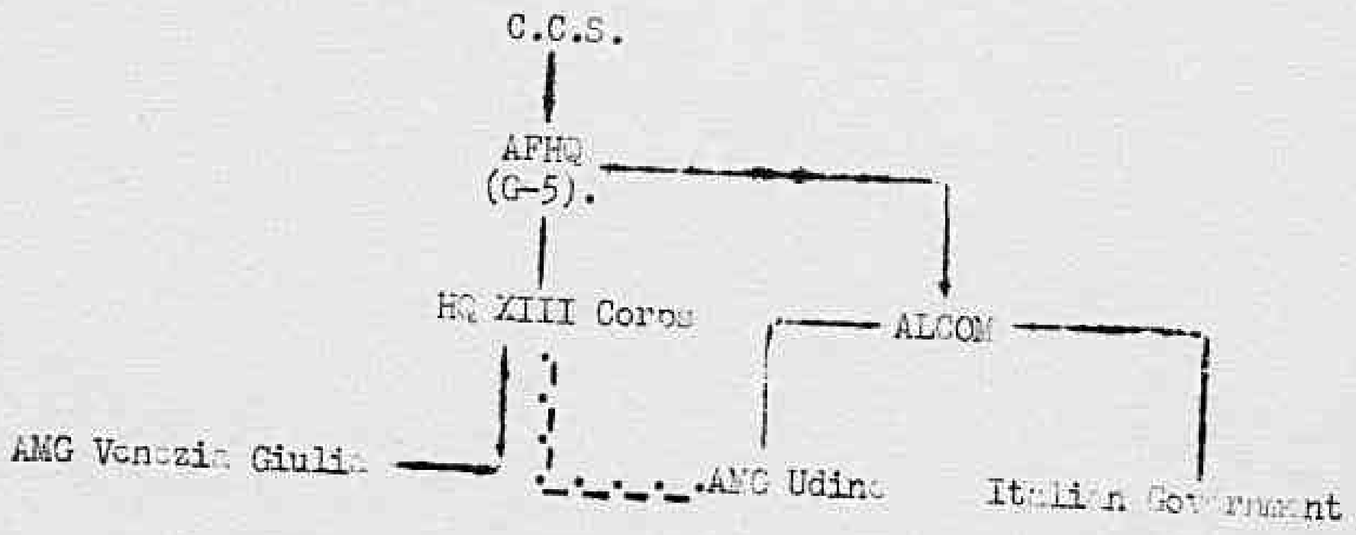
2. Technical Matters Relating to Territories under AMG (.g; the processing of supply requisitions and legal problems.)



5101

Declassified E.O. 12356 Section 3.3/NND No. 785015

1. General Matters.

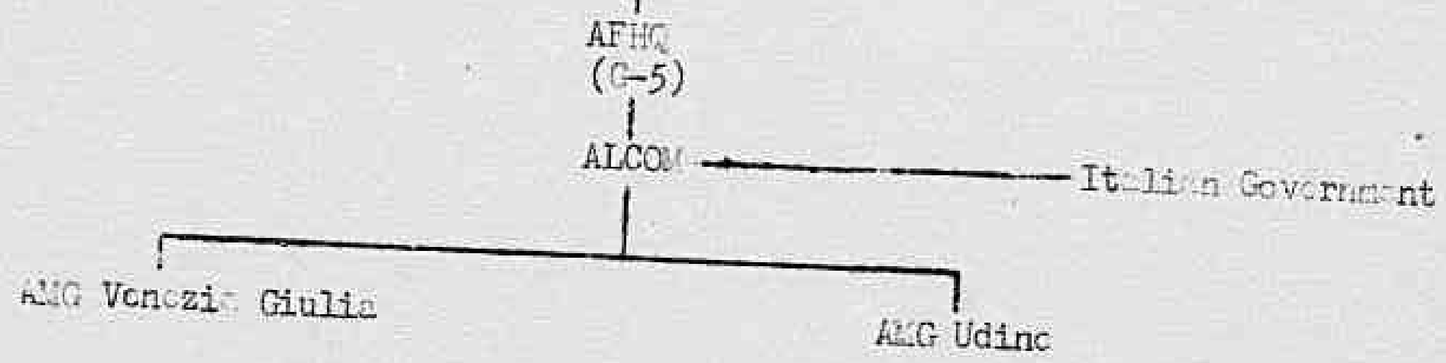


LEGEND: General Matters ——————————

Matters affecting operational requirements of XIII Corps only -·-·-·-·-·-·-·-·-

2. Technical Matters Relating to Territories under AMG (.g; the processing of supply requisitions and legal problems.)

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Proposed Organisation Chart (as at 1 April 1946).
Civil Affairs/Military Government Branch.

ACOS - Brig Gen (A)
:
DDCA/MG - (B)
:
Executive

Colonel (A)
S/Capt CA/MG(B) (Also British Adm Offr)
:

Policy and Control Division.

ADCA/MG (B) Head
DADCA/MG (B) Country Section (Italy and Venezia Giulia)
" (A) " "
Major CA/MG (B) " "
" (A) " "
Lt. Col (A) Legal Advisor.
Capt CA/MG (B) Asst. Legal Advisor.

Financial Advisor

DADCA/MG (B)

Economics and Supply Division.

ADCA/MG (B) Head.
Major (A) Deputy.
DADCA/MG (B) Processing and Calling Forward Civil Supplies for Venezia G
Lt. (A) Miscellanious Staff Duties.

0397

Declassified E.O. 12356 Section 3.3/NND No. 785015

Chart (as at 1 April 1/46).
Military Government Branch.

Appendix 'B'

British 10
American 11

ACOS - Brig Gen (A)
:
DDCA/MG - (B)
:
Executive

Coloncl (A)
S/Capt CA/MG(B) (Also British Adm Offr)

Division.

Head
(Italy and Venezia Giulia)

visor.

Financial Advisor

DADCA/MG (B)

Displaced Persons Division.

Colonel	(A) Head.
Lt.Col	(A) Deputy.
DADCA/MG	(B) Head of Br.Element
Major	(A) Recording.
Major	(A) Movements, Liaison.

Economics and Supply Division.

ADCA/MG (B) Head.
Major (A) Deputy.
DADCA/MG (B) Processing and Calling Forward Civil Supplies for Venezia Giulia.
Lt. (A) Miscellanious Staff Duties.

CAB 120

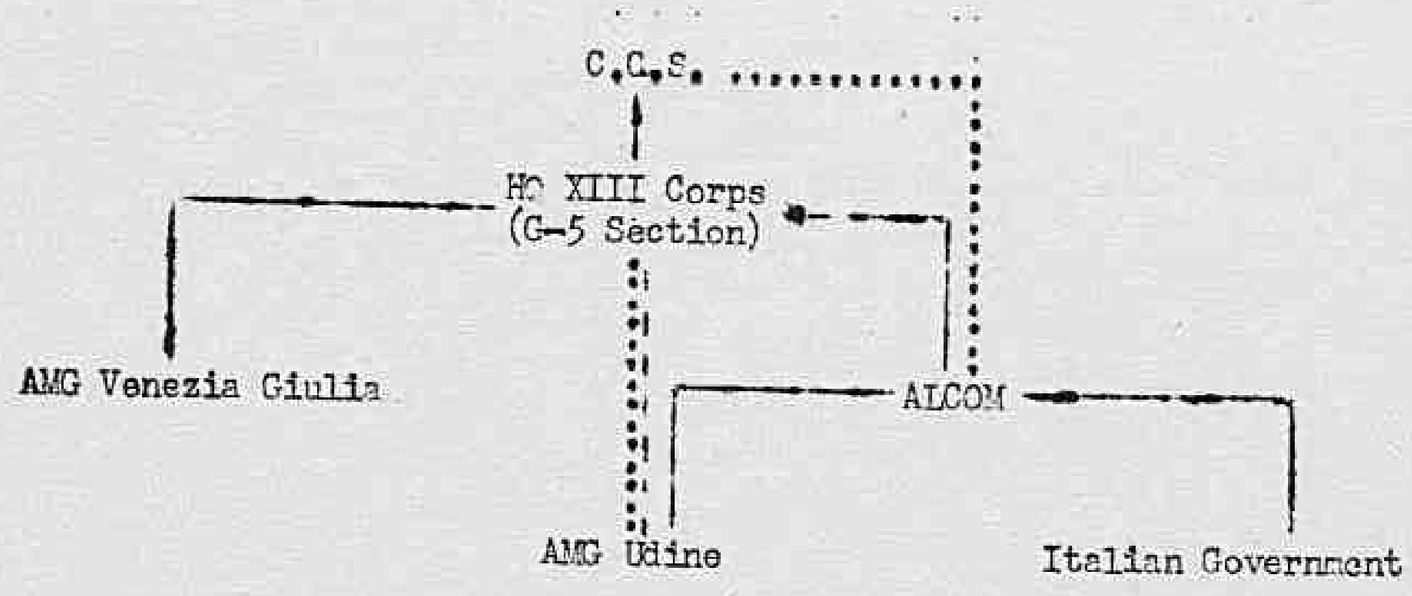
APPENDIX 'C'

CHAIN OF COMMAND

AFTER DISBANDMENT OF AFHQ

(Civil Affairs)

1. General matters.



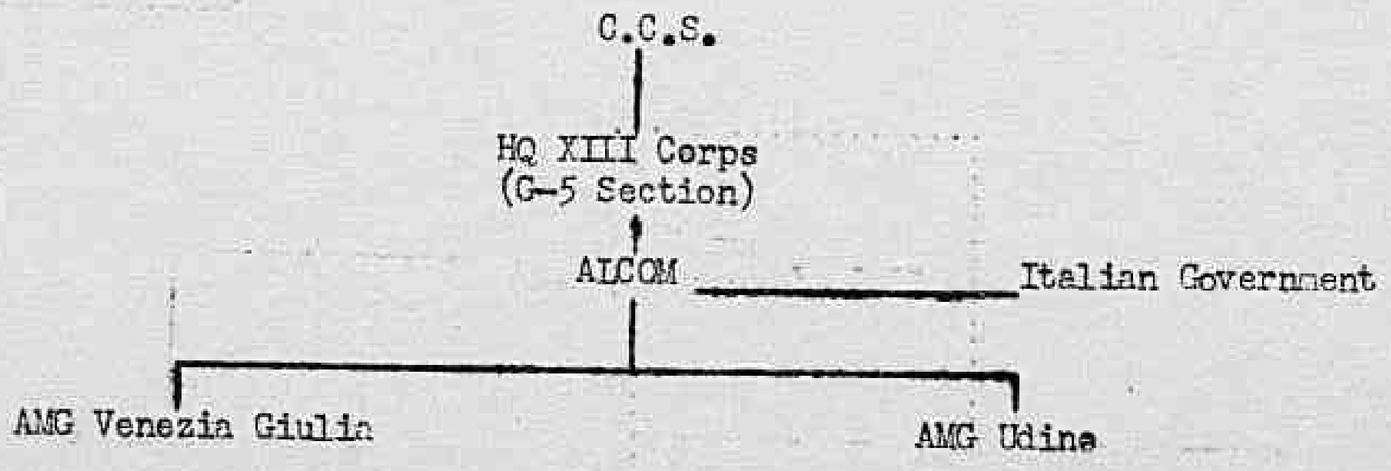
LEGEND: General Matters _____

Matters affecting operational requirements of XIII Corps only._._._._._._._._._._._._._.

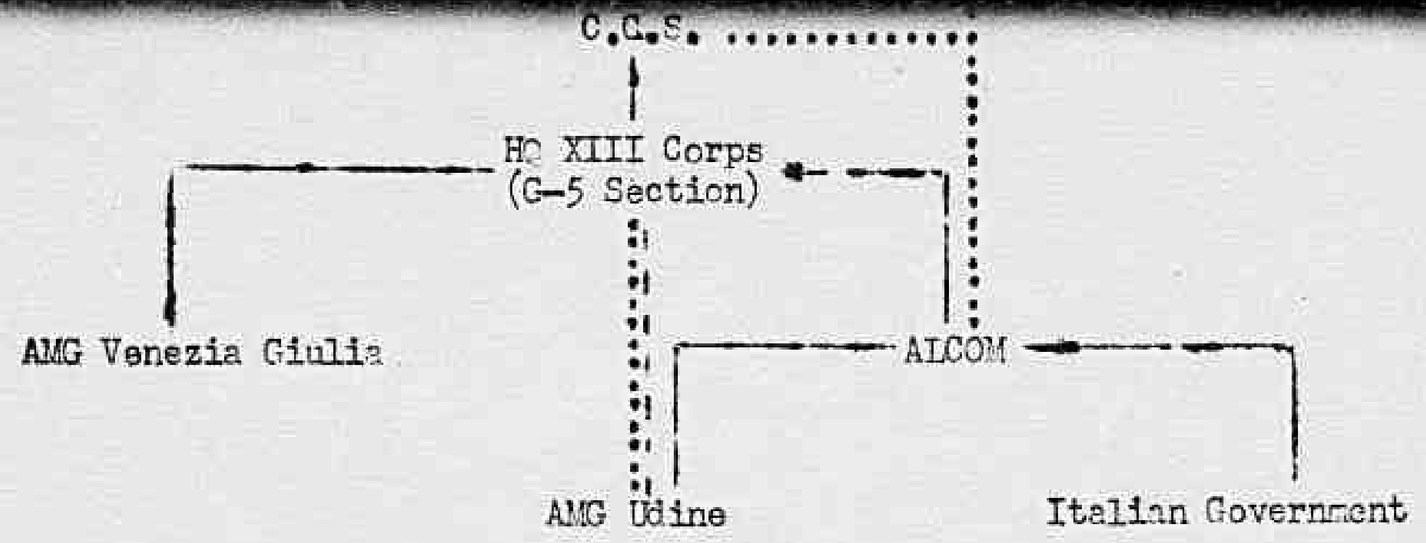
Matters affecting Civil Affairs in Italy proper only .....

2. Technical matters relating to territories under AMG (e.g: the processing of supply requisitions and legal problems).

3099



0368
Declassified E.O. 12356 Section 3.3/NND No. 785015



LEGEND: General Matters _____

Matters affecting operational requirements of XIII Corps only._._._._._._._._._._._._.

Matters affecting Civil Affairs in Italy proper only .....

2. Technical matters relating to territories under AMG (e.g: the processing of supply requisitions and legal problems).

5099



Declassified E.O. 12356 Section 3.3/NND No. 785015

MAR 1 RECD

FROM: HQ ALCOM SIGNED STONE 27 FEBRUARY 1946-1540

TO : AFHQ GEORGE DASH FIVE

1472

UNCLASSIFIED

REFERENCE COM THREE FIVE THREE CMA MAT NINE SIX FIVE CMA AND FAN FIVE EIGHT THREE PD
PARA ONE PD AS A CONSEQUENCE OF THE RETURN TO ITALIAN GOVERNMENT CONTROL OF ALL ITALY EXCEPT VENEZIA GIULIA AND UDINE CMA AND OF THE ASSUMPTION BY UNRRA OF THE RESPONSIBILITY FOR THE BASIC SUPPLY PROGRAM IN ITALIAN GOVERNMENT TERRITORY CMA I PROPOSE TO MAKE THE FOLLOWING INTERIM CHANGES IN ALCOM EFFECTIVE ONE MARCH CMA WHILE AWAITING REPLY TO YOUR MAT NINE SIX FIVE PD
PARA TWO PD RETAIN PAREN ABLE PAREN THE ECONOMIC SECTION CMA APPOINTING COLONEL CHARLES WILLIAM WALTON ACTING VICE PRESIDENT PAREN VICE HARLAN CLEVELAND TRANSFERRED TO UNRRA PAREN AND LT COLONEL BAKER EASY LOVE TIMMONS DEPUTY VICE PRESIDENT AND CHIEF FINANCIAL ADVISER PAREN VICE COLONEL DENSMORE TRANSFERRED TO US PAREN SEMICLN PAREN BAKER PAREN CAPTURED ENEMY MATERIALS BRANCH SEMICLN PAREN CHARLIE PAREN REQUISITION BRANCH PAREN TO ADMINISTER THE SUPPLY OPERATIONS FOR VENEZIA GIULIA AND UDINE PAREN PD
PARA THREE PD CONVERT THE FOLLOWING SUB DASH COMMISSIONS INTO BRANCHES OF THE ECONOMIC SECTION SEMICLN FOOD AND AGRICULTURE CMA INDUSTRY AND UTILITIES CMA TRANSPORTATION AND SHIPPING CMA COMMERCE CMA FINANCE PD
PARA FOUR PD ABOLISH THE LABOUR SUB DASH COMMISSION PD
PARA FIVE PD THE PERSONNEL OF THE ECONOMIC SECTION WILL INCLUDE FIFTEEN EACH BRITISH AND AMERICAN OFFICERS AND TWELVE EACH BRITISH AND AMERICAN OBOE ROGER SLANT EASY MIKE PD THESE FIGURES ARE WITHIN THE WILLIAM EASY AND TENTATIVE TARE OBOE PD UNDER CON THREE FIVE THREE NO FEA PERSONNEL AVAILABLE AFTER MARCH ONE PD
PARA SIX PD BRIEFLY THE FUNCTIONS ARE CLN PAREN ABLE PAREN TO KEEP ME INFORMED OF THE ECONOMIC SITUATION SEMICLN PAREN BAKER PAREN MAINTAIN CONTACT ON ECONOMIC MATTERS WITH THE ITALIAN GOVERNMENT SEMICLN PAREN CHARLIE PAREN HANDLE SUPPLY ARRANGEMENTS FOR ANG TERRITORY SEMICLN PAREN DOG PAREN HANDLE MISCELLANEOUS CORRESIONDENCE SEMICLN PAREN EASY PAREN CLEAR RCL COMMODITIES SEMICLN PAREN FOX PAREN COOPERATE IN ELECTRIC POWER REHABILITATION AND DISTRIBUTION SEMICLN PAREN GEORGE PAREN ORGANIZE AND CLOSE OUT FILES AND RECORDS SEMICLN PAREN HOW PAREN DISCHARGE REMAINING RESPONSIBILITIES UNDER FAN FIVE EIGHT THREE PD
PARA SEVEN PD A MORE COMPLETE OUTLINE WITH ORGANIZATIONAL CHART FOLLOWS BY LETTER PD

3092

PRIORITY
SUPPLY GROUP, ECONOMIC SECTION

G.J. LEONE
ASST. ADJUTANT

Declassified E.O. 12356 Section 3.3/NND No. 785015

IN ALCOM EFFECTIVE ONE MARCH CMA WHILE AWAITING REPLY TO YOUR MAT NINE SIX FIVE PD
PARA TWO PD RETAIN PAREN ABLE PAREN THE ECONOMIC SECTION CMA APPOINTING COLONEL CHARLES WILLIAM WALTON ACTING VICE PRESIDENT PAREN VICE HARLAN CLEVELAND TRANSFERRED TO UNRRA PAREN AND LT COLONEL BAKER EASY LOVE TIMMONS DEPUTY VICE PRESIDENT AND CHIEF FINANCIAL ADVISER PAREN VICE COLONEL DENSMORE TRANSFERRED TO US PAREN SEMICLN PAREN BAKER PAREN CAPTURED ENEMY MATERIALS BRANCH SEMICLN PAREN CHARLIE PAREN REQUISITION BRANCH PAREN TO ADMINISTER THE SUPPLY OPERATIONS FOR VENEZIA GIULIA AND UDINE PAREN PD
PARA THREE PD CONVERT THE FOLLOWING SUB DASH COMMISSIONS INTO BRANCHES OF THE ECONOMIC SECTION SEMICLN FOOD AND AGRICULTURE CMA INDUSTRY AND UTILITIES CMA TRANSPORTATION AND SHIPPING CMA COMMERCE CMA FINANCE PD
PARA FOUR PD ABOLISH THE LABOUR SUB DASH COMMISSION PD
PARA FIVE PD THE PERSONNEL OF THE ECONOMIC SECTION WILL INCLUDE FIFTEEN EACH BRITISH AND AMERICAN OFFICERS AND TWELVE EACH BRITISH AND AMERICAN OBOE ROGER SLANT EASY MIKE PD THESE FIGURES ARE WITHIN THE WILLIAM EASY AND TENTATIVE TARE OBOE PD UNDER CON THREE FIVE THREE NO FEA PERSONNEL AVAILABLE AFTER MARCH ONE PD
PARA SIX PD BRIEFLY THE FUNCTIONS ARE CLN PAREN ABLE PAREN TO KEEP HE INFORMED OF THE ECONOMIC SITUATION SEMICLN PAREN BAKER PAREN MAINTAIN CONTACT ON ECONOMIC MATTERS WITH THE ITALIAN GOVERNMENT SEMICLN PAREN CHARLIE PAREN HANDLE SUPPLY ARRANGEMENTS FOR ANG TERRITORY SEMICLN PAREN DOG PAREN HANDLE MISCELLANEOUS CORRESPONDENCE SEMICLN PAREN EASY PAREN CLEAR RCL COMMODITIES SEMICLN PAREN FOX PAREN COOPERATE IN ELECTRIC POWER REHABILITATION AND DISTRIBUTION SEMICLN PAREN GEORGE PAREN ORGANIZE AND CLOSE OUT FILES AND RECORDS SEMICLN PAREN HOW PAREN DISCHARGE REMAINING RESPONSIBILITIES UNDER FAN FIVE EIGHT THREE PD
PARA SEVEN PD A MORE COMPLETE OUTLINE WITH ORGANIZATIONAL CHART FOLLOWS BY LETTER PD

3098

PRIORITY
SUPPLY GROUP, ECONOMIC SECTION — G.J. LEONE, ASST. ADJUTANT

546 — CHARLES W. WALTON — CWO, USA.

DISTRIBUTION:-

Chief Commissioner	1	PRO	2
Executive Commissioner	1	British Embassy	2
Liaison Division	1	American Embassy	2
Archives	1	Food & Agriculture S/C	6
Message Center	1	Industry & Utilities	8
Civil Affairs Section	10	Finance	5
Navy S/C	3	Trans. & Shipping S/C	5
Land Forces S/C	5	Labor S/C	3
Air Force S/C	3	Commerce (FT)	3
Communications S/C	1	C.E.M. Branch	3
G-1 (A)	3	Requisition Branch	5
G-1 (B)	3		

Surplus
102/CC

0401
Declassified E.O. 12356 Section 3.3/NND No. 785015

0402

Declassified E.O. 12356 Section 3.3/NND No. 785015

HQ ALCOM SIGNED STONE 01 MAR 46

COMMANDING GENERAL MTOUSA

1510 RESTRICTED

THE UNITED STATES TABLE OF ORGANIZATION FOR THIS COMMISSION RESTS ON CORRECTED LETTER H EADQUARTERS MTOUSA CMA FILE ABLE GEORGE TWO TWO ONE FD ZERO TWO OBLIQUE FIVE ZERO ZERO CHARLIE ONOE SUBJECT ALLOTMENT OF PERSONNEL CMA DATED SEVEN FEBRUARY FORTY SIX FD NOTHING HAS CHANGED IN THE ORGANIZATION OF ALCOM SINCE RECEIPT OF THIS LETTER TO PERMIT A DRASTIC REDUCTION FD VARIOUS VERBAL ORDERS HAVE BEEN COMMUNICATED TO OFFICERS ON MY STAFF INSTRUCTING ME TO REDUCE THIS TABLE OF ORGANIZATION BY FIFTY FROM TOMORROW AND TO DESIGNATE FIFTY OFFICERS FORTHWITH FOR DETACHMENT THIS MONTH FD I AWAIT WRITTEN ORDERS BEFORE TAKING ACTION

3097

PRIORITY M S. LUSH

M .B. LUSH, Brigadier
Executive Commissioner

J. G. LEONE, CWO, USA,
Asst. Adjutant

98 343

0403

Declassified E.O. 12356 Section 3.3/NND No. 785015

C26829

1MAR1533A

H/52

2MAR1400A

ROUTINE

MTOUSA G-3 3 X TROOP FORECAST

ROME AREA MTOUSA INFO: ALCOM ROME

UNCLASSIFIED.

TROOP FORECAST FOR ALCOM AS CALLED FOR IN INCLOSURE 3 WILL BE COMPLETED WITH. FREN REFARENCE OUR LETTER RECOMMENDED TROOP STGENGTH MTOUSA, 24 JANUARY 1946 AUTHORIZED UNITED STATES ARMY STRENGTH ASSIGNED ALCOM (2675 REGIMENT) 1MARCH IS 450. PARA X CONVERSATION LUSH ALCOM PARSONS G-5 AFHQ REFERS.

AG DIST

ACTN: 2675 Regt
INFO: CHIEF COMMISSIONER
G-1 A
File
Fleet

22/10/45

5096

(7)

0404

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

Copy

28 February 1946.

SUBJECT: Reorientation of Allied Financial Policy Towards Italy.

TO : Headquarters, Allied Commission,
APO 394.

1. Reference is made to your letter No. 13018/F of 16 January 1946.

2. The question of the co-ordination of military procurement in Italy with the Allied Civilian Supply Programme, referred to in your letter of 14 December 1945, was the subject of a separate communication.

3. In regard to the proposal made in paragraph 3 of your letter under reference, the desirability from the point of view of the Italian economy of reimbursing the Italian Government for the full cost of the maintenance of the Allied Forces in Italy is appreciated. It is considered, however, that the matter is one which should properly be represented to the Allied Governments through Embassy channels rather than that it should be made the subject of a recommendation to the Combined Chiefs of Staff by the Supreme Allied Commander. In this connection, it is noted that copies of your letter have been sent to the British and United States Ambassadors who will no doubt bring the matters raised therein to the notice of the Foreign Office and State Department.

4. You will note that in paragraph 4 of this Headquarters' signal FX 67602 of 6 October 1945, to which you refer in your letter, the Supreme Allied Commander in connection with the same subject expressed the opinion that it was not within his competence to offer his views. This opinion was based upon the evident fundamental difference between the policies of the British and the United States Governments and upon the fact that insufficient knowledge of the factors affecting the problem was available in this theatre.

309

referred to Embassies
see (99) & (100)
& forwarded by them
to Foreign Office &
State Dept. (103) & (104)

From Sec State

ACTION: FINANCE DA

INFO: CHIEF COMM.
EXEC. COMM.
POLAD (A)
POLAD (B)
A/VP

0495

Declassified E.O. 12356 Section 3.3/NND No. 785015

5. It is considered moreover that the Combined Chiefs of Staff are already fully aware of the implications of the problem and that it would be inappropriate to ask them at this stage to consider any change of policy which would inevitably prejudice the terms of the Peace Treaty with Italy and of any Civil and Military Affairs agreements arising therefrom.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

Sgd.: A. C. DUFF
Major General,
Chief Administrative Officer.

Copy to:

USFOLAD
BRITFO AD
Fiscal Director
F A Brit.

5094

(96) a

(E)

0409

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

TOPSEC ANT PERSONAL

Ref: 2621/SC

28 Februrary 1946

Reorganizati[illegible]and control of Service Sub-Commissions in regard to control of existing Italian Navy, Army, and Air Forces Sub-Commissions. (Lush to Parsons)

(Incl ltr of 18 Feb 46; Parsons-Lush)

SEE TOPSEC ENVEL. IN FIELD SAFE

101/CC
102/CC

.093

Surplus
101 & 102
CC

0407

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

TOP SECRET & PERSONAL

Ref: 2621/EC

28 February 1946

Reorganisation and control of Service Sub-Commissions in regard to control of existing Italian Navy, Army, and Air Forces Sub-Commissions.

(Incl letter of 18 February 1946, Lush from Parsons)

ONE TOPSEC ENVELOPE IN FIELD SAFE

TOP SECRET

092

96

0408

Declassified E.O. 12356 Section 3.3/NND No. 785015

HQ ALCOM CINCAFMED STUTTGART

27 FEBRUARY 1946-1540 ZM

ARTY GEORGE BAKER FIVE

1/72

UNCLASSIFIED

REFERENCE OUR THREE FIVE THREE/ CMA OUR RUEG ONE FIVE CMA AND YAN FIVE EIGHT THREE ZO

PARA ONE ZO AS A CONSEQUENCE OF THE RESULT TO ITALIAN GOVERNMENT CONTROL OF ALL ITALY EXCEPT VENEZIA GIULIA AND UDINE CMA AND OF THE ASSUMPTION BY USFCA OF THE RESPONSIBILITY FOR THE BASIC SUPPLY PROGRAM IN ITALIAN GOVERNMENT TERRITORY CMA I PROPOSE TO MAKE THE FOLLOWING INTERIM CHANGES IN ALCOM EFFECTIVE ONE MARCH CMA PENDING RECEIPT OF YOUR MAY NINE SIX FIVE ZO

PARA TWO ZO REVISE PARAS ABLE BAKER THE ECONOMIC SECTION CMA APPOINTING COLONEL CHARLES WILLIAM DALTON ACTING VICE PRESIDENT PARA VICE HAROLD CLEVELAND TRANSFERRED TO USFCA PARIS AND LT COLONEL BAKER MAY LOVE TIBBOTT DEPUTY VICE PRESIDENT AND CHIEF FINANCIAL ADVISER PARIS VICE COLONEL DENNISON TRANSFERRED TO US PARIS CHARLIE PARIS BAKER PARIS CAPTURED ENEMY MATERIALS BRANCH SUBSTICLN PARIS CHARLIE PARIS RESPECTIVELY PARIS PARIS TO ADMINISTER THE SUPPLY OPERATIONS FOR VENEZIA GIULIA AND UDINE PARIS ZO

PARA THREE ZO CONVERT THE FOLLOWING SUB PARA CONSTITUTED INTO BRANCHES OF THE ECONOMIC SECTION SUBJECT FOOD AND AGRICULTURE CMA INDUSTRY AND UTILITIES CMA TRANSPORTATION AND SHIPPING CMA COMMERCE CMA FINANCE ZO

091

Surplus
102/CC

PRIORITY

SUPPLY GROUP, ECONOMIC SECTION

546 CHARLES M. DAWES

C. J. LYONS
ASST. ADJUTANT
GHQ, MTO

0409

Declassified E.O. 12356 Section 3.3/NND No. 785015

PARA FOUR ED ABOLISH THE LABOUR AND DAIRY CORPORATION ED

PARA FIVE ED THE RECRUITMENT OF THE SOURCE SECTION WILL INCLUDE FIFTEEN EACH BRITISH AND AMERICAN OFFICERS AND TWELVE EACH BRITISH AND AMERICAN OTHER RANK EARLY LIKE ED THESE FIGURES ARE WITHIN THE MILLIAN EASY AND TENTATIVE TAKE OVER ED UNDER OUR REVISED FIVE THERE NO FEW PERSONNEL AVAILABLE AFTER MARCH ONE ED

PARA SIX ED BRIEFLY THE FUNCTIONS AND OUR PAREN ABLE PAREN TO KEEP ME INFORMED OF THE ECONOMIC SITUATION SEMICOLN PARCH BARON PAREN MAINTAIN CONTACT ON ECONOMIC MATTERS WITH THE ITALIAN GOVERNMENT SEMICOLN PAREN CHANGE PAREN HANDLE SUPPLY ARRANGEMENTS FOR AND THEREBY SEMICOLN PAREN DOG PAREN HANDLE MISCELLANEOUS CORRESPONDENCE SEMICOLN PAREN EASY PAREN CHECK PCL CORRESPONDING SEMICOLN PAREN FOR PAREN COOPERATE IN ELECTRIC POWER RECHABILITATION AND DISTRIBUTION SEMICOLN PAREN CHANGE PAREN ORGANIZE AND CLAIM OUR FILES AND RECORDS SEMICOLN PAREN NOW PAREN DISCLAIMS REMAINING RESPONSIBILITIES UNDER PAR FIVE SIGRE REVISED

PARA SEVEN ED A MORE COMPLETE OUTLINE WITH ORGANIZATIONAL CHART FOLLOWS BY LETTER

3

0410

Declassified E.O. 12356 Section 3.3/NND No. 785015

BEST COPY POSSIBLE

0411

Declassified E.O. 12356 Section 3.3/NND No. 785015

FM ALUSNA [redacted] UNITED STATES

27 FEBRUARY 1946-1540 HC

ATTN: SECRET DATE FIVE

151-4026/62

1472

UNCLASSIFIED

REFERENCE OUR MESSAGE NINE ATTEN/ONA NAT NINE ONA FIVE/ONA AND TWO FIVE EIGHT

THREE TO

PARA ONE TO BE A CONFIRMATION OF THE REPORT TO ITALIAN GOVERNMENT CONTROL OF

ALL ITALY EXCEPT VENEZIA GIULIA AND UDINE ONA AND OF THE ASSUMPTION BY USFOA OF THE

RESPONSIBILITY FOR THE BASIC SUPPLY PROGRAM IN ITALIAN GOVERNMENT TERRITORY ONA I.

PLEASE RE-HANDLE THE FOLLOWING INTENDED USFOANS TO ALCOA EFFECTIVE ONE MARCH ONA WHILE

AWAITING REPLY TO YOUR NAT NINE ONA FIVE TO

PARA TWO TO REMAIN PARTS ABLE PARIS THE ECONOMIC SECTION ONA APPOINTING COLONEL

CHARLES WILLIAM SALTONI ACTING VICE PRESIDENT PARIS VICE HARLAN CLEVELAND TRANSFERRED

TO UNRRA PARIS AND LT COLONEL DARIUS BAKY LOVE PERSONS DEPUTY VICE PRESIDENT AND CHIEF

FINANCIAL ADVISER PARIS VICE COLONEL DENSMORE TRANSFERRED TO US PARIS HERTOLM PARIS

SUBSEQUENTLY CAPTURED EARLY MATURE ET BRANCH HERTOLM PARIS DEALER PARIS REQUISITION

BRANCH PARIS TO ADMINISTER THE SUPPLY OPERATIONS FOR VENEZIA GIULIA AND UDINE PARIS TO

PARA THREE TO CONVEY THE FOLLOWING SUB PARA CONSTITUTE INFO BRANCHES OF THE

ECONOMIC SECTION HERTOLM FOOD AND AGRICULTURE ONA INDUSTRY AND UTILITIES ONA TRANS-

PORTATION AND SHIPPING ONA COMMERCE ONA FINANCE TO

3039

PRIORITY

INTELLIGENCE GROUP, ECONOMIC SECTION

CHARLES W. SALTONI

546

G. J. LEONE
ASST. ADJUTANT
[illegible]

0412

Declassified E.O. 12356 Section 3.3/NND No. 785015

PARA FOUR ED ADDED: THE LABOUR FOR DATE CORRECTIVE TO

PARA FIVE ED THE PURPOSE OF THIS DOCUMENT SECTION WILL INCLUDE FRATERNAL RELATIONS BETWEEN AND AMERICAN OFFICERS AND TEAMS EACH BRITISH AND AMERICAN GROUP TEAMS EACH BRITISH AND AMERICAN GROUP FOUR PLANT PARA ADD ED THESE EXCHANGES ARE WITHIN THE ALLIED ARMY AND TACTICAL TASK GROUP TO OBTAIN OUR THESE ARE TERMS TO BE PURCHASE AVAILABLE AFTER WHICH GIS ED

PARA SIX ED BRIEFLY THE PURPOSE AND CIS PARTS ARE PARTS TO BE ENFORCED OF THE ECONOMIC SITUATION SHOULD PARTS EACH PARTS MAINTAIN CONTACT ON ECONOMIC MATTERS WITH THE ITALIAN GOVERNMENT SHOULD PARTS CHARGE PARTS BASIC SUPPLY ARRANGEMENTS FOR AND TERRITORY SHOULD PARTS DOC PARTS HANDLE MISCELLANEOUS CORRESPONDENCE SHOULD PARTS MAY PARTS ELSE BUL CORRESPONDENT SHOULD PARTS FOR PARTS COORDINATE TO SELECTED POWER REQUISITIONS AND DISTRIBUTION SHOULD PARTS GROUP PARTS ORGANIZE AND CLOSE OUT FILES AND RECORDS SHOULD PARTS FOR PARTS LITERATURE REQUIRING RESTRICTED UNDER PAR FIVE SEVEN TIMES ED

PARA SEVEN ED A MORE COMPLETE OUTLINE THE ORGANIZATIONAL CHART FOLLOWS BY LETTER I

5038

95

0413

Declassified E.O. 12356 Section 3.3/NND No. 785015

FEB 26 RECD

FX61515
26FEB1111A

Q/9850
26FEB1400A
PRIORITY

AFHQ DUFF

ALCOM PERSNAL FOR ADMIRAL STONE

CONFIDENTIAL

CONFIDENTIAL

YOUR 1399 of 25 FEB. 936

YES CERTAINLY BUT SUGGEST YOUR REPS SHOULD BE RATHER FEW AND RATHER SILENT. ALSO THAT VALUE WOULD BE OBTAINED BY THEIR ATTENDANCE AT CONFERENCE NUMBER 1 AT 0930 HRS 6 MAR BUT LITTLE OR NONE AT SUB SEQUENT CONFERENCES.

AC DIST

ACTN: EX COMM
INFO: CHIEF COMMISSIONER
FILE SKELETON

HEADQUARTERS
26 FEB 1946

5037

CONFIDENTIAL

94

0414

Declassified E.O. 12356 Section 3.3/NND No. 785015

C-1(B) HQ ALOOM 261745 February 1946

CHQ GRP FOR CIVIL AFFAIRS

1420 UNCLASSIFIED

PARA ONE PD PRIORITY FOLLOWING CABLE TO SENT TROOPERS FOR CIVIL AFFAIRS TWO PD QUOTE COLONEL GEORGE MIKE MITCHELL PARENT FOUR SEVEN EIGHT MILE ONE PARK ROYAL ARMY MEDICAL CORPS HOW IN UNITED KINGDOM ON LEAP URGENTLY REQUIRED TO CLOSE DOWN PUBLIC HEALTH SU COMMISSION OF ALLIED COMMISSION ITALY PD GRATEFUL IF HE COULD BE RETURNED THIS THEATRE BY AIR EARLIEST PD LEAVE AIRFARE FOR KERI STREET CRO PORTRUSH NORTH IRELAND BE ARRANGED PD UNQUOTE PD

.036

ROUTINE

C-1 (B)

C.J. [illegible]
C O U/A
ASST ADJUTANT

411

0415

Declassified E.O. 12356 Section 3.3/NND No. 785015

FEB 26 1970

CC

HQ ALCOM

AFHQ FOR CAD

251100FEB46

1399

RESTRICTED

REFERENCE MEETING MARCH SIX AND SEVEN PD PERSONAL FROM ADMIRAL STONE TO GENERAL DUFF PD GRATEFUL IF YOU COULD APPROVE PRESENCE OF REPRESENTATIVES OF ALCOM ON MILITARY MEETINGS IN ORDER THAT THEY CAN OBTAIN GENERAL BACKGROUND FOR GEORGE DASH FIVE ALCOM MEETING

.085 ROUTINE

Executive Commissioner.

HEAT S W
Brigadier,
343 Executive Commissioner.

936

0416

Declassified E.O. 12356 Section 3.3/NND No. 785015

FEB 26 RECD
1425

FX 61472
FEB 251600A

G/9847
FEB 261400A

AFHQ SIGNED SACMED CITE FHQ6
ALCOM

ROUTINE

TOP SECRET

TOP SECRET.

1. Conference will be held ROME on 6 and 7 MARCH consider reorganisation consequence changes present form AFHQ. Conference number 4 will deal Civil Affairs.

2. War Office plan for run down of CMF starts. (a) CHQ CMF will cease 1 JUNE when responsibility for all British military matters pass to 13 CORPS. Headquarters 3 DISTRICT then responsible to 13 CORPS for all such matters outside present 13 CORPS area. (b) If peace treaty effective prior to 1 JUNE 1946 plan for withdrawal of Allied Troops and for command after treaty will be subject seperate study. (c) If peace treaty effective after 1 JUNE 1946 command in ITALY will pass that date to new Allied Headquarters based on 13 CORPS responsible to CCS. 13 CORPS will then require Allied Increment. (d) BTA will assume responsibility for administration and maintainance 13 CORPS by 1 JUNE. (e) Military movement through TARANTO, BARI, NAPLES cease wef 28 FEBRUARY, 31 MARCH, 1 OCTOBER respectively. 0064 Future of displaced persons not acceptable UNRRA still under discussion. Plan ends.

3. Conference number 4 subject transfer present responsibility G - 5 AFHQ and future relations AMG 13 CORPS ALCOM will be held 070930. Senior representatives G-5 AFHQ 13 CORPS and ALCOM will attend. Detailed agenda will follow.

4. Names of representatives attending conference will be signalled Q British CHQ stating if that is fact no arrangements accommodation required.

130

AC Dist — ACTION — EX (SMART) (2)
INFO — CSMART
FILE (SKELETON)

0417

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 370-4 16 February 1946

SUBJECT: Redeployment of British Units upon Cessation of Hostilities.

TO : Headquarters, Allied Commission,
APO 394

1. The following information is passed to you to enable you to plan for the future.

a. It is intended to clear all British troops from 52 and 54 Areas in Southern Italy by 1 May 1946, leaving only installations at Naples and Leghorn thence to U.K. Italy via Rome, Orte, Foligno, Rimini, Bologna. The run down of Naples installations will commence from 1 May 1946.

b. In puramance of this plan.

i. Taranto will close as a military port on 1 March 1946.

ii. Bari will close as a military port on 1 April 1946, but ammunition ranging may continue from Barletta and Molfetta to 30 June.

iii. No British military installation will remain in the Heel Area after 30 April without the authority of CSC, CMF G-5.

iv. Military commitments except Poles will be cleared from the Heel Area by 1 May on instructions from G-5, AFHQ.

2. The future of the Poles in the Heel is still under consideration and for the time being will be regarded as a continuing commitment.

3. Will you, at your early convenience, say what differences, if any, this will involve so far as Allcom is concerned?

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

/s/ J. H. Walker Actg

W. F. C. A. PARSONS
Brigadier
Acting Assistant Chief of Staff, G-5

Copy to: DF Div.

0033

Surplus
10/2/46

0418

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 370-4 16 February 1946

SUBJECT: Redeployment of British Units upon Cessation of Hostilities.

TO : Headquarters, Allied Commission,
APO 394

1. The following information is passed to you to enable you to plan for the future.

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b. In pursuance of this plan.

i. Taranto will close as a military port on 1 March 1946.

ii. Bari will close as a military port on 1 April 1946, but ammunition dumping may continue from Barletta and Molfetta to 30 June.

iii. No British Military installation will remain in the Heel Area after 30 April without the authority of GSD, CMF.

iv. Military commitment DPs except Poles will be cleared from the Heel Area by 1 May on instructions from G-5, AFHQ.

2. The future of the Poles in the Heel is still under consideration and for the time being will be regarded as a continuing commitment.

3. Will you, at your early convenience, say what differences, if any, this will involve so far as Alcon is concerned?

0432

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

F. G. A. PARSONS
Brigadier
Acting Assistant Chief of Staff, G-5

Copy to: DP Div.

0419

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 370-4 16 February 1946

SUBJECT: Redeployment of British Units upon Cessation of Hostilities.

TO : Headquarters, Allied Commission,
APO 394

1. The following information is passed to you to enable you to plan for the future.

a. It is intended to clear all British troops from 52 and 54 Areas in Southern Italy by 1 May 1946, leaving only installations at Naples and L of C thence to N.F. Italy via Rome; Orte, Foligno, Rimini, Bologna. The run down of Naples installations will commence from 1 May 1946.

b. In pursuance of this plan.

i. Taranto will close as a military port on 1 March 1946.

ii. Bari will close as a military port on 1 April 1946, but ammunition dumping may continue from Barletta and Molfetta to 30 June.

iii. No British Military installation will remain in the Heel Area after 30 April without the authority of GSD, CMF, CMF.

iv. Military commitment DPs except Poles will be cleared from the Heel Area by 1 May on instructions from G-5, AFHQ.

2. The future of the Poles in the Heel is still under consideration and for the time being will be regarded as a continuing commitment.

3. Will you, at your early convenience, say what differences, if any, this will involve so far as Alcom is concerned?

5031

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

F. G. A. PARSONS
Brigadier
Acting Assistant Chief of Staff, G-5

Copy to: DP Div.

DPR/10-12/ADM

ACUFR HQ AIRCOM 19 0965, February 1946

(1) GEORGE FIVE ALLIED FORCE HEADQUARTERS

1270 UNCLASSIFIED

PARA ONE FD REPATRIATION AND STATISTICAL BRANCH THIS HEADQUARTERS TRANSFERRED TO UNRRA BUILDING ON ONE EIGHT FEBRUARY FOUR SIX FD

PARA TWO FD CORRESPONDENCE PERTAINING TO ABOVE SHOULD BE ADDRESSED AS PER PARA THREE OUR DOC PETER ROGER SLANT TWO DASH ONE TWO SLANT ADMINISTRATION OF FIRST FEBRUARY FOUR SIX

1027/c

030

PRIORITY (1)

Declassified E.O. 12356 Section 3.3/NND No. 785015

PARA ONE PD REPATRIATION AND STATISTICAL BRANCH THIS HEADQUARTERS TRANSFERRED TO UNRRA BUILDING ON ONE EIGHT FEBRUARY FOUR SIX PD

PARA TWO PD CORRESPONDENCE PERTAINING TO ABOVE SHOULD BE ADDRESSED AS PER PARA THREE OUR DOS PETER ROGER SLANT TEN DASH ONE TWO SLANT ADMINISTRATION OF FIRST FEBRUARY FOUR SIX

10/14/72

0 3 0

PRIORITY (1)

DISPER

576

(93)

Declassified E.O. 12356 Section 3.3/NND No. 785015

0422

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 370-4

16 February 1946

SUBJECT: Redeployment of British Units upon Cessation of Hostilities.

TO : Headquarters, Allied Commission,
APO 394

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0079

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

F. G. A. PARSONS
Brigadier
Acting Assistant Chief of Staff, G-5

Copy to: DE Div.

92a

0423

Declassified E.O. 12356 Section 3.3/NND No. 785015

Cable Transferred
Cipher C
3753
to Ltr

3078

0424

Declassified E.O. 12356 Section 3.3/NND No. 785015

JAN 28 REC'D

SUBJECT: Disposal of CEM (Pharmaceutical Plants and Stocks) at MERANO.

HQ No 2 District CMF
1265/9/Q2
23 Jan 46

HQ CMF

1. In continuation of this office 1265/9/Q2 dated 21 Dec 45, I have recently returned from a visit to Merano and have to report as follows :-

(i) All outstanding indents will be ready for collection by 26 Jan 46.

(ii) ERRS consignments will be ready for despatch by 2 Feb 46.

(iii) Stocktaking of dust remains will be completed by 9 Feb 46.

(iv) All German personnel will be concentrated in a separate enclosure by 16 Feb 46.

2. The date therefore I suggest for the handover to commence is 17 Feb 46.

3. May this information please be passed to the Chief Commissioner, Allied Commission to Italy, in compliance with para 7 of CAO's letter AFHQ/5076/A(AG) dated 22 Nov 45, addressed to him.

C.A. Heydeman
Major-General,
Comd. No 2 District.

3077

Copies: Chief Administrative Officer, AFHQ.
Chief Commissioner, Allied Commission to Italy.
HQ 2 District.

91a

0425

Declassified E.O. 12356 Section 3.3/NND No. 785015

DRAFT

SUBJECT : Reorganization of 2675th Regiment.

TO : The Commanding General, MFOUSA.

Through channels.

In reference to the letter Mediterranean Theater of Operations, Office of the Chief of Staff, dated 28 December 1945, subject same as above, and inclosure thereto, G-3 Division, MFOUSA, dated 5 December 1945, subject proposed solution of Allied Commission's administrative difficulties, it is felt that the proposal contained in the letter would not meet the future needs of the Allied Commission. This is predicated upon the following:

a. The uncertainty of the length of the Commission's future.

b. A change of Command such as proposed will result in the loss of individuals who possess a goodly knowledge of the continuity of past activities of the Commission.

c. All existing property records and the responsibility for the property itself would be decentralized, and present difficulties in the future assignment of vehicles and property peculiar to the operational needs of the Commission.

d. At present Companies J and M are the American counterpart of the AMG teams of Trieste and Udine respectively and as such are integrated with a British counterpart; and should they fall under the command of the 88th Division certain

3076

(91)

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Declassified E.O. 12356 Section 3.3/NND No. 785015

hardships are bound to arise as it is believed that the Command of the 88th Division is not thoroughly familiar with the operational policy or the objective of the Allied Commission.

e. The Headquarters of the Allied Commission would be assigned to Rome Area Allied Command and undoubtedly would operate under a different administrative pol cy than that put forward by the Commanding Ge eral of the 88th Division; thus American personnel being transferred for operational purposes from either Venezia Giulia or Udine to Rome or vice versa, would be unfamiliar with the policies that exist and therefore may be guilty of violation of some policy peculiar to the Area of their new assignment.

f. A summation of the above brings forth the thought that any change at all from the present scheme of operation from and administrative standpoint may cause a certain amount of confusion and impede liquidation and final closing out of the functions of the Allied Commission and 267th Regiment. Therefore, it is recommended that no action be taken to dissolve the present administrative setup of the 267th Regiment, other than a gradual reduction in the authorized strength which should only be made as the various phases of operations of the Commission are concluded.

5075

C.M. PARKIN
Colonel
Comdg.

(94)

0427

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED COMMISSION - ASSIGNED STRENGTH
(as of 19 Jan '46)

	OFFICERS			EM / OR		
	American	British	Total	American	British	Total
HEADQUARTERS	60	130	190	151	275	426
AMG VENEZIA GIULIA	73	81	154	80	91	171
AMG UDINE	11	20	31	12	5	17
LIAISON GROUPS	31	140	171	48	234	282
DISPLACED PERS.	4	31	35	0	54	54
TOTAL	179	402	581	291	659	950

As compared to strength 6th Aug '45:

TOTAL	595	710	1265	1051	976	2027

Percentage Reduction

Since 6th Aug 45:

	Officers	EM / OR
American	68%	72%
British	44%	33%
Total	54%	53%

3074 -

(90)

102/cc

0428

Declassified E.O. 12356 Section 3.3/NND No. 785015

13018/F. 16 January 1946.

My dear Sir Noel:

1. I refer to my letter 13018/F entitled "Reorientation of Allied Financial Policy toward Italy" a copy of which I handed to you this morning.

2. I attach hereto a corrected copy of page 2. which should be substituted for page 2. of the copy you hold.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

His Excellency Sir Noel Charles,
British Embassy,
Rome.

3073 -

Sent 10 24/a

0429

Declassified E.O. 12356 Section 3.3/NND No. 785015

16 January 1946.

13018/F.

My dear Mr. Ambassador:

1. I refer to my letter 13018/F entitled "Reorientation of Allied Financial Policy toward Italy" a copy of which I handed to you this morning.

2. I attach hereto a corrected copy of page 2. which should be substituted for page 2. of the copy you hold.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

Please strike corrected 2nd page re/ with to return one being attached.

3072

871

Col S — —
Why Sent WSA & MWT. Encl cc

14/1

INCOMING MESSAGE

Headquarters Allied Commission

Originator's Reference:FX58353 CITE SACMED Message Centre:C/7185

Date Time of Origin:112356A Date Time Rec'd:JAN 120830

Precedence:ROUTINE

FROM : FREEDOM SIGNED SACMED

TO: AGWAR WASHINGTON FOR CCS FOR CCAC INFO CABINET OFFICES
WHITEHALL LONDON FOR CCS ALCOM ROME BRITISH EMBASSY ROME

102/cc

4601/cc SECRET

74 SECRET 91 102/cc

This is MAT 975.

100 Ref MAT 719, MAT 965 and MCC 434 transfer of functions of Economic Section Alcom. British Ambassador has informed Alcom that owing to lack of personnel it is unable assume advisory or other responsibilities of Economic Section Alcom.

Para 2 .Understand Ambassador has already represented matter to foreign office London and urged provision of adequate staff.Until staff forthcoming,however,we can not complete transfer to Embassies of advisory functions alcom by 1 Jan 46 as suggested MAT 965 para F (2).

Para 3 . Alcom reports us Embassy are provided with groups working on finance,foreign trade,labour,food and agriculture,and authority to set up industrial and utilities advisory group.

Para 4 . For Alcom your 9836 of 2 Jan refers.Please report as soon as Ambassador notifies you of his ability to assume commitment.

102/cc

CIPHER TELEGRAM

This message will not be distributed outside British or U.S. Government Departments or Headquarters or re-transmitted over in Cipher without being paraphrased.(Messages marked O.T.P. need not be paraphrased).

5071

AC DIST

ACTION DIRECTION: ECON SEC 18
CSO 6
SUPPLY GROUP
PROGRAMMER

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

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5071

AC DIST

ACTION DIRECTION: ECON SEC 18
OSO 6
SUPPLY GROUP
PROGRAM BR
REQUISITION BR 10

ADVANCE COPIES TO: COMMERCE SC 2
FINANCE SC
FOOD & AGRIC SC 2
IND UTILITIES SC 2
COAL DIV 1
IN SC 2

INFO: CHIEF COMMISSIONER
EXEC COM 2
CC BR EMB
CA US EMB
WSA ROME
INTR
FILE

Error in distribution
Copies recalled. CC informed

SECRET

87

Declassified E.O. 12356 Section 3.3/NND No. 785015

0432

Declassified E.O. 12356 Section 3.3/NND No. 785015

Chief Commission

JAN 1 6 1946

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

JAN 16 1946

Ref: ES/1.32

10 January 1946

SUBJECT : Organization of Economic Section to Reflect Operating Needs Under the UNRRA Program.

TO : See Distribution Below.

1. It has become increasingly apparent that, in order to put into effect the "two hat" plan of operation during the period 1 January to 1 March, it is necessary to reflect in the supply-connected portion of the present AC Economic Section organization the eventual organization of the Bureau of Requirements and Distribution, UNRRA.

2. The attached chart shows the proposed AC organization during the month of January and also gives the corresponding title of each major unit in the UNRRA organization. Apart from the three sub-commissions (Finance, Commerce, and Labor) that are not involved in the transfer to UNRRA, the effect of the new chart is to take out of the Supply Group of the Economic Section the following units:

(a) Food and Agriculture Sub-Commission.
(b) Industry and Utilities Sub-Commission, except as shown in Paragraph 5.
(c) Special Materials portion of the Surplus and Special Materials Branch (This is to be merged into the Food and Agriculture Sub-Commission, Division of Consumer Goods).

3. The Transportation and Shipping Sub-Commission is to be organized into two divisions--a Ports and Shipping Division and an Internal Transport Division. Mr. Crooks is to be Chief of the Ports and Shipping Division and Mr. Eordase (UNRRA) is to be Chief of the Internal Transport Division.

4. The Industry and Utilities Sub-Commission is to be reorganized so as to comprise two departments--Industries Department and Department of Special Projects. Mr. Rambert is Chief of the Industries Department. Mr. Sullivan and Mr. Hayes, in addition to retaining their present responsibilities as Director and Deputy Director of the Sub-Commission, will serve as Chief and Deputy Chief, respectively, of the Department of Special projects. The Department of Special Projects will carry on those functions remaining from the Department of Public Works and Utilities, as well as assuming the new function of planning for the embassy operation in the field of international financing of Italian

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rehabilitation projects. It will, in this connection, assume the present functions of the Transportation and Shipping Sub-Commission in respect of future planning for rail and port rehabilitation, and screening of rail and port development projects.

5. In preparation for the establishment of the UNRRA organization, it is necessary at this juncture for AC to supervise the Industries Department directly. In addition, the Fuels Department of AC will, during the month of January, report through the Chief of the Supply Group/Sub-Bureau of Supply Operations, although it organizationally resides under the Industry and Utilities Sub-Commission/Sub-Bureau of Industrial Rehabilitation.

6. Within the Supply Group/Sub-Bureau of Supply Operations, under the heading of "Staff", are shown the functions of Program Coordination, Requisitions, Surplus Liaison, and Supply Accounting. The last named will consist initially of the group previously in the UNRRA organization but may later be joined by personnel of the AFHQ.

7. These changes are designed to permit the elements of the present organization to operate through the same supervisory channels within the Economic Section as will be required when dealing with UNRRA matters. Under the new organization, the channel of authority will be between the acting Vice President/Deputy Chief of Mission and his key assistants as shown on the chart. At the same time, however, the Supply Group/Sub-Bureau of Supply Operations is responsible for the operation of and reporting on the entire import program. Therefore, all correspondence and decisions affecting that program will be coordinated with that group.

An administrative order will be issued within UNRRA indicating the future assignments of personnel who have heretofore been concerned with the supply and transportation functions of the UNRRA Italian Mission.

For the Chief Commissioner

M.H.A. CLEVELAND
Acting Vice President

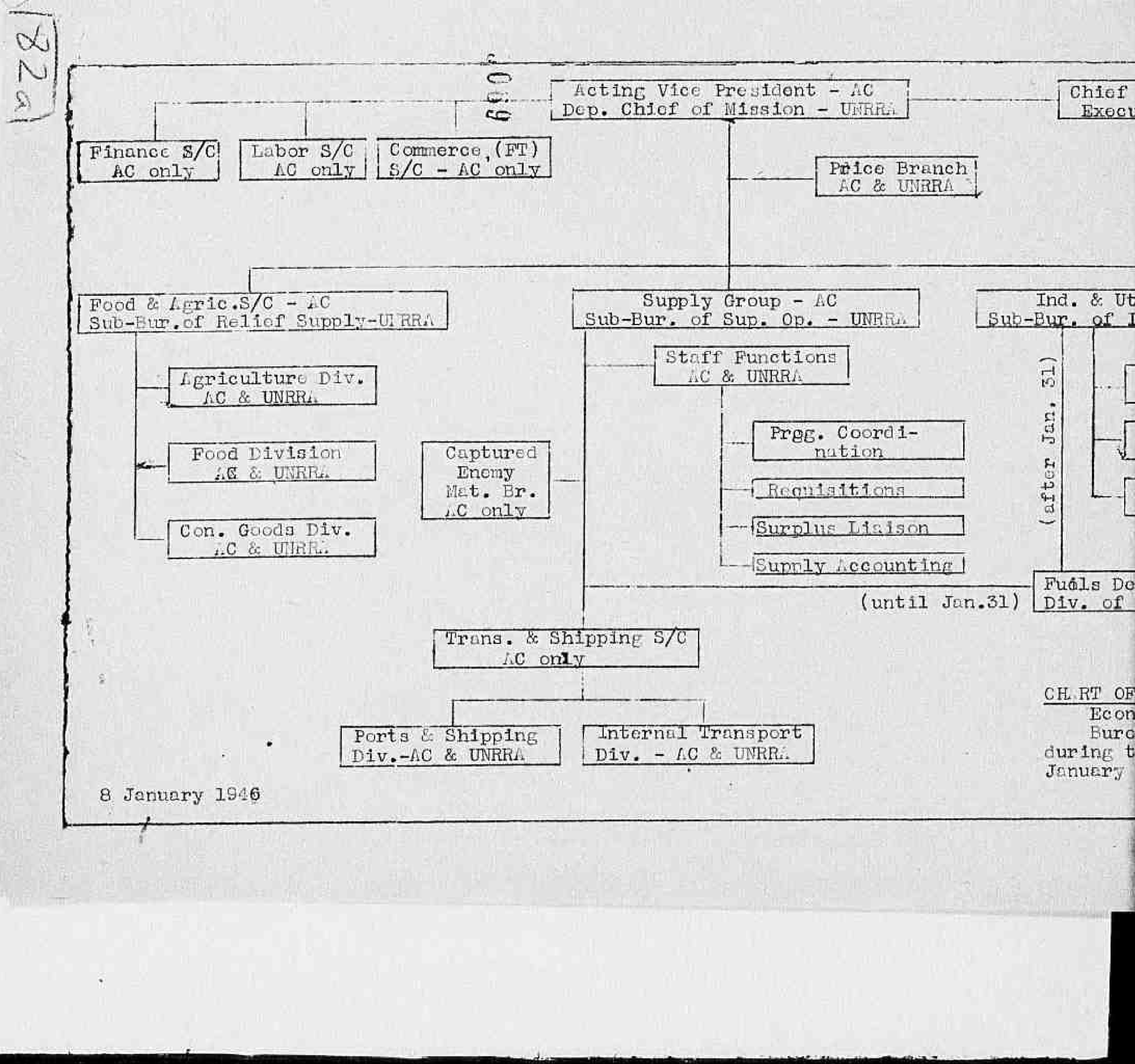
DISTRIBUTION:

For Guidance to: Messrs. Holstein
Lehr
Davis
Walton
Lynch
Buchanan
Bordas
Crocks
Rembert
Welker
Sullivan
Hayes
Colbuelr

For Information to: Chief Commissioner
Executive "
Mr. Keeny
Maj. Hodgetts
(5 copies)
Mr. Soriori

0434

Declassified E.O. 12356 Section 3.3/NND No. 785015



0435

Declassified E.O. 12356 Section 3.3/NND No. 785015

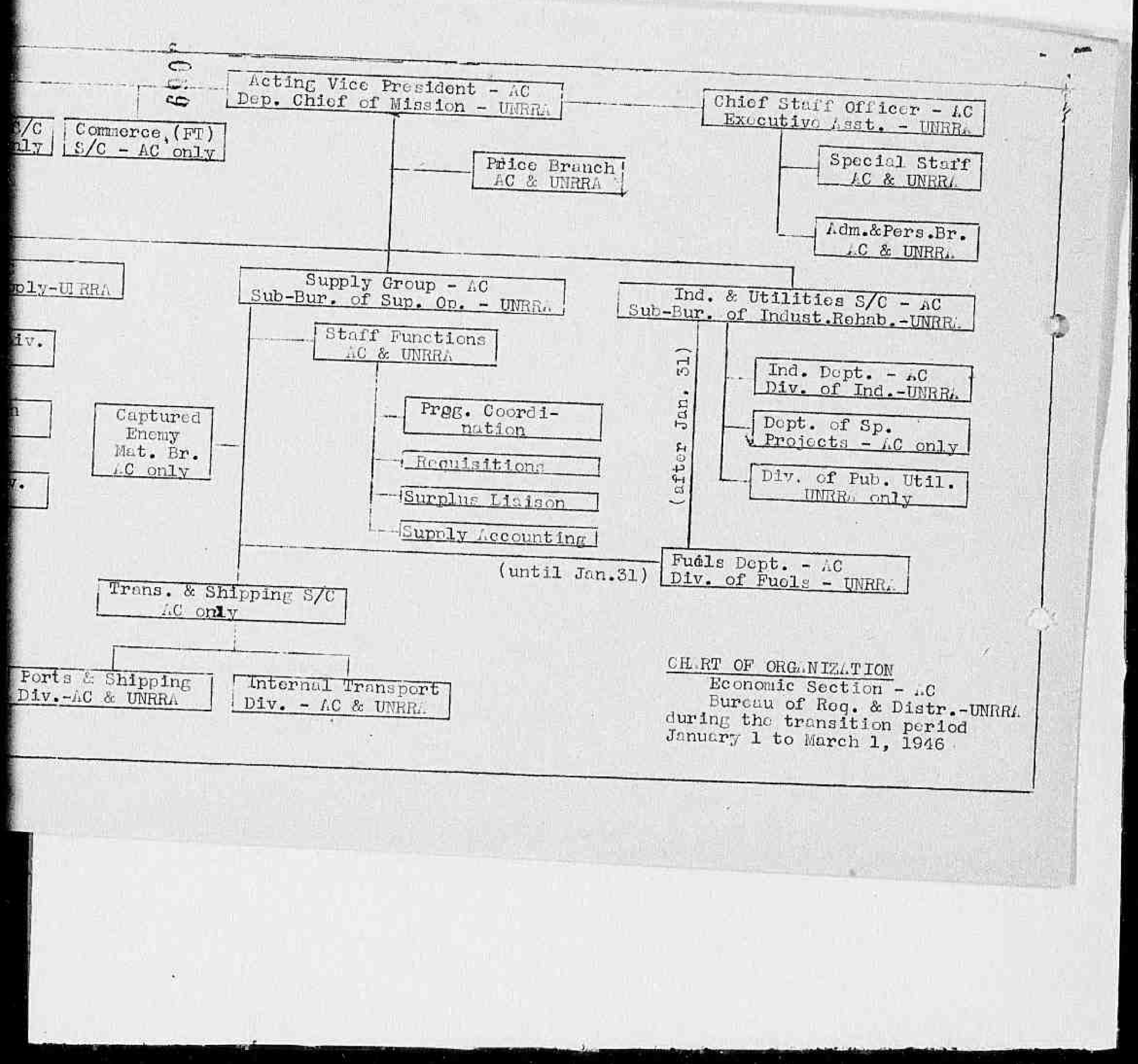


CHART OF ORGANIZATION

Economic Section - AC
Bureau of Req. & Distr.-UNRRA
during the transition period
January 1 to March 1, 1946

0436

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET SECRET

15016/F. 14 January 1946.

SUBJECT: Reorientation of Allied Financial Policy toward Italy.

TO: Assistant Chief of Staff,
G-5 Section,
AFHQ.

1. In my letter 20.0/GS of 14 December, 1945, entitled "Coordination of Military Procurement in Italy with Allied Civilian Supply Program", I made certain observations on the grave damage being done to the Italian economy by procurement of indigenous Italian materials, supplies, and plant equipment by Allied military units, and I presented recommendations designed to coordinate Allied military procurement with the supply programs which have as their object the rehabilitation of the Italian economy. The adoption of such recommendations would, I feel, reduce to a minimum the damage done to the production and distribution functions of the Italian economy.

2. It will also be remembered that in my letter under reference and my letter 20.0/GS of 14 December, 1945, entitled "Military Expert from Italy (Financial Problems)", I recommended that the Italian Government should receive current reimbursement in foreign currencies for indigenous supplies exported on a military basis after 1 September, 1945. Bearing in mind that a major objective of Allied economic policy in Italy is to enable the Italian economy to provide for its own needs and thus cease to constitute a burden on the economies of the United Nations, I feel that the time has come to recommend to you for your consideration that Allied financial policy towards Italy be reoriented, in order that the Allied drain upon the resources of the Italian economy may be offset by current foreign exchange credits for future translation into compensating supplies. You may wish to consider forwarding such recommendation, if appropriate, to the Combined Chiefs of Staff.

3. Specifically, I recommend that after 1 January, 1946, in addition to U.S. net troop expenditures, all other Allied net troop expenditures and all net lire outpayments into the Italian civil economy by the Allied Forces for the procurement of local supplies, materials and services be reimbursed to the Italian Government in the appropriate foreign currency.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

4. At the beginning of the Allied occupation of Italy, all Allied net outpayments in lire into the Italian civil economy were considered as chargeable to the account of the Italian Government. This policy was later modified in practice in favor of the Italian Government on the U.S. side and the Net Troop Expenditure Account was set up. (The Supreme Allied Commander in his telegram FX 47602 of 6 October, 1945, to the British Chiefs of Staff, stated he felt that consideration should be given to bringing British policy into line with U.S. policy as far as the question of foreign exchange credits for net troop expenditures in lire is concerned). Thus, the present position is that the U.S. Government still considers as chargeable to occupation costs the costs of all goods and services procured in Italy, and the British Government considers as chargeable to occupation costs, not only locally procured goods and services, but also all British and Dominion net troop expenditure, as well as the expenditure of those Allied Forces which draw their AM lire supplies through the British Army Paymasters, e.g. Polish Army units. The French Government's net lire expenditures in Italy for military purposes are likewise presently charged as occupation costs.

5. Beginning with FAM 487, the emphasis of the Allied supply programs for Italy has shifted from the original combined military responsibility formula of "disease and unrest" to a series of programs looking toward the rehabilitation of Italy. It is felt that the action of the U.S. Government in setting up the Net Troop Expenditure Account should be expanded to its full logical development, which would be to bring the "occupation costs" regime in Italy to an end, and I feel that 1 January, 1946, is an appropriate date for such action to become effective as it marks the beginning of the full UNRRA program for Italy. It is considered undesirable that UNRRA funds, U.S. Government funds, or Italian foreign exchange credits arising out of remittances and exports should be used to procure supplies abroad which, when imported into Italy for full utilization in the civilian economy, are withdrawn by the Allied Forces on an occupation costs basis under Armistice powers. Although it is recognised that the drain of the Allied Armed forces on Italy is steadily lessening, due to redeployment of troops, it is nevertheless felt that these supply programs should be allowed to make their maximum contribution to the rehabilitation of the Italian economy. It is manifestly impossible to attempt to distinguish between those Italian products into whose production imported supplies enter, and those without imported supplies components. For example, the effects of coal and P.O.L. extend throughout all parts of the Italian civilian economy.

6. It is recognised that the recommendation made in this letter may be more favorable to Italy than the contemplated financial and bookkeeping-offset terms of the proposed U.S. Civil Affairs Agreement, designed to accompany the Peace Treaty, which in its turn was less unfavorable to Italy than the proposed British Civil Affairs Agreement, but it is submitted that the present recommendation is more in line with the general policy proposed

0438

Declassified E.O. 12356 Section 3.3/NND No. 785015

in my secret memorandum 0(100) of 23 June, 1946, to the Supreme Allied Commander. The signing of a treaty of peace between the United Nations and Italy may well be delayed; the recommendation made above does not require a formal modification of the Armistice, which may not take place before the Peace Conference. Rather it may be given effect through a modification by the countries immediately concerned in the manner in which the Armistice is applied, as has already been done with respect to most of its economic clauses. The precedent most in point is of course the U.S. action in establishing the Net Troop Expenditure Account. If such a proposed modification is given effect, it could be stated to the Italian Government that Italy is receiving the advantages of grace and not of right and that full liability remains to be discussed at the Peace Conference.

7. I am sending copies of this letter to the American and British Ambassadors in Rome for their information.

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USN,
Chief Commissioner.

Copy to : U.S. Ambassador
British Ambassador
Executive Commissioner
Acting Vice-President, Economic Section.

5036

C

0439

Declassified E.O. 12356 Section 3.3/NND No. 785015

Rome, 13 January 1946.

Dear Brigadier Lush:

I received your telegram re. Document "S". I could not tell whether you merely wanted to have a copy with you or whether you wanted AFHQ officially to approve and forward it. I talked to Parsons on the latter line but I am not hopeful that AFHQ will comply. I suggested that they could forward it without endorsement as representing an alternative part II submitted by the Chief Commissioner, but even this compromise may not be accepted.

Since Document "S" is as broad (actually it is less restrictive) as the original one forwarded by AFHQ, I see no reason why TROOPERS could not adopt it as its own recommendation and a copy is enclosed.

I shall try to get the British Embassy to telegraph it to the Foreign Office as alternative plan for consideration which is sponsored by you and me.

Sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR
Chief Commissioner

0055

Brigadier Maurice S. Lush,
c/o Civil Affairs Section,
War Office, London.

37A

0440

Declassified E.O. 12356 Section 3.3/NND No. 785015

Rome, 13 January 1946.

Dear Brigadier Lush:

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Sincerely,

/s/ Ellery W. Stone

By Ellery

ELLERY W. STONE,
Rear Admiral, USNR
Chief Commissioner

0054

Brigadier Maurice S. Lush,
c/o Civil Affairs Section,
War Office, London.

Sent 10-2-46

0441

Declassified E.O. 12356 Section 3.3/NND No. 785015

Rome, 13 January 1946.

Dear Brigadier Lush:

I received your telegram re. Document "5". I could not tell whether you merely wanted to have a copy with you or whether you wanted AFHQ officially to approve and forward it. I talked to Parsons on the latter line but I am not hopeful that AFHQ will comply. I suggested that they could forward it without endorsement as representing an alternative part II submitted by the Chief Commissioner, but even this compromise may not be accepted.

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I shall try to get the British Embassy to telegraph it to the Foreign Office as alternative plan for consideration which is sponsored by you and me.

Sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR
Chief Commissioner

0063

Brigadier Maurice S. Lush,
c/o Civil Affairs Section,
War Office, London.

0442

Declassified E.O. 12356 Section 3.3/NND No. 785015

Rome, 13 January 1946.

Dear Brigadier Lush:

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Sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR
Chief Commissioner

3052

Brigadier Maurice S. Lush,
c/o Civil Affairs Section,
War Office, London.

0443

Declassified E.O. 12356 Section 3.3/NND No. 785015

CIPHER

92901 CA2
111800Z

G/7227
JAN 121100
PRIORITY

TROOPERS FROM LUGH FOR STONE.

ALCOM

RESTRICTED

RESTRICTED:

HAVING LEARNT TROOPERS VIEWS ON FUTURE OF COMMISSION STRONGLY RECOMMEND YOUR PERSUADING FREEDOM TO SEND FORWARD OUR DOCUMENTS S WHICH I THINK MIGHT FIND ACCEPTANCE HERE

AC LIST

ACTION: CHIEF COMMISSIONER (2)

INFO : EXEC COMMISSIONER (2)

FILE

SKELETON

RESTRICTED

0051

CIPHER TELEGRAM

This message will not be distributed outside British or U.S. Government Departments or Headquarters or re-transmitted even in Cipher without being paraphrased. (Messages marked O.T.P. need not be paraphrased).

84

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

Ref: 7001/56/EC

1 January 1946

SUBJECT: Directive for A.C. Liaison Officers

TO : A.C. Chief Liaison Officers:

NAPLES	(5)
LIVORNO	(5)
BOLOGNA	(5)
LIGURIA (GENOA)	(5)
PIEMONTE (TURIN)	(5)
LOMBARDIA (MILAN)	(5)
BOLZANO	(5)
VENEZIA (PADUA)	(5)
SICILY (PALERMO)	(5)
BARI	(5)

A.C. Liaison Officer (Tn.) ANCONA (1)

Ref. Directive for A.C. Liaison Officers of 29 December 1945 under reference 7001/342/EC, addressed to:

Regional Commissioner, Liguria Region
" " , Piemonte Region
" " , Lombardia Region
" " , Venezia Region
Commissioner, Livorno Zone
" , Naples Zone

Please amend para 3(e) to include the following information:

(XI) Ancona
Capt. K.F. Vaughn (B)

(XII) Rome
Capt. S.C. Hall (A): with Italian State Railways.

Brigadier
Executive Commissioner

Copies to:

C.A. Section	(10)
Econ Section	(15)
Executive Officer A	
Executive Officer B	
G-1 (A)	(3)
G-1 (B)	(3)
Navy Subcommission	
Land Forces Subcommission	

Declassified E.O. 12356 Section 3.3/NND No. 785015

	BOLZANO	(5)
	VENEZIA (PADUA)	(5)
	SICILY (PALERMO)	(5)
	BARI	(5)
A.C. Liaison Officer (Tn.)	ANCONA	(1)

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Econ Section (15)
Executive Officer A
Executive Officer B
G-1 (A) (3)
G-1 (B) (3)
Navy Subcommission
Land Forces Subcommission
Air Forces Subcommission
Communications Subcommission
PRO
A. C. L. C. 2 District

Declassified E.O. 12356 Section 3.3/NND No. 785015

0446

Declassified E.O. 12356 Section 3.3/NND No. 785015

PR/ADJ1

JAN 071000A

HQ AMG PIEMONTE REGION

ALCOM AC EX COMM

G/6914

JAN 080920 A

IMPORTANT

UNCLASSIFIED.

I assumed command of Allied Commission liaison group at Turin 5 January 1946.

AC DIST.

ACTION : EX COMM 2

INFO : CHIEF COMMISSIONER

FILE 2

FLOAT

0059

82

O U T G O I N G M E S S A G E

HEADQUARTERS ALLIED COMMISSION

FROM (A) : H. ALCOM SIGNED STONE

TO (FOR ACTION) : ADVANCE FOR CCS FOR CCAD FOR CLAC RPTD WAROF (LONDON) FOR CABINET SECRETARIAT AND AFHQ FHGEG

Ref.No. :9831 Date : 2 January 1946 SECRET

This is MOD 434. 926 72B 94 61
References are COM 353 M.T 965 T.M 719.
The following cable was forwarded to Allied Force Headquarters as of 2 January 1946:

"1. The following is a summary of steps being taken in transition of functions Economic Section Alcom.

"2. Target date for the transfer of personnel to UNRRA payroll has been taken as 31 January 1946. This will include the supply-connected functions which are concentrated in the present organisation under the Supply Group of the Economic Section.

"3. In this transfer to UNRRA it is recognized that there will be a period of perhaps as long as two months starting immediately, during which both Alcom and UNRRA will be involved in the importation of basic supplies to Italy. Since a part of Economic Section of Alcom will be absorbed into UNRRA Italian Mission, it has been agreed here that integration of the procedures for handling these two supply programs is desirable and can be accomplished as follows: certain key personnel will, during the transition period (about a month before and after the formal turnover date) hold appointments in both ALCOM and UNRRA and do business from day to day, in whichever capacity is appropriate to the particular tasks involved. Thus, for example, Cleveland will act simultaneously as acting Vice President Economic Section ALCOM and as a deputy Chief of Mission for requirements and destribution, UNRRA Italian Mission.

"4. It is in our intention to abolish the Labor Subcommission on 21 January 1946 after which the remaining advisory functions of this Subcommission will be performed by labor attaches of two embassies. Within a next month we will be in position to transfer to 2 embassies the foreign trade functions now being performed by Commerce Subcommission. The setting up of a Ministry of Foreign Trade [illegible] makes it possible to move reasonably quickly in the direction of a formal reopning of private commercial trade between Italy and other countries. The transfer of operating functions being performed by Commerce Subcommission, however, depends on a revision of the directive in TAM 456 as modified and extended by TAM 646.

"5. Transfer of any functios of Finance Subcommission to Embassies presumably must wait on reply to MAT 965.

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"2. Target date for the transfer of personnel to UNRRA payroll has been taken as 21 January 1946. This will include the supply-connected functions which are concentrated in the present organisation under the Supply Group of the Economic Section.

"3. In this transfer to UNRRA it is recognized that there will be a period of perhaps as long as two months starting immediately, during which both Alcom and UNRRA will be involved in the importation of basic supplies to Italy. Since a part of Economic Section of Alcom will be absorbed into UNRRA Italian Mission, it has been agreed here that integration of the procedures for handling these two supply programs is desirable and can be accomplished as follows: certain key personnel will, during the transition period (about a month before and after the formal turnover date) hold appointments in both ALCOM and UNRRA and do business from day to day, in whichever capacity is appropriate to the particular tasks involved. Thus, for example, Cleveland will act simultaneously as acting Vice President Economic Section ALCOM and as a deputy Chief of Mission for requirements and destribution, UNRRA Italian Mission.

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"5. Transfer of any functios of Finance Subcommission to Embassies presumably must wait on reply to MAT 965.

"6. Advisory functions of the Industry and Utilities Subcommission, comprising particularly the development of projects for reconstruction financing, can be done at any time. CCS 353 approved the performance of this function by the American Embassy. There has been no action yet as far as British Embassy is concerned.

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"7. Transfer of captured enemy material functions to AFH, in line with MAT 965 part 2 para C is recommended to take effect as soon as possible. We are sending you separate cable on this.

"8. Until the directive contemplated by TAM 713 and MAT 965 has been received, we lack certain parts of the authority to take steps liquidating Economic functions of the ALCCM. In view of the decisions which have previously taken place, and the indication of dates involved which are included in COM 353, I believe it is necessary to make plans for this transition and to set in motion as many administrative steps as we have authority to take. The liquidation of the northern regions and the transfer of supply responsibility of UNKRA automatically force on us a number of immediate personnel decisions. The preceding paragraphs indicate the framework within which these day to day decisions are being made."

Precedence: PRIORITY

Office of origin: Economic Section

Tel.No. :550

G.J.LEONE
CWO,US.
Asst.Adjutant.

Originator's signature: Ellery W.STONE, USNR
Chief Commissioner

by
HARLAN CLEVELAND,
Acting Vice President
Economic Section

DISTRIBUTION

	Copies
Chief Commissioner	1
Executive Commissioner	2
Br.Embassy	1
Am.Embassy	1
Economic Section	20

0.4 4 9
Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

3 January 1945.

Chief Commissioner.

1. The attached chart, the result of a meeting with heads of your Sections and Sub-commissions on 30th December, gives a picture of what the Allied Commission should look like through January and February.

2.

Total officers at HQ (excluding Service Sub-Commissions).....	147	
Reducing to.....	75	at 1.Mar.
Total AMG.....	160	
Total Liaison Groups.....	77	
Total Service Sub-Commissions.....	136	

3. (a) Executive Commissioner's staff looks large but includes liaison officers, officers attached to Embassies, etc., to whom we are committed for the time being

(b) Economic staff will reduce from 60 to 8 dependent on the rate and capacity of UNRRA take over.

(c) Establishment Section will reduce from 40 to 20, dependent also on the future of the 2675th Regiment.

(d) Displaced Persons nucleus is necessary to look after camps for whom UNRRA will not be responsible.

(e) Public Safety includes security officers.

(f) AMG has been included as a sop to the case for an AMG HQ put forward in AFHQ MAT 965.

(g) Civil Affairs Section disappears.

(h) Establishment Section will be headed by two Executive Officers, (A) and (B), ~~duty~~ and unless we can find a suitable head. I am ~~accordingly~~ prepared to carry on with a bi-cephalous arrangement in meantime.

(i) Officers for the economic set-up have already been nominated and for practically all other branches.

4. I suggest that the word "Sub-Commission" and "Section" disappear with the exception of Service Sub-Commissions and that the remainder are

Declassified E.O. 12356 Section 3.3/NND No. 759015

2. Total officers at HQ (excluding Service Sub-Commissions)..... 147
Reducing to..... 75 at 1.Mar.

Total AMG..... 160
Total Liaison Groups..... 77
Total Service Sub-Commissions..... 136

3. (a) Executive Commissioner's staff looks large but includes liaison officers, officers attached to Embassies, etc., to whom we are committed for the time being

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(i) Officers for the economic set-up have already been nominated and for practically all other branches.

4. I suggest that the word "Sub-Commission" and "Section" disappear with the exception of Service Sub-Commissions and that the remainder are called "Branches".

5. I may say that the whole of our plans have been frustrated to 50% by the new regulation recently issued for the release of US officers.

MSL

Brigadier,
Executive Commissioner.

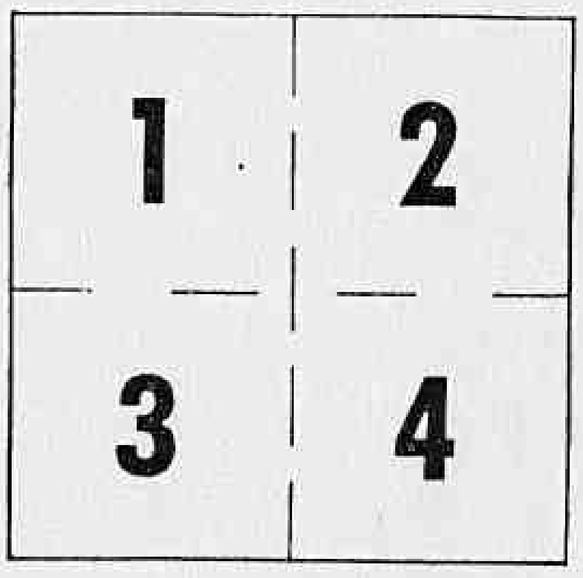
MSL/JG.

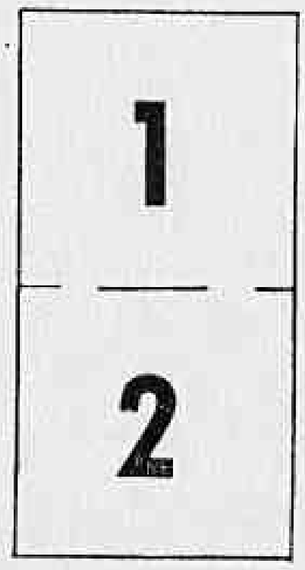
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Declassified E.O. 12356 Section 3.3/NND No. 785015

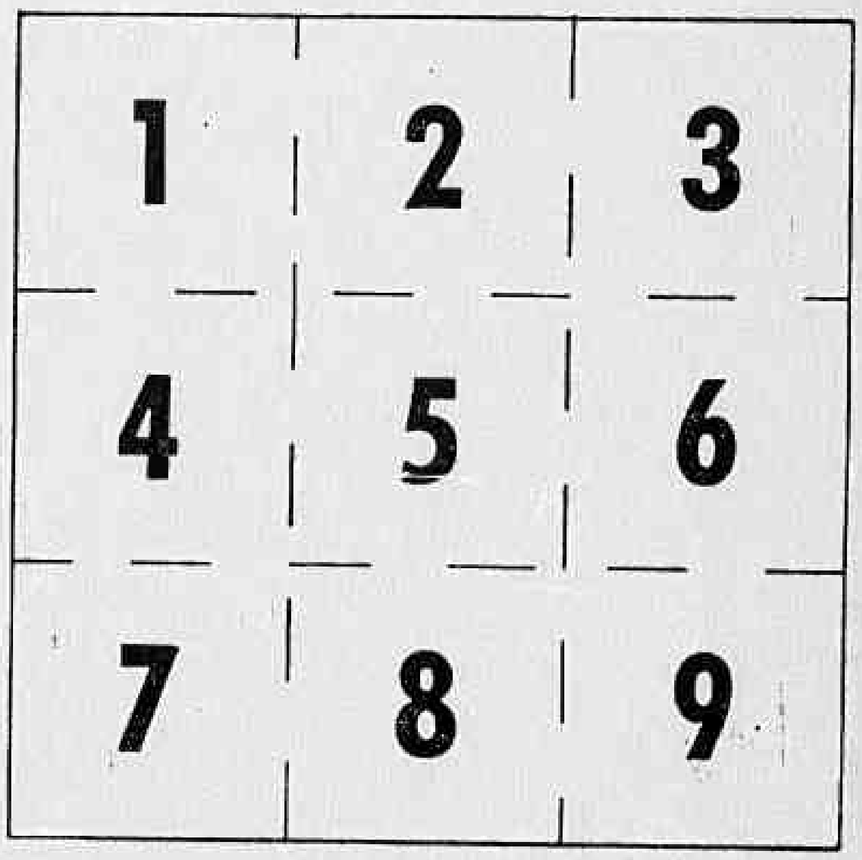
0452

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Maps on this order too large to be entirely included in one exposure are filmed clockwise beginning in the upper left hand corner, left to right and top to bottom as many frames as required. The following diagrams illustrate the method.

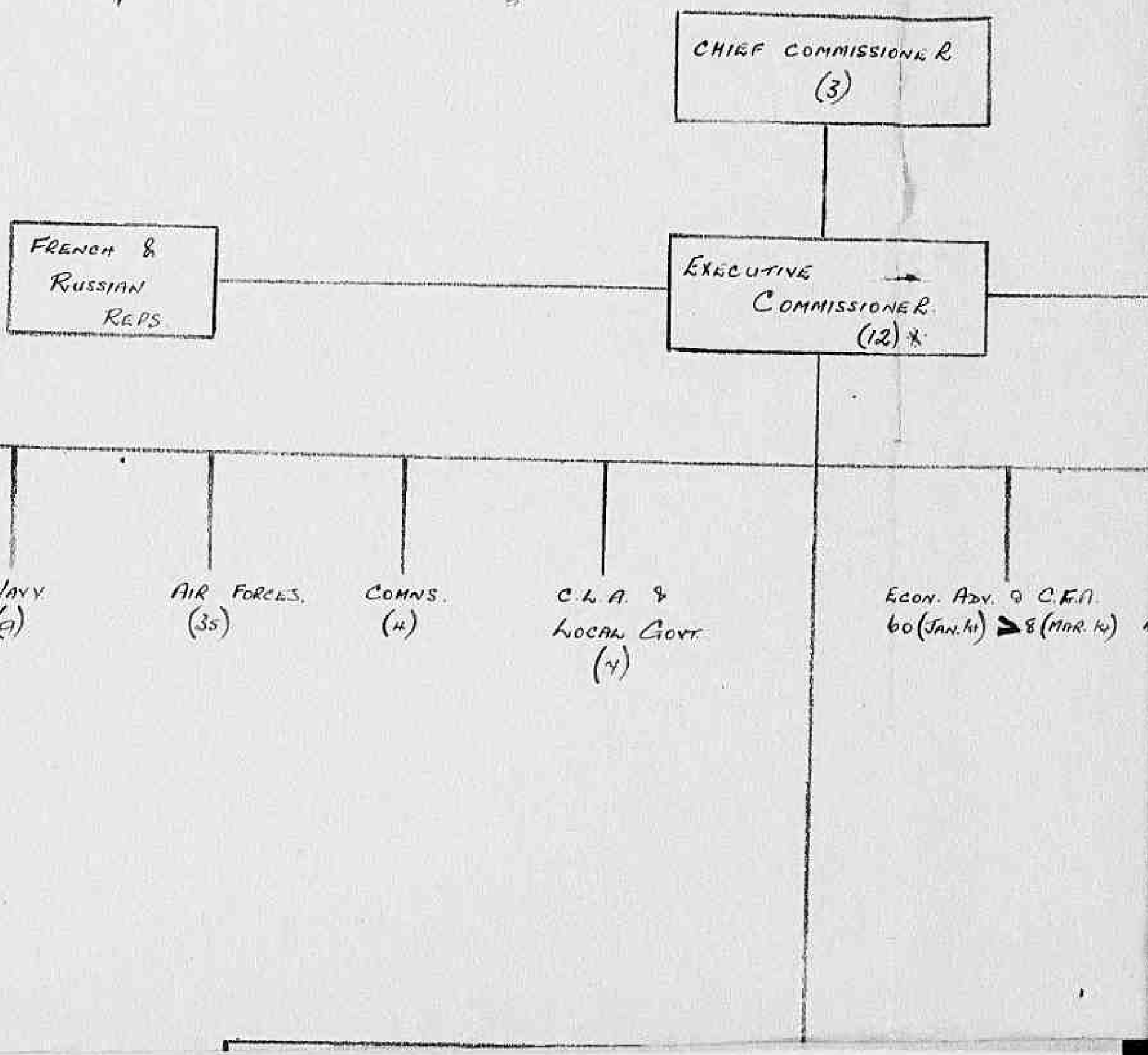






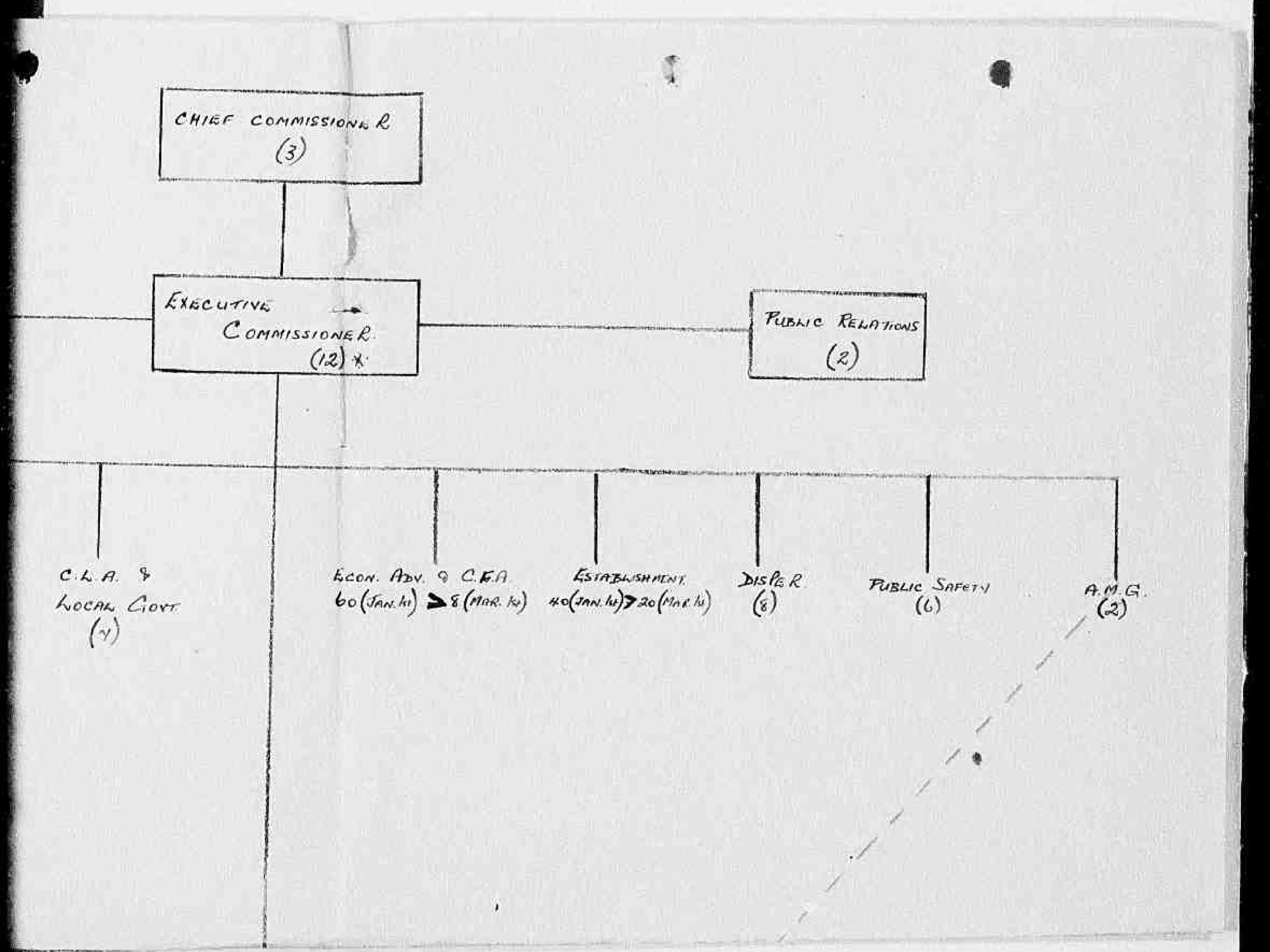
0453

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0454

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0455

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5056

II LIAISON GROUPS.
(4/4)

UDINE AMG
(30)

X Includes Liaison Officers & attachments to

TOTAL STRENGTH: HQ - 14 4/ rd
Swiss S/Cs. - 136
A.M.G. - 160.
ACLOs - 4/4

0456

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UDINE AMG
(30)

AMG VENEZIA GIULIA
(130)

Liaison Officio o attachments to Embassies

STRENGTH: HQ – 124 reducing to 90 on march 1st.
Lwiel S/Cs – 136
A.M.G – 160.
ACLOs – 44

0457

Declassified E.O. 12356 Section 3.3/NND No. 785015

JAN - 2 1946

HQ ALCOM SIGNED STONE

AFHQ

SECRET

9836 9 8 3 2 78

PARA ONE PD I REFER TO MY CABLE NINE EIGHT THREE TWO OF THIS DATE REGARDING LIQUIDATION AND TRANSFER OF FUNCTIONS OF ECONOMIC SECTION ALCOM PD

PARA TWO PD I AM INFORMED BY THE BRITISH AMBASSADOR THAT OWING TO LACK OF PERSONNEL HE IS AT PRESENT UNABLE TO ASSUME ADVISORY OR OTHER RESPONSIBILITIES OF THE ECONOMIC SECTION OF ALCOM PD UNDER THESE CIRCUMSTANCES IT IS CLEAR THAT ANY TRANSFER OF ADVISORY FUNCTIONS NOW BEING PERFORMED BY ALCOM TO THE BRITISH EMBASSY WILL BE HIGHLY THEORETICAL CMA SINCE THE FUNCTIONS WILL NOT IN FACT BE PERFORMED BY THE EMBASSY AFTER THEIR TRANSFER PD

PARA THREE PD THE POSITION OF THE AMERICAN EMBASSY IS DIFFERENT IN THIS RESPECT CMA SINCE IT ALREADY HAS GROUPS WORKING ON FINANCE CMA FOREIGN TRADE CMA LABOR CMA FOOD AND AGRICULTURE CMA AND AUTHORITY TO SET UP AN INDUSTRIAL AND UTILITIES ADVISORY GROUP PD

PARA FOUR PD AN EXCEPTION TO PARAGRAPH TWO ABOVE IS THE CASE OF LABOR FUNCTIONS WHERE THE DIRECTOR OF LABOR SUBCOMMISSION ALCOM IS ALSO THE LABOR ATTACHE AT BRITISH EMBASSY AND CAN READILY ASSUME RESIDUAL ADVISORY FUNCTIONS IN THIS FIELD PD

055

PRIORITY

Economic Section - ELLERY W. STONE
Rear Admiral, USNR, Chief Com.

By Harlan Cleveland, Acting V.Pres.
Economic Section

C. J. LEONE
CWO USA
Asst. Adjutant

550

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6458

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JAN - 2 1946

HQ ALCOM SIGNED STONE

AFHQ

9832

SECRET

REFERENCES ARE COM THREE FIVE THREE MAT NINE SIX FIVE TAM SEVEN ONE NINE PD

PARA ONE PD THE FOLLOWING IS A SUMMARY OF STEPS BEING TAKEN IN TRANSITION OF FUNCTIONS ECONOMIC SECTION ALCOM PD

PARA TWO PD TARGET DATE FOR THE TRANSFER OF PERSONNEL TO UNRRA PAYROLL HAS BEEN TAKEN AS THREE ONE JANUARY ONE NINE FOUR SIX PD THIS WILL INCLUDE THE SUPPLY DASH CONNECTED FUNCTIONS WHICH ARE CONCENTRATED IN THE PRESENT ORGANIZATION UNDER THE SUPPLY GROUP OF THE ECONOMIC SECTION PD

PARA THREE PD IN THIS TRANSFER TO UNRRA IT IS RECOGNIZED THAT THERE WILL BE A TRANSITION PERIOD OF PERHAPS AS LONG AS TWO MONTHS STARTING IMMEDIATELY CMA DURING WHICH BOTH ALCOM AND UNRRA WILL BE INVOLVED IN THE IMPORTATION OF BASIC SUPPLIES TO ITALY PD SINCE A PART OF ECONOMIC SECTION OF ALCOM WILL BE ABSORBED INTO UNRRA ITALIAN MISSION CMA IT HAS BEEN AGREED HERE THAT INTEGRATION OF THE PROCEDURES FOR HANDLING THESE TWO SUPPLY PROGRAMS IS DESIRABLE AND CAN BE ACCOMPLISHED AS FOLLOWS COLON (CERTAIN KEY PERSONNEL WILL CMA DURING THE TRANSITION PERIOD PAREN ABOUT A MONTH BEFORE AND AFTER THE FORMAL TURNOVER DATE PAREN HOLD APPOINTMENTS IN BOTH ALCOM AND UNRRA AND DO BUSINESS FROM DAY TO DAY CMA IN WHICHEVER CAPACITY IS APPROPRIATE TO THE PARTICULAR TASKS INVOLVED PD THUS CMA FOR EXAMPLE CMA

PRIORITY

Economic Section ELLERY W. STONE, Real Admr.USNR
Chief Commissioner
By Harlan Cleveland, A/P Ec. Sec.

G. J. LEONE
CWO USA
Asst. Adjutant

550

0459

Declassified E.O. 12356 Section 3.3/NND No. 785015

CLEVELAND WILL ACT SIMULTANEOUSLY AS ACTING VICE PRESIDENT ECONOMIC SECTION ALCOM AND AS DEPUTY CHIEF OF MISSION FOR REQUIREMENTS AND DISTRIBUTION CMA UNRRA ITALIAN MISSION PD

PARA FOUR PD IT IS OUR INTENTION TO ABOLISH THE LABOR SUBCOMMISSION ON TWO ONE JANUARY ONE NINE FOUR SIX AFTER WHICH THE REMAINING ADVISORY FUNCTIONS OF THIS SUBCOMMISSION WILL BE PERFORMED BY LABOR ATTACHES OF TWO EMBASSIES PD WITHIN THE NEXT MONTH WE WILL BE IN A POSITION TO TRANSFER TO TWO EMBASSIES THE FOREIGN TRADE FUNCTIONS NOW BEING PERFORMED BY COMMERCE SUBCOMMISSION PD THE SETTING UP OF A MINISTRY OF FOREIGN TRADE NOW MAKES IT POSSIBLE TO MOVE REASONABLY QUICKLY IN THE DIRECTION OF A FORMAL REOPENING OF PRIVATE COMMERCIAL TRADE BETWEEN ITALY AND OTHER COUNTRIES PD THE TRANSFER OF OPERATING FUNCTIONS BEING PERFORMED BY COMMERCE SUBCOMMISSION CMA HOWEVER CMA DEPENDS ON A REVISION OF THE DIRECTIVE IN TAM FOUR FIVE SIX AS MODIFIED AND EXTENDED BY TAM SIX FOUR ZERO PD

PARA FIVE PD TRANSFER OF ANY FUNCTIONS OF FINANCE SUBCOMMISSION TO EMBASSIES PRESUMABLY MUST WAIT ON REPLY TO MAT NINE SIX FIVE PD

PARA SIX PD ADVISORY FUNCTIONS OF THE INDUSTRY AND UTILITIES SUBCOMMISSION CMA COMPRISING PARTICULARLY THE DEVELOPMENT OF PROJECTS FOR RECONSTRUCTION FINANCING CMA CAN BE DONE AT ANY TIME PD COM THREE FIVE THREE APPROVED THE PERFORMANCE OF THIS FUNCTION BY THE AMERICAN EMBASSY PD THERE HAS BEEN NO ACTION YET AS FAR AS BRITISH EMBASSY IS CONCERNED PD

PARA SEVEN PD TRANSFER OF CAPTURED ENEMY MATERIAL FUNCTIONS TO AFHQ IN LINE WITH MAT NINE SIX FIVE PART TWO PARA CHARLIE IS RECOMMENDED TO TAKE EFFECT AS SOON AS POSSIBLE PD WE ARE SENDING YOU A SEPARATE CABLE ON THIS PD

PARA EIGHT PD UNTIL THE DIRECTIVE CONTEMPLATED BY TAM SEVEN ONE NINE AND MAT NINE SIX FIVE HAS BEEN RECEIVED CMA WE LACK CERTAIN PARTS OF THE AUTHORITY TO TAKE STEPS LIQUIDATING ECONOMIC FUNCTIONS OF THE ALCOM PD HOWEVER IN VIEW OF THE DECISIONS

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0460

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WHICH HAVE PREVIOUSLY TAKEN PLACE CMA AND THE INDICATION OF DATES INVOLVED WHICH ARE INCLUDED IN COM THREE FIVE THREE CMA I BELIEVE IT IS NECESSARY TO MAKE PLANS FOR THIS TRANSITION AND TO SET IN MOTION AS MANY ADMINISTRATIVE STEPS AS WE HAVE AUTHORITY TO TAKE PD THE LIQUIDATION OF THE NORTHERN REGIONS AND THE TRANSFER OF SUPPLY RESPONSIBILITY TO UNRRA AUTOMATICALLY FORCE ON US A NUMBER OF IMMEDIATE PERSONNEL DECISIONS PD THE PRECEDING PARAGRAPHS INDICATE THE FRAMEWORK WITHIN WHICH THESE DAY TO DAY DECISIONS ARE BEING MADE PD

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

HEADQUARTERS

MEDITERRANEAN [redacted] THEATER OF OPERATIONS

OFFICE OF THE CHIEF OF STAFF

APO [redacted] 512

28 December 1945

SUBJECT: 2675th Regiment, AFCOM

TO : Brigadier General Charles Dunbar,
Commanding General, RAC,
APO 794, U. S. Army

1. The attached report of the Theater Inspector General will not be revealed to other than U. S. Army personnel or Navy personnel.

2. It is recognized that the rapid redeployment of U. S. personnel and the reduction of AC/AMG control in Italy have largely nullified the effectiveness of this report. It is desired, however, that wherever corrective action is still possible that it shall be taken and that a report be submitted by the unit commander through you, of specific action taken with respect of noted deficiencies and irregularities.

3. The turn-over of the remainder of Italy except Udine and Venezia Guilia to Italian control will result in a material reduction not only in personnel but in installations. The time has now come for a complete reorganization of the administrative machinery of the U. S. portion of the AC/AMG organization. It is desired that you, in conjunction with the senior U. S. Army officer on the Establishment Section AC and the Chief Commissioner/Chief Civil Affairs Officer, submit a recommendation for an effective organization to carry out the U. S. administrative responsibilities in the AC/AMG. In framing this proposal you will give proper consideration to the fact that the principal duties of all personnel in the 2675th Regiment except those engaged in purely U. S. administrative duties, come within the authority of the Chief Commissioner, Allied Commission / Chief Civil Affairs Officer AFHQ. Therefore, he must be accorded authority to transfer and assign personnel to best fit his overall needs, and to recommend promotions. He should not, however, have any authority over the assignment, transfer or promotion of officers carried on purely U.S. overhead administrative duties. Any actions taken with respect of U. S. personnel or property by the Chief Commissioner/Chief Civil Affairs Officer which, in your opinion, are contrary to the best interests of the Mediterranean Theater of Operations (U...) or contrary to Theater policies or instructions will be promptly reported by you to this Headquarters first informing him of your intentions. If the proposed reorganization continues the present system of an administrative unit to administer the U. S. officers on AC/AMG duties the administrative overhead should be carried separately and subject only to the authority of the U.S. commander. In this respect your attention is invited to paragraph 22 1 of the Inspector General's report. This condition will not be permitted to continue.

CONFIDENTIAL

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Declassified E.O. 12356 Section 3.3/NND No. 785015

4. Considerable confusion appears to exist as to accountability of requisitioned property. No method of joint requisition is known. In view of the fact that the majority of requisitioned items should now be returned to the Italian Government it should be possible to establish accountability for any remaining. There will be no future requisitioning by the 2675th Regiment or its successor, without your authority, and all items so requisitioned will be accounted for by the proper U. S. officer.

5. It is the U. S. policy that the system of joint messes will be discontinued whenever discontinuance is practicable. No reason for continuing joint messes in Rome or in other places where sufficient U.S. personnel is present to organize a mess, is known. Consideration will be given to the organization of combined U. S. enlisted and officer messes where practicable.

6. There is attached a copy of a G-3 proposal for the reorganization of the 2675th Regiment for such use as you may see fit. It has not been considered by the Theater Commander.

7. The matter of the reorganization of the administrative machinery of U. S. personnel on AC/AMG duties will not be permitted to lag because of local failure to agree on all details. You will promptly report your recommendations indicating so far as it is practicable wherein there is disagreement with the Chief/Commissioner/Chief Civil Affairs Officer.

BY COMMAND OF LIEUTENANT GENERAL RIDGWAY:

A. L. HAMBLEN
Brigadier General, G.S.C.
Acting Chief of Staff

2 Incls:
Incl 1 - G-3 Paper
Incl 2 - IG Report

.049.

(78) a

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

HEADQUARTERS
MEDITERRANEAN THEATER OF OPERATIONS
UNITED STATES ARMY

G-3 Division

5 December 1945

SUBJECT: Proposed solution of Allied Commission's Administrative Difficulties.

TO : Chief of Staff, MTOUSA.

1. The Inspector General's report of deficiencies noted in 2675 Regiment (AC) (Ovid) show that all echelons of command from AFHQ down to the regiment and companies are at fault. The Allied Commission itself bears the greater burden of blame, as they abrogated all authority from the regiment, and attempted to run the housekeeping functions on anything but a military basis. The regimental commander had no authority over his units, and even if he had, such authority would have been extremely difficult to maintain, in view of the scattered nature of the Allied Commission. It is felt that the housekeeping functions do not have to have central supervision.

2. The recommendations of paragraph 3 below will, if approved, require coordination with G-5 as an integrated AFHQ section. There are many details which will require solution prior to the publication of any orders on reorganization. Some of these are:

a. A clarification of the problem of joint messes and the furnishing of American rations to non-US personnel.

b. The requisition and allotment of transportation.

c. The location of company headquarters.

d. Services to be rendered by the companies to AMG or Liaison Teams.

e. Decision as to whether services should be rendered only to US personnel or on an integrated basis.

3. It is assumed that Northern provinces have been turned over to the Italian Government.

It is recommended that:

a. The 2675th Regiment be discontinued.

(1) One company to be formed as a holding and administrative unit for the US AMG teams in Venezia Guilia and Udine. This company to be attached to the 88th Division for administration and supply.

CONFIDENTIAL

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

HEADQUARTERS
MEDITERRANEAN THEATER OF OPERATIONS
UNITED STATES ARMY

G-3 Division

5 December 1945

SUBJECT: Proposed solution of Allied Commission's Administrative Difficulties.

TO : Chief of Staff, MTOUSA.

1. The Inspector General's report of deficiencies noted in 2675 Regiment (AC) (Ovhd) show that all echelons of command from AFHQ down to the regions and companies are at fault. The Allied Commission itself bears the greater burden of blame, as they abrogated all authority from the regiment, and attempted to run the housekeeping functions on anything but a military basis. The regimental commander had no authority over his units, and even if he had, such authority would have been extremely difficult to maintain, in view of the scattered nature of the Allied Commission. It is felt that the housekeeping functions do not have to have central supervision.

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b. The requisition and allotment of transportation.

c. The location of company headquarters.

d. Services to be rendered by the companies to AMG or Liaison Teams.

e. Decision as to whether services should be rendered only to US personnel or on an integrated basis.

3. It is assumed that Northern provinces have been turned over to the Italian Government.

It is recommended that:

a. The 2675th Regiment be discontinued.

(1) One company to be formed as a holding and administrative unit for the US AMG teams in Venezia Guilia and Udine. This company to be attached to the 88th Division for administration and supply.

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(2) One company be formed as a holding and administrative unit for US element Hq AC and US AMG personnel in Italian administered territory. This company to be attached to Rome Area Command for administration and supply.

b. The Establishment Section AC to control only the AMG and Liaison teams for operations. It would have no control over the companies.

c. Each company to be responsible for supply, rations, quarters transportation and security for US personnel of AMG and Liaison teams operating in its area.

d. The major command to which companies are attached to be responsible for proper and efficient supervision of the facilities provided for the Allied Commission.

e. The senior US Army officer of the Allied Commission in the region or regions served by the company to be the company commander. As such, the responsibility is his for the efficient administrative functioning of his company. His duties as company commander may be delegated.

A. R. HARTIAN
Colonel, GSC
Actg A C/S, G-3

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EST 330 HQ ALCOH 221100 DECEMBER 1945

(1) AMG NAPLES COMMUNE (2) ALCOH TO BOLOGNA (3) AMG LIGURIA REGION (4) AMG PIEDMONTE REGION (5) AMG LOMBARDIA REGION (6) AMG VENEZIE REGION.

(2) AFHQ FOR G-5 (2) DISCOS (3) DEPFORCE (4) AMG 15 CORPS

9599 RESTRICTED

XXXXXXXXXXX FURTHER TO PARA FOURTEEN THIS HEADQUARTERS SIGNAL NINE FIVE THREE NINE OF TWENTY DECEMBER FORTY FIVE FD NAMES OF LIAISON AND PUBLIC SAFETY OFFICERS XXXXXXX APPOINTED TO LIAISON TEAMS ARE AS FOLLOWS FD

PARA ONE FD NAPLES FD LIAISON OFFICER MAJOR CHARLES JIG CASTILLO PAREN ABLE PAREN PUBLIC SAFETY OFFICERS MAJOR HOW HUBAR HARRIS PAREN BAKER PAREN CMA CAPTAIN WILLIAM LOVE WILSON PAREN BAKER PAREN FD

PARA TWO FD BOLOGNA FD LIAISON OFFICERS CAPTAIN HOW ABLE DE MASI PAREN ABLE PAREN FIRST LIEUTENANT ORANGE ROBERT ARSELLO PAREN ABLE PAREN PUBLIC SAFETY OFFICERS MAJOR ABLE GEORGE PETER WAY PAREN BAKER PAREN CAPTAIN LOVE JIG MORSON PAREN ABLE XXXX PAREN FD

PARA THREE FD LIGURIA FD LIAISON OFFICER MAJOR GEORGE ROBERT KOOTMAN PAREN ABLE PAREN CMA PUBLIC SAFETY OFFICERS CAPTAIN JIG KANE PAREN BAKER PAREN MAJOR KING WILLIAM FISHER PAREN ABLE PAREN CAPTAIN JIG EASY TOUCH PAREN BAKER PAREN FD

PARA FOUR FD PIEDMONTE FD LIAISON OFFICERS CAPTAIN EASY ABLE VALENTINE PAREN ABLE PAREN CAPTAIN ABLE GILBERTI PAREN ABLE PAREN FD PUBLIC SAFETY OFFICERS LIEUTENANT COLONEL FOX GEORGE CHARLES PAREN BAKER PAREN MAJOR WILLIAM BOWLES PAREN BAKER PAREN CAPTAIN FOX SCALES PAREN BAKER PAREN CAPTAIN EASY BAKER BOLTER PAREN BAKER PAREN FD

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PARA FIVE PD LOMBARDIA PD LIAISON OFFICER MAJOR WILLIAM HOW SAVIN PAREN ABLE PAREN CMA PUBLIC SAFETY OFFICERS CAPTAIN JIG BAKER FLEETWOOD PAREN BAKER PAREN CAPTAIN ROBERT ABLE RILEY PAREN BAKER PAREN CMA COMMUNICATIONS MAJOR ABLE CHARLIE HOLLAND PAREN BAKER PAREN CAPTAIN CHARLIE GEORGE LOVE HADDOCK PAREN BAKER PAREN CMA ADMINISTRATION OFFICERS CAPTAIN JIG ORANGE DARE PAREN BAKER PAREN FIRST LIEUTENANT ROBERT EASY INVASION PAREN ABLE PAREN CMA MOTOR TRANSPORT OFFICERS CAPTAIN EASY HOYLE PAREN BAKER PAREN CAPTAIN TARE ROBERT SWITSER PAREN ABLE PAREN PD

PARA SIX PD BOLZANO PD LIAISON OFFICERS LIEUTENANT COLONEL LOVE NEPRUD PAREN ABLE PAREN CAPTAIN EASY ROBERT FAIRWEATHER PAREN BAKER PAREN FIRST LIEUTENANT WILLIAM ROBERT THOMPSON PAREN ABLE PAREN CMA PUBLIC SAFETY OFFICERS MAJOR WILLIAM HARE PAREN BAKER PAREN CAPTAIN GEORGE WILLIAM BROWN PAREN BAKER PAREN CMA LEGAL MAJOR CHARLIE LOVE PETER GILSHENNAN PAREN BAKER PAREN PD

PARA SEVEN PD VENEZIA PD LIAISON OFFICERS MAJOR WILLIAM MICHAEL HARRISON PAREN BAKER PAREN CAPTAIN ABLE ABLE SIMPSON PAREN ABLE PAREN FIRST LIEUTENANT ROBERT EASY BARONE PAREN ABLE PAREN CMA PUBLIC SAFETY OFFICERS MAJOR TARE GEORGE MCKENZIE PAREN BAKER PAREN CAPTAIN ABLE EASY BAKER PAREN BAKER PAREN CMA COMMUNICATIONS MAJOR CHARLIE INK TURNER PAREN ABLE PAREN

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COMMUNICATIONS MAJOR CHARLIE INF TUTHER PARTI ABLE PARTN CAPTAIN CHARLIE HOW SUGAR THOMPSON PARTN BAKER PARTI FD

PARA EIGHT FD NAMES OF ECONOMIC SECTION OFFICERS FORM SUBJECT OF SEPARATE SIGNAL FD

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INTERNAL DISTRIBUTION:-

VP CIVIL AFFAIRS
VP ECONOMICS SECTION
C-1 (A)
C-1 (B) 2.

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[redacted] 1ST SEC, ALOCH H..

221000 DECEMBER 1945

(1) AMC LORRAINE REGION (2) AMC LIGURIA REGION (3) AMC PIEDMONTE REGION
(4) AMC VENETIE REGION (5) [redacted] (6) AMC LIVORNO ZONE (7)
AMC NAPLES COMZONE (8) ALOCH 20 ZONE (9) AMC ANCONA COMZONE
(10) CG, CBI FOR G-5 (11) DUSTO (12) USSTRIKE (13) AMC 15 CORPS.

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FURTHER PARAGRAPH CHG FOR THIS INFORMATION SIGNAL MEMO FIVE ZERO SIX OF TWO ZERO
DECEMBER FOR FIVE ED

PARA ONE ED ECONOMIC CONTROL OFFICERS WILL BE LOCATED AT LOCATIONS AS FOLLOWS UNTIL
THIS COMMISSION IS RELIEVED OF SUPPLY RESPONSIBILITY AND FUNCTIONS ARE TRANSFERRED TO
AMGOT APPROXIMATELY FIRST FEBRUARY ED

PARA TWO ED LIGURIA ED TRANSPORTATION OFFICER MAJOR HOY ARIZ SERIAL PARENT BAKER
PAREN FIRST LIEUTENANT ROGER TARE CHOC APPROXIMATE DOUBLE PAREN ARIZ PAREN ED FOOD
OFFICER LIEUTENANT COLONEL ROGER EASY HERE PAREN BAKER PAREN CAPTAIN ROGER EASY
HOTCHKISS PAREN ARIZ PAREN ED

PARA THREE ED LIGURIA ED TRANSPORTATION OFFICER CAPTAIN JIG HOY LIMIT DEVICE PAREN
BAKER PAREN FOOD OFFICER CAPTAIN EASY GEORGE TOKYO PAREN BAKER PAREN ED

PARA FOUR ED PIEDMONTE ED TRANSPORTATION OFFICER CAPTAIN PAREN EASY NATION PAREN ARIZ
PAREN ED FOOD OFFICER MINER CHARLIE DOG EASY PAREN ARIZ PAREN ED

PARA FIVE ED VENETIE ED TRANSPORTATION OFFICERS MAJOR HOY JIG CHOC PHOTOLOG PAREN
MINE BAKER LIEUTENANT WILLIAM JIG DOG EVANS PAREN BAKER PAREN ED FOOD OFFICER CAPTAIN
HOW CHARLES VENUS PAREN BAKER PAREN ED

PARA SIX ED PIEDMONTE ED TRANSPORTATION OFFICER WILLIAM CHOC JIG GEORGE WILLIAM WILLIAM

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FURTHER PARAGRAPH ONE FOUR TWO INFO JCS IRAQ MEW NEW DELHI NR TWO ZERO

DECEMBER FOUR FIVE ED

PARA ONE ED ECONOMIC SANCTION OPERATIONS WILL BE CREATED AT LOCATIONS AS FOLLOWS UNTIL

THIS COMMISSION IS RELIEVED OF SUPPLY RESPONSIBILITY AND FUNCTIONS ARE TRANSFERRED TO

INDIAN AUTHORITIES FIRST FEBRUARY ED

PARA TWO ED LIBERALIA ED TRANSPORTATION OFFICER MAJOR ROY ARIA SEVEN PAPA BAKER

PAPA FIRST LIEUTENANT ROGER TARE CHOW ARCHERITI DELTA PAPA ABLE PAPA ED FOOD

OFFICERS LIEUTENANT COLONEL ROGER EASY IDEM PAPA BAKER PAPA CAPTAIN ROGER EASY

RICHEST PAPA ABLE PAPA ED

PARA THREE ED LIBERIA ED TRANSPORTATION OFFICER CAPTAIN JIG ROY LIMA DAVIES PAPA

BAKER PAPA FOOD OFFICER CAPTAIN BAKY CHARLIE TOKYO PAPA BAKER PAPA ED

PARA FOUR ED PIERRE ED TRANSPORTATION OFFICER CAPTAIN PAPA BAKY RAMON PAPA ABLE

PAPA ED FOOD OFFICER MINER CHARLIE DOG TENNY PAPA ABLE PAPA ED

PARA FIVE ED VENUS ED TRANSPORTATION OFFICERS MAJOR ROY JIG CHAS PATRICIA PAPA

BAKER PAPA LIEUTENANT WILLIAM JIG DOG EVANS PAPA BAKER PAPA ED FOOD OFFICER CAPTAIN

BOB CHARLIE VENUS PAPA BAKER PAPA ED

PARA SIX ED PERSIA ED TRANSPORTATION OFFICER WILLIAM CHAS JIG CHARLIE WILLIAM WILLIAM

XRAY PAPA BAKER PAPA ED

HILL ABLE

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[illegible]

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[illegible] CAPTAIN /

[illegible]

PRIORITY (1-9) ROUTINE (10-15)

[illegible]

G.J. LYONS
CAPT USN

PARA SEVEN PD BOLOGNA PD TRANSPORTATION OFFICER CAPTAIN WILLIAM LEE HUNT PAREN

BAKER PAREN PD

PARA EIGHT PD LIVORNO PD TRANSPORTATION OFFICER FIRST LIEUTENANT MC GEORGE

LESTER PARKS ABLE PAREN PD

PARA NINE PD NAPLES PD TRANSPORTATION OFFICER CAPTAIN EARL RAY BARNEY PAREN

ABLE PAREN PD

PARA TEN PD BARI PD TRANSPORTATION OFFICER MAJOR EDGAR FRANK PAREN

ABLE PAREN PD FOR BRIGHT LIEUTENANT ROBB FOR LAST PAREN BAKER PAREN PD

PARA ELEVEN PD ANCONA PD TRANSPORTATION OFFICER CAPTAIN KING FOR VAUGHAN

PAREN BAKER PAREN PD

PARA TWELVE PD ROME PD TRANSPORTATION OFFICER/MAJOR CHARLES HALL PAREN

ABLE PAREN PD

PARA THIRTEEN PD CAPTURED ENEMY MATERIAL PERSONNEL WILL NOT BE LOCATED

AS AT PRESENT UNTIL FURTHER ORDERS PD

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PRIORITY (1-9) ROUTINE (10-15)

EXP SEC

G.J. HOUSE
CPO USA

Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CC

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 091.1 Italy

22 December 1945

SUBJECT: Advisory Council to Italy

TO : Headquarters, Allied Commission, Office of EC.
APO 394

1. In view of the imminent hand back of the Northern Provinces to the Italian Government and of the Combined Chiefs of Staff Policy to relax the terms of the Armistice in day to day administration, a proposal to recommend the abolition of the Advisory Council to Italy is at present under consideration. Diplomatic representation in Italy by the various countries represented on the Advisory Council is of course permitted under Para 23 of FAM 487. (16)

2. The Advisory Council would presumably be dissolved immediately if any Peace Treaty with Italy comes into effect. Owing to the present changed conditions in Italy, since the Advisory Council was first formed, there appears to be no reason why it should not be dissolved forthwith.

3. You are invited to submit your comments with regard to this proposal.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

A. L. HAMBLEN
Brigadier General, GSC
Assistant Chief of Staff, G-5

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Copy to: U.S. Poland
Br. Rep. Min
: Chief Comm.

(2)

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DEC 20 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
Communications Sub-Commission

20 December 1946

SUBJECT: Civil Censorship Group - Removal from Allied Commission, Communications Sub-Commission and Transfer to XIII Corps.

TO : Assistant Chief of Staff, G-2, Allied Force Headquarters, APO 512, U. S. Army.

1. The following named persons will constitute the staff of civil censorship which will be transferred from this Commission to XIII Corps, as from 1 January 1946:

Headquarters, Venice

Major H.J.R. Champion (B) No. 309167,
Civil Censorship Officer.

Capt. E.C. Austin (B) No. 285715,
Chief, Telecommunications Section.

First Lieut. John A. Rich (A) ASN O-1110211,
Chief, Postal Section.

John Cipriano (A) Civilian, Clerk.

F. Fagliaretti, Italian Civilian, Clerk.

Postal Stations, Venice

Capt. William H. Morris (B) No. 285218,
Allied Censor Control Officer.

First Lieut. Louis Cinabro (A) ASN O-521493.

Thaddeus R. Firth (A), T-4, ASN 33809186.

Riccardo Guette (A) Civilian, Clerk.

Udine

Capt. A. Young, (B) No. 136918,
Allied Censor Control Officer.

Nicolas A. Marmo (A) Civilian, Clerk.

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Trieste

First Lieut. Leroy E. Colby (A) ASN O-1895693,
Allied Censor Control Officer.

Wilbert S. Iwami (A), T-5, ASN 39865545.

Telephone Stations, Venice

Capt. B. G. Craig (B) No. 174439,
Allied Telephone Control Officer.

Horace E. Hanscomb (B) Sgt., No. 14219725.

Trieste

Capt. Frank J. Doublet (B) No. P/195270,
Allied Telephone Control Officer.

2nd Lieut. Wright D. Jackson (A) ASN O-1061983.

Bernard J. Hart (A), T-5, ASN 33753482.

2. G3I, XIII Corps, have indicated that the stations as now operating provide sufficient censorship coverage to meet their requirements, and no additional stations need be opened.

3. The personnel above listed are either stationed at present at the places indicated, or will reach such stations shortly after 1 January 1946.

H. H. SCUDDER,
Colonel (Sig C.)
Director.

for

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for the Chief Commissioner

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~~R~~ET (X) ~~XXXXXXXX~~ RPT SUC HQ ALCOM 201515 DECEMBER 1945

(1) AMG LIGURIA REGION (2) AMG PIEMONTE REGION (3) AMG LOMBARDIA REGION

(4) AMG VENEZIA REGION (5) AMG LIVORNO ZONE (6) AMG NAPLES COMMUNE (7) ALCOM

10 BOLOGNA (8) AMG ANCONA COMMUNE (9) ALCOM 10 BARI (10) ALCOM 10 PALERMO

(11) GHQ GMP FOR G-5 (12) DELTWO (13) DISTHREE (14) AMG 15 CORPS

9559 RESTRICTED

SUBJECT IS POPULATION LIAISON GROUPS WHICH WILL BE AS FOLLOWS ED

PARA ONE ED SICILY PD MAJOR JOHN LUND PAREN ABLE PAREN TO REPORT PALERMO BY FIVE JANUARY FOUR SIX ED

PARA TWO ED HEADQUARTERS NAPLES FOR CAMPANIA AND CALABRIA PD COLONEL PENNYCUICK PLUS ONE LIAISON OFFICER PAREN ABLE PAREN AND TWO PUBLIC SAFETY OFFICERS

PARA THREE PD HEADQUARTERS BARI FOR PUGLIE CMA LUCANIA AND ABRUZZI PD LIEUTENANT COLONEL VINING PAREN BAKER PAREN TO REPORT BY THREE JANUARY FOUR SIX PD

PARA FOUR PD LIVORNO PD COLONEL LOVE JIG HENSLEY PAREN ABLE PAREN AND CAPTAIN SUGAR BRATT PAREN ABLE PAREN FOR PENINSULAR BASE SECTION CMA LIVORNO AND TOSCANA AND MAJOR CHARLIE ABLE WARREN PAREN ABLE PAREN FOR FLORENCE ED

PARA FIVE PD BOLOGNA PD LIEUTENANT COLONEL TARE WILLIAM JIG WALTERS PAREN BAKER PAREN PLUS TWO LIAISON OFFICERS AND TWO PUBLIC SAFETY OFFICERS PD

PARA SIX PD LIGURIA PD LIEUTENANT COLONEL TURNER COLES PAREN BAKER PAREN PLUS ONE LIAISON OFFICER AND THREE PUBLIC SAFETY OFFICERS PD

PARA SEVEN PD PIEMONTE PD COLONEL WILLIAM ROGER JORDAN PAREN ABLE PAREN UNTIL RELIEVED BY COLONEL ABLE SUGAR ARNOLD PAREN ABLE PAREN PLUS TWO LIAISON OFFICERS AND FOUR PUBLIC SAFETY OFFICERS PD IN ADDITION LIEUTENANT COLONEL ABLE HOW GARDNER

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PAREN BAKER PAREN FOR TENDA PD

PARA EIGHT PD LIMBANDIA PD COLONEL ABLE MAN HANCOCK BAKER PAREN

PLUS TWO LIAISON OFFICER AND TWO PUBLIC SAFETY OFFICERS PD

PARA NINE PD BOLANGO PD COLONEL SUGAR WILLIAM MILLER PAREN BAKER PAREN PLUS

THREE LIAISON OFFICER AND TWO PUBLIC SAFETY OFFICERS PD

PARA TEN PD VENICE PD BRIGADIER JIG FING DUNLOP PAREN BAKER PAREN UNTIL

RELIEVED BY LIEUTENANT COLONEL FOX CHOE HAVIS PAREN ABLE PAREN PLUS THREE LIAISON

OFFICERS AND TWO PUBLIC SAFETY OFFICERS PD

PARA ELEVEN PD WITH EFFECT FROM ONE JANUARY FOUR SIX OFFICERS IN THESE

LIAISON GROUPS WILL BE SIX OFFICERS WHO WILL CONCERN THEMSELVES WITH DUTIES

AS DIRECTED THIS HEADQUARTERS MEMO SEVEN ZERO ZERO TWO SLANT EASY CHARLIE DATED

TWO NINE SEPTEMBER FOUR FIVE PD

PARA TWELVE PD REMAINING OFFICERS ON REGIONAL STAFFS WILL BE CONCERNED ONLY WITH

WINDING UP REGIONAL AFFAIRS WHICH WILL BE COMPLETED AS EXPEDITIOUSLY AS POSSIBLE

BUT IN ANY CASE NOT LATER THEN TWO ONE JANUARY NEXT PD

PARA THIRTEEN PD REGIONAL COMMISSIONER WILL AT ONCE APPOINT RECORDS OFFICERS

TO DEAL WITH ARCHIVES AND WILL PAY PERSONAL ATTENTION TO THIS MATTER PD

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PARA FOURTEEN FD LIST OF ECONOMIC SECTION OFFICERS AND NAMES OF LIAISON AND

PUBLIC SAFETY ~~XXXXX~~ OFFICERS WILL BE SIGNALED TO RESPECTIVE REGIONS SOONEST FD

PARA FIFTEEN FD PARITY BETWEEN AMERICAN AND BRITISH OFFICERS WILL BE

MAINTAINED AS FAR AS POSSIBLE

INTERNAL DISTRIBUTION : (15) Vice President, Civil Affairs Section (16) Vice President Economic Section (17) G-1 (A)(18) G-1 (B) (2)

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PRIORITY (1-14)

ROUTINE (15-18) Ec. Section

C.J. LEONE
CWO USA
ASST ADJUTANT

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Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

Ref. 20.00/ES 14 December 1945

SUBJECT : Military Exports from Italy (Financial Problems)

TO : Allied Force Headquarters
APO 512
Attention: G-5 Section

1. Reference is made to a letter of your headquarters of 30 September 1945 (Ref. F-10) on the above subject, transmitting a draft staff study and a draft airgram, to which the concurrence of the Allied Commission was forwarded under date of 5 October 1945 (Ref. AC/5127/A that the airgram in question was dispatched.
(COMMERCE). NO INFORMATION HAS BEEN RECEIVED SINCE THAT DATE TO INDICATE

2. The object of the present letters is to elaborate the views of the Allied Commission regarding the financial aspect of exports of Italian goods by the military.

3. The first of the problems offered for solution in the staff study under reference, as set forth in paragraph 5 (a) thereof, is:

"Are purchases for direct military use outside ITALY to continue to be regarded as 'military exports' or should they be placed on the same footing as commercial exports?"

It is the considered view of the Allied Commission that all supplies and services procured in Italy and exported should be treated on a commercial basis.

4. Military exports of locally-procured supplies cannot be considered as procurement in support of the occupation of Italy, but as simple commerical transactions in which the military acts as an agency of its government and which should give rise to credits in the currency of the procuring government concerned. Such credits would make it possible that depletion of the total quanity of supplies available to the Italian population by the amount of such exports could be made up sooner or later by importation of compensating products. This arrangement would not only meet the juridical objection that these exports and services are involuntary and uncompensated but would also serve to restore the supply balance in Italy at some future time.

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2. - Military Exports from Italy

5. It will be seen that the financial problems involved in the question of military exports are two-fold:

(a) is Italy to receive current reimbursement in foreign currencies for military exports, and, if so,

(b) in what currencies is reimbursement to be effected?

6. It was suggested in the AFHQ staff study under reference that a record be kept of military exports with a view to ultimate inter-governmental settlement. In the view of the Allied Commission, it is desirable that Italy receive current foreign credits for the value of such exports, as part of the program to mobilize and increase Italy's foreign exchange resources. If no foreign currency credit whatever is allowed, Italy is placed under a double disability of having to accept the cost of the goods as an occupation charge as well as having to endure a shorter supply. Replacement must be effected out of Italy's limited dollar or sterling credits, or by expenditure of funds made available by the Allies for the support of the civilian supply and rehabilitation program.

7. It is therefore suggested that the entire problem of military exports be referred to the Combined Chiefs of Staff for a decision on the policy involved, with the following recommendations:

(a) that the Italian Government, to offset its obligations to the Allied Governments, should receive credit for supplies exported on a military basis prior to 1 September 1945, the date of termination of the combined military responsibility for civilian supply imports into Italy:

(b) That, for exports from Italy after such date, the Italian Government should receive current reimbursement in foreign currency; and

(c) that such reimbursement should take the form of dollar or sterling credits, according to the nationality of the military organization or service concered.

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ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc: American Embassy
British Embassy

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Cipher Comm R

XXXXX FX 56287
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G/5542
141400
ROUTINE

FREEDOM SIGNED SACMED CITE PHIBG

AGWAR WASHINGTON FOR COMBINED CIVIL AFFAIRS COMMITTEE REPTD CABINET OFFICES LONDON FOR BRITISH CHIEFS OF STAFF AND ALCOM ROME

SECRET. PD

MAT 966.

Reference our MAT 965 of 12 December. Reference Part I back paragraph (RR), "Prisoners of War" read "Public Works".

AC DIST

INFO/ACTION: EX COMMR (2)
INFO : CHIEF COMMISS
POLAD (A)
POLAD (B)
FILE (SKELETO

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref. 20.00

14 December 1945

SUBJECT: Coordination of Military Procurement in Italy with Allied Civilian Supply Programs

TO : Allied Force Headquarters

1. The Allied Commission is becoming increasingly aware that grave damage is being done to the Italian economy by procurement of indigenous Italian materials and plant equipment by military units. The situation is particularly serious in North Italy, where the remaining military forces in the country are principally concentrated. Such procurement is being effected for the purpose of supporting Allied military establishments in Italy, and these in other countries, as well as for export by the military for the maintenance of the civilian population of certain liberated areas. The financial implication of the latter practice is the subject of a communication to your headquarters of even date (Ref. 20.00). — see (B)

2. The objects of the present letter are:

(a) to present certain observations regarding the manner in which military procurement impinges on the Allied civilian supply programs for Italy and to bring forward recommendations designed to reduce its interference therewith to a minimum; and

(b) to suggest a method for the recording of such exceptional military exports as are essential.

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3. In the past months, detailed plans for the rehabilitation of the Italian economy have been drawn up and are being submitted to the Allied Governments in Washington and London. When such programs have received approval, they will presumably be supported by Allied appropriations to the extent of several hundred million dollars. Naturally, when such plans were drawn up, great care was taken to ensure that Italian resources and industrial capacities would be employed to the maximum and, in fact, these form an integral part of the programs themselves.

4. The Allied Commission agrees that military requirements must continue to be met, but feels that this must be done in such manner as not to cause additional damage to the Italian economy, the restoration of which is the primary object of these programs financed by Allied funds. In

— see (C)

— see (D) — Ltr 4002

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Declassified E.O. 12356 Section 3.3/NND No. 785015

2 - Coordination of Military Procurement in Italy with Allied Civilian Supply Programs

Particular, it is deemed important that the Italian resources which are to be used in conjunction with the rehabilitation program be maintained intact, in order that, with the arrival of Allied-purchased materials and machinery, production may commence immediately and progress smoothly. Therefore, the purchase and requisition of materials by the military ought to be subject to coordination with the programs. It would seem appropriate to suggest at this point that, actual military operations having ceased in this area, the doctrine of overriding military necessity which has been applied to military procurement in the past would now seem to have lost much of its weight. At the same time, the changed political situation of this country vis-a-vis the Allied Governments is not to be lost sight of.

5. Prior to the dissolution of the Engineering Materials and Miscellaneous Purposes Committees of the Allied Forces Local Resources Board, these bodies served as a forum in which civilian, as opposed to military, requirements for local resources could be presented, and they thus provided some measure of defense for the civilian economy. At present, there exists no official body to which appeal may be made in advance against military acquisition of vital materials or machinery, even when these may represent key portions of the rehabilitation program.

6. In North Italy, informal arrangements have been made by the Allied Commission with certain individual military units for the channelling of prospective purchases through the Allied Commission offices at Milan for agreement. It is considered highly desirable that this procedure be extended to all military units and to all parts of the country for the reasons set forth above. For this purpose, it is proposed that a list of the materials and plant equipment which represent essential parts of the rehabilitation program be drawn up by AC and be incorporated into the list of restricted materials attached as Appendix A to the draft AFHQ Administrative Memorandum on Local Resources in Italy, Mainland and Islands, at present being circulated for coordination by AFHQ. Military agencies desirous of obtaining such items should approach the appropriate screening agency of AC, which will establish whether or not such procurement will adversely affect the Allied civilian supply and rehabilitation program.

7. Turning to the question of military exports, the Allied Commission is unable to find authority which gives the Allies the right to acquire and export anything free of charge. The majority of cases of military exports which have come to the attention of the Allied Commission, have involved materials and produce which were already in short supply as regards the needs of the Italian population or were essential for the industrial rehabilitation of the country. No machinery at present exists

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for determining whether or not such commodities are surplus to local needs prior to procurement and export. There is no opportunity afforded for review of the comparative scarcity in the country of importation in relation to scarcity of the same commodity in Italy.

8. Allied civilian supply programs are being financed with (a) YT funds, i.e.: dollar credits arising out of United States troop pay imports, and remittances, (b) YB funds, that is, the $100,000,000 FDA appropriation, (c) the British Government contribution to the GSAC Program of Basic Supplies, and (d) possibly after 1st January 1946, UNRRA funds. These programs are intended to provide, not only for the immediate consumption requirements of the Italian population, but also to ensure the industrial rehabilitation of the country to the extent necessary to enable it to provide for its own needs and thus no longer constitute a burden on the economies of the United Nations. Interference with the attainment of this objective is arising and will continue to arise out of military exports, to the extent that (a) materials or plant equipment thus removed from Italy must be directly replaced under current and future programs, or (b) where the materials or plant equipment removed were essential to the effective realization of the programs, in that they were required for use in conjunction with other imported materials or equipment. It goes without saying that export of indigenous goods of the types to be imported under the programs must be offset by equivalent replacement. In all cases, funds appropriated by the Allied Governments or made available to the Italian Government for its own use will actually have been diverted directly or indirectly to purposes other than those for which they were provided.

9. Whatever the basis for credits or the currencies in which they were to accrue, Italy should in any case have the benefit of records as a basis for future settlement, and it is felt that such records could be maintained by the Allied Supply Accounting Agency in the form of firm credit accounts showing the actual purchase value of the merchandise exported. The basis for such accounts could be declaration of all shipments abroad by military units, under a general directive issuing from AFHQ. A suggested text for such a directive in the form of a draft Administrative Memorandum is attached hereto as Appendix A. The provision contained in paragraph 2 (b) thereof requiring cash payment in the procurement by the military of commodities for export would ensure the existence of a firm basis for the calculation of credits in foreign currencies referred to in my letter of even date (Ref. CS/20.00) on the subject "Military Exports from Italy (Financial Problems)".

10. The Allied Commission feels most strongly, not only that adequate records of military exports must be kept, but also that a system of screening against the civilian supply programs by the Allied Commission, of all intended military procurement should be put into effect without delay, with the object of ensuring that:

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4 - Coordination of Military Procurement in Italy with Allied Civilian Supply Programs

(a) due allowance for military procurement can be made in future plans and schedules for civilian supplies under the programs;

(b) an opportunity may be afforded to the Allied Commission to authorize such procurement only in cases where undue interference with Allied civilian supply programs would not appear to result; and

(c) In the case of military exports, appropriate claims against military appropriations, or those provided to cover other areas, may be made for the benefit of the Italian Government or of supply agencies operating in Italy.

GEORGE W. ROSS
Rear Admiral, USCG
Chief Commissioner

Attachment: Appendix 'A'

cc: American Embassy
British Embassy

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APPENDIX A

SECRET

Allied Force Headquarters

AFO 632

ADMINISTRATIVE MEMORANDUM)
)
NUMBER)

December 1945.

Military Exports from Italy, Mainland and Islands

1. There shall be no exports by the military except under special conditions. The following policies and procedures are hereby prescribed to govern the exports from Italy of all commodities acquired within the country by Allied military procurement agencies.

2. The following restrictions will govern the export from Italian territory of any commodity procured in Italy:

(a) the procuring agency will submit an application to the Allied Commission for authorization to export. Such application will provide the following information:

(1) a description of the commodity, stating the quantity in normal trade terms, and the name and business address of the proposed supplier;

(2) the price in lire of the commodity (if procured by requisitioning prior to the date of publication of this memorandum, then the estimated lire value);

(3) the designation of the procuring agency or unit and the source of the funds from which payment will be made;

(4) the country to which the commodity is to be exported and the designation of the consignee therein;

(5) a copy of the request for procurement, bearing a statement of the object for which the export is required, military or civilian;

(6) a statement as to how liability as between consignor and consignee will be settled.

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(b) Notwithstanding the provisions of Administrative Memorandum No. 23 1945, requisitioning will not be resorted to in the procurement of commodities for export and lire cash payments therefor shall be made in all cases.

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(c) Issuance by the Allied Commission of authorization to export will constitute authority to procure the required commodities. Copies of all such authorizations will be furnished by the Allied Commission to the Allied Supply Accounting Agency; and

(d) Upon export, the procuring agency will notify the Allied Supply Accounting Agency of the actual quantities exported under the authorization and the price paid therefor.

3. The Allied Supply Accounting Agency, G-5 Section, now attached to Finance Sub-Commission, Allied Commission, is hereby constituted the responsible agency for the maintenance of appropriate records of all military exports declared to it under the procedures laid down herein. Such records shall consist of separate entries to cover each transaction comprising the information called for in Paragraph 2(a) and (d) above.

4. Every Allied organization or service which has effected the export of any commodity from Italy prior to the date of publication of this memorandum will furnish to the Allied Supply Accounting Agency the information called for in Paragraphs 2(a) and (d) above, wherever available.

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FX 56125
DEC 111907A

G/5411
DEC 121530A

PRIORITY

AFHQ SIGNED SACMED CITE FHDSC

ACTION: AGWAR WASHINGTON FOR COMBINED CHIEFS OF STAFF AND FOR COMBINED CIVIL AFFAIRS COMM. CABINET OFFICES BRIT. CHIEFS OF STAFF
INFO: ALCOM ROME

TOP SECRET

TOP SECRET.

For Combined Chief of Staff and British Chiefs of Staff this is NAF 1099.
For Combined Civil Affairs Committee this is MAT 963.

(1) I have conferred withthe United States and British ambassadors, UNRRA, and the Deputy President Allied Commission on TAM 719. Reply will be dispatched tomorrow, 12 December. The basic principles of that signal are agreed cut the advisability of the transfer of theam b-commissions listed in para 2 (C) to all this questioned. The basic conception of my agreements thesignal was that there would remain in Rome an AMG Headquarters for daily contact with the Italian Government.

(2) It is my understanding that nothing in paragraph ### 2 of FAN 634 prohibits the existence in Rome of an AMG Headquarters to maintain daily contact with the Italian Government in connection with AMG matters pertaining to thetwo provinces under Military Government. In view of our comprehensive use of Italian Government machinery as the instrument for imposing military government, no other satisfactory solution is now apparent.

DISTRIBUTION

INFO ACTION: EXEC COMMISSIONER (2)

INFO: CHIEF COMMISSIONER
POLAD (A)
POLAD (B)
~~Ca ONSPICH~~
~~DCM ONSPICH~~ (2)
FILE

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HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner.

DEC 7 1945

6 December 1945.

Meeting held at 0930 hours, 6 December 1945, in the Chief Commissioner's Conference Room, Hq Allied Commission, Rome, to discuss the draft AFHQ reply to the draft directive to AC contained in TAM 719.

Present: Major General Duff, Rear Admiral Stone, Mr. Kirk, Sir Noel Charles, Sir Richard Nosworthy, Mr. Hopkinson, Lieut. Col. Hannaford, Mr. P. Broad, Mr. Hodgetts, Mr. Keeney, Brig. General Hamblen, Mr. Offie, Mr. Jones, Mr. Livengood, Lieut. Col. McCleary, Brig. Lush, Mr. Cleveland, Col. Weber.

NOTE: These minutes should be read in conjunction with Document 'P'.

General Duff opened the meeting by stating that its purpose was not to draw up a reply to TAM 719, but rather to find out such major differences of opinion as might exist between the Embassies, AFHQ and AC. He stated that he was not empowered to take decisions but that he desired to return to AFHQ fully conversant with the views of those present in order to discuss the matter with SACMED and Deputy SACMED and then to compose a new telegram. Admiral Stone suggested that any points not agreed to should be presented at SAC's Political Conference.

Speaking in general terms of the AC modifications to the AFHQ draft MAT, General Duff commented on the undesirability of fettering SAC's discretionary powers and on the desirability of encouraging CCS not to become involved with the internal organisation of AC which should be a matter of SAC's discretion. Admiral Stone however pointed out that the organisation of AC did not lie entirely within SAC's discretion as it had been established in previous directives issued by CCS.

It was agreed to use the AFHQ draft MAT as the agenda, and the following discussions took place with regard to Part I thereof: (Following paragraphs are lettered to correspond with the lettered paragraphs of Part I of AFHQ draft MAT).

A. The proposed modifications to para A as appearing in "AC Draft for MAT" were agreed to.

B. Admiral Stone stated that the AC modification to the AFHQ draft MAT was intended to emphasize the dual functions of AC HQ, which extended over both AMG territory and Italian Government territory. General Duff said that this proposed modification would be borne in mind when revising the draft MAT.

C. With reference to the wording of the first sentence, Admiral Stone

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Mr. Jones, Mr. Livengood, Lieut. Col. McCleary, Brig. Lush, Mr. Cleveland, Col. Weber.

NOTE: These minutes should be read in conjunction with Document 'P'.

General Duff opened the meeting by stating that its purpose was not to draw up a reply to TAM 719, but rather to find out such major differences of opinion as might exist between the Embassies, AFHQ and AC. He stated that he was not empowered to take decisions but that he desired to return to AFHQ fully conversant with the views of those present in order to discuss the matter with SACMED and Deputy SACMED and then to compose a new telegram. Admiral Stone suggested that any points not agreed to should be presented at SAC's Political Conference.

Speaking in general terms of the AC modifications to the AFHQ draft MAT, General Duff commented on the undesirability of fettering SAC's discretionary powers and on the desirability of encouraging CCS not to become involved with the internal organisation of AC which should be a matter of SAC's discretion. Admiral Stone however pointed out that the organisation of AC did not lie entirely within SAC's discretion as it had been established in previous directives issued by CCS.

It was agreed to use the AFHQ draft MAT as the agenda, and the following discussions took place with regard to Part I thereof: (Following paragraphs are lettered to correspond with the lettered paragraphs of Part I of AFHQ draft MAT).

A. The proposed modifications to para A as appearing in "AC Draft for MAT" were agreed to.

B. Admiral Stone stated that the AC modification to the AFHQ draft MAT was intended to emphasize the dual functions of AC HQ, which extended over both AMG territory and Italian Government territory. General Duff said that this proposed modification would be borne in mind when revising the draft MAT.

C. With reference to the wording of the first sentence, Admiral Stone said that it could be argued that the service sub-commissions did now "form the nucleus of separate service missions", and suggested that the sentences be changed to read "until they become separate service missions". This amendment was accepted. General Hamblen stated he understood that the separation of these missions from the AC was under consideration, therefore this point had not been raised in the AFHQ draft.

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Referring to the AC proposal to include the request for the maintenance of a Deputy President in Rome, General Hamblen stated that there was no intention of changing the present organisation in this regard and thought it advisable to have internal matters to SAC's discretion. However, Admiral Stone said that since FAN 487, which contained this instruction, had followed the joint Governmental announcement of the appointment of a Chief Commissioner, it was though advisable to have confirmation of this from COS. Ambassador Kirk suggested that as long as it was the intention to keep the Deputy President in Rome, this point could be covered by some reference in Part II to which suggestion all present agreed.

With reference to the retention of French and Russian representatives on AC, Sir Noel Charles drew attention to the Moscow Protocol which has laid down that when SACMED relinquishes direct military control of Italy and consequently the Presidency of the AC, this role will be assumed by the Advisory Council. General Hamblen observed that SACMED therefore should retain his authority until AC was no longer necessary or until the Advisory Council is abolished. Ambassador Kirk suggested that the abolition of this Council might be recommended in some way in the telegram. General Hamblen agreed to follow up.

Admiral Stone stated that the AFHQ draft para C was commendably brief but suggested the AC elaboration be accepted in order to keep the COS fully informed. He thought it advisable to give a detailed statement as to why liaison officers were required and the functions they would perform. General Hamblen suggested this be stated simply, in some such wording as "I propose to maintain small liaison groups in Italian Government territory, some of whom will become attached to UNRRA when it takes over".

D. The AC proposal to read "Italian Government Territory" for "King's Italy" was accepted.

General Hamblen stated that the reference in the modification to para D proposed by AC as regards the retention of the electrical power unit in Italian Government territory brought up the question of the retention of an economic group in the North. He added that this had been the subject of discussions at AFHQ and it was possible that it might be considered a contravention of FAN 487 and therefore abolished. Mr. Cleveland stated that the economic group had been established to work with the Italian Northern Economic Group, but that if the Italian Government were to establish a national group to supersede the present northern and southern groups, then the economic group would be withdrawn. At present the Economic Group as an executive function under AMG, but on withdrawal of AMG it would have liaison duties only and would have the same authority there that the Economic Section had in Rome, in relation to the Italian Government. Admiral Stone stated that the function of this group was intended to be transferred to UNRRA, and that at the present time UNRRA was negotiating a contract with the Italian Government to cover its operations there. If the Italian Government agreed to the contract, then the group could remain, but if they disagreed then the group

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Advisory Council. General Hamblen observed that SACMED therefore should retain his authority until AC was no longer necessary or until the Advisory Council is abolished. Ambassador Kirk suggested that the abolition of this Council might be recommended in some way in the telegram. General Hamblen agreed to follow up.

Admiral Stone stated that the AFHQ draft para C was commendably brief but suggested the AC elaboration be accepted in order to keep the CCS fully informed. He thought it advisable to give a detailed statement as to why liaison officers were required and the functions they would perform. General Hamblen suggested this be stated simply, in some such wording as "I propose to maintain small liaison groups in Italian Government territory, some of whom will become attached to UNRRA when it takes over".

D. The AC proposal to read "Italian Government Territory" for "King's Italy" was accepted.

General Hamblen stated that the reference in the modification to para D proposed by AC as regards the retention of the electrical power unit in Italian Government territory brought up the question of the retention of an economic group in the North. He added that this had been the subject of discussions at AFHQ and it was possible that it might be considered a contravention of FAN 487 and therefore abolished. Mr. Cleveland stated that the economic group had been established to work with the Italian Northern Economic Group, but that if the Italian Government were to establish a national group to supersede the present northern and southern groups, then the economic group would be withdrawn. At present the Economic Group as an executive function under AMG, but on withdrawal of AMG it would have liaison duties only and would have the same authority there that the Economic Section had in Rome, in relation to the Italian Government. Admiral Stone stated that the function of this group was intended to be transferred to UNRRA, and that at the present time UNRRA was negotiating a contract with the Italian Government to cover its operations there. If the Italian Government agreed to the contract, then the group could remain, but if they disagreed then the group must be withdrawn at the same time as AMG. Mr. Keeney stated that it was not the intention of UNRRA to obtain economic control, but to give such assistance as might be necessary for a short-term period. Ambassador Kirk asked what would become of the economic development in Italy over and above the UNRRA programme. Admiral Stone replied that under the draft directive this would be the Embassies' problem, and added that AC had sent a memorandum to the U.S. Embassy suggesting the establishment of Staff at the Embassy to deal with this question. Ambassador Kirk stated that in view of the necessity for starting the long range programme for economic recovery, he felt there should be established a body such as a Tripartite Economic Advisory Council which he had recommended in the memorandum appended as "Document R". Sir Noel Charles said that he would accept the AC proposal in the present emergency. General Hamblen stated that he would accept the modification appearing in

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para D of "AC Draft for MAT" if the economic group were permitted to remain in the North, but would refer the matter for further discussion.

D(I) AC Draft for MAT. General Hamblen suggested that this paragraph be omitted as the Local Government S/C could continue under AMG, but Admiral Stone stated that the residual functions of this S/C would continue and he would prefer not to use subterfuge in concealing that fact. The Foreign Office wanted Local Government S/C to remain as part of AC, and it was decided to accept this paragraph, exersing the sentence "The U.S. Government recently gave the opinion that the AC, operating through Local Government S/C, should continue to ensure procedure of local elections is fair, free and democratic.

E. Admiral Stone said that the only proposed modification to the draft AFHQ MAT, para E, was the provision for notifying CCS of the final plans, which was included at the suggestion of the U.S. Political Adviser to AC since both Governments were interested in the disposition of certain sub-commissions. General Hamblen proposed that CCS be notified of such action after it had been taken. Admiral Stone cited the Communications Sub-Commission as being of particular interest to the U.S. and British Governments. In this connection he stated that one of the functions of AC has been to act as a buffer between the Italians and the military, and the AC has had increasing recognition of that role from AFHQ. Mr. Kirk cited the importance of having an agency in immediate contact with the Italian Government as an argument for keeping these S/C's under AC. Sir Noel Charles said that it was very important that AC be retained as a buffer. The new directive, he felt, was intended to prepare Italy for the peace treaty, and the real purpose of the CCS directive would be best served by retaining elements to act as that buffer. Mr. Kirk stated that if the AC were removed, there would be direct contact between elements in the military machine and the Italians, who were not used to dealing with each other. Admiral Stone added that this would seem to the Italians as an increase of military control rather than a lessening. General Hamblen agreed to Mr. Kirk's suggestion to mention this fact in the final reply. He pointed out that the AFHQ draft MAT does not indicate disposition of these Sub-Commissions. Gen Durr said / no staff section in AFHQ could assume day to day relations with the Italian Government. All agreed that for the time being these S/C's should remain at AC.

E(i) AC Draft for MAT. Mr. Cleveland stated that general financial advice could best be given by the present Chief Financial Advisor of AC, who was also supervising the implementation of FAN 583, which, if it passed to the Embassies, would involve considerable detailed reporting. Mr. Kirk pointed out that the Embassies can report to CCS only through their respective Governments. Mr. Cleveland brought up the case of the Italian-Swiss agreement, which had been referred to CCS by AC as contravening FAN 583. However, the reply was communicated to the Italian Government through the Embassies. General Hamblen stated that the AC modifications in this sub-para were accepted, although he added that he felt that since it had been requested by CCS, as many functions as possible should be transferred

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E. Admiral Stone said that the only proposed modification to the draft AFHQ MAT, para E, was the provision for notifying CCS of the final plans, which was included at the suggestion of the U.S. Political Adviser to AC since both Governments were interested in the disposition of certain sub-commissions. General Hamblen proposed that CCS be notified of such action after it had been taken. Admiral Stone cited the Communications Sub-Commission as being of particular interest to the U.S. and British Governments. In this connection he stated that one of the functions of AC has been to act as a buffer between the Italians and the military, and the AC has had increasing recognition of that role from AFHQ. Mr. Kirk cited the importance of having an agency in immediate contact with the Italian Government as an argument for keeping these S/C's under AC. Sir Noel Charles said that it was very important that AC be retained as a buffer. The new directive, he felt, was intended to prepare Italy for the peace treaty, and the real purpose of the CCS directive would be best served by retaining elements to act as that buffer. Mr. Kirk stated that if the AC were removed, there would be direct contact between elements in the military machine and the Italians, who were not used to dealing with each other. Admiral Stone added that this would seem to the Italians as an increase of military control rather than a lessening. General Hamblen agreed to Mr. Kirk's suggestion to mention this fact in the final reply. He pointed out that the AFHQ draft MAT does not indicate disposition of these Sub-Commissions. Gen Duff said no staff section in AFHQ could assume day to day relations with the Italian Government. All agreed that for the time being these S/C's should remain at AC.

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E(ii). General Hamblen agreed to the suggestion in para E(ii) of AC draft for MAT, with some rewording of the last two sentences.

F. Referring to the second sentence of para F of AFHQ draft MAT, General Hamblen felt that the statement that proposals were "based on UNRRA supply of Italy" should not be restricted to this paragraph but should be inserted in a general paragraph. This proposal was agreed to.

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F(i) AC Draft for MAT. It was agreed to withdraw the recommendation that a definite date be set for the turnover of functions to the Embassies and that the phrase "as soon as personnel can be procured" be inserted instead. Mr. Kirk and Sir Noel Charles proposed that the last sentence of sub-para F(i) be modified to read "However, Embassies indicate they are not yet in a position to assume this function because of lack of personnel."

F(ii). The proposed modification as contained in AC Draft for MAT, sub-para F(ii), was agreed to, inserting "not before" in place of "after".

F(iii). It was agreed to withdraw the proposed modification contained in AC Draft for MAT, Sub-para F(iii).

G. General Hamblen stated that there were now in Italy between 25 and 30,000 displaced persons, of whom several thousand cannot be taken over by UNRRA because of its charter. General Hamblen recommended that the AFHQ draft as regards Displaced Persons S/C should remain. Admiral Stone agreed.

All agreed to the inclusion of the statement that a supply group has already been set up in the Economic Section at AC Headquarters in Rome.

H. It was agreed to include in para H of AFHQ draft MAT a provision requesting SACMED's concurrence of civilian appointments to key positions.

I. It was agreed to substitute para I of AC Draft for MAT for para I of AFHQ Draft MAT.

PART II.

Document 'S' was submitted for discussion in place of the proposed Part II of Document "Q". It was decided however not to discuss the document at this present time and the meeting then adjourned.

H S Hamblen
Brigadier,
Executive Commissioner.

DISTRIBUTION:
HE Sir Noel Charles, Bt., KCMG., British Embassy.
HE Mr. Alexander Kirk, U.S. Embassy.
Mr. H. L. D'A Hopkinson, C.M.G. Polad (D), HQ AC.
Sir Richard Nosworthy, KCMG, British Embassy.
Mr. Wesley Jones, Polad (..), HQ AC.
Mr. Livengood, U.S. Embassy.
Maj. Gen. A.G. Duff, CBE, MC, G.S.O. AMMG

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All agreed to the inclusion of the statement that a supply group has already been set up in the Economic Section at AC Headquarters in Rome.

H. It was agreed to include in para H of AFHQ draft MAT a provision requesting SACMED's concurrence of civilian appointments to key positions.

I. It was agreed to substitute para I of AC Draft for MAT for para I of AFHQ Draft MAT.

PART II.

Document 'S' was submitted for discussion in place of the proposed Part II of Document "Q". It was decided however not to discuss the document at this present time and the meeting then adjourned.

M S Lush

Brigadier,
Executive Commissioner.

DISTRIBUTION:
HE Sir Noel Charles, Bt., KCMG., British Embassy.
HE Mr. Alexander Kirk, U.S. Embassy.
Mr. H. L. D'A Hopkinson, C.M.G. Polad (D), HQ AC.
Sir Richard Nosworthy, KCMG, British Embassy.
Mr. Wesley Jones, Polad (..), HQ AC.
Mr. Livengood, U.S. Embassy.
Maj. Gen. A.C. Duff, OBE, MC., CAO, AFHQ.
Brig. Gen. A. L. Hamblen, G-5, AFHQ.
Rear Admiral Ellery W. Stone, Chief Commissioner, HQ AC.
Brig. M. S. Lush, CB., CBE., MC., Exec Commissioner, HQ AC.
Mr. Philip Broad, Br Resmin, AFHQ.
Mr. Offie, US Polad, AFHQ.
Mr. S. M. Keeney, UNRRA.
Mr. C. E. Hodgetts, UNRRA.
Mr. Harlan Cleveland, Econ Section, HQ AC.
Colonel Weber, Chief Legal Advisor, HQ AC.
Lt. Col. G. G. Hannaford, Dep. Chief Legal Advisor, HQ AC.
Lt. Col. F. H. McCleary, HQ, AC.

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S E C R E T.

AFHQ DRAFT MAT.

This is MAT _____

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 is agreed, except as to the provision of AMG requirements.

B. In the reorganisation of AICOM consideration must be given to the fact that within its present structure there exists the HQ of the allied military government for Italy. As long as military government remains, there must be in existence a headquarters located at the seat of the Italian Government. AMG does not govern directly but uses the machinery of the Italian Government agencies in all phases of public life. It can be effective only by the closest day to day contact with the respective Italian ministries. Such an AMG Headquarters must retain substantially the present structure of AC on a reduced scale. It would deal only with AMG matters and except as indicated otherwise in this paper not interest itself in King's Italy.

102/cc

AC DRAFT FOR MAT.

This is MAT _____

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 comment below. Presume last two sentences of para to apply.

B In the reorganisation of AICOM consideration fact that within its present structure there exists Italy and therefore the functions of the AC extend territory and AMG territory, including VENEZIA GIUL government remains, there must be in existence a he seat of the Italian Govt. AMG does not govern di machinery of the Italian Government agencies in all It can be effective only by the closest day to day Italian ministries. Such an AMG headquarters must present structure of AC on a reduced scale.

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102/cc

AC DRAFT FOR MAT.

This is MAT

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 is agreed, subject to comment below. Presume last two sentences of para 2(a) in FAM 487 continue to apply.

B In the reorganisation of AICOM consideration must be given to the fact that within its present structure there exists the HQs of the AMG for Italy and therefore the functions of the AC extend over both Italian Govt. territory and AMG territory, including VENEZIA GIULIA. As long as military government remains, there must be in existence a headquarters located at the seat of the Italian Govt. AMG does not govern directly but uses the machinery of the Italian Government agencies in all phases of public life. It can be effective only by the closest day to day contact with the respective Italian ministries. Such an AMG headquarters must retain substantially the present structure of AC on a reduced scale.

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AFHQ DRAFT MAT.

C. It is agreed that the Service Subcommissions/unless should remain in AC or until they form the nucleus of separate service missions. Agree that HQ Ex Branch and Establishment Section should remain.

D. It is agreed that the sub-commissions listed in your para 2 b may be abolished so far as they pertain to 'King's Italy'. They should be retained on a small scale for AMG purposes.

AC DRAFT FOR MAT.

C. It is agreed that the Service Sub-Commi
Agree that HQ Ex Branch and Establishment Section
Deputy President in ROME and presume the French a
will remain. It is my policy to retain small li
territory numbering approx. 60 in all to maintain
Commanders and Italian Local Governments and to k
political (e.g., Franco-Italian Frontier, BOLZANO
Understand U.K. Govt regards this with favour.
attached to supply group (food, agriculture, indu
concentrated in MILAN where Italian machinery for
imported materials in North is located. This pa
would go over to UNRRA when UNRRA takes over Ital

D. It is agreed that the Sub-Commissions l
abolished so far as they pertain to Italian Govt
tained on a small scale for AMG purposes) with th
S/C, Medical Supply functions of Public Health S/C
Public Works & Utilities S/C.

(i) Local Government S/C functions cove
tion on electoral procedure, minority problems, e
definitely connected with the Armistice Terms.

0500

Declassified E.O. 12356 Section 3.3/NND No. 785015

T MAT.

e Service Subcom-

form the nucleus of

gree that HQ Ex Branch

ld remain.

AC DRAFT FOR MAT.

C. It is agreed that the Service Sub-Commissions should remain in AC. Agree that HQ Ex Branch and Establishment Section should remain. I shall require Deputy President in ROME and presume the French and Russian representativesn AC will remain. It is my policy to retain small liaison groups in Italian Govt. territory numbering approx. 60 in all to maintain liaison with Allied Military Commanders and Italian Local Governments and to keep me generally informed of political (e.g., Franco-Italian Frontier, BOLZANO) and economic situation. Understand U.K. Govt regards this with favour. Roughly half the number will be attached to supply group (food, agriculture, industry and transportation) largely concentrated in MILAN where Italian machinery for allocation and distribution of imported materials in North is located. This part of the liaison function would go over to UNRRA when UNRRA takes over Italy's basic supply line.

c sub-commissions

abolished so far as

. They should be re-

G purposes.

D. It is agreed that the Sub-Commissions listed in your para 2 b may be abolished so far as they pertain to Italian Govt territory (they should be retained on a small scale for AMG purposes) with the exception of Local Government S/C, Medical Supply functions of Public Health S/C, the Electrical Power Unit of Public Works & Utilities S/C.

(i) Local Government S/C functions cover directing of Italian legislation on electoral procedure, minority problems, e.g., BOLZANO, some of which are definitely connected with the Armistice Terms. The US Government recently gave

NARS Date 12-18-72

0501

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Part I (Cont'd)

E. The effectiveness of the sub-commissions listed in your para 2 c would be greatly lessened if removed from ROME. If they were to be placed under AFHQ and remain in ROME supervision would be most difficult. War Material and IPOW are little more than liaison groups. The others in this category should remain in being for AMG functions. No

the opinion that the AC, operating through Local Governm procedure of local elections is fair, free and democratic Sub-Commission within AC until elections.

(ii) When the Public Health S/C is abolished a set up in the Supply Group of the Economic Section.

(iii)The Public Works & Utilities S/C has alre S/C. When the Public Works & Utilities S/C is abolishe in the Supply Group of the Econ Sec a unit working on th electric power. Now and for some months to come electr parts of the Italian peninsula, including the North. T is therefore closely tied with the industrial programme decisions as to how imported coal and fuel oil are to be

E. The effectiveness of the sub-commissions liste greatly lessened if removed from Rome. If they were to in Rome supervision would be most difficult. War Mater and reduced to Captured Enemy Materials Branch of Econom absorbed by Land Forces S/C where it should remain. Th remain in being for AMG functions. No disadvantage is present while details are being worked out to determine tions in connection with Italian Government territory-ban

0502

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the opinion that the AC, operating through Local Government S/C, should continue to ensure procedure of local elections is fair, free and democratic. Recommend retention of this Sub-Commission within AC until elections.

(ii) When the Public Health S/C is abolished a small Medical Supply Unit will be set up in the Supply Group of the Economic Section.

(iii)The Public Works & Utilities S/C has already been merged with the Industry S/C. When the Public Works & Utilities S/C is abolished it will be necessary to maintain in the Supply Group of the Econ Sec a unit working on the allocation and utilisation of electric power. Now and for some months to come electricity is in short supply in all parts of the Italian peninsula, including the North. The utilisation of electric power is therefore closely tied with the industrial programme as a whole and especially with decisions as to how imported coal and fuel oil are to be used most efficiently.

E. The effectiveness of the sub-commissions listed in your para 2 c would be greatly lessened if removed from Rome. If they were to be placed under AFHQ and remain in Rome supervision would be most difficult. War Materials has been virtually abolished and reduced to Captured Enemy Materials Branch of Economic Section and Italian POW has been absorbed by Land Forces S/C where it should remain. The others in this category should remain in being for AMG functions. No disadvantage is seen for keeping them with AC for the present while details are being worked out to determine to what agency if any their functions in connection with Italian Government territory can best be transferred. It is

...s of the sub-
... para 2 c would be
...d from ROME. If
...er AFHQ and remain
...be most difficult.
...little more than
...rs in this category
...MG functions. No

0503

Declassified E.O. 12356 Section 3.3/NND No. 785015

DRAFT AFHQ MMT.

disadvantage is seen for keeping them with AC for the present while details are being worked out to determine to what agency if any their functions in connection with 'King's Italy' can best be transferred. It is believed preferable to allow me to use discretion in connection with this group keeping in mind the policy of the CCS that the AC shall retain the minimum essential functions.

No staff section in AFHQ
Can deal with by
today relations.

Make it of

AC DRAFT FOR MMT.

believed preferable to allow me to use discretion in
keeping in mind the policy of the CCS that the AC sha
functions. My final plans for this group will be su

(i) As regards Finance Sub-Commission, I
692, and set up an Allied Supply Accounting Agency re
located in Rome and attached to AC for administration
currency supply and accounting functions of AFH, incl
to the Allied Forces, should be transferred to AFHQ.
Rome attached to AC for administration. In order to
arising under the Armistice, I recommend that the pos
Adviser be retained in the AC. Negotiation of the
Italian Govt as directed in paras 12-17 of FAN 583, s
by the Chief Financial Adviser.

(ii) With regard to Transportation, apart f
tion S/C has only two groups of functions: those co
and a liaison function between military and Italian
former should remain with AC Supply Group until UNRRA
disappear if transferred to AFHQ. There is, therefo
which can logically be transferred to AFHQ.

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eping them with AC for
re being worked out to
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Italy' can best be
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nection with this group
of the CCS that the AC
sential functions.

AFHQ
to keep relations

believed preferable to allow me to use discretion in connection with this group keeping in mind the policy of the CCS that the AC shall retain the minimum essential functions. My final plans for this group will be submitted to CCS.

(i) As regards Finance Sub-Commission, I have already implemented TAM 692, and set up an Allied Supply Accounting Agency responsible to AFHQ. It is located in Rome and attached to AC for administration. It is agreed that the currency supply and accounting functions of AFA, including its various services to the Allied Forces, should be transferred to AFHQ. I intend to leave AFA in Rome attached to AC for administration. In order to handle financial problems arising under the Armistice, I recommend that the position of Chief Financial Adviser be retained in the AC. Negotiation of the currency agreement with the Italian Govt as directed in paras 12-17 of FAN 583, should continue to be handled by the Chief Financial Adviser.

(ii) With regard to Transportation, apart from AMG functions Transportation S/C has only two groups of functions: those connected with imported supplies and a liaison function between military and Italian transport authorities. The former should remain with AC Supply Group until UNRRA takes over; the latter would disappear if transferred to AFHQ. There is, therefore, no transport function which can logically be transferred to AFHQ.

CCS
45

0505

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Part I (Cont'd)

AFHQ DRAFT MAT.

F. Your para 2 d is agreed except that similar sub-commissions must function for AMG territory. It is assumed that the proposal is based on UNRRA supply of Italy. Should Italy be furnished essential commodities on a national basis a reconsideration of this reorganisation would be required.

Personnel

G. Ref your par. 2 e. The DP Sub-Commission is less directly connected with the Italian government than other Sub-commissions.

Omit

AC DRAFT FOR MAT.

F. Your para 2 d is agreed except that similar for AMG territory. It is assumed that this proposal Should Italy be furnished essential commodities on a of this reorganisation would be required.

(i) As to industry, the functions of advis oping and reviewing projects for reconstruction of ut industries should be transferred to Embassies. Embassies indicate they are not yet now in position to as

Personnel

(ii) As to commerce, the advisory function the Italian Govt for the re-opening of private comm Embassies after 1 Jan 46. However, TIM 640 lays upo functions (screening of export programmes and channel Boards on Reserved Commodity List items) which must b relieves no of these responsibilities.

(iii) There are no advisory functions in Foo Commissions (which have already been amalgamated) whi import programme and there is therefore nothing to tr

G. Ref your para 2 e. DP Sub-Commission agre small branch. With regard to the proposed supply a ation function, your attention is drawn to the fact

0506

Declassified E.O. 12356 Section 3.3/NND No. 785015

DRAFT MAT.

greed except that

t function for AAG

that the proposal is

ly. Should Italy

cities on a national

this reorganisation.

AC DRAFT FOR MAT.

F. Your para 2 d is agreed except that similar sub-commissions must function for AAG territory. It is assumed that this proposal is based on UNRRA supply of Italy. Should Italy be furnished essential commodities on a national basis a reconsideration of this reorganisation would be required.

(i) As to industry, the functions of advising the Italian Govt and developing and reviewing projects for reconstruction of utilities (including railroads) and industries should be transferred to Embassies. However, Embassies indicate they are not now in position to assume this function.

(ii) As to commerce, the advisory function (consisting of negotiations with the Italian Govt for the re-opening of private commercial trade) can be transferred to Embassies after 1 Jan 46. However, TAM 640 lays upon AC two very specific operating functions (screening of export programmes and channelling clearances with Combined Boards on Reserved Commodity List items) which must be continued in AC until JCS relieves AC of these responsibilities.

(iii) There are no advisory functions in Food and Agriculture Sub-Commissions (which have already been amalgamated) which are not connected with the import programme and there is therefore nothing to transfer to the Embassies.

G. Ref your para 2 e. DP Sub-Commission agreed. This will be reduced to a small branch. With regard to the proposed "Supply subcommission" and the transportation function, your attention is drawn to the fact that a Supply Group has already

The DP Sub-

connected with the

Sub-commissions.

0507

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Part I (cont d)

AFHQ DRAFT MAT.

Plans are under way now to transferring to AFHQ those functions of the DP sub-commission which UNRRA cannot undertake, such as repatriation of Reich Germans from Bolzano and the administration of categories of DPs which are not covered by the UNRRA charter. Your views on the food and transportation sub-commissions are agreed.

H. Your para 3 agreed except as pertains to AMG. Desire to point out, however, that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

I. Your para 4 is agreed.

PART II.

1. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

PAC in Rome

AC DRAFT FOR MAT.

been set up within the Econ Sec which includes those industry, and transportation) which are directly rel and which will be transferred to UNRRA when UNRRA ta organisation already reflects the thinking in para 2

H. Your para 3 agreed except as pertains to A key positions sultation with me. Desire to point out however tha to change present incumbents to civil status so far a officials are introduced. The heavy turnover thus personnel has not been conducive to efficiency.

I. As AFA and Allied Supply Accounting Agency elsewhere in the draft directive as amended, I sugges

PART II.

1. Recommend pursuant to discussion in Part I substantially as follows:

SECRET

0508

Declassified E.O. 12356 Section 3.3/NND No. 785015

AFT MAT,

ransferring to AFHQ
l-commission which
as repatriation of
hC the administra-
which are not cover-
our views on the food
ssions are agreed.
except as pertains
t, however, that full
change present in-
far as practicable be-
duced. The heavy
d with civilian
ceive to efficiency.
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to discussion in
ssued substantially as

AC DRAFT FOR MAT,

been set up within the Econ Sec which includes those functions (food and agriculture, industry, and transportation) which are directly related to the import programme, and which will be transferred to UNRRA when UNRRA takes over. Thus the present AC organisation already reflects the thinking in para 2(E) of TAM 719.

H. Your para 3 agreed except as pertains to AMG and would ask prior consultation with me. Desire to point out however that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

I. As AFA and Allied Supply Accounting Agency are dealt with adequately elsewhere in the draft directive as amended, I suggest your para 4 be omitted.

PART II.

A. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

5012

0509

Declassified E.O. 12356 Section 3.3/NND No. 785015

DRAFT MAT.

transferring to AFHQ
sub-commission which
ch as repatriation of
and the administra-
rs which are not cover-
Your views on the food
missions are agreed.
ed except as pertains
out, however, that full
to change present in-
o far as practicable be-
troduced. The heavy
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ducive to efficiency.
greed.

nt to discussion in
issued substantially as

AC DRAFT FOR E.T.

of A.C in Rome

been set up within the Econ Sec which includes those functions (food and agriculture, industry, and transportation) which are directly related to the import programme, and which will be transferred to UNRRA when UNRRA takes over. Thus the present AC organisation already reflects the thinking in para 2(E) of TLM 719.

H. Your para 3 agreed except as pertains to AMG and would ask prior consultation with me. Desire to point out however that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

key positions

I. As AFA and Allied Supply Accounting Agency are dealt with adequately elsewhere in the draft directive as amended, I suggest your para 4 be omitted.

PART II.

4. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

SECRET

0510

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Part II (Cont'd)

AMK DRAFT MAT.

1. It is desirable to remove from the Allied Commission as many functions as possible retaining only those necessary for maintaining a headquarters Military Government for territory under AMG control, and this absolute minimum for a temporary period. You are directed to reduce and terminate those temporary residual functions as expeditiously as practicable, eliminating them without further reference to CCS when in your opinion they serve no useful purposes. All rights under the Armistice and Additional Conditions of Armistice of 29 Sep 43 would still be held in reserve as set forth in para 1 of FAN 487; the power of enforcement will in all cases remain with SACMED as President of Allied Commission

2. In accordance with the above you should re-organize Allied Commission as follows:

(A) Sub-commissions whose functions are to be retained in Allied Commission:

(1) Navy, Army, Air Force Sub-Commissions should remain with Allied Commission unless or until they form nucleus of seperate service missions.

(2) HQ Executive Branch and Est Section. Size will depend upon responsibilities still remaining in AC.

AC DRAFT FOR MAT.

1. It is desirable to ren as many functions as possible retaini maintaining headquarters Military Gov control, and this absolute minimum fo directed to reduce and terminate thos as expeditiously as practicable, elim reference to CCS when in your opinion All rights under the Armistice and Ad of 29 Sep 43 would still be held in r FAN 487; the power of enforcement wi SACMED as President of Allied Commiss para 2(a) of FAN 487 continue to appl

2. In accordance with the Allied Commission under Deputy Presid Affairs Officer Allied Military Gover

(A) Sub-commissions w retained in Allied Commission:

(1) Navy, Army, remain with Allied Commission.

(2) HQ Executive such Liaison Groups as may be re

Declassified E.O. 12356 Section 3.3/NND No. 785015

AMK DRAFT MAT.

sirable to remove from the .llied
tions as possible retaining only those
g a headquarters Military Government
control, and this absolute minimum
You are directed to reduce and
y residual functions as expeditiously
ing them without further reference to
they serve no useful purposes. All
ce and Additional Conditions of
ould still be held in reserve as set
87; the power of enforcement will in
CMED as President of .llied Commission
ance with the above you should re-
on as follows:
ommissions whose functions are to be
ssion:
Navy, .rmy, .ir Force Sub-Commissions
llied Commission unless or until they
rate service missions.
) Executive Branch and Est Section.
n responsibilities still remaining in AC.

C DRAFT FOR MAT.

1. It is desirable to remove from the Allied Commission as many functions as possible retaining only those necessary for maintaining headquarters Military Government for territory under AMG control, and this absolute minimum for a temporary period. You are directed to reduce and terminate those temporary residual functions as expeditiously as practicable, eliminating them without further reference to CCS when in your opinion they serve no useful purposes. All rights under the Armistice and Additional Conditions of Armistice of 29 Sep 43 would still be held in reserve as set forth in para 1 of FAN 487; the power of enforcement will in all cases remain with S.CMED as President of Allied Commission. Last two sentences of para 2(a) of FAN 487 continue to apply.

2. In accordance with the above you should reorganise Allied Commission under Deputy President (who is also Chief Civil Affairs Officer Allied Military Government) as follows:

(4) Sub-commissions whose functions are to be retained in Allied Commission:

(1) Navy, Army, Air Force Sub-Commissions should remain with Allied Commission.

(2) HQ Executive Branch and Establishment Section with such Liaison Groups as may be required in the field. Size will

0512

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Part II (cont'd)

AFHQ DRAFT MAT.	AC DRAFT ON MAT.
(3) Sub-commissions required for the exercise of military government in AMG territories. These sub-commissions will interest themselves only to subjects pertaining to military government in being and only to the extent they affect such military government in being.	(3) Sub-commissions required f government in AMG Territories. Thes themselves only to subjects pertainin being and only to the extent they affi in being.
	(4) Local Government Sub-Commi
	(5) French and Russian Repres authorised staffs will remain in AC.
(B) Sub-commissions whose functions are to be abolished except as they pertain to military government in being and territory included therein:	(B) Sub-commissions whose funct as they pertain to military government in therein:
Education Local Government and Patriots Monuments, Fine Arts & Archives Public Health Public Works & Utilities Legal (except as Adviser to the President)	Education Monuments, Fine Arts & Arch Public Works & Utilities (which is transferred Public Health (except for are transferred to Su Legal (Legal Adviser to AC will be retained). Patriots Branch of Local G
(C) Sub-commissions whose functions, except as they pertain to military government in being, will be eliminated or transferred to other agencies including AFHQ	(C) Sub-commissions whose funct to military government in being, will be agencies including AFHQ to the extent to

0513

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DRAFT MMT.

as required for the exercise of
MG territories. These sub-
st themselves only to subjects
government in being and only to
such military government in being.

s whose functions are to be
ain to military government in
therein:

nt and Patriots
c Arts & Archives

Utilities
as Adviser to the President)

s whose functions, except as
y government in being, will be
other agencies including AMG

AC DRAFT ON MMT.

depend upon responsibilities still remaining in AC.

(3) Sub-commissions required for the exercise of military government in AMG Territories. These sub-commissions will interest themselves only to subjects pertaining to military government in being and only to the extent they affect such military government in being.

(4) Local Government Sub-Commission (less Patriots)

(5) French and Russian Representatives with their presently authorised staffs will remain in AC.

(B) Sub-commissions whose functions are to be abolished except as they pertain to military government in being and territory included therein:

Education
Monuments, Fine Arts & Archives
Public Works & Utilities (except Electric Power Unit which is transferred to Supply Group).
Public Health (except for medical supply functions which are transferred to Supply Group)
Legal (Legal Adviser to AC and Reviewing Officers will be retained).
Patriots Branch of Local Govt S/C

(C) Sub-commissions whose functions, except as they pertain to military government in being, will be eliminated or transferred to other agencies including AMG to the extent to which you consider their functions

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Part II (cont'd).

AFHQ DRAFT MAT.	AC DRAFT FOR M.A.T.
to the extent t which you consider their functions are necessary to carrying out of policies laid down by CCS:	are necessary to carrying out of policies laid
Communications Public Safety War Materials and IPOW Public Relations Transportation (but see sub-para E below) Finance (currency, combined billing, services to Armies and paras 10, 12 - 17 FAM 583) Displaced Persons and Refugees.	Communications Public Safety War Materials (less IPOW already Public Relations Finance (currency, combined bill Armies and para 10 of FAM of Chief Financial Adviser in AC who will be responsib agreement foreseen in paras
(D) Sub-commissions whose functions are to be transferred to the United States and United Kingdom Embassies as soon as necessary personnel can be procured:	(D) Sub-commissions whose functions the United States and United Kingdom Embassies
Industry & Commerce (advisory functions) Labour Agriculture (advisory functions) Finance (advisory functions and duties under FAM 583 except paras 10, 12 and 17). Food (insofar as not concerned with imports).	Industry (advisory functions) Commerce (advisory functions). continue in AC to perform f until other arrangements ar Labour Finance (advisory functions and except paras 10, 12 and 17)
(E) Sub-commissions whose functions are to be retained in AC until UNRRA takes over:	(E) Sub-commissions whose functions until UNRRA takes over:
Food, which should be reorganised into a supply sub-commission and include any functions of other economic sub-commissions relating to imports.	Displaced Persons. This will b Food & Agriculture. Industry (except advisory functs Economic staff branches having s

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you consider their functions are

out of policies laid down by CCS:

cations
Safety
erials and IPOW
Relations
rtation (but see sub-para E below)
(currency, combined billing,
rvices to Armies and paras 10, 12
17 FAN 583)
ed Persons and Refugees.

missions whose functions are to be

ted States and United Kingdom Em-

essary personnel can be procured;

y & Commerce (advisory functions)

ture (advisory functions)
(advisory functions and duties under
N 583 except paras 10, 12 and 17).
as far as not concerned with imports).

missions whose functions are to be
RRA takes over:
hich should be reorganised into a
pply sub-commission and include any
ctions of other economic sub-
missions relating to imports.

are necessary to carrying out of policies laid down by CCS:

Communications
Public Safety
War Materials (less IPOW already absorbed in Land Forces S/C)
Public Relations
Finance (currency, combined billing, services to Armies and para 10 of FAN 583. Position of Chief Financial Adviser will be retained in AC who will be responsible for negotiating agreement foreseen in paras 12-17 of FAN 583).

(D) Sub-commissions whose functions are to be transferred to the United States and United Kingdom Embassies on (date)

Industry (advisory functions)
Commerce (advisory functions). Commerce S/C will continue in AC to perform functions under FAN 640 until other arrangements are made.
Labour
Finance (advisory functions and duties under FAN 583 except paras 10, 12 and 17).

(E) Sub-commissions whose functions are to be retained in AC until UNRRA takes over:

Displaced Persons. This will be reduced to a small Branch.

Food & Agriculture.

Industry (except advisory functions)

Economic staff branches having supply functions

(7)

0516

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Part II (cont'd)

AFHQ DRAFT MET.

Transportation Sub-commission (bids for imported supplies and functions in respect to warehousing imported supplies).

3. Either the United States or United Kingdom Governments will civilianize at their discretion any of the posts in any sub-commission remaining in AC except that personnel in sub-commissions dealing solely with military government territory will not be civilianised without previous consideration by you. It would be advantageous if there were introduced into the sub-commissions whose functions are to be taken over by UNRRA any civilian personnel who intended to transfer to UNRRA when the latter assumes the functions of these sub-commissions.

4. As part of civilianization of AC, the Allied Financial Agency will be transferred from AC Finance Sub-commission and attached directly to AFHQ but you may retain Allied Financial Agency Headquarters in Rome if you so desire.

AC DRAFT FOR MET.

Transportation Sub-Commission (
warehousing problems conn
and requirements and allo
with the imported supplie
system itself).

3. Either the United States or Un
civilianize any of the posts in any sub-commi
after consultation with you. The present pr
Sub-commissions whose functions are to be tak
personnel who intend to transfer to UNRRA w
functions of these sub-commissions will be co

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0517

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AFHQ DRAFT MMT.

...on Sub-commission (bids for ...d supplies and functions in ...t to warehousing imported supplies).

...United States or United Kingdom ...se at their discretion any of the ...n remaining in AC except that per- ...dealing solely with military govern- ... civilianised without previous con- ...ld be advantageous if there were ...missions whose functions are to be ...ilian personnel who intended to ...latter assumes the functions of

...ivilianization of AC, the Allied ...nsferred from AC Finance Sub- ...ectly to AFHQ but you may retain ...quarters in Rome if you so desire.

AC DRAFT FOR MMT.

Transportation Sub-Commission (handling of transport and warehousing problems connected with imported supplies, and requirements and allocation problems connected with the imported supplies for the transportation system itself).

3. Either the United States or United Kingdom Governments will civilianize any of the posts in any sub-commission remaining in AC after consultation with you. The present process of introducing into the Sub-commissions whose functions are to be taken over by UNRRA any civilian personnel who intended to transfer to UNRRA when the latter assumes the functions of these sub-commissions will be continued.

5014

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0518

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Part II (cont'd)

AFHQ DRAFT M.J.

Prior to completion of civilianisation of AC you should proceed with such measures as are necessary to establish, as authorised in TAM 692, a combined agency within AFHQ to take over from Allied Commission functions of accounting and billing for civilian supplies furnished to Italy under combined military responsibility.

AC DRAFT ON M.J.

0519

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AFHQ DRAFT M.F.

civilianisation of AC you should
res as are necessary to establish, as
a combined agency within AFHQ to take
sion functions of accounting and
pplies furnished to Italy under
nsibility.

AC DRAFT ON MAT.

5013 -

(10)

S E C R E T.

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner
++++++++++++++++++++++++++++++++++++

Ref: 600/EC. 6 Dec 1945.

SUBJECT: Reorganisation of AC.

TO : Allied Force Headquarters.
Attn: G-5 Section.

1. I enclose final draft for MAT Part II, first draft of which was produced at Conference today as Document "S".

2. I have already telephoned amendments to G-5.

For the Chief Commissioner:

Brigadier,
Executive Commissioner.

MSL/JG.

Copy to: US Ambassador (3)
Br Ambassador (3)
UNRRA (3)
Chief Commissioner
A/VP, Econ Sec (2)
Chief Legal Adviser

3012 -

0520
Declassified E.O. 12356 Section 3.3/NND No. 785015

Attn: G-5 Section.

1. I enclose final draft for CMT Part II, first draft of which was produced at Conference today as Document "S".

2. I have already telephoned amendments to G-5.

For the Chief Commissioner:

MSL/JG.

Brigadier,
Executive Commissioner.

Copy to: US Ambassador (3)
Br Ambassador (3)
UNRRA (3)
Chief Commissioner
A/VP, Econ Sec (2)
Chief Legal Adviser

3012 -

(72)

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S E C R E T.

MAT PART II.

1. The Allied Commission will remain under SACMED as President and the Deputy President as Chief Commissioner until the Armistice regimen is terminated. It is, however, desirable to continue the reduction of functions of the Allied Commission which should now be reorganised as follows.

2. As soon as the Northern Regions have been restored to Italian Government all Sub-Commissions with the exception of the Service Sub-Commissions and Communications Sub-Commission will be abolished.

3. The Allied Commission will then be established under the Deputy President as Chief Commissioner with Executive Branch. Under him will be:

Service Sub-commissions

Communications Sub-Commission

Chief Financial Adviser and staff

Chief Legal Adviser with reviewing staff

Displaced Persons Branch

Public Relations

Establishment Branch

An Economic Section consisting of the presently organised Supply Group, including (a) functions connected with imported supplies (food, agriculture, industry, transportation) which will be transferred to UNRRA when UNRRA takes over, and (b) residual advisory functions (including long range rehabilitation planning involving Allied financial assistance) to be transferred to Embassies when staff is procured, or to any intermediate body which may be set up.

4. The Executive Branch will carry such technical staff officers as may be necessary to cover residual functions formerly carried out by Sub-Commissions abolished and the technical control of AMG in UDINE and VENEZIA GIULIA.

5011

5. Small Liaison Groups in the field will be established at your discretion.

0521

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[redacted] Commission will be abolished.

3. The Allied Commission will then be established under the Deputy President as Chief Commissioner with Executive Branch. Under him will be:

Service Sub-commissions

Communications Sub-Commission

Chief Financial Adviser and staff

Chief Legal Adviser with reviewing staff

Displaced Persons Branch

Public Relations

Establishment Branch

An Economic Section consisting of the presently organised Supply Group, including (a) functions connected with imported supplies (food, agriculture, industry, transportation) which will be transferred to UNRRA when UNRRA takes over, and (b) residual advisory functions (including long range rehabilitation planning involving Allied financial assistance) to be transferred to Embassies when staff is procured, or to any intermediate body which may be set up.

4. The Executive Branch will carry such technical staff officers as may be necessary to cover residual functions formerly carried out by Sub-Commissions abolished and the technical control of AMG in UDINE and VENEZIA GIULIA.

5. Small Liaison Groups in the field will be established at your discretion.

6. French and Russian Representatives to AC will remain.

7. Advisory and long range planning functions will be continued to be taken over by the Embassies when staff is procurable or by any intermediate body set up for the purpose. Supply and Displaced Persons functions will be taken over by UNRRA in due course.

(72)

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DEC [illegible] CC

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner.

6 December 1945.

Meeting held at 0930 hours, 6 December 1945, in the Chief Commissioner's Conference Room, Hq Allied Commission, Rome, to discuss the draft AFHQ reply to the draft directive to AC contained in TAM 719.

Present: Major General Duff, Rear Admiral Stone, Mr. Kirk, Sir Noel Charles, Sir Richard Nosworthy, Mr. Hopkinson, Lieut. Col. Hannaford, Mr. P. Broad, Mr. Hodgetts, Mr. Keeney, Brig. General Hamblen, Mr. Offie, Mr. Jones, Mr. Livengood, Lieut. Col. McCleary, Brig. Lush, Mr. Cleveland, Col. Weber.

NOTE: These minutes should be read in conjunction with Document 'P'.

General Duff opened the meeting by stating that its purpose was not to draw up a reply to TAM 719, but rather to find out such major differences of opinion as might exist between the Embassies, AFHQ and AC. He stated that he was not empowered to take decisions but that he desired to return to AFHQ fully conversant with the views of those present in order to discuss the matter with SACMED and Deputy SACMED and then to compose a new telegram. Admiral Stone suggested that any points not agreed to should be presented at SAC's Political Conference.

Speaking in general terms of the AC modifications to the AFHQ draft MAT, General Duff commented on the undesirability of fettering SAC's discretionary powers and on the desirability of encouraging CCS not to become involved with the internal organisation of AC which should be a matter of SAC's discretion. Admiral Stone however pointed out that the organisation of AC did not lie entirely within SAC's discretion as it had been established in previous directives issued by CCS.

It was agreed to use the AFHQ draft MAT as the agenda, and the following discussions took place with regard to Part I thereof: (Following paragraphs are lettered to correspond with the lettered paragraphs of Part I of AFHQ draft MAT).

A. The proposed modifications to para A as appearing in "AC Draft for MAT" were agreed to.

B. Admiral Stone stated that the AC modification to the AFHQ draft MAT was intended to emphasize the dual functions of AC HQ, which extended over both AMG territory and Italian Government territory. General Duff said that this proposed modification would be borne in mind when revising the draft MAT.

[illegible] Admiral Stone

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Mr. Jones, Mr. Livingston, Lieut. Col. McCleary, Brig. Lush, Mr. Cleveland, Col. Weber.

NOTE: These minutes should be read in conjunction with Document 'P'.

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Speaking in general terms of the AC modifications to the AFHQ draft MAT, General Duff commented on the undesirability of fettering SAC's discretionary powers and on the desirability of encouraging CCS not to become involved with the internal organisation of AC which should be a matter of SAC's discretion. Admiral Stone however pointed out that the organisation of AC did not lie entirely within SAC's discretion as it had been established in previous directives issued by CCS.

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A. The proposed modifications to para A as appearing in "AC Draft for MAT" were agreed to.

B. Admiral Stone stated that the AC modification to the AFHQ draft MAT was intended to emphasize the dual functions of AC HQ, which extended over both AMG territory and Italian Government territory. General Duff said that this proposed modification would be borne in mind when revising the draft MAT.

C. With reference to the wording of the first sentence, Admiral Stone said that it could be argued that the service sub-commissions did now "form the nucleus of separate service missions", and suggested that the sentences be changed to read "until they become separate service missions". This amendment was accepted. General Hamblen stated he understood that the separation of these missions from the AC was under consideration, therefore this point had not been raised in the AFHQ draft.

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Noted by CCS

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Referring to the AC proposal to include the request for the maintenance of a Deputy President in Rome, General Hamblen stated that there was no intention of changing the present organisation in this regard and thought it advisable to leave internal matters to SAC's discretion. However, Admiral Stone said that since FAN 487, which contained this instruction, had followed the joint Governmental announcement of the appointment of a Chief Commissioner, it was thought advisable to have confirmation of this from COS. Ambassador Kirk suggested that as long as it was the intention to keep the Deputy President in Rome, this point could be covered by some reference in Part II to which suggestion all present agreed.

With reference to the retention of French and Russian representatives on AC, Sir Noel Charles drew attention to the Moscow Protocol which has laid down that when SACMED relinquishes direct military control of Italy and consequently the Presidency of the AC, this role will be assumed by the Advisory Council. General Hamblen observed that SACMED therefore should retain his authority until AC was no longer necessary or until the Advisory Council is abolished. Ambassador Kirk suggested that the abolition of this Council might be recommended in some way in the telegram. General Hamblen agreed to follow up.

Admiral Stone stated that the AFHQ draft para C was commendably brief but suggested the AC elaboration be accepted in order to keep the COS fully informed. He thought it advisable to give a detailed statement as to why liaison officers were required and the functions they would perform. General Hamblen suggested this be stated simply, in some such wording as "I propose to maintain small liaison groups in Italian Government territory, some of whom will become attached to UNRRA when it takes over".

D. The AC proposal to read "Italian Government Territory" for "King's Italy" was accepted.

General Hamblen stated that the reference in the modification to para D proposed by AC as regards the retention of the electrical power unit in Italian Government territory brought up the question of the retention of an economic group in the North. He added that this had been the subject of discussions at AFHQ and it was possible that it might be considered a contravention of FAN 487 and therefore abolished. Mr. Cleveland stated that the economic group had been established to work with the Italian Northern Economic Group, but that if the Italian Government were to establish a national group to supersede the present northern and southern groups, then the economic group would be withdrawn. At present the Economic Group as an executive function under AMG, but on withdrawal of AMG it would have liaison duties only and would have the same authority there that the Economic Section had in Rome, in relation to the Italian Government. Admiral Stone stated that the function of this group was intended to be transferred to UNRRA, and that at the present time UNRRA was negotiating a contract with the Italian Government to cover its operations there. If the Italian Government agreed to the contract, then the group could remain, but if they disagreed then the group must be withdrawn at the same time as AMG. Mr. Keeney stated that it was not the intention of UNRRA to obtain economic control, but to give such assist-

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on AC, Sir Noel Charles drew attention to the Moscow Protocol which has laid down that when SACMED relinquishes direct military control of Italy and consequently the Presidency of the AC, this role will be assumed by the Advisory Council. General Hamblen observed that SACMED therefore should retain his authority until AC was no longer necessary or until the Advisory Council is abolished. Ambassador Kirk suggested that the abolition of this Council might be recommended in some way in the telegram. General Hamblen agreed to follow up.

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para D of "AC Draft for MAT" if the economic group were permitted to remain in the North, but would refer the matter for further discussion.

D(I) AC Draft for MAT. General Hamblen suggested that this paragraph be omitted as the Local Government S/C could continue under AMG, but Admiral Stone stated that the residual functions of this S/C would continue and he would prefer not to use subterfuge in concealing that fact. The Foreign Office wanted Local Government S/C to remain as part of AC, and it was decided to accept this paragraph, exersing the sentence "The U.S. Government recently gave the opinion that the AC, operating through Local Government S/C, should continue to ensure procedure of local elections is fair, free and democratic.

E. Admiral Stone said that the only proposed modification to the draft AFHQ MAT, para E, was the provision for notifying CCS of the final plans, which was included at the suggestion of the U.S. Political Adviser to AC since both Governments were interested in the disposition of certain sub-commissions. General Hamblen proposed that CCS be notified of such action after it had been taken. Admiral Stone cited the Communications Sub-Commission as being of particular interest to the U.S. and British Governments. In this connection he stated that one of the functions of AC has been to act as a buffer between the Italians and the military, and the AC has had increasing recognition of that role from AFHQ. Mr. Kirk cited the importance of having an agency in immediate contact with the Italian Government as an argument for keeping these S/C's under AC. Sir Noel Charles said that it was very important that AC be retained as a buffer. The new directive, he felt, was intended to prepare Italy for the peace treaty, and the real purpose of the CCS directive would be best served by retaining elements to act as that buffer. Mr. Kirk stated that if the AC were removed, there would be direct contact between elements in the military machine and the Italians, who were not used to dealing with each other. Admiral Stone added that this would seem to the Italians as an increase of military control rather than a lessening. General Hamblen agreed to Mr. Kirk's suggestion to mention this fact in the final reply. He pointed out that the AFHQ draft MAT does not indicate disposition of these Sub-Commissions. Gen Duff said / no staff section in AFHQ could assume day to day relations with the Italian Government. All agreed that for the time being these S/C's should remain at AC.

E(1) AC Draft for MAT. Mr. Cleveland stated that general financial advice could best be given by the present Chief Financial Advisor of AC, who was also supervising the implementation of FAN 583, which, if it passed to the Embassies, would involve considerable detailed reporting. Mr. Kirk pointed out that the Embassies can report to CCS only through their respective Governments. Mr. Cleveland brought up the case of the Italian-Swiss agreement, which had been referred to CCS by AC as contravening FAN 583. However, the reply was communicated to the Italian Government through the Embassies. General Hamblen stated that the AC modifications in this sub-para were accepted, although he added that he felt that since it had been requested by CCS, as many functions as possible should be transferred from AC to AFHQ. General Duff stated that the proportion of the functions

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E(ii). General Hamblen agreed to the suggestion in para E(ii) of AC draft for MAT, with some rewording of the last two sentences.

F. Referring to the second sentence of para F of AFHQ draft MAT, General Hamblen felt that the statement that proposals were "based on UNRRA supply of Italy" should not be restricted to this paragraph but should be inserted in a general paragraph. This proposal was agreed to.

(11)

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F(i) AC Draft for MAT. It was agreed to withdraw the recommendation that a definite date be set for the turnover of functions to the Embassies and that the phrase "as soon as personnel can be procured" be inserted instead. Mr. Kirk and Sir Noel Charles proposed that the last sentence of sub-para F(i) be modified to read "However, Embassies indicate they are not yet in a position to assume this function because of lack of personnel."

F(ii). The proposed modification as contained in AC Draft for MAT, sub-para F(ii), was agreed to, inserting "not before" in place of "after".

F(iii). It was agreed to withdraw the proposed modification contained in AC Draft for MAT, Sub-para F(iii).

G. General Hamblen stated that there were now in Italy between 25 and 30,000 displaced persons, of whom several thousand cannot be taken over by UNRRA because of its charter. General Hamblen recommended that the AFHQ draft as regards Displaced Persons S/C should remain. Admiral Stone agreed.

All agreed to the inclusion of the statement that a supply group has already been set up in the Economic Section at AC Headquarters in Rome.

H. It was agreed to include in para H of AFHQ draft MAT a provision requesting SACMED's concurrence of civilian appointments to key positions.

I. It was agreed to substitute para I of AC Draft for MAT for para I of AFHQ Draft MAT.

PART II.

Document 'S' was submitted for discussion in place of the proposed Part II of Document "Q". It was decided however not to discuss the document at this present time and the meeting then adjourned.

H. S. Nash
Brigadier,
Executive Commissioner.

DISTRIBUTION:
HE Sir Noel Charles, Bt., KCMG., British Embassy.
HE Mr. Alexander Kirk, U.S. Embassy.
Mr. H. L. D'A Hopkinson, C.M.G. Polad (B), HQ AC.
Sir Richard Nosworthy, KCMG, British Embassy.
Mr. Wesley Jones, Polad (A), HQ AC.
Mr. Livermood, U.S. Embassy.

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Mr. Livengood, U.S. Embassy.
Maj. Gen. A.C. Duff, OBE, MC., CAO, AFHQ.
Brig. Gen. A. L. Hamblen, G-5, AFHQ.
Rear Admiral Ellery W. Stone, Chief Commissioner, HQ AC.
Brig. M. S. Lush, CB., CBE., MC., Exec Commissioner, HQ AC.
Mr. Philip Broad, Br Resmin, AFHQ.
Mr. Offie, US Polad, AFHQ.
Mr. S. M. Keeney, UNRRA.
Mr. C. E. Hodgetts, UNRRA.
Mr. Harlan Cleveland, Econ Section, HQ AC.
Colonel Weber, Chief Legal Advisor, HQ AC.
Lt. Col. G. G. Hannaford, Dep. Chief Legal Advisor, HQ AC.
Lt. Col. F. H. McCleary, HQ, AC.

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DEC 060845

HQ VENEZIE REGION SIGNED DUNLOP

HQ ALCOM

IMPORTANT

UNCLASSIFIED:

Reference your 8929 Cite ACFEN from Cleveland dated 031522 Anxious to cooperate in new plans but thought it was understood in conferences 24 and 30 at Milan that Finance Subcommission matters would be handed direct from regions to Headquarters Allied Commission Rome. Submit this much more suitable for Venezie. We have daily Air courier Service to Rome no such communication with Milan. Submit this matter be left in obeyance till Milan meeting on 11 December. This telegram also represents views of Colonel HOWELL my Regional Finance Officer.

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INFO * CHIEF COMMISSIONER
ECON 2
FILE 2
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DOCUMENT R

Memorandum by U.S. Ambassador.

With the abolition and transfer of many of the functions of the Allied Commission as contemplated in TAM 719, there should be set up concurrently in Italy a Tripartite Economic Advisory Council. The United Kingdom, the United States and Italy would be represented on the Council, which would be necessary as a provisional advisory body to help in the development from Italy's past and present faulty economic system to a more normal status. The organization of the proposed Tripartite Economic Advisory Council would be along the following lines:

1) Representatives of the United Kingdom, the United States (who would report to their respective Ambassadors) and Italy would head the Council.

2) Acting only in an advisory capacity the heads of the Council would form a policy making body.

3) Personnel of the Council would be housed in one building and each of the three heads would deal directly with his own staff. Agriculture (including foods), labour, industry, commerce, finance, shipping and transportation would comprise the activities of the Council.

4) At least in the initial period the Allied Governments should provide staffs large enough to permit the United Kingdom and United States representatives to physically examine projects proposed by the Italians, prepare documentation as a basis for the Council's opinions, check on Italian Government statistics, etc.

5) Italian problems should be submitted to the Council in form sufficiently complete that they could be presented to the United Kingdom and United States Governments by their representatives on the Council through their respective Ambassadors.

6) Personnel of the Council would be civilian entirely.

7) Initially there would be in headquarters, Rome, only the three heads of the Council, their deputies and a limited staff, while the remainder of the personnel, which would be consolidated gradually, would operate in the regions at the outset.

8) Regular communication with the field regional officers would require the full time of the principal representative or his deputy, of which there would be one for each of the three representatives.

5007 9) From time to time it may be necessary to attach specialists to certain regions and the regional representatives could be shifted about depending on general conditions.

10) Personnel for the staff of the American delegation would be drawn from the United States Embassy in Rome and AC/AMG. Furthermore experts

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Council.

2) Acting only in an advisory capacity the heads of the Council would form a policy making body.

3) Personnel of the Council would be housed in one building and each of the three heads would deal directly with his own staff. Agriculture (including foods), labour, industry, commerce, finance, shipping and transportation would comprise the activities of the Council.

4) At least in the initial period the Allied Governments should provide staffs large enough to permit the United Kingdom and United States representatives to physically examine projects proposed by the Italians, prepare documentation as a basis for the Council's opinions, check on Italian Government statistics, etc.

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8) Regular communication with the field regional officers would require the full time of the principal representative or his deputy, of which there would be one for each of the three representatives.

3007 9) From time to time it may be necessary to attach specialists to certain regions and the regional representatives could be shifted about depending on general conditions.

10) Personnel for the staff of the American delegation would be drawn from the United States Embassy in Rome and AC/AC. Furthermore experts and specialists will be drawn from the United States on a temporary basis as needed.

11) As the strength of the Italian Government increased the personnel of the Council would gradually decrease and in due course it would be hoped that the Council could be disbanded. The Allied personnel which remained could thus be attached to the U.K. and U.S. Embassies, where they would assume the normal duties and responsibilities of Embassy attaches. Meanwhile there would have been a gradual shift from the regions to Rome headquarters of personnel.

U.S. Embassy,
Rome.
5 December 1945.

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SECRET

A.C. COMMENTS ON TAM 719 and AFHQ DRAFT MAT. (for convenient reference AFHQ draft MAT and AC draft MAT are shown on a separate document).

6 Dec. 1945

1. Para I of TAM 719, para 1a draft MAT.

Is it proposed to remove altogether from A.C. the functions of acting as the "organ through which the policy of the United Nations towards the Italian Government is conducted and the relations of the United Nations with the Italian Government are handled?".

In spite of the abolition of the Political Section by FAN 487 and of the permission therein given for the Italian Government to have direct relations with foreign diplomatic representatives, it was laid down in para 2(a) of FAN 487 that "there is NO intention to make any change in the responsibility of the CCS acting through the Allied Commission" and the CCS have "continued to transmit directives in regard to combined views of two Governments on matters of major policy". Will this practice now cease ? It would seem proper to bring this point out in MAT.

Can the President of the Commission enforce the rights under the armistice through any other authority except the Allied Commission which is the statutory instrument?

2. AFHQ MAT IB.

At present the paragraph reads as if Allied Military Government Headquarters were part of, but separate from, Allied Commission Headquarters. It is suggested that more emphasis be laid on the dual functions of Allied Commission Headquarters, viz: in Allied Military Government territory and Italian Government territory.

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A.C. MAT Part I tries to reflect this, without laying too much emphasis on retention of AMG.

3. AFHQ MAT I(C), TAM 2(A). Subcommissions whose functions are to

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with the Italian Government are handled?".

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Can the President of the Commission enforce the rights under the armistice through any other authority except the Allied Commission which is the statutory instrument?

2. AFHQ M.A.T I.B.

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5006

A.C. M.A.T Part I tries to reflect this, without laying too much emphasis on retention of A.M.G.

3. AFHQ M.A.T I(C), T.M 2(A). Subcommissions whose functions are to be retained in A.C.

Until the armistice is revised or cancelled the Service Subcommissions must remain in the A.C., which is the only authorised agency which gives them legality. Separate Service Subcommissions can have no legal status if they are divorced from A.C. unless it is proposed to impose new missions under the armistice terms, or to negotiate an agreement with the Italian Government to

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this end. A.C. M.T reflects this.

4. AFHQ M.T I(C).

T.M 719 makes no mention of the Deputy President. It is essential that the President (in Caserta) should have a Deputy in Rome to be in daily contact with the Italian Government.

T.M 719 makes no mention of French and Russian Representatives on the Allied Commission. It is presumed that they will be retained.

A.C. M.T reflects these two points.

5. AFHQ M.T I(C).

Neither T.M 719 nor draft M.T make any reference to liaison groups in the field in Italian Government territory. CCS policy on this is not known although AFHQ have approved in principle, with the exception of the Economic Group.

Political and Public Safety Liaison Officers are required, particularly in such districts as the Italo/Franco frontier and Bolzano, and it is the understanding that the Military Commanders and U.K. Foreign Office are desirous that they should be maintained. Roughly half the liaison personnel, numbering about 30, will be attached to the Supply Group, Food, Agriculture, Industry and Transportation of the Economic Section. They will be largely concentrated in MILAN where the Italian machinery for allocation and distribution of imported materials in the North is located. This part of the liaison function will go over to UNRRA when and if UNRRA takes over Italy's basic supply line. These groups have been mentioned in AC M.T Part I(C) and Part II (A) (2).

5005 - AFHQ M.T I(D), T.M 2(B). Subcommissions whose functions are to be abolished.

(a) Education and M.F.A.A. - No comments.

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5005 - AFHQ M.T I(D), TAM 2(B). Subcommissions whose functions are to be abolished.

(a) Education and M.F.A.A. - No comments.

(b) Local Government - This Subcommission is largely concerned with the scrutiny of Italian legislation regarding electoral procedure, minorities in AOSTA and BOLZANO, some of which is definitely connected with the Armistice Terms. US Embassy recently wrote "My (US) Government is of opinion that A.C. operating through Local Government S/C should continue its funotions

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of rendering advice to the Italian Government to ensure that the procedure in local elections is fair, free and democratic....." This Subcommission is the watchdog of the AC on such matters and its abolition prior to the elections would seem premature.

(c) Public Health.

(i) It is considered desirable that DMS, AFHQ should have on his staff an officer experienced in Italian medical and public health work.

(ii) When the Subcommission is abolished it will be necessary to set up a small medical supply unit in the Economic Supply Group.

(d) Public Works and Utilities. Electricity throughout Italy is so short that it will be necessary to retain in A.C. a unit working on allocation and utilisation of electric power which is closely connected with the industrial programme as a whole and the use to which imported fuel and coal are put.

(e) The Legal Adviser will be needed in the A.C. at ROME not only to the President and Deputy President but to the residue of Subcommissions and Branches in the Commission. He is particularly needed as adviser on DP matters. A Staff of reviewing Legal Officers, not more than three, will be required in the Allied Commission for the review of cases of prisoners in Italian gaols serving sentences imposed by Allied Military Government 5004 courts since July 1943. There is no provision under occupational law other than this review procedure whereby such prisoners can receive any of the beneficial provisions for good conduct etc. in prison which all penal

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(ii) When the Subcommission is abolished it will be necessary to set up a small medical supply unit in the Economic Supply Group.

(d) Public Works and Utilities. Electricity throughout Italy is so short that it will be necessary to retain in A.C. a unit working on allocation and utilisation of electric power which is closely connected with the industrial programme as a whole and the use to which imported fuel and coal are put.

(e) The Legal Adviser will be needed in the A.C. at ROME not only to the President and Deputy President but to the residue of Subcommissions and Branches in the Commission. He is particularly needed as adviser on [redacted] matters. A Staff of reviewing Legal Officers, not more than three, will be required in the Allied Commission for the review of cases of prisoners in Italian gaols serving sentences imposed by Allied Military Government courts since July 1943. There is no provision under occupational law other than this review procedure whereby such prisoners can receive any of the beneficial provisions for good conduct etc. in prison which all penal systems, including Italian penal system, provide. It is essential that this review work be competently completed under A.C.

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Amendments on these lines have been included in A.C. M.T.

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7. AFHQ MAT I(E), TAM 719 para II(C). Subcommissions whose functions are to be transferred to AFHQ.

Both A.C. and AFHQ agree that this proposal as a whole is unacceptable. AFHQ MAT suggests a temporising modification leaving discretion to SACMED. This is acceptable but following points should be made:

(a) It is submitted that final approval for eventual disposition of Subcommissions should be sought from CCS.

(b) War Material Disposal S/C has already been abolished and reduced to a Captured Enemy Material Branch of Economic Section, which would pass to AFHQ by 1 January 1946.

(c) Italian POW, part of War Material Disposal S/C., has already been transferred to Land Forces S/C where it should remain.

(d) Apart from AMG functions, Transportation S/C has only two groups of functions; those connected with imported supplies and the liaison functions between the Military and Italian transport authorities. The former should remain with A.C. Supply Group until UNRRA takes over; the latter would disappear if transferred to AFHQ. There is no transport function which can logically be transferred to AFHQ.

(e) Finance:

(i) In the accounting field we have already set up an Allied Supply Accounting Agency, responsible to AFHQ.

(ii) AFA consisting of three officers, including accountants, could be transferred to AFHQ while remaining physically in ROME.

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(iii) The post of Chief Financial Adviser to the A.C. should be retained.

The arguments regarding ultimate disposition of the other

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(b) War Material Disposal S/C has already been abolished and reduced to a Captured Enemy Material Branch of Economic Section, which would pass to AFHQ by 1 January 1946.

(c) Italian POW, part of War Material Disposal S/C., has already been transferred to Land Forces S/C where it should remain.

(d) Apart from AMG functions, Transportation S/C has only two groups of functions; those connected with imported supplies and the liaison functions between the Military and Italian transport authorities. The former should remain with A.C. Supply Group until UNRRA takes over; the latter would disappear if transferred to AFHQ. There is no transport function which can logically be transferred to AFHQ.

(e) Finance:

(i) In the accounting field we have already set up an Allied Supply Accounting Agency, responsible to AFHQ.

(ii) AFA consisting of three officers, including accountants, could be transferred to AFHQ while remaining physically in ROME.

(iii) The post of Chief Financial Adviser to the A.C. should be retained.

The arguments regarding ultimate disposition of the other Subcommissions can be submitted to AFHQ in due course.

The above points are reflected in A.C. M&T.

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8. AFHQ MAT I(F), TAM 719 2(D). Subcommissions whose functions are to be transferred to Embassies as soon as necessary personnel can be procured.

(a) The phrase "as soon as necessary personnel can be procured" is indefinite and removes from AFHQ's hands the decision as to when these functions can be taken out of A.C. A definite date would seem preferable.

(b) Industry. Setting up of an Industrial Projects Staff has been proposed to the American Embassy and has been discussed informally with the British Embassy Staff. If this proposal is adopted by the American Embassy, the functions desired (which we are only just beginning to tackle) could be transferred to the Embassy, and possibly a limited number of personnel might appropriately be transferred as well.

(c) Commerce. General negotiations with the Italian Government for the re-opening of private trade which have been spearheaded by the Economic Section of A.C., could be transferred to the Embassies, preferably about a month from now, after some of the present arrangements have been completed. However, TAM 640 lays upon A.C. two very specific operating functions: The screening of Italy's export programmes, and acting as the channel to the Combined Boards for the clearance of international commodity movements involving items on the Reserved Commodity List. The Economic Section is now developing recommendations as to a proposed modification of TAM 640 in these respects. In meantime operating functions of Commerce Subcommission must remain in A.C.

5002 - (d) Labour. It is agreed that this function should be transferred to an Embassy basis as soon as AMG is finished in the North. Abolition of the Labour Subcommission will in effect relieve the A.C. of its responsibilities

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(b) Industry. Setting up of an Industrial Projects Staff has been proposed to the American Embassy and has been discussed informally with the British Embassy Staff. If this proposal is adopted by the American Embassy, the functions desired (which we are only just beginning to tackle) could be transferred to the Embassy, and possibly a limited number of personnel might appropriately be transferred as well.

(c) Commerce. General negotiations with the Italian Government for the re-opening of private trade which have been spearheaded by the Economic Section of A.C., could be transferred to the Embassies, preferably about a month from now, after some of the present arrangements have been completed. However, TAM 640 lays upon A.C. two very specific operating functions: The screening of Italy's export programme, and acting as the channel to the Combined Boards for the clearance of international commodity movements involving items on the Reserved Commodity List. The Economic Section is now developing recommendations as to a proposed modification of TAM 640 in these respects. In meantime operating functions of Commerce Subcommission must remain in A.C.

5002 - Labour.

(d) It is agreed that this function should be transferred to an Embassy basis as soon as AMG is finished in the North. Abolition of the Labour Subcommission will in effect relieve the A.C. of its responsibilities in connection with labour unrest, specific or general strikes, etc., It will also necessitate the handling of matters affecting the wages and working conditions of Allied Armed Forces workers directly between the Allied Forces and the Italian Government. In these matters the Allied Forces would get advice direct from the Labour Attaches of the two Embassies. If these conditions are acceptable to AFHQ, A.C. has no objection to abolition of the Labour S/C.

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(e) Food and Agriculture. The draft directive assumes that there are some advisory functions in food and agriculture which are not connected with our import programme for food and agricultural supplies. This assumption is erroneous, and there are, therefore, no food and agricultural functions which can appropriately be transferred to the Embassies.

(f) "Duties under FAN 583 other than the currency agreement". These functions, involving the watching of Italy's financial transactions to make sure that the few remaining points which interest the CCS are policed, could be transferred to the Embassies. Until the requirements of FAN 583 lapse the Embassies will be confronted with the necessity for making reports and recommendations specified in FAN 583 and related directives.

9. AFHQ MAT I(G), TAM 719 2(E). Subcommissions to be retained in A.C. until UNRRA takes over.

(a) Displaced Persons. We have recently submitted proposals to AFHQ whereby the Subcommission is transferred to UNRRA leaving a small branch to operate in VENEZIA GIULIA, UDINE and BOLZANO, and to supervise the administration of camps generally which AFHQ itself has laid down as an A.C. responsibility. The work is so connected with AMG and other residual functions of A.C. that it is strongly recommended that the proposal be adopted and no comment made on TAM 719.

(b) Food. In those subcommissions which are concerned with imported supplies (Food and Agriculture, Industry and Utilities) there can, except for a specialized industry function, be no distinction drawn between supply functions and advisory functions. All of the work which we do with the Italian Government in these fields is related in one way or another with the fact that we are the ROME end of

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(f) "Duties under FAN 583 other than the currency agreement".

These functions, involving the watching of Italy's financial transactions to make sure that the few remaining points which interest the CCS are policed, could be transferred to the Embassies. Until the requirements of FAN 583 lapse the Embassies will be confronted with the necessity for making reports and recommendations specified in FAN 583 and related directives.

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(b) Food. In those subcommissions which are concerned with imported supplies (Food and Agriculture, Industry and Utilities) there can, except for a specialized industry function, be no distinction drawn between supply functions and advisory functions. All of the work which we do with the Italian Government in these fields is related in one way or another with the fact that we are the ROME end of Italy's basic supply pipeline. All functions which are tied to supply in this way have already been drawn together into the Supply Group of the Economic Section. Thus we have already done what the directive calls for, but on a somewhat higher administrative level and with a somewhat broader conception of the meaning of the word "supply" than contemplated in the draft directive itself.

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10. AFHQ MAT I(H), TAM 719 para 3.

The process of diluting Subcommissions with civilians has continued and with those intending to join UNRRA has begun. Further introduction of civilians from outside into A.C. proper is impracticable in view of the short life of A.C. under this directive. In any case their introduction should be done in conjunction with SACMED or AC.

This is reflected in A.C. MAT.

11. AFHQ MAT I , TAM 719 para 4.

As AFA and Allied Supply Accounting Agency are dealt with adequately elsewhere in the A.C. draft MAT, it is suggested that para 4 be omitted from MAT.

MSL

4. December 1945.
MSL/RAC.

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As AFN and Allied Supply Accounting Agency are dealt with adequately elsewhere in the A.C. draft MAT, it is suggested that para 4 be omitted from MAT.

4. December 1945.
MSL/R.C.

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CC FILES

DEC 4 REC'D

AFHQ

8979 4 Dec 45 PRIORITY

CONFIDENTIAL PD

REFERENCE FOX FIVE FIVE TWO FIVE ONE OF THREE ~~NOVEMBER~~ DEC PD

PAREN TO AFHQ CITE FIGSG FROM HQ ALCOM CITE ACEXC PAREN

ALL LOCATED HOME AGREE PD CONFERENCE ROOM AND SECRETARIAT ARRANGED

Copy to: Chief Commissioner

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Office of Exec Commissioner

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Lt.Col.
Chief Staff ...

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PRIORITY

AFHQ
ALCOM ROME

CONFIDENTIAL.
SUGGEST A CONFERENCE IN ROME AT 0930 HOURS THURSDAY 6 DECEMBER 45 TO DISCUSS TAM 719 AND DRAFTED REPLY NOW IN YOUR POSSESSION.
(SIGNED SACMED CITE FHGEG).
DESIRE FOLLOWING REPRESENTATION: ALCOM, US EMBASSY, BR EMBASSY, UNRRA, US POLAND, BR RESMIN, CAO, G-5. PLEASE CONSULT THOSE LOCATED IN ROME, SIGNAL THAT ALL AGREE, AND ARRANGE FOR CONFERENCE ROOM AND SECRETARIAT

AC DIST

ACTION : EXECUTIVE COMMISSIONER
INFO : CHIEF COMMISSIONER
FILE

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SECRET.

AFHQ DRAFT MAT.

This is MAT _____

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 is agreed, except as to the provision of AMG requirements.

B. In the reorganisation of AICOM consideration must be given to the fact that within its present structure there exists the HQ of the allied military government for Italy. As long as military government remains, there must be in existence a headquarters located at the seat of the Italian Government. AMG does not govern directly but uses the machinery of the Italian Government agencies in all phases of public life. It can be effective only by the closest day to day contact with the respective Italian ministries. Such an AMG Headquarters must retain substantially the present structure of AC on a reduced scale. It would deal only with AMG matters and except as indicated otherwise in this paper not interest itself in King's Italy.

AC DRAFT FOR MAT.

This is MAT _____

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 is a
comment below. Presume last two sentences of para 2(a)
to apply.

B In the reorganisation of AICOM consideration mus
fact that within its present structure there exists the H
Italy and therefore the functions of the AC extend over t
territory and AMG territory, including VENEZIA GIULIA.
government remains, there must be in existence a headqua
seat of the Italian Govt. AMG does not govern directly
machinery of the Italian Government agencies in all phas
It can be effective only by the closest day to day contac
Italian ministries. Such an AMG headquarters must retai
present structure of AC on a reduced scale.

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AC DRAFT FOR MAT.

This is MAT

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 is agreed, subject to comment below. Presume last two sentences of para 2(a) in FAN 487 continue to apply.

B In the reorganisation of AICOM consideration must be given to the fact that within its present structure there exists the HQs of the AMG for Italy and therefore the functions of the AC extend over both Italian Govt. territory and AMG territory, including VENEZIA GIULIA. As long as military goverment remains, there must be in existence a headquarters located at the seat of the Italian Govt. AMG does not govern directly but uses the machinery of the Italian Government agencies in all phases of public life. It can be effective only by the closest day to day contact with the respective Italian ministries. Such an AMG headquarters must retain substantially the present structure of AC on a reduced scale.

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AFHQ DRAFT MAT.

C. It is agreed that the Service Subcommissions/missions should remain in AC unless or until they form the nucleus of separate service missions. Agree that HQ Ex Branch and Establishment Section should remain.

D. It is agreed that the sub-commissions listed in your para 2 b may be abolished so far as they pertain to 'King's Italy'. They should be retained on a small scale for AMG purposes.

AC DRAFT FOR M&T.

C. It is agreed that the Service Sub-Commissions sh
Agree that HQ Ex Branch and Establishment Section should r
Deputy President in ROME and presume the French and Russia
will remain. It is my policy to retain small liaison gr
territory numbering approx. 60 in all to maintain liaison
Commanders and Italian Local Governments and to keep me g
political (e.g., Franco-Italian Frontier, BOLZANO) and ec
Understand U.K. Govt regards this with favour. Roughly
attached to supply group (food, agriculture, industry and
concentrated in MILAN where Italian machinery for allocat
imported materials in North is located. This part of th
would go over to UNRRA when UNRRA takes over Italy's basi

D. It is agreed that the Sub-Commissions listed in
abolished so far as they pertain to Italian Govt territor
tained on a small scale for AMG purposes) with the except
S/C, Medical Supply functions of Public Health S/C, the
Public Works & Utilities S/C.

(i) Local Government S/C functions cover direc
tion on electoral procedure, minority problems, eg., BOL
definitely connected with the Armistice Terms. The US

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RAFT MAT.

the Service Subcom-

C
q. form the nucleus of

Agree that HQ Ex Branch

hould remain.

the sub-commissions

be abolished so far as

y'. They should be re-

MG purposes.

AC DRAFT FOR MAT.

C. It is agreed that the Service Sub-Commissions should remain in AC. Agree that HQ Ex Branch and Establishment Section should remain. I shall require Deputy President in ROME and presume the French and Russian representativeson AC will remain. It is my policy to retain small liaison groups in Italian Govt. territory numbering approx. 60 in all to maintain liaison with Allied Military Commanders and Italian Local Governments and to keep me generally informed of political (e.g., Franco-Italian Frontier, BOLZANO) and economic situation. Understand U.K. Govt regards this with favour. Roughly half the number will be attached to supply group (food, agriculture, industry and transportation) largely concentrated in MILAN where Italian machinery for allocation and distribution of imported materials in North is located. This part of the liaison function would go over to UNRRA when UNRRA takes over Italy's basic supply line.

D. It is agreed that the Sub-Commissions listed in your para 2 b may be abolished so far as they pertain to Italian Govt territory (they should be retained on a small scale for AMG purposes) with the exception of Local Government S/C, Medical Supply functions of Public Health S/C, the Electrical Power Unit of Public Works & Utilities S/C.

(i) Local Government S/C functions cover directing of Italian legislation on electoral procedure, minority problems, eg., BOLZANO, some of which are definitely connected with the Armistice Terms. The US Government recently gave

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AFHQ DRAFT M.T.

Part I (Cont'd)

E. The effectiveness of the sub-commissions listed in your para 2 c would be greatly lessened if removed from ROME. If they were to be placed under AFHQ and remain in ROME supervision would be most difficult. War Material and IPOW are little more than liaison groups. The others in this category should remain in being for AMG functions. No

AC DRAFT FOR M.T.

the opinion that the AC, operating through Local Government S/C, s procedure of local elections is fair, free and democratic. Recom Sub-Commission within AC until elections.

(ii) When the Public Health S/C is abolished a small hod set up in the Supply Group of the Economic Section.

(iii)The Public Works & Utilities S/C has already been m S/C. When the Public Works & Utilities S/C is abolished it will in the Supply Group of the Econ Sec a unit working on the allocati electric power. Now and for some months to come electricity is i parts of the Italian peninsula, including the North. The utilisa is therefore closely tied with the industrial programme as a whole decisions as to how imported coal and fuel oil are to be used most

E. The effectiveness of the sub-commissions listed in your greatly lessened if removed from Rome. If they were to be placed in Rome supervision would be most difficult. War Materials has b and reduced to Captured Enemy Materials Branch of Economic Section absorbed by Land Forces S/C where it should remain. The others s remain in being for AMG functions. No disadvantage is seen for l present while details are being worked out to determine to what ex tions in connection with Italian Government territory can best be

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the opinion that the AC, operating through Local G vernment S/C, should continue to ensure procedure of local elections is fair, free and democratic. Recommend retention of this Sub-Commission within AC until elections.

(ii) When the Public Health S/C is abolished a small Medical Supply Unit will be set up in the Supply Group of the Economic Section.

(iii)The Public Works & Utilities S/C has already been merged with the Industry S/C. When the Public Works & Utilities S/C is abolished it will be necessary to maintain in the Supply Group of the Econ Sec a unit working on the allocation and utilisation of electric power. Now and for some months to come electricity is in short supply in all parts of the Italian peninsula, including the North. The utilisation of electric power is therefore closely tied with the industrial programme as a whole and especially with decisions as to how imported coal and fuel oil are to be used most efficiently.

E. The effectiveness of the sub-commissions listed in your para 2 c would be greatly lessened if removed from Rome. If they were to be placed under AFHQ and remain in Rome supervision would be most difficult. War Materials has been virtually abolished and reduced to Captured Enemy Materials Branch of Economic Section and Italian POW has been absorbed by Land Forces S/C where it should remain. The others in this category should remain in being for AMG functions. No disadvantage is seen for keeping them with AC for the present while details are being worked out to determine to what agency if any their functions in connection with Italian Government territory can best be transferred. It is

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disadvantage is seen for keeping them with AC for the present while details are being worked out to determine to what agency if any their functions in connection with 'King's Italy' can best be transferred. It is believed preferable to allow me to use discretion in connection with this group keeping in mind the policy of the CCS that the AC shall retain the minimum essential functions.

believed preferable to allow me to use discretion keeping in mind the policy of the CCS that the AC functions. My final plans for this group will b

(i) As regards Finance Sub-Commissio 692, and set up an Allied Supply Acc unting Agenc located in Rome and attached to AC for administra currency supply and accounting functions of AF to the Allied Forces, should be transferred to AF Rome attached to AC for administration. In orde arising under the Armistice, I recommend that the Adviser be retained in the AC. Negotiation of t Italian Govt as directed in paras 12-17 of FAN 58 by the Chief Financial Adviser.

(ii) With regard to Transportation, ope tion S/C has only two groups of functions: thos and a liaison function between military and Itali former should remain with AC Supply Group until t disappear if transferred to AFHQ. There is, the which can logically be transferred to AFHQ.

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essential functions.

AC DRAFT FOR MAT.

believed preferable to allow me to use discretion in connection with this group keeping in mind the policy of the CCS that the AC shall retain the minimum essential functions. My final plans for this group will be submitted to CCS.

(i) As regards Finance Sub-Commission, I have already implemented TAM 692, and set up an Allied Supply Accounting Agency responsible to AFHQ. It is located in Rome and attached to AC for administration. It is agreed that the currency supply and accounting functions of AFL, including its various services to the Allied Forces, should be transferred to AFHQ. I intend to leave AFL in Rome attached to AC for administration. In order to handle financial problems arising under the Armistice, I recommend that the position ofChief Financial Advisor be retained in the AC. Negotiation of the currency agreement with the Italian Govt as directed in paras 12-17 of FAM 583, should continue to be handled by the Chief Financial Advisor.

(ii) With regard to Transportation, apart from AMG functions Transportation S/C has only two groups of functions: those connected with imported supplies and a liaison function between military and Italian transport authorities. The former should remain with AC Supply Group until UNRRA takes over; the latter would disappear if transferred to AFHQ. There is, therefore, no transport function which can logically be transferred to AFHQ.

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Part I (Cont'd)

AFHQ DRAFT MAT.

F. Your para 2 d is agreed except that similar sub-commissions must function for AMG territory. It is assumed that the proposal is based on UNRRA supply of Italy. Should Italy be furnished essential commodities on a national basis a reconsideration of this reorganisation would be required.

G. Ref your para 2 e. The DP Sub-Commission is less directly connected with the Italian government than other Sub-commissions.

AC DRAFT FOR MAT.

F. Your para 2 d is agreed except that similar sub-com for AMG territory. It is assumed that this proposal is base Should Italy be furnished essential commodities on a national of this reorganisation would be required.

(i) As to industry, the functions of advising the oping and reviewing projects for reconstruction of utilities industries should be transferred to Embassies.

Embassies indicate they are not now in position to assume thi

(ii) As to commerce, the advisory function (consist the Italian Govt for the re-opening of private commercial tra Embassies after 1 Jan 46. However, TAM 640 lays upon AC two functions (screening of export programmes and channelling cle Boards on Reserved Commodity List items) which must be contin relieves us of these responsibilities.

(iii) There are no advisory functions in Food and Ag Commissions (which have already been amalgamated) which are n import programme and there is therefore nothing to transfer t

G. Ref your para 2 e. DP Sub-Commission agreed. Th small branch. With regard to the proposed "supply subcommis ation function, your attention is drawn to the fact that a su

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AC DRAFT FOR M.T.

AC.

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F. Four para 2 d is agreed except that similar sub-commissions must function for AMG territory. It is assumed that this proposal is based on UNRRA supply of Italy. Should Italy be furnished essential commodities on a national basis a reconsideration of this reorganisation would be required.

(i) As to industry, the functions of advising the Italian Govt and developing and reviewing projects for reconstruction of utilities (including railroads) and industries should be transferred to Embassies. However, Embassies indicate they are not now in position to assume this function.

(ii) As to commerce, the advisory function (consisting of negotiations with the Italian Govt for the re-opening of private commercial trade) can be transferred to Embassies after 1 Jan 46. However, TAM 640 lays upon AC two very specific operating functions (screening of export programmes and channelling clearances with Combined Boards on Reserved Commodity List items) which must be continued in AC until JCS relieves AC of these responsibilities.

(iii) There are no advisory functions in Food and Agriculture Sub-Commissions (which have already been amalgamated) which are not connected with the import programme and there is therefore nothing to transfer to the Embassies.

DP Sub-

ed with the

mmissions.

G. Ref your para 2 c. DP Sub-Commission agreed. This will be reduced to a small branch. With regard to the proposed "supply subcommission" and the transportation function, your attention is drawn to the fact that a Supply Group has already

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Part I (cont'd)

AFHQ DRAFT MIT.

Plans are under way now to transferring to AFHQ those functions of the DP sub-commission which UNRRA cannot undertake, such as repatriation of Reich Germans from Bolzano and the administration of categories of DPs which are not covered by the UNRRA charter. Your views on the food and transportation sub-commissions are agreed.

H. Your para 3 agreed except as pertains to AMG. Desire to point out, however, that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

I. Your para 4 is agreed.

PART II.

A. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

AC DRAFT FOR H.T.

been set up within the Econ Sec which includes those functio industry, and transportation) which are directly related to and which will be transferred to UNRRA when UNRRA takes over organisation already reflects the thinking in para 2(E) of T

H. Your para 3 agreed except as pertains to AMG and w sultation with me. Desire to point out however that full a to change present incumbents to civil status so far as pract officials are introduced. The heavy turnover thus far expe personnel has not been conducive to efficiency.

I. As AFA and Allied Supply Accounting Agency are dea elsewhere in the draft directive as amended, I suggest your

PART II.

A. Recommend pursuant to discussion in Part I that a substantially as follows:

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been set up within the Econ Sec which includes those functions (Food and agriculture, industry, and transportation) which are directly related to the import programme, and which will be transferred to UNRRA when UNRRA takes over. Thus the present AC organisation already reflects the thinking in para 2(E) of TAM 719.

H. Your para 3 agreed except as pertains to AMG and would ask prior consultation with me. Desire to point out however that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

I. As AFHQ and Allied Supply Accounting Agency are dealt with adequately elsewhere in the draft directive as amended, I suggest your para 4 be omitted.

PART II.

4. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

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Part II (Cont'd)

AFH DRAFT MAT.

1. It is desirable to remove from the Allied Commission as many functions as possible retaining only those necessary for maintaining a headquarters Military Government for territory under AFH control, and this absolute minimum for a temporary period. You are directed to reduce and terminate those temporary residual functions as expeditiously as practicable, eliminating them without further reference to CCS when in your opinion they serve no useful purposes. All rights under the Armistice and Additional Conditions of Armistice of 29 Sep 43 would still be held in reserve as set forth in para 1 of FAN 487; the power of enforcement will in all cases remain with S.CMED as President of Allied Commission

2. In accordance with the above you should re-organise Allied Commission as follows:

(A) Sub-commissions whose functions are to be retained in Allied Commission:

(1) Navy, Army, Air Force Sub-Commissions should remain with Allied Commission unless or until they form nucleus of separate service missions.

(2) HQ Executive Branch and Est Section. Size will depend upon responsibilities still remaining in AC.

AC DRAFT FOR MAT.

1. It is desirable to remove from as many functions as possible retaining only maintaining headquarters Military Government control, and this absolute minimum for a tem directed to reduce and terminate those tempor as expeditiously as practicable, eliminating reference to CCS when in your opinion they se All rights under the Armistice and Additional of 29 Sep 43 would still be held in reserve a FAN 487; the power of enforcement will in al S.CMED as President of Allied Commission. L para 2(a) of FAN 487 continue to apply.

2. In accordance with the above y Allied Commission under Deputy President (who Affairs Officer Allied Military Government) a

(A) Sub-commissions whose fun retained in Allied Commission:

(1) Navy, Army, Air Force remain with Allied Commission.

(2) HQ Executive Branch such Liaison Groups as may be required i

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AFHQ DRAFT MAT.

ble to remove from the Allied
s as possible retaining only those
headquarters Military Government
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them without further reference to
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the power of enforcement will in
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with the above you should re-
follows:

ions whose functions are to be

Army, Air Force Sub-Commissions
Commission unless or until they
service missions.

utive Branch and Est Section.
onsibilities still remaining in AC.

AC DRAFT FOR MAT.

1. It is desirable to remove from the Allied Commission as many functions as possible retaining only those necessary for maintaining headquarters Military Government for territory under AAC control, and this absolute minimum for a temporary period. You are directed to reduce and terminate those temporary residual functions as expeditiously as practicable, eliminating them without further reference to CCS when in your opinion they serve no useful purposes. All rights under the Armistice and Additional Conditions of Armistice of 29 Sep 43 would still be held in reserve as set forth in para 1 of FAN 487; the power of enforcement will in all cases remain with SACMED as President of Allied Commission. Last two sentences of para 2(a) of FAN 487 continue to apply.

2. In accordance with the above you should reorganise Allied Commission under Deputy President (who is also Chief Civil Affairs Officer Allied Military Government) as follows:

(A) Sub-commissions whose functions are to be retained in Allied Commission:

(1) Navy, Army, Air Force Sub-Commissions should remain with Allied Commission.

(2) HQ Executive Branch and Establishment Section with such Liaison Groups as may be required in the field. Size will

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Part II (cont'd)

AFHQ DRAFT MAT.

(3) Sub-commissions required for the exercise of military government in AMG territories. These sub-commissions will interest themselves only to subjects pertaining to military government in being and only to the extent they affect such military government in being.

(B) Sub-commissions whose functions are to be abolished except as they pertain to military government in being and territory included therein:

Education
Local Government and Patriots
Monuments, Fine Arts & Archives
Public Health
Public Works & Utilities
Legal (except as Adviser to the President)

(C) Sub-commissions whose functions, except as they pertain to military government in being, will be eliminated or transferred to other agencies including AFHQ

AC DRAFT ON MAT.

depend upon responsibilities still rem

(3) Sub-commissions required for government in AMG Territories. These themselves only to subjects pertaining being and only to the extent they affec in being.

(4) Local Government Sub-Commiss

(5) French and Russian Represent authorised staffs will remain in AC.

(B) Sub-commissions whose function as they pertain to military government in bei therein:

Education
Monuments, Fine Arts & Archive
Public Works & Utilities (exce which is transferred to S
Public Health (except for medi are transferred to Supply
Legal (Legal Adviser to AC and will be retained).
Patriots Branch of Local Govt

(C) Sub-commissions whose function to military government in being, will be elim agencies including AFHQ to the extent to whic

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equired for the exercise of
territories. These sub-
themselves only to subjects
rnment in being and only to
military government in being.

depend upon responsibilities still remaining in AC.

(3) Sub-commissions required for the exercise of military government in AMG Territories. These sub-commissions will interest themselves only to subjects pertaining to military government in being and only to the extent they affect such military government in being.

(4) Local Government Sub-Commission (less Patriots)

(5) French and Russian Representatives with their presently authorised staffs will remain in AC.

hose functions are to be
to military government in
rein:

(B) Sub-commissions whose functions are to be abolished except as they pertain to military government in being and territory included therein:

nd Patriots
rts & Archives

lities
dviser to the President)

Education
Monuments, Fine Arts & Archives
Public Works & Utilities (except Electric Power Unit which is transferred to Supply Group).
Public Health (except for medical supply functions which are transferred to Supply Group)
Legal (Legal Adviser to AC and Reviewing Officers will be retained).
Patriots Branch of Local Govt S/C

ose functions, except as
vernment in being, will be
r agencies including AFHQ

(C) Sub-commissions whose functions, except as they pertain to military government in being, will be eliminated or transferred to other agencies including AFHQ to the extent to which you consider their functions

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Part II (cont'd).

AFHQ DRAFT MLT.

to the extent to which you consider their functions are necessary to carrying out of policies laid down by CCS:

Communications
Public Safety
War Materials and IPOW
Public Relations
Transportation (but see sub-para E below)
Finance (currency, combined billing, services to Armies and paras 10, 12 - 17 FAN 5(3)
Displaced Persons and Refugees.

(D) Sub-commissions whose functions are to be transferred to the United States and United Kingdom Embassies as soon as necessary personnel can be procured;

Industry & Commerce (advisory functions)
Labour
Agriculture (advisory functions)
Finance (advisory functions and duties under FAN 583 except paras 10, 12 and 17).
Food (insofar as not concerned with imports).

(E) Sub-commissions whose functions are to be retained in AC until UNRRA takes over:

Food, which should be reorganised into a supply sub-commission and include any functions of other economic sub-commissions relating to imports.

AC DRAFT FOR MLT.

are necessary to carrying out of policies laid d

Communications
Public Safety
War Materials (less IPOW already a
Public Relations
Finance (currency, combined billin
Armies and para 10 of FAN 5
of Chief Financial Adviser wi
in AC who will be responsible
agreement foreseen in paras 1

(D) Sub-commissions whose functions ar

the United States and United Kingdom Embassies o

Industry (advisory functions)
Commerce (advisory functions). Co
continue in AC to perform func
until other arrangements are m
Labour
Finance (advisory functions and dut
except paras 10, 12 and 17).

(E) Sub-commissions whose functions are

until UNRRA takes over:

Displaced Persons. This will be r
Food & Agriculture.,
Industry (except advisory functions
Economic staff branches having supp

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DRAFT M.T.

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rency, combined billing,
s to Armies and paras 10, 12
M 583)
reas and Refugees.

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mmerce (advisory functions)

(advisory functions)
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except paras 10, 12 and 17).
r as not concerned with imports).

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takes over:

should be reorganised into a

ub-commission and include any

s of other economic sub-

ons relating to imports.

AC DRAFT FOR M.T.

are necessary to carrying out of policies laid down by CCS:

Communications
Public Safety
War Materials (less IPCW already absorbed in Land Forces S/C)
Public Relations
Finance (currency, combined billing, services to Armies and para 10 of FAN 583. Position of Chief Financial Adviser will be retained in AC who will be responsible for negotiating agreement foreseen in paras 12-17 of FAN 583).

(D) Sub-commissions whose functions are to be transferred to the United States and United Kingdom Embassies on (date)

Industry (advisory functions)
Commerce (advisory functions). Commerce S/C will continue in AC to perform functions under TAM 640 until other arrangements are made.
Labour
Finance (advisory functions and duties under FAN 583 except paras 10, 12 and 17).

(E) Sub-commissions whose functions are to be retained in AC until UNRRA takes over:

Displaced Persons. This will be reduced to a small Branch.

Food & Agriculture.

Industry (except advisory functions)

Economic staff branches having supply functions

NARS, Date 12-18-75

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Part II (cont'd)

AFHQ DRAFT M.T.

Transportation Sub-commission (bids for imported supplies and functions in respect to warehousing imported supplies).

3. Either the United States or United Kingdom Governments will civilianize at their discretion any of the posts in any sub-commission remaining in AC except that personnel in sub-commissions dealing solely with military government territory will not be civilianised without previous consideration by you. It would be advantageous if there were introduced into the sub-commissions whose functions are to be taken over by UNRRA any civilian personnel who intended to transfer to UNRRA when the latter assumes the functions of these sub-commissions.

4. As part of civilianization of AC, the Allied Financial Agency will be transferred from AC Finance Sub-commission and attached directly to AFHQ but you may retain Allied Financial Agency Headquarters in Rome if you so desire.

AC DRAFT MEMO MT.

Transportation Sub-Commission (handl warehousing problems connected and requirements and allocatio with the imported supplies for system itself).

3. Either the United States or United civilianize any of the posts in any sub-commissio after consultation with you. The present process Sub-commissions whose functions are to be taken ov personnel who intends to transfer to UNRRA when t functions of these sub-commissions will be contin

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...FI M.T.

...commission (bids for

...ies and functions in

...housing imported supplies).

Transportation Sub-Commission (handling of transport and warehousing problems connected with imported supplies, and requirements and allocation problems connected with the imported supplies for the transportation system itself).

...tates or United Kingdom

...eir discretion any of the

...ing in AC except that per-

...solely with military govern-

...nised without previous con-

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...s whose functions are to be

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...assumes the functions of

3. Either the United States or United Kingdom Governments will civilianize any of the posts in any sub-commission remaining in AC after consultation with you. The present process of introducing into the Sub-commissions whose functions are to be taken over by UNRRA any civilian personnel who intend to transfer to UNRRA when the latter assumes the functions of these sub-commissions will be continued.

...ization of AC, the Allied

...ed from AC Finance Sub-

... AFHQ but you may retain

...rs in Rome if you so desire.

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Part II (cont'd)

AFHQ DRAFT M.T.	AC DRAFT ON MAT.

Prior to completion of civilianisation of AC you should proceed with such measures as are necessary to establish, as authorised in TAM 692, a combined agency within AFHQ to take over from Allied Commission functions of accounting and billing for civilian supplies furnished to Italy under combined military responsibility.

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AFHQ DRAFT MAT.

AC DRAFT ON MAT.

demilitarisation of AC you should
ch as are necessary to establish, as
combined agency within AFHQ to take
on functions of accounting and
ties furnished to Italy under
bility.

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S E C R E T

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

ROUGH DRAFT

3 December 1945.

Meeting held at 1600 hours, 3 December 1945, in the Chief Commissioner's Conference Room, Headquarters Allied Commission, Rome, to discuss the draft directive to AC contained in MAT 719 and the draft AFHQ reply.

Present: Rear Admiral Stone, Brigadier Lush, Air Vice Marshal Brodie, Major General Browning, Commodore Ziroli, Captain Butler, Mr. Jones, Mr. Hopkinson, Mr. Cleveland, Colonel Scudder, Colonel Webber, Colonel White, Lieutenant Colonel Timmons, Colonel Walton.

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Discussion of "Comments on TAM 719 and AFHQ Draft MAT?: (following numbered paragraphs refer to numbered paragraphs of "Comments").

1. - - -

2. Reference Para A of Part I of draft MAT, it was recommended that the phrase "subject to comments below" be substituted for "except as to th e provision of AMG requirements", inasmuch as the comments do cover AMG requirements.

(a) Agreed

(b) Agreed

3. Reference Para B of Part I of draft MAT, a discussion ensued on the impracticability of disassociating AMG from AC as most officers in Headquarters have functions in connection with both, although the CCS do not seem to be aware that the same people are handling AC and AMG matters.

Recommendation ?????

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4. Agreed

5. Agreed

6. The Chief Commissioner pointed out the possibility of CCS disapproving

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Declassified E.O. 12356 Section 3.3/NND No. 758015

Discussion of "Comments on TAM 719 and AFHQ Draft MAT": (following numbered paragraphs refer to numbered paragraphs of "Comments").

1. - - -

2. Reference Para A of Part I of draft MAT, it was recommended that the phrase "subject to comments below" be substituted for "except as to th e provision of AMG requirements", inasmuch as the comments do cover AMG requirements.

(a) Agreed

(b) Agreed

3. Reference Para B of Part I of draft MAT, a discussion ensued on the impracticability of disassociating AMG from AC as most officers in Headquarters have functions in connection with both, although the CCS do not seem to be aware that the same people are handling AC and AMG matters.

Recommendation ?????

4986

4. Agreed

5. Agreed

6. The Chief Commissioner pointed out the possibility of CCS disapproving the request to maintain liaison officers in the field if the fact that there are such liaison officers is pointed out to them. Mr. Hopkinson stated that the Foreign Office is aware of the fact that there are liaison officers and has inferred approval, desiring that a liaison officer be maintained at Bolzano, and requesting a list of liaison officers maintained in all of Italy. Mr. Cleveland stated it was desired to leave an economic section representative in Milan even if AMG pulls out.

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6(a) - Line 5, first word, change "between" to read "with". Agreed.

(b) Agreed.

7. - - -

(a) - - -

(b) Local Governments, line 3, first two words, delete "epuration" and "defascism".

(c) - - -

(d) Public Works & Utilities. Mr. Cleveland pointed out that the electrical unit could properly come under the economic supply group because, with the shortage of electric power, a rationing control is necessary to allocate and utilize electric power, and because the shortage effects industrial production and the import program.

(e) Legal Adviser. It was pointed out that it will be necessary to have a Legal Adviser even after AMG is withdrawn to review the large number of AMG court cases. In this connection, the Chief Commissioner suggested it would be necessary to show the Italian Government's concurrence in AC's reviewing court cases from teritory since handed back to the Italians, which agreement was indicated in an exchange of correspondence on "review of AMG court cases" at the time of the first handover. Brigadier Lush was asked to check this correspondence.

Suggestions. The Chief Commissioner requested Brigadier Lush to expand the "suggestions" to sell the points covered to CCS. He suggested that much of subpara (b) be included, and that in conection with subparas (c)(ii) and (d) it should be brought out very clearly that these continual supply matters must be incorporated into other departments of the AC.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

(c) - - -

(d) Public Works & Utilities. Mr. Cleveland pointed out that the electrical unit could properly come under the economic supply group because, with the shortage of electric power, a rationing control is necessary to allocate and utilize electric power, and because the shortage effects industrial production and the import program.

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Suggestions. The Chief Commissioner requested Brigadier Lush to expand the "suggestions" to sell the points covered to CCS. He suggested that much of subpara (b) be included, and that in conection with subparas (c)(ii) and (d) it should be brought out very clearly that these continual supply matters must be incorporated into other departments of the AC.

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8. With reference to transfering to AFHQ the functions of certain sub-commissions, the Chief Commissioner pointed out that a principal function of AC has been to protect the Italian civil economy from the military and that if AC is removed as the advocate for the needs of the Italian civil economy, the Italians will then be subjected to a much more rigorous military control than they have at present. This dontrol will approach military government, which the Allies have been trying to get away from. The Chief Commissioner added that he thought G-5 felt the same in this respect, and suggested that

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that the Executive Commissioner draft up something to bring this out, although he did not think that it could be sent out.

The Chief Commissioner also pointed out, but not for inclusion in the paper, that removing these functions from AC to AFHQ would deny foreign members, other than U.S. and British, of the AC the opportunity of observing the carrying out of these functions.

At Mr. Jone's suggestion, the Chief Commissioner proposed that there be included in Para E of the Draft MAT some provision for informing CCS of the final plans made in this regard.

(c) Mr. Cleveland to work on modification ?????

Suggestion (A) - Mr. Cleveland to discuss with Executive Commissioner.

9. (a) Mr. Cleveland thought that the American Embassy could take over functions concerned except for industry at the present time. Mr. Hopkinson reported that an economic adviser had been appointed to the British Embassy, although it was not known when he will arrive here. After his arrival he will be able to take over most of the functions, which at present the limited staff at the British Embassy is unable to handle.

(b) Industry. The Chief Commissioner stated that the American Embassy was completely unequipped at the present time to handle long range industrial planning. A letter on this subject was sent to the U.S. Ambassador before his departure for the U.S. and the Chief Commissioner directed that a similar letter or a copy be sent to the British Ambassador. Mr. Cleveland is preparing comment and a draft on this.

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(c) Commerce. The operating functions of the Commerce Sub-Commission now imposed by TAM 640 must remain in the AC until TAM 640 is altered. The Economic Section is now developing a recommendation as to proposed modifica-

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be included in Para E of the Draft MAT some provision for informing CCS of the final plans made in this regard.

(c) Mr. Cleveland to work on modification ?????

Suggestion (A) - Mr. Cleveland to discuss with Executive Commissioner.

9. (a) Mr. Cleveland thought that the American Embassy could take over functions concerned except for industry at the present time. Mr. Hopkinson reported that an economic adviser had been appointed to the British Embassy, although it was not known when he will arrive here. After his arrival he will be able to take over most of the functions, which at present the limited staff at the British Embassy is unable to handle.

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934 paring comment and a draft on this.

(c) Commerce. The operating functions of the Commerce Sub-Commission now imposed by TAM 640 must remain in the AC until TAM 640 is altered. The Economic Section is now developing a recommendation as to proposed modification of TAM 640.

(d) Labor. The Chief Commissioner suggested that notation be made that AC agrees if AFHQ is satisfied to have embassies perform this function in connection with military employment programs.

((e) - - -

(f) It was suggested that the following be added: "Until the duties of FAN 583 no longer require it, the British and American Embassies will be confronted with the necessity of making the reports and recommendations

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specified in FAN 583 (which at the moment they are unable to do?)"

10. ---

(a) ---

(b) ---

11. (a) Line 3, change "Prefer" to read "ask", the phrase then reading "and would ask prior consultation with AC".

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"and would ask prior consultation with AC".

SECRET & PERSONAL.

URGENT.

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner
++++++++++++++++++++++++++++++++++++

Ref: 600/EC.

3 Dec 1945.

SUBJECT: Reorganisation of Allied Commission.

TO : A/VP, Economic Section.
A/VP, CA Section.
A/VP, Est Section
Director, Navy S/C.
Director, Land Forces S/C.
Director, Air Forces S/C.
Director, Communications S/C.
Polad (A)
Polad (B)
Chief Legal Adviser
Chief Financial Adviser.

1. Reference this office letter 600/EC of 1 Dec 45 (not to last four addressees).

2. Attached are copies of TAM 719, draft reply by AFHQ received yesterday, and comments and suggested amendments to draft AFHQ MAT cable, to serve as basis of discussion for this afternoon's meeting.

3. Addressees please note, meeting will now be held at 1600 hours, today (Monday, 3 Dec) in the Chief Commissioner's Conference Room. Polads (A) and (B), Chief Legal Adviser and Chief Financial Adviser are requested to attend.

T H McCleary Lt Colonel
for Brigadier,
Executive Commissioner.

MSL/JC.

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A/VP, CA Section.
A/VP, Est Section
Director, Navy S/C.
Director, Land Forces S/C.
Director, Air Forces S/C.
Director, Communications S/C.
Polad (A)
Polad (B)
Chief Legal Adviser
Chief Financial Adviser.

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T H McCleary Lt Colonel
for Brigadier,
Executive Commissioner.

MSL/JC.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET.

3 Dec. 45.

COMMENTS ON TAM 719 and AFHQ Draft MAT.

1. Para I of TAM 719.

Is it proposed to remove altogether from AC the function of acting as the "organ through which the policy of the United Nations towards the Italian Government is conducted and the relations of the United Nations with the Italian Govt are handled?"

In spite of the abolition of the Political Section by FAN 487 and of the permission therein given for the Italian Govt to have direct relations with foreign diplomatic representatives, it was laid down in para 2(a) that "there is NO intention to make any change in the responsibility of the CCS acting through the Allied Commission" and the CCS have "continued to transmit directives in regard to combined views of two Governments on matters of major policy". Will this practice now cease?

2. (a) It is suggested, therefore, that para A of Part I of draft MAT (page 1) bear following additions: "Presume last two sentences of para 2(a) in FAN 487 continue to apply".

(b) It is suggested that para A(1) of Part II of draft MAT bear following addition: "Last two sentences of para 2(a) in FAN 487 continue to apply".

3. TAM 719 makes no reference to AMG.

Para B of Part I draft MAT covers this adequately in principle.

(a) It is suggested that the words "including VENEZIA GIULIA" be added after "for Italy" at end of first sentence.

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(b) It is suggested that the words "Italian Government territory" be substituted for "King's Italy" at end of para and elsewhere in

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of the permission therein given for the Italian Govt to have direct relations with foreign diplomatic representatives, it was laid down in para 2(a) that "there is NO intention to make any change in the responsibility of the CCS acting through the Allied Commission" and the CCS have "continued to transmit directives in regard to combined views of two Governments on matters of major policy". Will this practice now cease?

2. (a) It is suggested, therefore, that para A of Part I of draft MAT (page 1) bear following additions: "Presume last two sentences of para 2(a) in FAN 487 continue to apply".

(b) It is suggested that para A(1) of Part II of draft MAT bear following addition: "Last two sentences of para 2(a) in FAN 487 continue to apply".

3. TAM 719 makes no reference to AMG.

Para B of Part I draft MAT covers this adequately in principle.

(a) It is suggested that the words "including VENEZIA GIULIA" be added after "for Italy" at end of first sentence.

4981

(b) It is suggested that the words "Italian Government territory" be substituted for "King's Italy" at end of para and elsewhere in the draft.

4. TAM 719, para 2A(1). Until the Armistice is revised or cancelled, /the Service Sub-Commissions must remain in the AC which is the only authorised agency which give them legality. Separate service missions can have no legal status if they are divorced from AC unless it is proposed to impose new missions under the Armistice Terms or

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negotiate
/ the agreement of the Italian Government to this end.

(a) It is suggested that the words "unless and until they form the nucleus of separate service commissions" be omitted from Part I (C) (Page 1) and Part II, 2(A)(1) (Page 3) of draft MAT.

5. TAM 719 makes no mention of the Deputy President. It is essential that the President (in CASERTA) should have a Deputy in ROME to be in daily contact with the Italian Government.

TAM 719 makes no mention of French and Russian Representatives on the Allied Commission. It is presumed that they will be retained.

(a) It is suggested that the following should be added to the last line of draft MAT Part I (C) (Page 1):

"I shall require Deputy President in ROME and presume French and Russian Representatives on Allied Commission will remain".

(b) It is suggested that first sentence of Part II, para 2 of draft MAT (Page 3) should read:

"In accordance with the above you should reorganise Allied Commission under Deputy President (who is also Chief Civil Affairs Officer Allied Military Government) as follows:"

(c) It is suggested that a new sub-para clause to be numbered 2(A)(4) be inserted in draft MAT (Page 3) to read:

"(4) French and Russian Representatives with their presently authorised staffs will remain in Allied Commission".

6. Neither TAM 719 nor draft MAT make any reference to liaison groups in the field in Italian Govt territory. CCS policy on this is not known although AFHQ have approved in principle with exception of Economic Group. We should get this matter settled.

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(a) It is suggested that the following should be [illegible]

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TAM 719 makes no mention of French and Russian Representatives on the Allied Commission. It is presumed that they will be retained.

(a) It is suggested that the following should be added to the last line of draft MAT Part I (C) (Page 1):

"I shall require Deputy President in ROME and presume French and Russian Representatives on Allied Commission will remain".

(b) It is suggested that first sentence of Part II, para 2 of draft MAT (Page 3) should read:

"In accordance with the above you should reorganise Allied Commission under Deputy President (who is also Chief Civil Affairs Officer Allied Military Government) as follows:"

(c) It is suggested that a new sub-para clause to be numbered 2(A)(4) be inserted in draft MAT (Page 3) to read:

"(4) French and Russian Representatives with their presently authorised staffs will remain in Allied Commission".

6. Neither TAM 719 nor draft MAT make any reference to liaison groups in the field in Italian Govt territory. CCS policy on this is not known although AFHQ have approved in principle with exception of Economic Group. We should get this matter settled.

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(a) It is suggested that the following should be added to Part I (C) of draft MAT (Page 1):

"It is my policy also to retain small liaison groups in Italian Govt territory numbering approximately 60 in all to maintain liaison between Allied military commanders and Italian local governments and keep me generally informed of situation".

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(b) It is suggested that following should be added to first line of 2(A)(2) of draft MAT (Page 3):

"with such liaison groups as may be required in the field".

7. TAM 719, para 2(B) - Sub-Commissions whose functions are to be abolished.

(a) Education and M.F.A.A. - No comments.

(b) Local Government - This Sub-Commission is largely concerned with the scrutiny of Italian legislation regarding electoral procedure, epuration, defascism, minorities in AOSTA and SUD TYROL, some of which is definitely connected with the Armistice Terms. US Embassy recently wrote "My (US) Government is of opinion that AC operating through Local Govt S/C should continue its functions of rendering advice to the Italian Govt to ensure that the procedure in local elections is fair, free and democratic....." This Sub-Commission is the watchdog of the AC on such matters and its abolition prior to the elections would seem premature.

(c) Public Health.

(i) It is considered desirable that DMS, AFHQ should have on his staff an officer experienced in Italian medical and public health work.

(ii) If the Sub-Commission is abolished it will be necessary to set up a small medical supply unit in the Economic Supply Group.

(d) Public Works & Utilities. Electricity throughout Italy is so short that it will be necessary to retain in AC a unit working on allocation and utilisation of electric power which is closely connected with the industrial programme as a whole and the use to which imported fuel and coal are put. It is not believed that the Embassies can assume this function.

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(e) The Legal Adviser will be needed in the AC at ROME not only to the President and Deputy President but to the residue of Sub-Commissions and

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is definitely connected with the Armistice Terms. US Embassy recently wrote "My (US) Government is of opinion that AC operating through Local Govt S/C should continue its functions of rendering advice to the Italian Govt to ensure that the procedure in local elections is fair, free and democratic....." This Sub-Commission is the watchdog of the AC on such matters and its abolition prior to the elections would seem premature.

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(ii) If the Sub-Commission is abolished it will be necessary to set up a small medical supply unit in the Economic Supply Group.

(d) Public Works & Utilities. Electricity throughout Italy is so short that it will be necessary to retain in AC a unit working on allocation and utilisation of electric power which is closely connected with the industrial programme as a whole and the use to which imported fuel and coal are put. It is not believed that the Embassies can assume this function.

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(e) The Legal Adviser will be needed in the AC at ROME not only to the President and Deputy President but to the residue of Sub-Commissions and Branches in the Commission. He is particularly needed as adviser on AMG matters.

Suggestions.

(A) It is suggested that Part I (D) of draft MAT (Page 1) be altered to read "It is agreed.....pertain to Italian Govt territory with exception of Local Government Sub-Commission and small unit of Public Works and Utilities. Former is required to advise Italian Govt on electoral procedure in view of coming elections and other legislation connected with

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epuration and defascism with which Allied Govts are closely interested: latter to work on utilisation and allocation of electric power which is closely connected with industrial import programme/and present military needs is in short supply".

(B) It is suggested that draft MAT Part II, para 2 (A) should bear a further additional para as follows:

"(5) Local Government and electrical unit of Public Works & Utilities Sub-Commission".

(C) It is suggested that "Local Government" be omitted from draft MAT Part II, para 2(B) and that:

(1) words "except electrical unit" be added to Public Works and Utilities".

(2) words "except adviser to Allied Commission" be substituted for existing words in paren after "Legal".

8. TAM 719, para C.

Both AC and AFHQ agree that this proposal as a whole is inacceptable. Draft MAT Part I (E) (Page 1) and Part II para 2(C)(Page 3) suggest a temporising modification leaving discretion to SACMED. This is acceptable but following points should be made:

(a) War Materials Disposal Sub-Commission has already been abolished and reduced to Captured Enemy Materials Branch of Economic Section. This Branch could pass to AFHQ by 1 Jan 46.

(b) Italian POW, part of WMD S/C, has already been transferred to Land Forces S/C where it should remain.

4978 (c) Finance.

(i) In the accounting field we have already set up an Allied Supply Accounting Agency responsible to AFHQ.

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Part II, para 2(B) and that:

(1) words "except electrical unit" be added to Public Works and Utilities".

(2) words "except adviser to Allied Commission" be substituted for existing words in paren . after "Legal".

8. TAM 719, par.C.

Both AC and AFHQ agree that this proposal as a whole is inacceptable. Draft MAT Part I (E) (Page 1) and Part II para 2(C)(Page 3) suggest a temporising modification leaving discretion to SACMED. This is acceptable but following points should be made:

(a) War Materials Disposal Sub-Commission has already been abolished and reduced to Captured Enemy Materials Branch of Economic Section. This Branch could pass to AFHQ by 1 Jan 46.

(b) Italian POW, part of WMD S/C, has already been transferred to Land Forces S/C where it should remain.

4978 (c) Finance.

(i) In the accounting field we have already set up an Allied Supply Accounting Agency responsible to AFHQ.

(ii) AFA consist of one officer. He could be transferred to AFHQ while remaining physically in ROME.

(iii) The post of Chief Financial Adviser to the AC should be retained.

The arguments regarding the ultimate disposition of the other Sub-Commissions can be submitted to AFHQ in due course.

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Suggestions.

(A) It is suggested that draft MAT Part I (E), third sentence, should be amended to read:

"War Materials has been virtually abolished and reduced to Captured Enemy Materials Branch of Economic Section"; Italian POW has been absorbed by Land Forces S/C where it should remain; Allied Supply Accounting Agency already detached from Finance Sub-Commission and working under AFHQ".

9. TAM 719, 2(D). Sub-Commissions whose functions are to be transferred to Embassies as soon as necessary personnel can be procured.

(a) The phrase "as soon as necessary personnel can be procured" is indefinite and removes from AFHQ's hands the decision as to when these functions can be taken out of AC. A definite date would seem preferable.

(b) Industry. Setting up of an Industrial Projects Staff has been proposed to the American Embassy and has been discussed informally with the British Embassy staff. If this proposal is adopted by the American Embassy, the function desired (which we are only just beginning to tackle) could be transferred to the Embassy, and possibly a limited number of personnel might appropriately be transferred as well.

(c) Commerce. General negotiations with the Italian Govt. for the re-opening of private trade which have been spearheaded by the Economic Section of AC, could be transferred to the Embassies, preferably about a month from now, after some of the present arrangements have been completed. However, TAM 640 lays upon AC two very specific operating functions: The screening of Italy's export programmes, and acting as the channel to the Combined Boards for the clearance of international commodity movements involving items on the Reserved Commodity List. The Economic Section is now developing recommendations as to how these operating functions can be

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ferred to Embassies as soon as necessary personnel can be procured.

(a) The phrase "as soon as necessary personnel can be procured" is indefinite and removes from AFHQ's hands the decision as to when these functions can be taken out of AC. A definite date would seem preferable.

(b) Industry. Setting up of an Industrial Projects Staff has been proposed to the American Embassy and has been discussed informally with the British Embassy staff. If this proposal is adopted by the American Embassy, the function desired (which we are only just beginning to tackle) could be transferred to the Embassy, and possibly a limited number of personnel might appropriately be transferred as well.

(c) Commerce. General negotiations with the Italian Govt. for the re-opening of private trade which have been spearheaded by the Economic Section of AC, could be transferred to the Embassies, preferably about a month from now, after some of the present arrangements have been completed. However, TAM 640 lays upon AC two very specific operating functions: The screening of Italy's export programmes, and acting as the channel to the Combined Boards for the clearance of international commodity movements involving items on the Reserved Commodity List. The Economic Section is now developing recommendations as to how these operating functions can be liquidated as far as AC is concerned.

(d) Labour. It is agreed that this function should be transferred to an Embassy basis as soon as AMG is finished in the North.

(e) Food and Agriculture. The draft directive assumes that there are some advisory functions in food and agriculture which are not connected with our import programme for food and agriculture supplies. This Assumption is erroneous, and there are, therefore, no food and agricultural

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functions which can appropriately be transferred to the Embassies.

(f) "Duties under FAN 583 other than the currency agreement". These functions, involving the watching of Italy's financial transactions to make sure that the few remaining points which interest the CCS are policed, could be transferred to the Embassies.

Suggestions.

(A) It is suggested that draft MAT Part I (F) (Page 1) contain the following addition:

"There are no advisory functions in Food and Agriculture Sub-Commissions which have already been amalgamated which are not connected with the import programme and there is, therefore, nothing to transfer to the Embassies".

(B) It is suggested that the following amendments be made to draft MAT Part II, para 2(D) (Page 4):

(1) Substitute "on _____" for "as soon as necessary personnel can be procured".

(2) Omit "Agriculture (advisory functions)
"Food (in so far as not concerned with imports"

10. TAM 719, para E. Sub-commissions to be retained in AC until UNRRA takes over.

(a) Displaced Persons. We have recently submitted proposals to AFHQ whereby the Sub-Commission is transferred to UNRRA leaving a small branch to operate in VENEZIA GIULIA, UDINE and BOLZANO, and to supervise the administration of camps generally which AFHQ itself has laid down as an AC responsibility. The work is so connected with AMG and other residual functions of AC that it is strongly recommended that the proposal be adopted and no comment made on TAM ~~917~~ 719

(b) Food. In those sub-commissions which are concerned with imported supplies (Food and Agriculture, Industry and Utilities) there can be no

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"There are no advisory functions in Food and Agriculture Sub-Commissions which have already been amalgamated which are not connected with the import programme and there is, therefore, nothing to transfer to the Embassies".

(B) It is suggested that the following amendments be made to draft MAT Part II, para 2(D) (Page 4):

(1) Substitute "on_____" for "as soon as necessary personnel can be procured".

(2) Omit "Agriculture (advisory functions)
"Food (in so far as not concerned with imports"

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(b) Food. In those sub-commissions which are concerned with imported supplies (Food and Agriculture, Industry and Utilities) there can be no distinction drawn between supply functions and advisory functions. All of the work which we do with the Italian Government in these fields is related in one way or another with the fact that we are the ROME end of Italy's basic supply pipeline. All functions which are tied to supply in this way have already been drawn together into the Supply Group of the Economic Section. Thus we have already done what the directive calls for,

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but on a somewhat higher administrative level and with a somewhat broader conception of the meaning of the word "supply" than contemplated in the draft directive itself.

(c) Transportation. Agreed with drafting amendments.

Suggestions.

(A) It is suggested that Part I (G) of draft MAT (Page 2) be amended to read as follows:

"(1) Displaced Persons. Agreed. This will be reduced to a small branch.

(2) Food. Organised as now into a supply group.

(3) Transportation Sub-Com. (Handling of operating problems connected with imported supplies, screening of requirements and participation in allocation and distribution plans with respect to import requirements of transportation system). "

11. TAM 719, para 3.

The process of diluting sub-commissions with civilians and those intending to join UNRRA has begun. . Further introduction of civilians from outside is impracticable in view of the short life of AC under this directive. In any case their introduction should be done in consultation with the AC.

(a) It is suggested that draft MAT Part I, H (Page 2) bear the following addition to the first sentence:

"and would prefer prior consultation with AC".

(b) It is suggested that draft MAT, para 3 (Page 4) should be amended to read:

"Either US or UK Govts will civilianise any of the posts in any

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small branch.

(2) Food. Organised as now into a supply group.

(3) Transportation Sub-Com. (Handling of operating problems connected with imported supplies, screening of requirements and participation in allocation and distribution plans with respect to import requirements of transportation system). "

11. TAM 719, para 3.

The process of diluting sub-commissions with civilians and those intending to join UNRRA has begun. . Further introduction of civilians from outside is impracticable in view of the short life of AC under this directive. In any case their introduction should be done in consultation with the AC.

(a) It is suggested that draft MAT Part I, H (Page 2) bear the following addition to the first sentence:

"and would prefer prior consultation with AC".

(b) It is suggested that draft MAT, para 3 (Page 4) should be amended to read:

"Either US or UK Govts will civilianise any of the posts in any Sub-Commissions remaining in AC after consultation with you. The present process of introducing into the Sub-commissions..... assumes the functions of these sub-commissions will be continued".

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12. TAM 719, para 4. As noted above AFA consists of one British officer. It would not appear that his attachment to AFHQ or otherwise would affect the civilianisation of the AC.

(a) It is suggested that draft MT Part I, para I (Page 2) be amended to

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read:

"As AFA now consists of one (British) officer only I suggest that your para 4 be omitted".

(b) It is suggested that draft MAT Part II, para 4 (Pages 4 and 5) be omitted.

MSL

3 December 1945.
MSL/JC.

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SECRET & PERSONAL.

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

Ref: 600/EC. 1 December 1945.

SUBJECT: Future of the Allied Commission.

TO : A/Vice President, Economic Section.
A/Vice President, CA Section.
A/Vice President, Establishment Section.
Director, Navy Sub-Commission.
Director, Land Forces S/C (AMIA).
Director, Air Forces S/C.
Director, Communications Sub-Commission.

The Chief Commissioner has directed me to pass copies of the attached telegram for your personal information, not for publication at this stage. He would be glad if you would furnish your preliminary comments on the telegram to the Executive Commissioner by 0900 hours, Sunday, 2nd December. The Chief Commissioner proposes to hold a meeting to discuss the telegram and to prepare the Allied Commission's comments thereon at 1900 hours, Monday, 3 December 1945.

for Lt. Colonel
Brigadier,
Executive Commissioner.

MSL/AG.

1973 ".

0600

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SECRET

War 85740

G/4657

301205

ROUTINE

AFHQ

ACTION ALOOM

SECRET.

This is TAM 719 (To MORGAN for FHGEG from COS cite CCAC repeated information AMSSO for JCS). There follows draft directive which CCAC proposes submitting to COS for approval:

Quote. Para One. It is desirable to remove from Allied Commission as many functions as possible, retaining only absolute minimum for temporary period. All rights under the armistice and surrender instrument would still be held in reserve as set out in Para 1 of FAN 487; the power of enforcement will in all cases remain with SACMED as President of Allied Commission.

Para two. In accordance with the above you should reorganise Allied Commission as follows:

A. Subcommissions whose functions are to be retained in Allied Commission:

(i) Navy, Army, Air Force Subcommissions should remain with Allied Commission unless or until they form nucleus of separate service missions.

(ii) HQ Executive Branch and Establishment Section. Size will depend upon responsibilities still remaining with Allied Commission.

B. Subcommissions repeat Subcommissions whose functions are to be abolished:

Education.

Local Government and Patriots.

4372 Monuments Fine Arts and Archives.

Public Health.

Cont'd Page 2.

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Public Works and Utilities.

(but legal adviser to President of Allied Commission may be necessary).

C. Subcommissions whose functions are to be transferred to AFHQ to extent to which you consider their functions are necessary to carrying out of policies laid down by Combined Chiefs of Staff:

Communications.

Public Safety.

War Materials and IPOW.

Public Relations.

Transportation (but see sub para E. below).

Finance Currency, combined billing etcetrra, services to armies and paras 10, 12 - 17 FAN 583.

D. Subcommissions whose functions are to be transferred to the United States and United Kingdom Embassies as soon as necessary personnel can be procured:

Industry and Commerce (Advisory Functions).

Labour.

Agriculture (Advisory Functions).

Finance (Advisory Functions and Duties) under FAN 583 except para 10, 12 - 17.

Food (insofar as NOT repeat NOT concerned with imports).

E. Subcommissions whose functions are to be retained in Allied Commission until UNRRA takes over:

Displaced Persons and Refugees.

Food which should be reorganised into a supply subcommission and include any functions of other economic subcommission relating to imports.

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Transportation Subcommission (bids for imported supplies and

Cont'd Page 3.

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functions in respect to warehousing imported supplies).

Para 3. Either the United States or United Kingdom Governments will civilianize at their discretion any of the posts in any subcommission remaining in Allied Commission. It would be advantageous if there were introduced into the relative subcommissions any civilian personnel (of United States or United Kingdom nationality) who intend to transfer to UNRRA when the latter takes over.

Para 4. As part of civilianization of Allied Commission, the Allied Financial Agency will be transferred from Allied Commission Finance Subcommission and attached directly to AFHQ, you may retain Allied Financial Agency HQ in Rome if you so desire. Prior to completion of civilianization of Allied Commission you should proceed with such measures as are necessary to establish as authorised in TAM 692 a combined agency within AFHQ to take over from Allied Commission functions of accounting, billing for civilian supplies furnished to Italy under combined military responsibility. Unquote.

Para 5. As early action on lines above is desired your comments on above draft directive urgently requested in MAT repeat MAT series.

DISTRIBUTION:

ACTION - Exec Commissioner

CFO - Chief Commissionary

4570

1 Dec 1945 (?)

SECRET

AGWAR for CCS

CABINET OFFICES for BRITISH CHIEFS OF STAFF

This is MAT ____

(61)

Ref your W-85740 - TAM 719 dated 29 Nov 45.

Part I. Discussion.

A. The basic policy set forth in your para 1 is agreed, except as to the provision of AMG requirements.

B. In the reorganisation of ALCOM consideration must be given to the fact that within its present structure there exists the headquarters of the allied military government for Italy. As long as military government remains, there must be in existence a headquarters located at the seat of the Italian Government. AMG does not govern directly but uses the machinery of the Italian government agencies in all phases of public life. It can be effective only by the closest day to day contact with the respective Italian ministries. Such an AMG headquarters must retain substantially the present structure of AC on a reduced scale. It would deal only with AMG matters and except as indicated otherwise in this paper not interest itself in 'Kings' Italy.

C. It is agreed that the Service sub-commissions should remain in AC unless or until they form the nucleus of separate service missions. Agree that HQ Ex Branch and Establishment Section should remain.

D. It is agreed that the sub-commissions listed in your para 2 b. may be abolished so far as they pertain to 'Kings' Italy. They should be retained on a small scale for AMG purposes.

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B. In the reorganisation of AFCOM consideration must be given to the fact that within its present structure there exists the headquarters of the allied military government for Italy. As long as military government remains, there must be in existence a headquarters located at the seat of the Italian Government. AMG does not govern directly but uses the machinery of the Italian government agencies in all phases of public life. It can be effective only by the closest day to day contact with the respective Italian ministries. Such an AMG headquarters must retain substantially the present structure of AC on a reduced scale. It would deal only with AMG matters and except as indicated otherwise in this paper not interest itself in 'Kings' Italy.

C. It is agreed that the Service sub-commissions should remain in AC unless or until they form the nucleus of separate service missions. Agree that HQ Ex Branch and Establishment Section should remain.

D. It is agreed that the sub-commissions listed in your para 2 b. may be abolished so far as they pertain to 'Kings' Italy. They should be retained on a small scale for AMG purposes.

E. The effectiveness of the sub-commissions listed in your para 2 c would be greatly lessened if removed from Rome. If they were to be placed under AFHQ and remain in Rome supervision would be most difficult. War Material and IPOW are little more than liaison groups. The others in this category should remain in being for AMG functions. No disadvantage is seen for keeping them with AC for the present while details are being worked out to determine to what agency if any their functions in connection with 'Kings' Italy can best be transferred. It is believed preferable

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to allow me to use discretion in connection with this group keeping in mind the policy of the CCS that the AC shall retain the minimum essential functions.

F. Your para 2 d. is agreed except that similar sub-commissions must function for AMG territory. It is assumed that this proposal is based on UNRRA supply of Italy. Should Italy be furnished essential commodities on a national basis a reconsideration of this reorganisation would be required.

G. Ref your para 2 e. The DP sub-commission is less directly connected with the Italian government than other sub-commissions. Plans are under way now to transferring to AFHQ those functions of the DP sub-commission which UNRRA cannot undertake, such as repatriation of Reich Germans from Bolzano and the administration of categories of DPs which are not covered by the UNRRA charter. Your views on the food and transportation sub-commissions are agreed.

H. Your para 3 agreed except as pertains AMG. Desire to point out however that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

I. Your para 4 is agreed.

PART II.

A. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

1. It is desirable to remove from the Allied Commission as many functions as possible retaining only those necessary for maintaining a Headquarters Military Government for territory under AMG control, and the

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required.

G. Ref your para 2 e. The DP sub-commission is less directly connected with the Italian government than other sub-commissions. Plans are under way now to transferring to AFHQ those functions of the DP sub-commission which UNRRA cannot undertake, such as repatriation of Reich Germans from Bolzano and the administration of categories of DPs which are not covered by the UNRRA charter. Your views on the food and transportation sub-commissions are agreed.

H. Your para 3 agreed except as pertains AMG. Desire to point out however that full advantage should be taken to change present incumbents to civil status so far as practicable before new officials are introduced. The heavy turnover thus far experienced with civilian personnel has not been conducive to efficiency.

I. Your para 4 is agreed.

PART II.

A. Recommend pursuant to discussion in Part I that a directive be issued substantially as follows:

1. It is desirable to remove from the Allied Commission as many functions as possible retaining only those necessary for maintaining a Headquarters Military Government for territory under AMG control, and the absolute minimum for a temporary period. You are directed to reduce and terminate those temporary residual functions as expeditiously as practicable, eliminating them without further reference to CCS when in your opinion they serve no useful purposes. All rights under the Armistice and Additional Conditions of Armistice of 29 September 1943 would still be held in reserve

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as set forth in para 1 of FAN 487; the power of enforcement will in all cases remain with SACMED as President of Allied Commission.

2. In accordance with the above you should reorganise Allied Commission as follows:

(A) Sub-commissions whose functions are to be retained in Allied Commission:

(1) Navy, Army, Air Force Sub-Commissions should remain with Allied Commission unless or until they form nucleus of separate service missions.

(2) Hq Executive Branch and Establishment Section. Size will depend upon responsibilities still remaining in AC.

(3) Sub-commissions required for the exercise of military government in AMG territories. These sub-commissions will interest themselves only to subjects pertaining to military government in being and only to the extent they affect such military government in being.

(B) Sub-commissions whose functions are to be abolished except as they pertain to military government in being and territory included therein:

Education

Local Government and Patriots

Monuments, Fine Arts and Archives

Public Health

Public Works and Utilities

Legal (except as Adviser to the President)

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(C) Sub-commissions whose functions, except as they pertain

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nucleus of separate service missions.

(2) Hq Executive Branch and Establishment Section. Size will depend upon responsibilities still remaining in AC.

(3) Sub-commissions required for the exercise of military government in AMG territories. These sub-commissions will interest themselves only to subjects pertaining to military government in being and only to the extent they affect such military government in being.

(B) Sub-commissions whose functions are to be abolished except as they pertain to military government in being and territory included therein:

Education

Local Government and Patriots

Monuments, Fine Arts and Archives

Public Health

Public Works and Utilities

Legal (except as Adviser to the President)

4967

(C) Sub-commissions whose functions, except as they pertain to military government in being, will be eliminated or transferred to other agencies including AFHQ to the extent to which you consider their functions are necessary to carrying out of policies laid down by CCS:

Communications

Public Safety

War Materials and IPOW

(62)

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SECRET

Public Relations

Transportation (but see subpara E below)

Finance (currency, combined billing, services to Armies and paras 10, 12 - 17 FAN 583)

Displaced Persons and Refugees.

(D) Sub-commissions whose functions are to be transferred to the United States and United Kingdon Embassies as soon as necessary personnel can be procured:

Industry and Commerce (advisory functions)

Labor

Agriculture (advisory functions)

Finance (advisory functions and duties under FAN 583 except paras 10, 12 and 17)

Food (insofar as not concerned with imports).

(E) Sub-commissions whose functions are to be retained in AC until UNRRA takes over:

Food, which should be reorganised into a supply sub-commission and include any functions of other economic sub-commission relating to imports

Transportation Sub-commission (bids for imported supplies and functions in respect to warehousing imported supplies).

3. Either the United States or United Kingdon Governments will civilianize at their discretion any of the posts in any sub-commission remaining in AC except that personnel in sub-commissions dealing solely with military government territory will not be civilianized without

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personnel can be procured:

Industry and Commerce (advisory functions)

Labor

Agriculture (advisory functions)

Finance (advisory functions and duties under FAN 583 except paras 10, 12 and 17)

Food (insofar as not concerned with imports).

(E) Sub-commissions whose functions are to be retained in AC until UNRRA takes over:

Food, which should be reorganised into a supply sub-commission and include any functions of other economic sub-commission relating to imports

Transportation Sub-commission (bids for imported supplies and functions in respect to warehousing imported supplies).

3. Either the United States or United Kingdom Governments will civilianize at their discretion any of the posts in any sub-commission remaining in AC except that personnel in sub-commissions dealing solely with military government territory will not be civilianized without previous consideration by you. It would be advantageous if there were introduced into the sub-commissions whose functions are to be taken over by UNRRA any civilian personnel who intended to transfer to UNRRA when the latter assumes the functions of these sub-commissions.

4. As part of civilianization of Allied Commission, the Allied Financial Agency will be transferred from Allied Commission Finance sub-commission and attached directly to AFHQ but you may retain Allied

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Declassified E.O. 12356 Section 3.3/NND No. 785115

SECRET

Financial Agency Headquarters in Rome if you so desire. Prior to completion of civilianization of Allied Commission you should proceed with such measures as are necessary to establish, as authorised in TAM 692, a combined agency within AFHQ to take over from Allied Commission functions of accounting and billing for civilian supplies furnished to Italy under combined military responsibility.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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combined military responsibility.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Table of Organizati[illegible] /new

TO file

HEADQUARTERS
MEDITERRANEAN THEATER OF OPERATIONS
UNITED STATES ARMY
APO 512

AG 221.02/500 O-C 1 December 1945

SUBJECT: Allotment of Personnel

TO: Commanding Officer, 2675th Regiment, AC (Cvhd), APO 512
Commanding Officer, Headquarters Command, Allied Force

1. The allotment of grades and ratings authorized the 2675th Regiment, AC (Cvhd), by letter, this headquarters, file and subject as above, dated 24 September 1945, is superseded by the following:

OFFICERS		**WARRANT OFFICERS		ENLISTED GRADES	
*Colonel	1		3	1st Grade	7
Lt Colonel	28			2d Grade	10
Major	68			3d Grade	53
Captain	115			4th Grade	122
Lieut	22			5th Grade	205
				6th & 7th Grades	103
Total	247		3		500

* Includes General Officers
** Paragraph 11, AR 610-15, applies

2. Paragraph 2, Section I MTOUSA Circular 31, cs, applies:

a. Organization of this unit is authorized by this headquarters.
b. Personnel will be assigned to this unit within the authorized strength.
c. Promotions are authorized by this action.
d. Strength of this unit is chargeable to the overseas allotment of this theater.

BY COMMAND OF LIEUTENANT GENERAL EISENHOWER:

/s/ M. FRANCES AMAN
M. FRANCES AMAN
1st Lt, AGD
Asst Adjutant General

4964

A TRUE COPY:
Harry Talkin
HARRY TALKIN
1st Lt, AC
(Sec C-1 ( ))

RESTRICTED

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Declassified E.O. 12356 Section 3.3/NND No. 785015

C/4477

FX 54586
262143 A

C/4441
Nov 28 1500

AFHQ SIGRED SACMED

AGWAR FOR COMBINED CHIEFS OF STAFF, BRITISH CABINET OFFICES
WHITEHALL FOR CHIEFS OF STAFF. ACTION. ALCOM, ROME FOR INFORMATION

This is NAF 1024.
Reference is made to NAF 1084 on Subject of Publication of Italian Armistice Terms.
On 6 November the Italian Government submitted identical requests to the American and British Ambassadors requesting simultaneous publication in London Washington and Rome of the following documents.
(A). Aide Memoire to accompany the Conditions of Armistice presented by General Eisenhower to the Italian C in C (also known as the Quebec Document). This document was presented in Lisbon to General Castellano by General Bedell Smith and contains a statement to the effect that the Armistice Terms do not contemplate active Italian assistance in fighting the Germans but that the extent to which the Terms would be eased in favour of Italy would depend on how far the Italian People and Government aided the United Nations in the war against Germany. (B) Letter dated 20 November 1943 from Marshal Badoglio addressed separately to President Roosevelt and Mr Churchill. This letter was written as a form of protest against the amendment dated 17 November 1943 of the Cunningham-De Courten agreement, whereby the United Nations extended their rights in regard to the disposition of Italian Shipping.
On 8 November Signor Parri forwarded to the Allied Commission copies of the letters by which the above requests had been made to the Ambassadors.
Para 4. There is no Military objection to the publication of these documents in so far as the theatre is concerned and it is considered that such a course would help towards better understanding of the Italian position here and abroad.
Para 5. Unfortunately, while the Italian Government~~xx~~ request was still under consideration here, the substance of both documents appeared in a Rome Newspaper evidently owing to a leakage from some Italian Government source.
Para 6. The desirability of demanding from the Italian Government an explanation of this premature release without Allied agreement has bow been considered here and I do not think that such a course would be expedient.
Para 7. In view of the fact that the substance of the documents has only appeared in one of the newspapers and not in the form of an Official Release, compliance with the Italian Governments request as set out in para 2 above is recommended.
Para 8. If simultaneous publication is approved, it is requested that I may be advised of date and time of release in London and Washington in time to make necessary arrangements here.

M. C. Note

This is the correct version sent by AFHQ Signals The reference to NAF 1084 in the first para should probably refer to NAF 1083 of the 31 of October 45 Subject, Publication of Italian Armistice Terms AFHQ Ref WX 51220.
Allied Commission's No. C/2525

4503

A.C. Distribution

Info-Action + Ex Commissioner 2
Info + Chief Commissioner
+ Polad (A)
+ Polad (B)
+ File

10/12

0615

Declassified E.O. 12356 Section 3.3/NND No. 785015

G/4477

G/4471
Nov 28 1500

FX 54586
262141 A

AFHQ SIGNED SACRED

AGWAR FOR COMBINED CHIEFS OF STAFF, BRITISH CABINET OFFICES
WHITEHALL FOR CHIEFS OF STAFF. ACTION. ALCOM, ROME FOR INFORMATION

This is NAF 1094
Reference is made to NAF 1084 on Subject of Publication of Italian Armistice Terms.
On 6 November the Italian Government submitted identical requests to the American and British Ambassadors requesting simultaneous publication in London Washington and Rome of the following documents.
(A). Aide Memoire to accompany the Conditions of Armistice presented by General Eisenhower to the Italian C in C (also known as the Quebec Document). This document was presented in Lisbon to General Castellano by General Bedell Smith and contains a statement to the effect that the Armistice Terms do not contemplate active Italian assistance in fighting the Germans but that the extent to which the Terms would be eased in favour of Italy would depend on how far the Italian People and Government aided the United Nations in the war against Germany. (B) Letter dated 29 November 1943 from Marshal Badoglio addressed separately to President Roosevelt and Mr Churchill. This letter was written as a form of protest against the amendment dated 17 November 1943 of the Cunningham-De Courten Agreement, whereby the United Nations extended their rights in regard to the disposition of Italian Shipping.
On 8 November Signor Parri forwarded to the Allied Commission copies of the letters by which the above requests has been made to the Ambassadors.
Para 4. There is no military objection to the publication of these documents in so far as the theatre is concerned and it is considered that such a course would help towards better understanding of the Italian position here and abroad.
Para 5. Unfortunately, while the Italian Governmentxx request was still under consideration here, the substance of both documents appeared in a Rome newspaper evidently owing to a leakage from some Italian Government source.
Para 6. The desirability of demanding from the Italian Government an explanation of this premature release without Allied agreement has now been considered here and I do not think that such a course would be expedient.
Para 7. In view of the fact that the substance of the documents has only appeared in one of the newspapers and not in the form of an official release, compliance with the Italian Governments request as set out in para 2 above is recommended.
Para 8. If simultaneous publication is approved, it is requested that I may be advised of date and time of release in London and Washington in time to make necessary arrangements here.

10/11/CC

N. C. Note

This is the correct version sent by AFHQ Signals The reference to NAF 1084 in the first para should probably refer to NAF 1083 of the 31 of October 45 Subject, Publication of Italian Armistice Terms AFHQ Ref FX 51220.
Allied Commission's No. G/2525

4562

A.C. Distribution

Info-Action + Ex Commissioner 2
Info + Chief Commissioner
+ Polad (A)
+ Polad (B)
+ File

60a

0616

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
ROME

5 November 1945

My dear Mr. Ambassador:

This will summarize and confirm our conversation of 4 november regarding the need for the establishment, when the Economic Section of Allied Commission is liquidated, of an Industrial Projects Staff under the aegis of the American Embassy.

The functions of the staff which we discussed might be summarized as follows:

a) Development and review of projects for the rehabilitation and reconstruction of utilities (including railroads) and industrial production, as a guide to reconstruction financing authorities (e.g., Export-Import Bank, International Bank for Reconstruction and Development, etc.);

b) Advice to the Italian Government on programs and projects for utility or industrial rehabilitation, and guidance to American private enterprise, with respect to participation in these programs and projects.

During the next two or three months this work will be developed within the framework of the Industry and Utilities Subcommission of Allied Commission's Economic Section, along with the industrial phase of our present supply program and the planning for the future UNRRA supply program. The Industrial Projects could be established at the same time as the supply functions are transferred to UNRRA; however, it would, of course, fall within the Embassy orbit rather than that of UNRRA.

The staff involved would, of course, be required whether or not a tripartite economic council of the type you have recommended to the Department were established to carry forward some of the functions now performed by the Economic Section of Allied Commission.

4961 The key person in the planning for this staff is Mr. A. H. Sullivan, who is Director of Industry and Commerce Subcommission of Allied Commission. He is interested in continuing during the next year or two the type of work contemplated for the Industrial Projects Staff. In accordance with your suggestion, therefore, it is recommended that Mr. Sullivan be transferred to the Auxiliary Foreign Service of the State Department. While the effective

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Declassified E.O. 12356 Section 3.3/NND No. 785015

date of his appointment to the Auxiliary Service could be earlier than the end of the year, he would not be able to transfer to the Embassy staff until approximately 1 January. Mr. Sullivan's present classification is CAF-15, salary $8,750. Mr. Sullivan's experience record is attached. It shows how well qualified he is for the type of work contemplated in the above description of functions of the proposed Industrial Projects Staff.

Sincerely yours,

HARLAN CLEVELAND
Acting Vice President

1 Incl: Record m/a

The Honorable Alexander Kirk
The American Ambassador
119 Via Vittorio Veneto
Rome

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
ROME

5 November 1945

My dear Mr. Ambassador:

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Sincerely yours,

HARLAN CLEVELAND
Acting Vice President

1 Incl: Record m/s

The Honorable Alexander Kirk
The American Ambassador
119 Via Vittorio Veneto
Rome

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
ROME

5 November 1945

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Sincerely yours,

HARLAN CLEVELAND
Acting Vice President

1 Incl: Record m/a

The Honorable Alexander Kirk
The American Ambassador
119 Via Vittorio Veneto
Rome

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Declassified E.O. 12356 Section 3.3/NND No. 785015

File

COPY

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
ROME

5 November 1945

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During the next two or three months this work will be developed within the framework of the Industry and Utilities Subcommission of Allied Commission's Economic Section, along with the industrial phase of our present supply program and the planning for the future UNRRA supply program. The Industrial Projects could be established at the same time as the supply functions are transferred to UNRRA; however, it would, of course, fall within the Embassy orbit rather than that of UNRRA.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Sincerely yours,

HARLAN CLEVELAND
Acting Vice President

1 Incl: Record m/a

The Honorable Alexander Kirk
The American Ambassador
119 Via Vittorio Veneto
Rome

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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G/2394
OCT 301430A
PRIORITY

OCT 29 -

AFHQ

ALCOM

SECRET.

(AFHQ Passes to ALCOM WAR MSG DTG 2816547 Ref Number WAR 79485 at request of G-5 Signed WARCOS).

STATE DEPARTMENT considering release Italian Armistice Terms together with FIN 483, FAM 487, TAM 640, MACMILLANS aide MEMOIREFHR+ Italian Govt of 24 February 45, CUNNINGHAM NAVAL Agreement CMGND+ GEN EISENHOWERS letter to MARSHAL BADO++ DTD +9SEP43. STATE DEPT has asked WD to request SACMEDS draft of commentary CAM based on above, recommended paragraph 3B-3-URAD FX 49611. Request commentary be cabled to reach WD by ++2 November if possible.

Subject 2: Arrived 23 October COL BUTTERWORTH.

DIST

ACTION EXEC COMMISSIONER 2
INFO CHIEF COMMISSIONER
FILE

+ Places marked thusly were badly garbled.

++ Places marked thusly had group missing.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

OCT 29 RECD 0855 ; ~~OCT 30 RECD~~

247

Translation

The President of the Council of Ministers

Rome, 26 October 1945

Dear Admiral,

you certainly know how the difference between Italian internal prices and international ones prevents the resumption of our exports, which would be so necessary to make value available to us.

The Interministerial Committee for Reconstruction, which has been handling the matter, excluded for obvious motives a modification of the exchange proportion between the lire and foreign values; it suggested adopting one increased coefficient for all wares and for all countries, identical for imports and exports, to be used as an instrument for the maneuvre intending to balance the level of internal and international prices. This corrective would for the present moment be fixed at 100%, which would mean L. 200 for a U.S.A. dollar. In this way, all exporters would cash twice the amount of the official exchange in Italian value and all importers would pay the value allocated to them on the same basis.

In matters of direct purchases, the State keeps the right of having goods ceded inside the countries at prices which are more in proportion with those of the Italian market. On the other hand, should reasons of a social character make it necessary, the Treasure would assume the burden of financing the selling, under cost, of certain imported products (wheat, foodstuffs, etc), the accounting being kept in a very clear way.

The above mentioned coefficient would be managed, from what concerns accounting, by the 'Foreign Trade Fund' foreseen in the decree which is being published, and was presented by the Ministry of Industry and Commerce, on advice of the Interministerial Committee for Reconstruction.

The temporary character of the regulation and the use of the increase coefficient as instrument of manoeuvre make it necessary to supply more information. The coming of foreign supplies , the resumption of Italian economic activity and the surplus left available by the 'Foreign Trade Fund' for partial re-absorbtion in circulation, enable us to believe that the level of internal prices is destined to decrease and balance that of international prices.

4953 To facilitate such a tendency and hasten its course, it is foreseen that we might proceed to further reductions of the integrative coefficient at present adopted.

I am at your disposition for whatever explanation you may ask.

E. Ferruccio Parri

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

trans. c/o

0620

Declassified E.O. 12356 Section 3.3/NND No. 785015

26 October, 1945.

My dear General:

As promised to you yesterday I am sending herewith Mr Harold Macmillan's memorandum on the New Deal for Italy dated 5 January 1945; his Aide Memoire communicated to the Italian Government which follows the lines of the directive known as FAN 487; my memorandum of 23 June 1945 on the Future Policy towards Italy; memorandum on the publication of the Long Armistice Terms dated 14 October; and the Review of Allied Military Government and Allied Commission recently published. I think you will find them all interesting reading.

Sincerely yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Lieut.General Matthew B. Ridgway,
Deputy Supreme Allied Commander,
Allied Force Headquarters.

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1. Before taking the drastic step of complete civilianization of the Allied Commission envisaged for the future in Mr. Macmillan's memorandum of 5 January on the New Deal of Italy, laid down as a general principle of FAN 487, and currently implemented as far as has been physically possible by the Allied Commission itself, it would appear reasonable to ask for a declaration of Allied policy towards Italy.

2. With the exception of public declarations of broad principles by Allied statesmen we remain in ignorance of Allied policy. In the Chief Commissioner's memorandum of 23 June and in the Deputy SACMED's covering letter of 27 July to that memorandum, definition of Allied policy in many of its aspects was recommended and requested. So far no reply to these papers has been received.

3. In his memorandum of 5 January, Mr. Macmillan pointed out some of the difficulties and indeed the dangers of civilianization in his paragraph on demilitarization (Part III). These difficulties have not decreased. It has been, naturally, the objective of the War Departments in Washington and London to be relieved of military responsibility, but few steps have been taken by the Governments on either side of the Atlantic to assist in civilianization by producing either in quality or in quantity the officials necessary to fulfill even the residual functions of the Commission contained in various directives from the CCS. Mr. Macmillan's memorandum was dated 5 January. He pointed out then the absence of a Vice

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Declassified E.O. 12356 Section 3.3/NND No. 785115

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return to the U.S. rapidly. On the British side practically no civilian personnel have been provided. It is generally accepted in London that it is impossible to secure their services, and such posts as Deputy Vice President to Economic Section, and Deputy Director to Transportation Sub-Commission, have of necessity been filled by Officers. In spite of repeated inquiries, no conditions of service for British civilians have emanated from London, and Officers naturally are unwilling to transfer from Officer status to civilian status without knowledge of conditions.

4. However desirable, therefore, it may be to demilitarize the Commission, the realities of the several functions of the Commission must be faced, together with the necessity of, and the present Governmental failure in, providing the men with the essential qualifications.

5. The result of the detachment of all military personnel from the Commission would leave the Commission to function with 40 American and 13 British civilians (distribution attached). The Allied Commission has many responsibilities — some residual, some laid down in CCS directives such as FAN 457 and subsequent telegrams, and some on which policy has been requested.

(a) Displaced Persons. Many thousands of such persons are in process of movement and will remain moving for many months to come. In August 160,000 Italians alone came through the Brenner Pass. Some 20 camps and 20 collection centers are in operation. Over 100 Officers are employed. UNRRA, the ultimate organiza-

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Declassified E.O. 12356 Section 3.3/NND No. 785015

are unwilling to transfer from officer status to civilian status without knowledge of conditions.

4. However desirable, therefore, it may be to demilitarize the Commission, the realities of the several functions of the Commission must be faced, together with the necessity of, and the present Governmental failure in, providing the men with the essential qualifications.

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(a) Displaced Persons. Many thousands of such persons are in process of movement and will remain moving for many months to come. In August 150,000 Italians alone came through the Brenner Pass. Some 20 camps and 20 collection centers are in operation. Over 100 officers are employed. UNRRA, the ultimate organization to handle these people, is quite unprepared to take over fully and will be unready for months to come. So far as displaced persons are concerned, the implementation of the directive would create chaos, suffering, and political repercussion.

(b) I.P.O.W. Many hundred thousands IPOW remain to be repatriated. Withdrawal of Allied Officers from this work would create the same conditions as those described in the preceding paragraph.

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Declassified E.O. 12356 Section 3.3/NND No. 18515

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(c) Civil Supplies. UNRRA is not ready to take over. Present CCS directives place the responsibility in A.C. The Commission is working on the principle that UNRRA must take over in time (probably 1 January) and a scheme of coordination to this effect is in operation. The removal of Allied military personnel before UNRRA takes over would undoubtedly lead to the total breakdown of civil supplies and their distribution.

(d) Coal. Civil requirements for Italy is a responsibility of the Allied Commission. This section is staffed by Allied officers. Their removal would involve a similar breakdown.

(e) Rehabilitation of Industry and the guidance of the Industrial Councils is in the hands of Allied Officers. If assistance to Italy in this respect is to remain, the present personnel must remain.

(f) War Material Disposal. Much remains to be done. Military personnel are employed.

6. Above are a few of the responsibilities which exist. Policy on others has been requested. Are we to assist Italy in the elections in the field of Public Security, in her education towards a democratic way of life, in the preparation of a Bill of Rights for her people?

7. The Directive removes from Italy the service of Officers who for over two years have labored to assist Italy; who have gained a wealth of experience and knowledge in so doing both in the field of

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Declassified E.O. 12356 Section 3.3/NND No. 18515

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7. The Directive removes from Italy the service of Officers who for over two years have labored to assist Italy; who have gained a wealth of experience and knowledge in so doing both in the field of Italian economics and political administration. This surely cannot be considered sound policy. The quality of the civilians so far introduced, with a few exceptions, has generally been inferior, their experience necessarily smaller and their contacts fewer.

8. The result would be threefold: Firstly, a great deal of the machinery of administration would break down. Secondly, in an effort to avoid this and to carry out the directives of CCS, the President of the Commission would be bound to take action through his

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Declassified E.O. 12356 Section 3.3/NND No. 785015

military staff. With great respect it is submitted that that staff has not the particular technical qualifications nor the personal experience in dealing with the Italian Government successfully to take the appropriate action until some time at least has elapsed, and little gain would appear to be made by substituting one group of military officers at A.F.H.Q. for those now on duty with A.C. Thirdly, the impression gained by the Italians would undoubtedly be that the Allied Commission had been replaced by a system of greater military control exercised by AFHQ.

9. The desire of the War Departments is well understood. The policy of FAN 487 has been loyally implemented by the Allied Commission insofar as has been humanly possible. Progressive civilianization has taken place, but the Allied Governments have failed to provide the quality and quantity of personnel wholly to effect demilitarization and has (on the British side) failed to encourage transfer of officers from military to civilian status. The Release schemes have seen to it that the quantity of military personnel left will not be great.

10. If the directive were to read that "military personnel in the Allied Commission would continue progressively to be reduced and replaced by civilians" then the Allied Commission under its Deputy President could continue to carry out SACMED responsibilities as President, a duty which it has been our endeavor to fulfill since FAN 487 was issued.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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CIVILIANS OF OFFICER STATUS (Within W/E)

	A	B
ECONOMIC SECTION	5	
AGRICULTURE S/C	5	1
COMMERCE S/C	2	3
INDUSTRY S/C	8	
LABOR S/C	2	6
PUBLIC WORKS S/C	7	
TRANSPORTATION S/C	10	2
LEGAL S/C	1	1
TOTALS	40	13

12/20

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Declassified E.O. 12356 Section 3.3/NND No. 785015

	A	B
ECONOMIC SECTION	5	
AGRICULTURE S/C	5	1
COMMERCE S/C	2	3
INDUSTRY S/C	8	
LABOR S/C	2	6
PUBLIC WORKS S/C	7	
TRANSPORTATION S/C	10	2
LEGAL S/C	1	1
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SECRET

"ENCLOSURE"

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

10 October 1945.

MEMORANDUM TO: Major General L. L. Lemnitzer, G.S.C.,
Chief of Staff, Allied Force Headquarters.

In your memorandum of 6 October which enclosed a draft sent to you by General Hilldring you instruct me to take no action except to make a formal preliminary study. I enclose the results of such study.

I would recommend that the Macmillan memorandum, or at any rate that part of it relating to demilitarization, be studied.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

4946

Copy - Eberhardt (personal)
CC Hilldring

SECRET

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

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/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

4945

SECRET

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1. Before taking the drastic step of complete civilianization of the Allied Commission envisaged for the future in Mr. Macmillan's memorandum of 5 January on the New Deal of Italy, laid down as a general principle of PAM 467, and currently implemented as far as has been physically possible by the Allied Commission itself, it would appear reasonable to ask for a declaration of Allied policy towards Italy.

2. With the exception of public declarations of broad principles by Allied statesmen we remain in ignorance of Allied policy. In the Chief Commissioner's memorandum of 23 June and in the Deputy SACMED's covering letter of 27 July to that memorandum, definition of Allied policy in many of its aspects was recommended and requested. So far no reply to these papers has been received.

3. In his memorandum of 5 January, Mr. Macmillan pointed out some of the difficulties and indeed the dangers of civilianization in his paragraph on demilitarization (Part III). These difficulties have not decreased./ It has been, naturally, the objective of the War Departments in Washington and London to be relieved of military responsibility, but few steps have been taken by the Governments on either side of the Atlantic to assist in civilianization by producing either in quality or in quantity the officials necessary to fulfill even the residual functions of the Commission contained in various directives from the CCS. Mr. Macmillan's memorandum was dated 5 January. He pointed out then the absence of a Vice President of the Economic Section and the danger of absenteeism among

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

 SECRET

return to the U.S. rapidly. On the British side practically no civilian personnel have been provided. It is generally accepted in London that it is impossible to secure their services, and such posts as Deputy Vice President to Economic Section, and Deputy Director to Transportation Sub-Commission, have of necessity been filled by Officers. In spite of repeated inquiries, no conditions of service for British civilians have emanated from London, and officers naturally are unwilling to transfer from officer status to civilian status without knowledge of conditions.

4. However desirable, therefore, it may be to demilitarize the Commission, the realities of the several functions of the Commission must be faced, together with the necessity of, and the present Governmental failure in, providing the men with the essential qualifications.

5. The result of the detachment of all military personnel from the Commission would leave the Commission to function with 40 American and 13 British civilians (distribution attached). The Allied Commission has many responsibilities -- some residual, some laid down in CCS directives such as FAN 487 and subsequent telegrams, and some on which policy has been requested.

(a) Displaced Persons. Many thousands of such persons are in process of movement and will remain moving for many months to come. In August 180,000 Italians alone came through the Brenner Pass. Some 20 camps and 20 collection centers are in operation.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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(a) Displaced Persons. Many thousands of such persons are in process of movement and will remain moving for many months to come. In August 180,000 Italians alone came through the Brenner Pass. Some 20 camps and 20 collection centers are in operation. Over 100 officers are employed. UNRRA, the ultimate organization to handle these people, is quite unprepared to take over fully and will be unready for months to come. So far as displaced persons are concerned, the implementation of the directive would create chaos, suffering, and political repercussion.

(b) I.P.O.W. Many hundred thousands IPOW remain to be repatriated. Withdrawal of Allied Officers from this work would create the same conditions as those described in the preceding paragraph.

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(c) Civil Supplies. UNRRA is not ready to take over. Present CCS directives place the responsibility in A.C. The Commission is working on the principle that UNRRA must take over in time (probably 1 January) and a scheme of coordination to this effect is in operation. The removal of Allied military personnel before UNRRA takes over would undoubtedly lead to the total breakdown of civil supplies and their distribution.

(d) Coal. Civil requirements for Italy is a responsibility of the Allied Commission. This section is staffed by Allied officers. Their removal would involve a similar breakdown.

(e) Rehabilitation of Industry and the guidance of the Industrial Councils is in the hands of Allied Officers. If assistance to Italy in this respect is to remain, the present personnel must remain.

(f) War Material Disposal. Much remains to be done. Military personnel are employed.

6. Above are a few of the responsibilities which exist. Policy on others has been requested. Are we to assist Italy in the elections in the field of Public Security, in her education towards a democratic way of life, in the preparation of a Bill of Rights for her people?

7. The Directive removes from Italy the service of Officers who for over two years have labored to assist Italy; who have gained a wealth of experience and knowledge in so doing both in the field of Italian economics and political administration. This surely cannot

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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7. The Directive removes from Italy the service of Officers who for over two years have labored to assist Italy; who have gained a wealth of experience and knowledge in so doing both in the field of Italian economics and political administration. This surely cannot be considered sound policy. The quality of the civilians so far introduced, with a few exceptions, has generally been inferior, their experience necessarily smaller and their contacts fewer.

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8. The result would be threefold: Firstly, a great deal of the machinery of administration would break down. Secondly, in an effort to avoid this and to carry out the directives of CCS, the President of the Commission would be bound to take action through his

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military staff. With great respect it is submitted that that staff has not the particular technical qualifications nor the personal experience in dealing with the Italian Government successfully to take the appropriate action until some time at least has elapsed, and little gain would appear to be made by substituting one group of military officers at A.F.H.Q. for those now on duty with A.C. Thirdly, the impression gained by the Italians would undoubtedly be that the Allied Commission had been replaced by a system of greater military control exercised by AFHQ.

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10. If the directive were to read that "military personnel in the Allied Commission would continue progressively to be reduced and replaced by civilians" then the Allied Commission under its Deputy President could continue to carry out SACMED responsibilities as President, a duty which it has been our endeavor to fulfill since FAN 487 was issued.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

CIVILIANS OF OFFICER STATUS (Within W/E)

	A	B
ECONOMIC SECTION	5	
AGRICULTURE S/C	5	1
COMMERCE S/C	2	3
INDUSTRY S/C	8	
LABOR S/C	2	6
PUBLIC WORKS S/C	7	
TRANSPORTATION S/C	10	2
LEGAL S/C	1	1
TOTALS	40	13

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Declassified E.O. 12356 Section 3.3/NND No. 785015

	A	B
ECONOMIC SECTION	5	
AGRICULTURE S/C	5	1
COMMERCE S/C	2	3
INDUSTRY S/C	8	
LABOR S/C	2	6
PUBLIC WORKS S/C	7	
TRANSPORTATION S/C	10	2
LEGAL S/C	1	1
TOTALS	40	13

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"ENCLOSURE"

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Appx C

SECRET

10 October 1945.

MEMORANDUM TO: Major General L. L. Lemnitzer, G.S.C.,
Chief of Staff, Allied Force Headquarters.

In your memorandum of 6 October which enclosed a draft sent to you by General Hilldring you instruct me to take no action except to make a formal preliminary study. I enclose the results of such study.

I would recommend that the Macmillan memorandum, or at any rate that part of it relating to demilitarization, be studied.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

ENCLOSURE FILED IN SAFE

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SECRET

Copy - Exec Comm
CC

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Declassified E.O. 12356 Section 3.3/NND No. 785015

OCT 8 RECD
CC-1537

6 October 1945

MEMORANDUM FOR: Deputy Chief of Staff
CAO
G-1 (A)
G-1 (H)
G-3
G-5
Poland
Br Res Mis
Admiral Stone

Subject: Draft Message to SACMED.

1. Attached for your information and such preliminary study as you may care to give the possible implications thereof, is a copy of the draft of a proposed message in the course of preparation in the War Department. It was given to me by General Hilldring during my recent visit to Washington. General Hilldring indicated that the message was only in the earliest stages of preparation but that the views expressed in the draft represented what the thought was in the War Department on the subjects covered in the message. The Message was still to be processed through the War Department, the State Department and the Combined Chiefs of Staff.

2. General Hilldring stated that the message as finally approved might not have the remotest resemblance to the attached draft and therefore its contents should be treated with caution. You will, therefore, take no action on the message except to make such informal preliminary study on its implications as you deem advisable.

C O P Y

L. L. LEMNITZER
Major General, G.S.C.
Chief of Staff

4938

NOTE: Original letter, attached draft Message to SACMED, and copy of Adm. Stone's reply of 10 October enclosing formal preliminary study - filed in safe.

(5)b

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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JUL 26 REC'D
1020

FX 27533
JUL 24 18 47Z

F/1229
JUL 25 17 10Z
ROUTINE

SIGNED ALEXANDER CITZ PRIEC

ACTION ALL MAT ADDRESSEES INFO ALCOM ROME

SECRET.

MAT 836. Reference FAN 583. Financial relations with Italian Government.

1. Italian Government has been informed of contents of FAN 583 and implementing steps being taken except for paras 2(A) currency which await notification by embassies as per para 13 and clarification as requested below.

2. Report requested 10B being sent separate message.

3. Consider it desirable inform Italian Government of cost printing and transporting A.M. Lire in connection current reimbursement per para 14C. (A) Advise urgently landed cost per box each denomination of A.M. Lire notes including any intheater handling by SD vehicles. These data would be incorporated in agreement (see para 13) with provision that end each month cost of A.M. Lire made available will be reimbursed by debiting appropriate post liberation blocked AF account of Banca D'ITALIA. Please confirm this procedure acceptable. (B) Interpret phrase "made available" in 13B and 14C to mean physical transfer A.M. Lire to Italian Government or its designated agency or issue such Lire by US on its behalf. Hence cost of unissued A.M. Lire retained by us in reserve would not be reimbursed by Italian Government prior to issue or physical transfer to Government. (C) Not clear whether current reimbursement from Italian Government should be requested for cost of A.M. Lire issued only to meet needs Allied Forces per para 13. or also in connection with issues for following which are all for Italian purposes or non-military responsibilities: Purchase of supplies in ITALY; expenses of

4329

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CIVILIANS OF OFFICER STATUS (Within M/E)

	A	B
ECONOMIC SECTION	5	
AGRICULTURE S/C	5	1
COMMERCE S/C	2	3
INDUSTRY S/C	8	
LABOR S/C	2	6
PUBLIC WORKS S/C	7	
TRANSPORTATION S/C	10	2
LEGAL S/C	1	1
TOTALS	40	13

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CIVILIANS OF OFFICER STATUS (Within W/E)

	A	B
ECONOMIC SECTION	5	
AGRICULTURE S/C	5	1
COMMERCE S/C	2	3
INDUSTRY S/C	8	
LABOR S/C	2	6
PUBLIC WORKS S/C	7	
TRANSPORTATION S/C	10	2
LEGAL S/C	1	1
TOTALS	40	13

4932

"ENCLOSURE"

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

OCT 8 MCW
CS-1537

6 October 1945

MEMORANDUM FOR: Deputy Chief of Staff
CAO
G-1 (A)
G-1 (B)
G-3
G-5
Polad
Br Res Min
Admiral Stone

Subject: Draft Message to SACMED.

1. Attached for your information and such preliminary study as you may care to give the possible implications thereof, is a copy of the draft of a proposed message in the course of preparation in the War Department. It was given to me by General Hilldring during my recent visit to Washington. General Hilldring indicated that the message was only in the earliest stages of preparation but that the views expressed in the draft represented what the thought was in the War Department on the subjects covered in the message. The Message was still to be processed through the War Department, the State Department and the Combined Chiefs of Staff.

2. General Hilldring stated that the message as finally approved might not have the remotest resemblance to the attached draft and therefore its contents should be treated with caution. You will, therefore, take no action on the message except to make such informal preliminary study on its implications as you deem advisable.

L. L. LEMNITZER
Major General, G.S.C.
Chief of Staff

INCL

1 & 2 cc

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draft delivered personally

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DRAFT

APPENDIX 'A'

DRAFT

COPY

MESSAGE TO SUPREME ALLIED COMMANDER, MEDITERRANEAN

A. Time arrived for completion civilianization set forth in FAN 157. With exception of that portion of Venezia Giulia west of the Morgan Line and Udine, all areas in Italy, including Fortress Islands, Bolzano, and communes of Naples, Livorno, Pisa and Colle Salvetti, will be returned to Italian administration within twenty-one days after receipt of this directive, and, in any event, not later than 1 November 1945 (reurad NAF 1069, NAF 1071 and NAT 905). NAF 1051 and NAF 1059 are being considered separately. By 1 November, all command functions of ALCOM over AMG will be terminated. Thereafter AMG functions will be performed by XIII Corps, reporting directly to AFHQ and all military personnel in ALCOM, except SACMED, as president, and personnel in independent service subcommissions, will be detached from duty with ALCOM and will not be utilized as AFHQ liaison to ALCOM.

B. Italian public should be advised that the Province of Udine is retained solely for military reasons and not because it is considered a disputed area.

C. As part of the civilianization of ALCOM directed herein, the Allied Financial Agency will be transferred from ALCOM Finance Subcommission and attached directly to AFHQ, but you may retain AFA Headquarters in Rome, if you so desire, in connection with its activities pertaining to ALCOM. Responsibility for accounting and billing for civilian supplies furnished under combined military responsibility will remain with ALCOM.

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D. Reference MAT 831. You are completely relieved of Italian supply responsibilities except for Venezia Giulia and the Provinces of Udine. As

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administration within twenty-one days after receipt of this directive, and, in any event, not later than 1 November 1945 (repeat NAF 1069, NAF 1071 and NAT 905). NAF 1051 and NAF 1059 are being considered separately. By 1 November, all command functions of ALCOM over AMG will be terminated. Thereafter AMG functions will be performed by IVIII Corps, reporting directly to AFHQ and all military personnel in ALCOM, except CHROMER, as president, and personnel in independent service subcommissions, will be detached from duty with ALCOM and will not be utilized as AFHQ liaison to ALCOM.

B. Italian public should be advised that the Province of Udine is retained solely for military reasons and not because it is considered a disputed area.

C. As part of the civilianization of ALCOM directed herein, the Allied Financial Agency will be transferred from ALCOM Finance Subcommission and attached directly to AFHQ, but you may retain AFA Headquarters in Rome, if you so desire, in connection with its activities pertaining to ALCOM. Responsibility for accounting and billing for civilian supplies furnished under combined military responsibility will remain with ALCOM.

D. Reference MAT 881. You are completely relieved of Italian supply responsibilities except for Venezia Giulia and the Province of Udine. As President of ALCOM, however, you may continue to give supply advice to Italian Government through civilianized ALCOM and to communicate with the U.S. and British Governments with respect to supply and economic matters. You will have no other relief responsibilities with respect to areas for which supplies will be provided under the Italian Government program.

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SECRET

Your channel of communication to U.S. and U.K. Governments, both with respect to AFHQ and ALC M matters will continue through CCS and CCAC in appropriate cable series. It is contemplated that necessary Italian civil supply arrangements will be handled between AFHQ and CLAC and use of CCS-CCC cable series has been authorized for this purpose. However, you may submit any matters you deem appropriate to the CCS or CCAC through existing channels. CCS or CCAC will, where appropriate, contact the responsible civilian agencies of the U.S. and U.K. Governments.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

OCT 8 RECD
CC-1537

6 October 1945

MEMORANDUM FOR: Deputy Chief of Staff
CAO
G-1 (A)
G-1 (B)
G-3
G-5
Polad
Br Res Min
Admiral Stone

Subject: Draft Message to SACMED.

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L. L. LEMNITZER
Major General, G.S.C.
Chief of Staff

4937

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SECRET

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2. With the exception of public declarations of broad principles by Allied statesmen we remain in ignorance of Allied policy. In the Chief Commissioner's memorandum of 23 June and in the Deputy SACMED's covering letter of 27 July to that memorandum, definition of Allied policy in many of its aspects was recommended and requested. So far no reply to these papers has been received.

3. In his memorandum of 5 January, Mr. Macmillan pointed out some of the difficulties and indeed the dangers of civilianization in his paragraph on demilitarization (Part III). These difficulties have not decreased. It has been, naturally, the objective of the War Departments in Washington and London to be relieved of military responsibility, but few steps have been taken by the Governments on either side of the Atlantic to assist in civilianization by producing either in quality or in quantity the officials necessary to fulfill even the residual functions of the Commission contained in various directives from the CCS. Mr. Macmillan's memorandum was dated 5 January. He pointed out then the absence of a Vice President of the Economic Section and the

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

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4. However desirable, therefore, it may be to demilitarize the Commission, the realities of the several functions of the Commission must be faced, together with the necessity of, and the present Governmental failure in, providing the men with the essential qualifications.

5. The result of the detachment of all military personnel from the Commission would leave the Commission to function with 40 American and 13 British civilians (distribution attached). The Allied Commission has many responsibilities — some residual, some laid down in CCS directives such as FAN 427 and subsequent telegrams, and some on which policy has been requested.

4935 - (a) Displaced Persons. Many thousands of such persons are in process of movement and will remain moving for many months to come. In August 180,000 Italians alone came through the Brenner Pass. Some 20 camps and 20 collection centers are in operation. Over 100 Officers are employed. UNRRA, the ultimate organiza-

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are unwilling to transfer from officer status to civilian status without knowledge of conditions.

4. However desirable, therefore, it may be to demilitarize the Commission, the realities of the several functions of the Commission must be faced, together with the necessity of, and the present Governmental failure in, providing the men with the essential qualifications.

5. The result of the detachment of all military personnel from the Commission would leave the Commission to function with 40 American and 13 British civilians (distribution attached). The Allied Commission has many responsibilities — some residual, some laid down in CCS directives such as FAN 457 and subsequent telegrams, and some on which policy has been requested.

4935 - (a) Displaced Persons. Many thousands of such persons are in process of movement and will remain moving for many months to come. In August 180,000 Italians alone came through the Brenner Pass. Some 20 camps and 20 collection centers are in operation. Over 100 officers are employed. UNRRA, the ultimate organization to handle these people, is quite unprepared to take over fully and will be unready for months to come. So far as displaced persons are concerned, the implementation of the directive would create chaos, suffering, and political repercussion.

(b) I.P.O.W. Many hundred thousands EPOW remain to be repatriated. Withdrawal of Allied Officers from this work would create the same conditions as those described in the preceding paragraph.

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(c) Civil Supplies. UNRRA is not ready to take over. Present CCS directives place the responsibility in A.C. The Commission is working on the principle that UNRRA must take over in time (probably 1 January) and a scheme of coordination to this effect is in operation. The removal of Allied military personnel before UNRRA takes over would undoubtedly lead to the total breakdown of civil supplies and their distribution.

(d) Coal. Civil requirements for Italy is a responsibility of the Allied Commission. This section is staffed by Allied officers. Their removal would involve a similar breakdown.

(e) Rehabilitation of Industry and the guidance of the Industrial Councils is in the hands of Allied Officers. If assistance to Italy in this respect is to remain, the present personnel must remain.

(f) War Material Disposal. Much remains to be done. Military personnel are employed.

6. Above are a few of the responsibilities which exist. Policy on others has been requested. Are we to assist Italy in the elections in the field of Public Security, in her education towards a democratic way of life, in the preparation of a Bill of Rights for her people?

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7. The Directive removes from Italy the service of Officers who for over two years have labored to assist Italy; who have gained a wealth of experience and knowledge in so doing both in the field of Italian economics and political administration. This surely cannot be considered sound policy. The quality of the civilians so far intro-

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(e) Rehabilitation of Industry and the guidance of the Industrial Councils is in the hands of Allied Officers. If assistance to Italy in this respect is to remain, the present personnel must remain.

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4934

7. The Directive removes from Italy the service of Officers who for over two years have labored to assist Italy; who have gained a wealth of experience and knowledge in so doing both in the field of Italian economics and political administration. This surely cannot be considered sound policy. The quality of the civilians so far introduced, with a few exceptions, has generally been inferior, their experience necessarily smaller and their contacts fewer.

8. The result would be threefold: Firstly, a great deal of the machinery of administration would break down. Secondly, in an effort to avoid this and to carry out the directives of CCS, the President of the Commission would be bound to take action through his

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military staff. With great respect it is submitted that that staff has not the particular technical qualifications nor the personal experience in dealing with the Italian Government successfully to take the appropriate action until some time at least has elapsed, and little gain would appear to be made by substituting one group of military officers at A.F.H.Q. for those now on duty with A.C. Thirdly, the impression gained by the Italians would undoubtedly be that the Allied Commission had been replaced by a system of greater military control exercised by AFHQ.

9. The desire of the War Departments is well understood. The policy of FAN 487 has been loyally implemented by the Allied Commission insofar as has been humanly possible. Progressive civilianization has taken place, but the Allied Governments have failed to provide the quality and quantity of personnel wholly to effect demilitarization and has (on the British side) failed to encourage transfer of Officers from military to civilian status. The Release schemes have seen to it that the quantity of military personnel left will not be great.

10. If the directive were to read that "military personnel in the Allied Commission would continue progressively to be reduced -and replaced by civilians" then the Allied Commission under its Deputy President could continue to carry out SACMED responsibilities as President, a duty which it has been our endeavor to fulfill since FAN 487 was issued.

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9. The desire of the War Department to [illegible]

The policy of FAN 467 has been loyally implemented by the Allied Commission insofar as has been humanly possible. Progressive civilianization has taken place, but the Allied Governments have failed to provide the quality and quantity of personnel wholly to effect demilitarization and has (on the British side) failed to encourage transfer of officers from military to civilian status. The Release schemes have seen to it that the quantity of military personnel left will not be great.

10. If the directive were to read that "military personnel in the Allied Commission would continue progressively to be reduced and replaced by civilians" then the Allied Commission under its Deputy President could continue to carry out SACMED responsibilities as President, a duty which it has been our endeavor to fulfill since FAN 467 was issued.

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storing and handling exports, imports, and local supplies; advances to Italian State Treasury, armed forces, state institutions, provinces, communes; payments chargeable to Italian state respecting refugees, etc.; AMG/AC expenditure.

4. Is cost of printing A.M. postage stamps for later settlement or should it be reimbursed now. If latter, please advise as to landed cost and whether only cost of those issued is to be reimbursed. Only approximately 15,000,000 lire out of total 169,000,000 were issued to Italian post office.

5. Consider establishment Lire account no longer necessary and our purposes per MAT 353 met once Italian Government agree supply without reimbursement all lire currency and credits needed by Allied Forces under para 1&A and have accepted responsibility as issuing authority for A.M. Lire. The Allied Forces are paying cash for current procurement where non payment would work undue hardship on supplier or imperil continuity of supply. Allied Force unpaid requisitions are now being transmitted regularly to Italian Government for settlement as it considers appropriate. Requirement of setting up Lire account will make negotiations currency agreement more difficult, and Allied pay services wish avoid change in procedure for handling Lire at this late date. If you agree, please inform us soonest in order that negotiations currency agreement may begin.

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LIST

INFO ACTION: Finance SC
INFO: Chief Commissioner
Ex Commissioner 2
Econ Sec
Commerce
File

SECRET

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

13242/F

18 July 1945

SUBJECT: Financial Directive for Italy.

TO : Distribution below.

1. Herewith, for your information, is copy of letter 13242/F dated 18 July 1945 addressed to the President of the Council of Ministers.

2. This communication is based on FAM 583 of 3 July, 1945, which supplements the directive contained in FAM 487 of 13 January 1945.

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

Distribution:

Office of the Chief Commissioner (2)
Office of the Executive Commissioner (2)
A/V.P. Economic Section (10)
V.P. Civil Affairs Section (10)
V.P. Establishment Section (10)
Director, P.R.B.
Director, Communications Sub-Comm. (2 - one for CCC)
Director, War Materials Disposal & IPU Sub-Comm.
R.C. Emilia Region (20 of which 10 for RFO)
R.C. Piemonte Region " " " " " "
R.C. Liguria Region " " " " " "
R.C. Lombardia Region 23 " " 13 " "
R.C. Venezie Region 27 " " 17 " "
R.C. Venezia Giulia Region 16 " " 6 " "
AMG Commissioner, Naples Commune } 7, of which 2 for
" " Livorno Zone } Finance Officer
" " Ancona Commune (5)

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(1)

There is no file of Chief Commissioner

13242/P

18 July 1945

(28)

My dear Mr. Prime Minister:

1. I write with reference to the Aide-Memoire of 24 February, 1945, which was communicated by the Acting President and the Chief Commissioner of the Allied Commission to the President of the Council of Ministers, outlining certain steps taken by the Allied Governments to hand over an increasing measure of control to Italian administration.

2. In order to implement further the Declaration of 26 September, 1944, by the President of the United States and the Prime Minister of Great Britain regarding Italy, I am now directed by the Combined Chiefs of Staff to inform your Government that the intervention of the Allied Commission in Italian fiscal matters and other internal financial affairs will in future be confined to cases involving Allied military necessity. The Allied Commission will assist or advise your Government on financial matters in territory under your jurisdiction only when your Government specifically requests such advice or assistance, which will be given at a high level between the senior officers of this Commission and appropriate officials of your Government.

3. I am further directed by the Combined Chiefs of Staff to inform your Government that, subject to certain exceptions and conditions which are indicated below, it is no longer necessary to obtain the approval of the Allied Commission prior to the execution of Italian external financial transactions.

4. The exceptions to this general rule are as follows:

(a) the Italian Government is requested to consult with the Allied Commission before authorising the use of Italian external assets for the purpose of paying claims arising prior to 8 September, 1943. Thus all questions relating to the settlement of Italian clearing accounts should be discussed with this Commission before any action is taken.

(b) the Italian Government is requested to direct its exchange control and other appropriate authorities to consult with the Allied Commission before authorising any external financial transactions undertaken by Italian insurance companies or involving the foreign branches or subsidiaries of such companies.

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commission in Italian fiscal matters and other internal financial affairs will in future be confined to cases involving Allied military necessity. The Allied Commission will assist or advise your Government on financial matters in territory under your jurisdiction only when your Government specifically requests such advice or assistance, which will be given at a high level between the senior officers of this Commission and appropriate officials of your Government.

3. I am further directed by the Combined Chiefs of Staff to inform your Government that, subject to certain exceptions and conditions which are indicated below, it is no longer necessary to obtain the approval of the Allied Commission prior to the execution of Italian external financial transactions.

4. The exceptions to this general rule are as follows:

(a) the Italian Government is requested to consult with the Allied Commission before authorising the use of Italian external assets for the purpose of paying claims arising prior to 8 September, 1943. Thus all questions relating to the settlement of Italian clearing accounts should be discussed with this Commission before any action is taken.

(b) the Italian Government is requested to direct its exchange control and other appropriate authorities to consult with the Allied Commission before authorising any external financial transactions undertaken by Italian insurance companies or involving the foreign branches or subsidiaries of such companies.

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5. The Combined Chiefs of Staff have stated that as a condition of the relaxation of Allied control over Italian external financial transactions, the Italian Government is required to keep the Allied Commission fully informed as to the status of Italian external assets and of Italian external financial transactions. It is therefore requested that your Government:

(a) keep the Allied Commission fully advised as to the policies that may be adopted by the Italian Government, or any agency or committee thereof (including the Banca d'Italia), regarding the utilization and control of Italian external assets. You may find it desirable to consult with the Allied Commission before authorising new policies or types of transactions, in order that no conditions may arise that might be prejudicial to the interests of the United Nations.

(b) submit fortnightly reports in triplicate to the Allied Commission listing all external financial transactions permitted or undertaken by the Italian Government during the period covered by the report, indicating the names of all parties to the transactions, a detailed statement of the nature and purpose of the transaction, the amount thereof, the currencies involved, the rates of exchange utilized, and any other relevant information.

6. In conjunction with the relaxation of control indicated in this letter, the Combined Chiefs of Staff have directed me to inform your Government that it will be expected to take the following steps:

(a) to establish and maintain an effective foreign exchange control agency;

(b) to adopt measures in support of the economic warfare objectives of the Allied Governments.

The details of the economic warfare programme are to be communicated to your Government in the near future by the British and American Missions in Rome, and it is expected that representatives of your Government will confer with the two Missions in the development and implementation of this programme. I am further directed to inform your Government that failure to take the steps specified in (a) and (b) of this paragraph within a reasonable period of time will result in the reimposition of prior control of Italian external transactions by the Allied Governments through the instrumentality of the Allied Commission. I should be grateful if you would keep me as closely informed as possible of your progress in the development of the programme requested by the Allied Governments.

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7. I would also request that you give assurances that you assume responsibility for ensuring that remittance payments are not made to undesirable persons in Italy.

8. The Combined Chiefs of Staff have also instructed that remittances to Italy from neutral countries are to continue to be channelled through banks in the U.S. and U.K. until the measures in support of the overall warfare objectives of the Allied Governments are taken.

9. The Allied Commission has, as part of the general suspension outlined in the third paragraph of this letter, suspended the supervision and control of arrangements concluded by the Italian Government with Allied and neutral countries concerning the financing of foreign trade, except that your Government is required to ensure that the proceeds of export sales will be made available for the purpose of making essential payments arising from import needs of Italy, Italian diplomatic, consular, or military expenditure, maintenance of the Italian merchant marine, and similar expenditure.

10. Finally, I am directed to state that the relaxation of control of Italian external assets is not to be construed as affecting the rights of the Allied Governments under the Armistice Terms with respect to Italian foreign assets, nor to prejudice or affect the status of Italian property in Allied countries which has been subjected to exceptional war measures, such as sequestration, vesting, and freezing.

11. Our supplementary financial directive from the Combined Chiefs of Staff deals with certain other matters relating to Allied Military Lire currency and other Allied financial operations in Italy. Clarification of certain points is awaited and I shall communicate with you further as soon as possible.

Yours very truly,

/s/: Kilsey W. Stone
KILSEY W. STONE
Rear Admiral, USN
Chief Commissioner.

Professor Pietrosolo Parri,
The President of the Council of Ministers
Italian Government,
R o m e

Distribution:
Hon. Alexander Kirk,
American Embassy, Rome
Sir Noel Charles,
British Embassy, Rome
Executive Commissioner
Political Adviser (A)
Political Adviser (B)
Acting Vice President, Economic Section
G-5 Section (Financial Adviser), AFHQ

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Declassified E.O. 12356 Section 3.3/NND No. 785015

13 July 1945.

MEMORANDUM TO: Brigadier Grafftey-Smith, Joint Director, Finance Sub-Commission.

SUBJECT: FAN 583 dated 3 July 1945.

(51)

1. FAN 583 requires certain notifications to be made to the Italian Government, as was also done, you will recall, in the case of FAN 487 through the medium of the Macmillan Aide Memoire.

2. I believe the communications required to be made to the Italian Government under FAN 583 should be similarly handled at my level, and I should be grateful if you would prepare either an Aide Memoire or a letter for my signature which I can deliver to the Prime Minister, and possibly the Minister of Finance as well.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to: Exec Comar
Chief Commissioner

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HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13242/F

12 July 1945

SUBJECT: Paraphrase of FAN 583 dated 3 July, 1945.

TO : Chief Commissioner,
HQ Allied Commission.

1. Attached for your information is a paraphrase of FAN 583, dated 3 July, 1945, which is the long-awaited "financial directive", supplementing FAN 487.

2. You will note that this directive is not as comprehensive as we had expected. It addresses itself to two main problems:

(a) Italian external assets and foreign exchange transactions.

(b) The currency and central banking functions of the Finance Sub-Commission, which have been carried out through the medium of the Allied Financial Agency Sub-Section.

3. Several paragraphs of the directive merely confirm action we have already taken. For example, as regards para 9, we deal with budget and revenue questions arising in Italian Government territory only when they involve Allied military necessity.

4. You will note that implementation of FAN 583 calls for close and detailed cooperation with the two Embassies. We have therefore formed a small working group to deal with the Italian Government and carry through the implementation of the entire directive. This group consists of Brig. Grafftey-Smith, Col. Menapace, Sir Richard Nosworthy (British Embassy), Mr Tasca (U.S. Embassy), Lt. Col. Penick of AFA, and Major Timmons. Other specialists will be co-opted from time to time, particularly from Commerce Sub-Commission in those discussions concerning Italian foreign trade in relation to the economic warfare programme of the Allied Governments.

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5. We will report to you from time to time our progress in implementing FAN 583. All other interested persons, including Economic Section and G-5, AFHQ, will be kept informed.

A.P. Grafftey-Smith
Brig

Joint Director,
Finance Sub-Commission

Encl: Copy of Paraphrase of Fan 583 (Copy No. 1)

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Copy to: Executive Commissioner (Copy No. 2)
A/VP, Economic Section (Copy No. 3)
Commerce Sub-Commission (Major Gent)(Copy No.4)
Sir Richard Nosworthy (Copy No. 5)
Mr. Tasca (Copy No. 6)

(51) a

(cross referenced as 132a in 4601/cc)

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Copy No: ...1.....

Paraphrase of FAN 583 of
3 July, 1945

1. In order to implement further the joint declaration of the Prime Minister and the President (of 26 September, 1944) in respect of Italy, action should be taken by you as rapidly as possible in conformity with the following paras. These paras supplement the Directive contained in FAN 437.

CONTROL OF ITALIAN EXTERNAL TRANSACTIONS AND EXTERNAL ASSETS

2. The requirement will be suspended that the AC approve Italian external financial transactions prior to their execution. The Italian Government, as a condition to the relaxation of such control, will be required to keep the Allied Commission informed currently, in detail such as the Commission shall find necessary, of the status of Italian external financial transactions, and of external assets. In conjunction with this action, you will inform the Italian Government that it will be expected to take the following steps:

A. To establish and maintain an effective foreign exchange control agency;

B. To adopt measures in support of the economic warfare objectives of the Allied Governments.

For the development of the necessary measures a program shall be worked out with the British and American Embassies in Rome by the Italian Government. All possible assistance will be furnished to the two Embassies in this connection by the Allied Commission.

The Italian Government will be further informed by you that failure to take the steps specified above within a reasonable period of time will result in the reimposition of prior control through the instrumentality of the Allied Commission by the Allied Governments.

3. The Italian Government will be requested by you, to consult with the AC before authorising the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1943. The ACC should be referred to for guidance on all questions of this nature.

4. The AC's supervision will be suspended over the budgets of Italian diplomatic missions in neutral countries (Ref TAM 576).

5. As soon as assurance has been given by the Italian Government that responsibility is assumed for ensuring that payments will NOT be made to undesirable persons, control and screening by AC of outpayments for remittances from foreign countries will be suspended. Remittances from neutral countries to Italy should continue to be channeled through US or UK banks until the referred to measures (Para 2B) are taken by the Italian Government.

4521 6. Supervision and approval will be suspended by AC of arrangements concluded by the Italian Government with neutral or Allied countries concerning the financing of foreign trade, except that it may be required to ensure that proceeds of export sales will, for the purposes specified in TAM 136, be available and also for meeting other essential Italian expenditures. (See also para 3 above).

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external assets. In conjunction with this action, you will inform the Italian Government that it will be expected to take the following steps:

A. To establish and maintain an effective foreign exchange control agency;

B. To adopt measures in support of the economic warfare objectives of the Allied Governments.

For the development of the necessary measures a program shall be worked out with the British and American Embassies in Rome by the Italian Government. All possible assistance will be furnished to the two Embassies in this connection by the Allied Commission.

The Italian Government will be further informed by you that failure to take the steps specified above within a reasonable period of time will result in the reimposition of prior control through the instrumentality of the Allied Commission by the Allied Governments.

3. The Italian Government will be requested by you, to consult with the AC before authorising the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1943. The CCS should be referred to for guidance on all questions of this nature.

4. The AC's supervision will be suspended over the budgets of Italian diplomatic missions in neutral countries (Ref TAM 576).

5. As soon as assurance has been given by the Italian Government that responsibility is assumed for ensuring that payments will NOT be made to undesirable persons, control and screening by AC of outpayments for remittances from foreign countries will be suspended. Remittances from neutral countries to Italy should continue to be channeled through US or UK banks until the referred to measures (Para 2B) are taken by the Italian Government.

4921 6. Supervision and approval will be suspended by AC of arrangements concluded by the Italian Government with neutral or Allied countries concerning the financing of foreign trade, except that it may be required to ensure that proceeds of export sales will, for the purposes specified in TAM 136, be available and also for meeting other essential Italian expenditures. (See also para 5 above). The policies laid down in TAM 456 with respect to Italian export trade are not to be construed as altered by this directive.

7. A report will be made to AFHQ by the AC and to the Embassies of the UK and US will be kept informed concerning any external financial transaction permitted or undertaken by the Italian Government, or the existence of any conditions or policies respecting Italian external finances, which are deemed prejudicial to the United Nations interest, together with AC's recommendations for remedial measures. In any such case, such action may be taken by you as you deem necessary in order that the interests of the United Nations may be protected. Any action taken by you in this regard should be reported to CCS. The CCS should be consulted by you before reimposition is ordered of any prior controls over Italian external transactions.

(51) See (51)

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8. The relaxation of controls over Italian external assets is NOT to be construed to be prejudicial to the rights of the Allied Governments under the terms of the armistice with respect to Italian foreign assets NOR to affect or prejudice the status of Italian property in Allied countries which has been subjected to war measures which are exceptional, such as vesting, freezing, and sequestration.

RESPONSIBILITY OF ITALIAN GOVERNMENT AND ALLIED COMMISSION FOR INTERNAL FINANCE

9. The intervention in Italian fiscal matters and other internal financial affairs by the AC will be confined to cases involving Allied military necessity. The Italian Government should be assisted and advised by the Allied Commission on matters of finance in respect of Italian government territory only when the Italian government so requests and this assistance and advice should be done at high levels.

10. A. There will be made available to the Italian government full information concerning the volume of Allied military currency issued by the Allied Forces in ITALY, the amounts expended for particular purposes, the purposes for which such currency has been expended, and other Allied financial operations in Italy, except as it may be necessary to withhold such information on military security grounds. Other records and books of the Allied Financial Agency and other Allied agencies must NOT be released to the Italian Government, however, except as authorized specifically by the Combined Chiefs of Staff.

B. A report to the Combined Chiefs of Staff by you should be made of the action taken pursuant Para. 2 of FAN 331 of 25 October 1944, on the subject of informing the Italian government about the amounts of Allied Military Lire issued.

ALLIED FINANCIAL AGENCY

11. All functions performed by Allied Financial Agency with reference to Italian Government territory should be terminated promptly, with the exception of the requirements under para. 17 below. Amongst others, this involves the following steps, which it is understood are being or have been taken:

A. Except in any case where the Italian Government is unwilling to procure supplies covered by para. 2 of FAN 436, and the Allied Commander has to ensure that the supplies nevertheless come forward, cessation of provision of lire for purchase of goods for export (FAN 436).

B. Cessation of advances to banks of lire for payment of remittances.

C. Cessation of payments collected in lire for civilian supplies turned over to the Italians. There is NO objection to such collection in Allied Military Government territory, when necessary.

ALLIED MILITARY LIRE CURRENCY

12. The Italian Government should be informed by you that the respective Allied Governments concerned will not accept Italian owned lire [illegible]

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10. A. There will be made available to the Italian government full information concerning the volume of Allied military currency issued by the Allied Forces in ITALY, the amounts expended for particular purposes, the purposes for which such currency has been expended, and other Allied financial operations in Italy, except as it may be necessary to withhold such information on military security grounds. Other records and books of the Allied Financial Agency and other Allied agencies must NOT be released to the Italian Government, however, except as authorized specifically by the Combined Chiefs of Staff.

B. A report to the Combined Chiefs of Staff by you should be made of the action taken pursuant Para. 2 of CCS 551 of 26 October 1944, on the subject of informing the Italian government about the amounts of Allied Military lire issued.

ALLIED FINANCIAL AGENCY

11. All functions performed by Allied Financial Agency with reference to Italian Government territory should be terminated promptly, with the exception of the requirements under para. 17 below. Amongst others, this involves the following steps, which it is understood are being or have been taken:

A. Except in any case where the Italian Government is unwilling to procure supplies covered by para. 2 of CCS 456, and the Allied Commander has to ensure that the supplies nevertheless come forward, cessation of provision of lire for purchase of goods for export (CCS 456).

B. Cessation of advances to banks of lire for payment of remittances.

C. Cessation of payments collected in lire for civilian supplies turned over to the Italians. There is NO objection to such collection in Allied Military Government territory, when necessary.

ALLIED MILITARY LIRE CURRENCY

12. The Italian Government should be informed by you that the respective Allied Governments concerned will make, through diplomatic channels, replies directly to the Italian government, relative to the request of the Italian Government for reimbursement in foreign exchange for Allied Military lire issued and the value of requisitions made in ITALY made by the Allied Military Forces. In memorandum to the Allied Commission of 9 January 1945 from Italian government this request was contained and transmitted to Combined Chiefs of Staff under cover of Allied Forces Headquarters letter of 28 February 1945, subject: Financial proposals by the Italian Government.

13. After the British and American embassies in ROME have notified you that the United States and United Kingdom governments have replied to the Italian government/of 9 January 1945, the Italian government should be informed by you
memorandum

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that the Allied governments are prepared to accede to its request that there be a unification of all lire currency issues under the authority of the Italian Government. The Quintieri-Battioli Economic Mission addressed this request to the United States Government and the United States in turn referred it to Combined Chiefs of Staff. In order that this decision may be implemented, you are authorized to enter with the Italian Government into an agreement under which:

A. An Italian agency designated by the Italian Government, or the Italian Government itself will be recognized as the issuing authority of Allied Military lire, including such lire in circulation now.

B. Future currency needs of the Allied Forces in Italy will be met with currency issued by the Italian Government or its designated agency. You should make available to the Italian Government Allied Military Lire in such amounts as are required to meet the needs of the Allied Forces in Italy, pending the time when the Italian Government or its agency is able to acquire sufficient currency of its own design. As heretofore, you will obtain supplies of Allied Military Lire by requisition.

14. Reference para 13 and the agreement to be concluded thereunder, the Italian Government should undertake:

A. To supply such credits and lire currency as the Allied military forces may require.

B. As a supplement to Italian requisitioning procedures, to establish a lira account on which the Allied Forces could draw for the purpose of making cash payments for local supplies, services and facilities. This account should be used only where it is not feasible to resort to Italian requisitioning procedures or where the Italian Government fails to satisfactorily meet requisitions by the Allied Forces (AFHQ 555).

C. To reimburse the United Kingdom and United States Governments currently for printing and transporting costs of currency made available by you to the Italian Government after the effective date of the agreement in accordance with the provisions of para 13 above. The Italian Government should understand that these arrangements are without prejudice to any claim by the two governments for the transporting and printing costs of currency issued by the Allied Forces prior to the agreement.

So long as Allied Military lire is used by Allied Forces rather than Italian Government lire, an actual physical transfer to the Italian Government will not be necessary. However, in order that the Italian Government may be currently and fully informed of the lire issued on its behalf, records of all such issues should be kept on a basis to be agreed upon with the Italian Government. You may maintain a reserve of unissued Allied Military lire to meet emergencies, in addition to the Allied Military currency which you will make available to the Italian Government.

15. You will reserve the right to issue Allied Military currency or to use any other currency which you may deem desirable in the event adequate quantities of lire currency are not made available to you by the Italian Government.

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Military Lire by requisition.

14. Reference para 13 and the agreement to be concluded thereunder, the Italian Government should undertake:

A. To supply such credits and lira currency as the Allied military forces may require.

B. As a supplement to Italian requisitioning procedures, to establish a lira account on which the Allied Forces could draw for the purpose of making cash payments for local supplies, services and facilities. This account should be used only where it is not feasible to resort to Italian requisitioning procedures or where the Italian Government fails to satisfactorily meet requisitions by the Allied Forces (AMG 333).

C. To reimburse the United Kingdom and United States Governments currently for printing and transporting costs of currency made available by them to the Italian Government after the effective date of the agreement in accordance with the provisions of para 13 above. The Italian Government should understand that these arrangements are without prejudice to any claim by the two governments for the transporting and printing costs of currency issued by the Allied Forces prior to the agreement.

So long as Allied Military lire is used by Allied Forces rather than Italian Government lire, an actual physical transfer to the Italian Government will not be necessary. However, in order that the Italian Government may be currently and fully informed of the lire issued on its behalf, records of all such issues should be kept on a basis to be agreed upon with the Italian Government. You may maintain a reserve of unissued Allied Military lire to meet emergencies, in addition to the Allied Military currency which you will make available to the Italian Government.

4350 15. You will reserve the right to issue Allied Military currency or to use any other currency which you may deem desirable in the event adequate quantities of lira currency are not made available to you by the Italian Government.

16. If any request is made by the Italian Government for compensation, or if they propose any intergovernmental settlement in connection with the arrangements envisaged in paragraphs 13 and 14 above, the Italian Government should be informed by you that such questions should be taken up directly by them with the Allied Governments concerned.

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17. A combined agency for receiving the currency needed by Allied Forces, should be maintained, so long as the combined command continues in ITALY, for distributing such currency to the Allied Forces in all parts of ITALY and for maintaining the necessary records. Whether the Allied Commission should carry on these functions or whether they should be at Headquarters level is primarily your responsibility (reference para. 1 C and D of MAT 554). Note AFHQ has stated the combined agency should continue to be AFA and should remain a part of AC/

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RELATION OF THIS DIRECTIVE TO OTHER INSTRUCTIONS

18. The general policy of FAN 487 will be understood to apply to matters of finance. Particular reference is made to paras. 2B, 2C, 2D, 2E, 3A, 3C, and 7A of FAN 487.

19. Instructions previously given on matters of finance which are inconsistent with this directive (such as certain parts of TAM Airgram 24) are to be regarded as superseded. In keeping with the spirit of FAN 487 and this directive, such instructions should be carried out.

20. Until the Italian government makes further progress in the defascistization and control of Italian insurance companies, request should be made by you to the Italian government to instruct the Italian Exchange Control authorities that before authorizing any external financial transactions undertaken by Italian Insurance Companies or involving the foreign branches or subsidiaries of such companies, they should consult with the Allied Commission. The Allied Commission and Allied Military Government should continue to be guided by the provisions of TAM 417 in dealing with insurance companies, pending the receipt of further instructions. The controls by the Allied Commission over insurance should be relaxed gradually and integrated with those developed by the Italian government in cooperation with the American and British Embassies in the development of the program outlined in paragraph 2E above.

21. This directive does NOT relate to the matter of Allied property in ITALY (reference para. 4E of MAT 554 and TAM 551).

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EXTRACT

SECRET

Hq AC Ltr CC 1001

23 June 1945

To: SACMED

From: Chief Commissioner

SUBJECT: Future Policy toward Italy

* * *

(d) To enable her to fill her role as a "junior partner" in the maintenance of Mediterranean security, the Allies would agree to furnish a military mission to assist in the training and organization of the Italian land, sea, and air forces, similar to the pre-war military and naval missions provided by the United States for certain South American republics.

(i) The replacement of the Allied Commission by a small Allied Mission to coordinate (d) to (h) above and to function as advisors to the Italian Government.

12. The Allied Commission, therefore, should be succeeded by an Allied Mission for the following purposes: Except in VENEZIA GIULIA, and possibly in the Southern Tyrolean provinces, Allied Military Government should have disappeared by September 1945. In order to ensure free elections and a free referendum, it will be recommended that a number of Allied officers, under the direction of the Commission or its successor, remain in the provinces, and a considerable number may be required in connection with the rehabilitation of industry. But by the end of 1946 both the replacement of Allied troops, except those recommended in para 7(f) above, and the removal of Allied Commission officers in the field, will probably have been completed. It is recommended that the end of the election

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the maintenance of Mediterranean security, the Allies would agree to furnish a military mission to assist in the training and organization of the Italian land, sea, and air forces, similar to the pre-war military and naval missions provided by the United States for certain South American republics.

(j) The replacement of the Allied Commission by a small Allied Mission to coordinate (d) to (h) above and to function as advisors to the Italian Government.

12. The Allied Commission, therefore, should be succeeded by an Allied Mission for the following purposes. Except in VENEZIA GIULIA, and possibly in the Southern Tyrolean provinces, Allied Military Government should have disappeared by September 1945. In order to ensure free elections and a free referendum, it will be recommended that a number of Allied officers, under the direction of the Commission or its successor, remain in the provinces, and a considerable number may be required in connection with the rehabilitation of industry. But by the end of 194_ both the redeployment of Allied troops, except those recommended in para 7(f) above, and the removal of Allied Commission officers in the field, will probably have been completed. It is recommended that the Head of the Mission with access to the United States and British Governments should be charged with the following functions:

(a) As Chief Civil Affairs Officer, the administration of VENEZIA GIULIA and such other areas under AMG.

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SEE CC File 1001 for complete document & further planning

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(c) As Head of the Allied Mission:

(i) To coordinate the work of the military mission or missions.

(ii) To supervise the Allied Police Mission.

(iii) To supervise the Economic Board or to coordinate independent economic missions.

(iv) To coordinate the work of the Displaced Persons and Refugees Sub-Commission with UNRRA, the Intergovernmental Committee for Refugees, and other organizations and such U.N. as UNRRA took over all such functions.

(v) To supervise the work of the Army War Materials Disposal Sub-Commission.

(vi) To interpret to the Italian Government the conditions of any agreement made, vide para 7, and to safeguard Allied interests under such an agreement.

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(vii) To provide liaison between Allied Military Commander or Commanders and the Italian Government.

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AFHQ SIGNED ALEXANDER CITE FHGEG
ACTION TO ALL MAT ADDRESSEES INFO HQ ALCOM

CONFIDENTIAL

This is MAT 768.

When may we expect final financial directive for ITALY, refer TAM 445 and MATS 554 and 595 containing our comments.

(17) (77a) (40) Dist

Info-Action - Finance SC
Info - Chief Commissioner
Econ Sec
Commerce SC
File 2
Float

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Q. M. C. Form 353 (Old No. 490)
Revised July 26, 1918

LIST OF PAPERS

File under No. _____

8—6758

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS

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INSTRUCTIONS.—When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

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