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VICE PRESIDENTS' MEETINGS
SEPT. 1946 - JAN. 1947

LIST OF PAPERS

551/CC

Office of the
Chief Commissioner

File under No. 551 VICE PRESIDENTS' MEETING

ALLIED COMMISSION

From: 04 Sep 46
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Declassified E.O. 12356 Section 3.3/NND No.

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G. M. C. Form 353 (Old No. 400)
Revised July 20, 1948

LIST OF PAPERS

551/cc

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Chief Commissioner

File under No. 551 VICE PRESIDENTS' MEETINGS

ALLIED COMMISSION

From: 04 Sep 46
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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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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/3

22 January 47

MEMORANDUM

Vice Presidents' Meeting, 1000 hours, 22 January 1947, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Brigadier Carr, Capitaine de Villefosse, Rear Admiral Warrington, Air Vice Marshal Brodie, Mr. Mackay, Colonel Albrecht, Colonel Fiske, Lieutenant Colonel Ross, Lieutenant Colonel Silber-Jones, Colonel Weber, Colonel Battensby, Captain Jenkins.

Brigadier Carr, Executive Commissioner, announced that the Chief Commissioner had gone to AFHQ to attend a SACMILD meeting and that therefore he would preside at the meeting.

1. Future of the Allied Commission

In connection with paragraph 1 of Minutes of 15 January, the Executive Commissioner stated that information concerning the abolition of AC was still secret. AFHQ had requested from CGS a denaturing of their signal and correspondence pertaining thereto but no immediate reply had yet been received; thus, anything said on this matter during the meeting must for the present remain secret. The Executive Commissioner also reported it had now been confirmed that the AC would be abolished as of 2359 hours, 31 January 47. It is proposed tentatively by AFHQ to appoint the Assistant Chief of Staff, G-5, AFHQ, as Chief Civil Affairs Officer. A Liaison and Civil Affairs Branch will be set up in Rome as an integral part of G-5, AFHQ, and recommendations for the organization of the section are being submitted to AFHQ. Instructions were still awaited with regard to the Land Forces, Air, and Navy Subcommissions and the establishment of the Italian Military Affairs Section (IMAS).

2. Political Resumé

Captain Jenkins gave a brief resumé of the developments of the past week. The political situation as it had developed could be broken up into three general segments -- the results of De Gasperi's trip and his return to Italy; the continuation of the split in the Socialist party; and the crisis in the cabinet precipitated by the resignation of De Gasperi.

As regards the Socialists, the main outcome of the Congress was the split of the party into two branches -- Menni's Italian Socialist Party and Saragat's Socialist Party of Italian Workers. At the conclusion of the Congress, Lelio Basso was elected to succeed Lombardo as secretary of the party. Following the split there was much conjecture as to whether Saragat's party intended to precipitate a crisis, but such fears were allayed by

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Present: Brigadier Carr, Capitaine de Villefosse, Rear Admiral Warner, Air Vice Marshal Brodie, Mr. Hankey, Colonel Colbrech, Colonel Fiske, Lieutenant Colonel Ross, Lieutenant Colonel Milne-Jones, Colonel Weber, Colonel Rattensby, Captain Judkins.

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2. Political Resume

Captain Judkins gave a brief resume of the developments of the past week. The political situation as it had developed could be broken up into three general segments -- the results of De Gasperi's trip and his return to Italy; the continuation of the split in the Socialist party; and the crisis in the cabinet precipitated by the resignation of De Gasperi.

As regards the Socialists, the main outcome of the Congress was the split of the party into two branches -- Nenni's Italian Socialist Party and Saragat's Socialist Party of Italian Workers. At the conclusion of the Congress, Lelio Basso was elected to succeed Lombardo as secretary of the party. Following the split there was much conjecture as to whether Saragat's party intended to precipitate a crisis, but such fears were allayed by Saragat's admonitions to his party members to remain at their posts in the government unless forced to withdraw by other political causes. In connection with the Presidency of the Constituent Assembly, although Saragat had resigned his post it had been agreed that he would continue as President until his resignation could be acted upon by the Constituent Assembly which was scheduled to meet on 30 January; however, that meeting has been postponed until February. As for the draft of the Constitution, it was expected it should be ready by 21 January. In regard to the battle between Saragat and Nenni, there had been much conjecture in the press as to its possible outcome. Saragat was reported to have on his side 29 of the Socialists in the Constituent Assembly, but "Giornale d'Italia" had reported 43, instead, had

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remained with him. The strength of the two parties, however, remained very confused, but Saragat showed signs of gaining strength.

De Gasperi left the United States on 15 January and almost immediately after his departure the State Department in Washington released the results of his trip. The main gains were: US plans to increase wheat shipments to Italy (in this connection six ships loaded with wheat had been diverted to Italy); additional coal; cancellation of Italy's debt for food and unfreezing of Italian assets in the U.S. would be discussed; further funds for Italian industry would be earmarked by the Import-Export Bank; revival of trade between the two countries was judged most necessary and to this end negotiations for new commercial agreements should start as soon as possible; the U.S. would make a \$50,000,000 payment to cover American troop expenditures in Italy; the U.S. would return the "Conte Grande" and the "Conte Biancamano" to Italy. It was pointed out that the extent of American assistance depended upon the stability of democracy in Italy. In an interview given in Paris, De Gasperi touched briefly on the peace treaty and stated that Secretary Byrnes had assured him that Yugoslavia would sign the treaty but he had had indications to the contrary. Upon arrival in Italy he made some statements in regard to the Communists. If they were willing to collaborate, he would work with them; if not, he would do without them.

Nenni resigned on 17 January and expressed the belief that his action would not precipitate a crisis since another Socialist could be appointed to take over his post. Scocimarro in "Unita" indicated that the Communists were also opposed to having a crisis. Saragat admonished his followers to stay at their posts unless forced to withdraw by other political factors. The crisis, however, finally took place when De Gasperi resigned as Prime Minister on 20 January. The first indication of the resignation came at a press conference that afternoon in which De Gasperi stated clarification of the political situation was very necessary. Then, in response to a reporter's inquiry, he stated he was going to resign as Prime Minister. De Gasperi, nevertheless, seemed very confident and said the situation would ultimately be resolved. Just what would be the complexion of the new cabinet was a matter of conjecture. In this connection Saragat had declared he would not take part in a government which did not include the Communists. In some quarters a rightist government was expected.

The peace treaty has been received and it is expected to be taken up at the next meeting of the Constituent Assembly.

3. Food Situation

Colonel Valbach reported that for the first nineteen days of January there was available 455,975 tons of wheat. During this period 210,995 tons were consumed, leaving a balance of 244,980 tons which will meet the requirements for 22 days provided it can be distributed to deficiency areas. There is signalled to arrive up to 10 February 96,130 tons of wheat which includes the 50,000 tons recently obtained on loan by the Italian Government. This amount was diverted by the military authorities in the United States from the account of the U.S.M.C. in Germany and will be repaid by UFERA from future shipments destined for Italy.

On 14 January 8,416 tons of flour instead of wheat arrived in Venice and 8,009 tons arrived in Trieste for AIG account. The Italian Government as of 21 January had picked up 4,400 tons of flour at Venice against the

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9,000 tons of coal loaned by URRRA to AIG account arrived on 18 January at Trieste. Since 12 December 1946 this amount brings the total borrowings to 21,278 tons with an additional amount of 9,108 from LTOUSA account due to arrive 23 January.

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Venezia Cinlin is out of it's and cannot make January issues. G-5, AFHQ, has been advised of the situation. Efforts have been made to borrow from Italian Government, but unsuccessfully due to their short supply.

4. Fuel Situation

Colonel Halbach reported that there is no change in the coal situation since last week's report, the amount available on 31 January being estimated at 215,000 tons or less than one-half the present monthly consumption rate.

P.O.L. -- Two tankers arrived during the past week, one with 125,186 barrels motor gasoline discharging at Ancone and Venice and the other with 69,626 barrels diesel oil and 37,342 barrels kerosene discharging at Vado and Genoa. Including the above shipments, the estimated stocks on hand are: motor gasoline, 66 days; diesel oil, 46 days; kerosene, 90 days; fuel oil, 37 days.

5. Power Situation

Colonel Halbach reported there was no change reported for Northern Italy.

The situation in Central and Southern Italy remained critical.

The energy stored in the Sile reservoirs remained about 60 million KWH.

Power import from Northern Italy remained unchanged at 400,000 KWH daily.

6. Civil Airlines

AMH Brodie reported that a meeting was being held that morning at the Italian Air Ministry in which it was expected final decision would be taken and the general plan for the operation of civil airlines completed.

Next Vice Presidents' Meeting: Wednesday, 29 January 1947, 1000 hours

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DISTRIBUTION:

Chief Commissioner
Executive Commissioner
VP, Economic Division (3)
Political Advisor (A)
Political Advisor (B)
Mavy S.C. (3)

EDWARD D. S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Land Forces S/C (MIL) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AG
Chief Legal Advisor, AG
Financial Advisor, AG
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)

EDWARD D. S. SULLIVAN
Major, Air Corps
Staff Officer to G3

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/2

15 January 47

MINUTES

Vice Presidents' Meeting, 1000 hours, 15 January 1947, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Capitaine de Villefosse, Rear Admiral Warren, Air Vice Marshal Prodie, Mr. Byington, Mr. Henkey, Colonel Walbach, Colonel Fiske, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Colonel Weber, Colonel Battensby, Captain Judkins.

The Chief Commissioner announced that owing to an appointment with SACMED he would be prevented from presiding at the meeting and therefore after a few announcements he had to make he would leave and the meeting would be turned over to the Executive Commissioner.

1. Future of the Allied Commission

The Chief Commissioner reported that definitive information was now at hand concerning the future of the Allied Commission. Instructions had been received to abolish AC within 21 days' receipt of a specific signal from CCS to AFHQ. Advance information had been received to the effect that the date decided upon was 31 January, but the Chief Commissioner observed this had not yet been confirmed. The Chief Commissioner then reminded all present that the Vice Presidents' meetings are secret and pointed out the classification of the signal in question also to be secret. He therefore urged that care be exercised, especially in the subcommittees, so that civilians should not learn about the signal. This was particularly desirable since no word about the abolition of AC should get to the Italian Government until the classification of the signal had been downgraded. The Chief Commissioner then stated that plans now call for a double-headed successor to the AC through the establishment of two organizations -- an Italian Military Affairs Section of AFHQ and a Liaison Civil Affairs Branch of G-5, AFHQ. The former would be charged with the control functions, supervision and direction of the three armed forces (which would mean, probably, that the Land Forces, Air Forces, and Navy Subcommittees would become subsections of the new AFHQ section) and would probably be located in Rome. The other organization would be part of G-5, AFHQ, would definitely be located here in Rome, and would take over certain specified residual functions of AC, largely civil affairs functions such as functional advice and guidance to AMG in the North, review of military court cases, displaced persons, maintenance of files. All other functions not assumed by the two AFHQ organizations would be turned over to the embassies -- American and British as well as other embassies that might be involved. A more specific directive would be forthcoming from AFHQ in a few days. The Chief Commissioner observed that in view of these developments there would be only two more meetings scheduled to be held -- those of 22 and 29 January.

The Chief Commissioner also announced the appointment of Mr. Byington as Political Advisor and remarked that Mr. Byington was also

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The Chief Commissioner also announced the appointment of Mr. Byington as the new American Political Advisor and remarked that Mr. Byington was also Political Advisor (A) at AFHQ and was thus fully familiar with AC problems and their handling.

2. Political Resume

Captain Judkins gave a brief resume of the political events of the past week.

The main topics were the congress of the Socialist party and De Gasperi's visit to the United States. Most of the newspapers had been quite enthusiastic about the reception accorded the Prime Minister. "Giornale d'Italia" was reserved, pointing out that De Gasperi had a very short time at his disposal and it was practically impossible that he could tie up the whole Italian economic situation in the few days he had been in Washington.

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In the course of his visit, Dr. Gasperi said he was establishing friendly relations and added at the same time that nothing concrete had as yet materialized. The main value of the visit was considered to be that of establishing permanent channels for future negotiations. A political note to the press comment was contributed by Giannini who declared in a newspaper article that the trip might bear fruit if the Prime Minister succeeded in establishing Italy's position in the Mediterranean. In connection with the visit it was significant that the peace treaty had been scarcely mentioned throughout the trip. Secretary Byrnes mentioned the treaty briefly on one occasion; the next reference was by De Gasperi at a press conference on 8 January during which he stated that contrary to popular belief in the United States, the treaty had not been discussed by the Italian Government since it was a matter for the Constituent Assembly. Another reference took place at the Council of World Affairs in Cleveland when De Gasperi urged that the peace treaties must be afforded the possibility of undergoing peaceful modification. On 14 January De Gasperi returned to Washington for a conference with Secretary Byrnes and he was assured that the diplomatic or foreign policy of the U.S. towards Italy would undergo no significant change as a result of Mr. Byrnes' resignation. The Prime Minister declared that President Truman had also told him much the same thing.

In the domestic field the Socialist situation had come to a head at the Socialist congress which opened at the University of Rome. For some time there had been various trends within the party. The most important group consisted of the Socialistic Critics headed by Saragat; the point of difference between them and Nenni and his followers lay in the implementation of the pact of unity with the Communist party and the charge that Nenni's leadership had totalitarian tendencies. Another trend in the party was represented by the Socialist Initiative group composed of younger elements headed by Matteo Matteotti. The complexion of this group is anti-communist but it leans much further to the left than Saragat's. During the opening session Matteotti charged that the party had been sold out to outside interests. In connection with the developments, Nenni made a speech in which he asserted his leadership and rejected any idea of fusion. He made the gesture of offering to step down as leader if the situation came down to a matter of personalities. The internal situation had repercussions in the United States where De Gasperi declared that if Saragat resigned the Presidency of the Constituent Assembly, a situation might ensue which would have a poor psychological effect on his mission in the United States. The actual split in the party took place on January 11. In a speech delivered to the Congress Saragat attacked Nenni saying the latter had broken his pledges and that he was not taking full advantage of gaining cooperation between the middle and the working classes. In view of the present state of things within the party, he (Saragat) had finally decided to leave the old Socialist party. It was expected that some 29 or 30 of the Socialist deputies at the Constituent Assembly would join Saragat for certain and possibly 20 or 23 more would also follow suit. Other groups had lined up with him and so had the Socialists of Turin and Genova; Milan was reported loyal to Nenni. The split in the Socialist party was also the cause of Nenni's postponement of his trip to England. In a note to Foreign Secretary Bevin handed to Sir Noel Charles, the British Ambassador, he requested his visit be postponed until De Gasperi had returned from the United States. The Communist party's National Conference on Party Organization opened on 6 January. At the opening session reference was made by Togliatti to the split in the Socialist ranks. He expressed hope that the party would remain together. In a report on party organization, Pietro Secchia referred to the electoral success of the 2 June elections, the campaign against Corbino which brought about his resignation, and the fact that Communist membership had climbed to more than 2,000,000.

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3. Food Situation

Colonel Welbach reported that for the period 1 December 1946 to 12 January 1947 there was available 844,062 tons of wheat. During this period there was consumed 477,515 tons leaving a balance of 366,547 tons which will meet requirements for 33 days provided it can be distributed to deficiency areas. There has been signalled to arrive prior to 1 February 51,390 tons of wheat. Press dispatches this date indicate that 6 ships each carrying 8500 tons of wheat have been diverted to Italy. UNRRA reports that these ships were diverted from Germany.

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On 11 January another 5000 tons of wheat from ANA stocks was loaned to the Italian Government. This amount will be available on a shipment of 8416 tons due to arrive at Venice on 15 January. The balance from this shipment plus 8009 tons of flour due to arrive in Trieste 16 January will support Udine and Venezia Giulia until 28 February. The 10,000 tons wheat loaned will be repaid by the Italian Government, as guaranteed by UNRRA, in the amount of 5000 tons by 10 February and 5000 tons by 22 February.

The High Commissioner of food reports very serious difficulties in supplying wheat and sugar to the southern provinces.

The High Commissioner of Food has issued a circular dated 7 January giving instructions on the distribution of pasta ration for January. This ration must be limited to rice and pasta and when possible the pasta component must be substituted with maize flour in the proportion of 500 grams pasta equals 700 grams maize flour.

In connection with the food situation the Chief Commissioner stated at the beginning of the meeting that at the last meeting he had expressed some concern about the possibility of the food situation affecting the orderly evacuation of Allied troops. In this connection he reported that apart from a second loan made by AFHQ from military stocks making up a total of 10,000 tons to relieve the food situation in certain areas in the North, news had just come that six ships with some 8500 tons each had been diverted to Italy. Six additional ships with more than 52,000 tons of wheat would therefore arrive in Italy within the next three weeks.

4. Fuel Situation

Colonel Walbach reported that the total availability of coal for January is estimated at 734,000 tons. 519,000 tons has been allocated for consumption during the month leaving a balance of 215,000 tons. This balance is 330,000 tons less than the estimate submitted last week. The reduced amount is caused by difficulties of getting coal to loading ports in the United States and to the freezing of waterways in Europe.

The price of petroleum products will be increased shortly by four lire per litre in order to cover the wage increase granted to workers in the petroleum industry which are retroactive to 1 October 1946.

The POL stocks are estimated as follows: motor gasoline, 64 days; diesel oil, 38; kerosene, 75; and fuel oil, 42.

5. Power Situation

Colonel Walbach reported that the situation in Northern Italy has been temporarily aggravated due to freezing of streams and ice formation in the waterways supplying the hydroelectric plants.

The power supply to Central Italy has been further reduced from 600,000 KWH to 400,000 KWH per day.

There is no change of the water in storage in the Sila reservoirs.

6. Repatriation of POWs

Rear Admiral Warren reported that the cruisers "Garibaldi" and "Montecucoli" had arrived with 1300 Italian POWs. He added there was nothing new to report on mine-sweeping operations. Colonel Fiske stated that there remained

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There is no change of the water in storage in the Sile reservoirs.

6. Repatriation of POWs

Rear Admiral Warren reported that the cruisers "Garibaldi" and "Montecucoli" had arrived with 1300 Italian POWs. He added there was nothing new to report on minesweeping operations. Colonel Fiske stated that there remained some 25,000 IPWs to be repatriated. Of these, 18,000 were in British territory. Shipping for the repatriation of all 18,000 had been assigned and it was expected that all IPWs from South Africa would arrive by the end of January and those from Australia by the end of February. Colonel Fiske added that the Italian Prisoners of War Division had separated all of its US files and had transferred them to the Commanding General of PBS.

7. Civil Airlines

AVH Brodic reported that the Air Ministry was expected to submit the general plan for the operation of civil airlines by the end of this week. A full memorandum on the conversations that had taken place between him and the Minister on 2 January had been submitted to the Chief Commissioner.

SECRET

Next Vice Presidents' Meeting: Wednesday, 22 January 47, 1000 hours

Edward D.S. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

MINUTES

CC 551/1

8 January 1947

Vice Presidents' Meeting, 1000 hours, 8 January 1947, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Capitaine de Villefosse, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Colonel Filibe-Jones, Mr. Greene, Air Vice Marshal Brodie, Major General Goulburn, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Jenkins.

1. Future of the Allied Commission

With reference to para 1 of Minutes of 27 December, the Chief Commissioner stated that on 27 December SACRED recommended to the Combined Chiefs of Staff that in his view it was desirable to receive instructions for the abolishment of the AC immediately or not later than "G" Day, the day of signing. The recommendation was apparently based on the belief that early ratification of the peace treaty was a distinct possibility, and in that case the problem of evacuating the three senior commands (AFHQ, MTOUSA, and CMF) will be somewhat difficult within the 90-day period contemplated in the treaty. The telegram stated that it was understood the proposal had been made some time ago but that the consent of the French and Soviet Governments would be required. So far as is known, no reply has yet been received. The Chief Commissioner referred to previous Minutes with regard to the ratification of the treaty, stating that President Truman in his message to Congress clearly stated the treaty would be submitted to the U.S. Senate for ratification after it was signed. The Chief Commissioner stated that it was therefore his personal opinion that the Italian treaty would not go into effect before the end of March and more probably in April.

2. Political Resume

In the absence of Mr. Hanky, who has been assigned additional temporary duties at the British Embassy, Captain Jenkins gave a brief resume of the political developments since the last meeting. The principal news has been De Gasperi's visit to the U.S. As a result of political discussions in the press regarding his trip, De Gasperi stated at a meeting of the Council of Ministers on 30 December that he was going to the U.S. as the Head of the Government and not as the head of a political party, adding that while his trip should not be overvalued it certainly should not be undervalued. De Gasperi left Italy on the 3rd and arrived in Washington on the 5th. He is scheduled to remain in Washington until the 8th and on the 10th and the 11th he is scheduled to visit Cleveland taking part in an "International Study Convention" sponsored by "TIME". De Gasperi stated that his mission was (1) to create confidence in the new Italy in the minds of Americans, (2) to obtain a guarantee of increased food shipments, and (3) to obtain a loan. On the 6th he had a conference with Secretary Byrnes, with Ambassador Turchiani and Ambassador Dunn present. He attended the joint session of Congress for the President's message to Congress and was warmly applauded. At a dinner on the 6th Byrnes gave a warm toast to De Gasperi, saying that he knew of no man confronted with a more difficult task. He said De Gasperi was confronted with extremists of the right and left, saying his task was to reconcile them and to have his Government agree to sign the

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

551/4

1. Future of the Allied Commission

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2. Political Resume

In the absence of Mr. Henkey, who has been assigned additional temporary duties at the British Embassy, Captain Judkins gave a brief resume of the political developments since the last meeting. The principal news has been De Gasperi's visit to the U.S. As a result of political discussions in the press regarding his trip, De Gasperi stated at a meeting of the Council of Ministers on 30 December that he was going to the U.S. as the Head of the Government and not as the head of a political party, adding that while his trip should not be overvalued it certainly should not be undervalued. De Gasperi left Italy on the 3rd and arrived in Washington on the 5th. He is scheduled to remain in Washington until the 8th and on the 10th and the 11th he is scheduled to visit Cleveland taking part in an "International Study Convention" sponsored by "TIME". De Gasperi stated that his mission was (1) to create confidence in the new Italy in the minds of Americans, (2) to obtain a guarantee of increased food shipments, and (3) to obtain a loan. On the 6th he had a conference with Secretary Byrnes, with Ambassador Turchiani and Ambassador Dunn present. He attended the joint session of Congress for the President's message to Congress and was warmly applauded. At a dinner on the 6th Byrnes gave a warm toast to De Gasperi, saying that he knew of no man confronted with a more difficult task. He said De Gasperi was confronted with extremists of the right and left, saying his task was to reconcile them and to have his Government agree to sign the peace treaty. In reply to the Chief Commissioner's question, Mr. Greene stated that the "GIORNALE D'ITALIA" headlined the report of the dinner with a statement that the signing of the treaty was a "sine qua non" to American assistance.

On the 7th De Gasperi was received by President Truman, but no details of the meeting have been given out. On the same day De Gasperi visited the Secretary of the Treasury, at which time it is believed they discussed the unfreezing of \$60,000,000 Italian assets and also further repayment for lire spent by the American forces in Italy.

Foreign Trade Minister Campilli conferred with the Secretary of Agriculture and it is reported that the meeting resulted in a proposed allocation of 200,000 to 225,000 tons of food in February. On the 6th Campilli and Menichella conferred at the U.S. Treasury, reportedly discussing the possible devaluation of the lira.

SECRET

There has been considerable unrest during the past week, the situation in Bari being particularly difficult. However, there have been no serious outbreaks since the start of De Gasperi's trip to Washington.

The demands of the Republicans were presented to the Council of Ministers on 30 December and were tabled until De Gasperi's return from the U.S.

A Commissioner, Mario di Cesare, has been appointed for Rome, due to the deadlock over the appointment of a mayor.

There was a meeting of reconciliation of members of the Partisans and young former fascists in Perugia on New Year's Day. A similar ceremony took place on 5 January at Pisa and Livorno, but this meeting was dominated by cost papers and partisan organizations.

3. Food Situation

Colonel Waltsch reported that as of 7 January wheat stocks on hand were 403,317 tons, sufficient to meet the ration requirements for 36 days provided stocks can be moved to deficiency areas. The Chief Commissioner stated that because of the lack of systematic control of the distribution of grain it is not certain that the situation is as favorable as the figures might indicate, and it is understood that the situation is causing considerable strain in the Italian Government. From advance information it is understood that there are several areas which are already short with others to follow. The condition is serious enough to possibly affect the orderly evacuation of Allied troops.

The food situation in Venezia Giulia and Udine is unchanged. A ship is expected on 15 January with approximately 8,000 tons of wheat.

In Rome the fight against the black market and the attempt to control food prices have resulted in a shortage and great increases in prices. It is understood, however, that the small black market vendors will be allowed to resume until certain perishable goods have been distributed.

4. Fuel Situation

Colonel Waltsch reported that the estimated availability of coal for January was 1,045,000 tons. Allocation for consumption for January has been increased from 400,000 to 500,000 tons, leaving an estimated balance at the end of the month of 545,000 tons.

The coal situation in Venezia Giulia is serious. A cargo of 8-9,000 tons of coal is expected in Trieste on 9 January. A shipload of coal is now owed to PBS, but the situation is so serious that AFHQ is attempting to obtain coal either from UNRRA or from the U.S.

The civilian POL situation remains practically unchanged.

5. Power Situation

Colonel Waltsch reported that the power situation in Central and Southern Italy is practically unchanged. The Tula reservoir group have now about 58,000,000 KWH in storage as against the 40,000,000 KWH last reported.

The electrical situation is again at a critical point due to decreased hydro-electric generation, decreased import from Northern Italy on account of the freezing of rivers and rapids, and increased consumption as compared with the month of December. The estimated shortage of power for January is about 36% as against a November shortage of 32% and a December shortage of 35%.

Colonel Walbach reported that as of 7 January wheat stocks on hand were 403,317 tons, sufficient to meet the ration requirements for 36 days provided stocks can be moved to deficiency areas. The Chief Commissioner stated that because of the lack of systematic control of the distribution of grain it is not certain that the situation is as favorable as the figures might indicate, and it is understood that the situation is causing considerable strain in the Italian Government. From advance information it is understood that there are several areas which are already short with others to follow. The condition is serious enough to possibly affect the orderly evacuation of Allied troops.

The food situation in Venezia Giulia and Udine is unchanged. A ship is expected on 15 January with approximately 8,000 tons of wheat.

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The civilian POL situation remains practically unchanged.

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The electrical situation is again at a critical point due to decreased hydro-electric generation, decreased imports from Northern Italy on account of the freezing of rivers and canals, and increased consumption as compared with the month of December. The estimated shortage of power for January is about 36% as against a November shortage of 32% and a December shortage of 26%.

6. Civil Airlines

With reference to para 2 of Minutes of 27 December, AMI Brodio stated that the general plan for the operation of civil airlines has not yet been submitted by the Air Ministry to the Air Forces S/C. As soon as the plan has been completed by the Air Ministry an advance copy will be submitted to the Air Forces S/C for information before the Italian Government as a whole have studied it. The Chief Commissioner requested that AMI Brodio continue to press the Air Ministry for early action.

7. Free Territory Economic Mission

The Chief Commissioner stated that there has arrived in Trieste economic mission represented by the Council of Foreign Ministers; whose mission is to investigate the economic situation for the proposed Free Territory with a view

SECRET

to preparing budgets, the determination of import and export levels, etc. It is believed that the plan for the U.N. to provide operating funds for the Free Territory has not yet been approved by the UN. Mr. Greene stated that the plan has not yet in fact been approved by the Council of Foreign Ministers.

The Chief Commissioner expressed his wishes for a Happy New Year for his colleagues in the new year which would mark the end of AC's operations.

Next Vice Presidents' Meeting: Wednesday, 15 January 1947, 1000 hours

Edward D. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Executive Commissioner
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Political Advisor (A)
Political Advisor (B)
Navy S/C (3)
Land Forces S/C (MILIA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Financial Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
63G5, AFHQ (5)

0917

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

785015

Next Vice Presidents' Meeting: Wednesday, 15 January 1947, 1000 hours

Edward D. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

DISTRIBUTION:

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- Executive Commissioner
- VP, Economic Division (3)
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- Political Advisor (B)
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- Air Forces S/C
- Executive Officer (A)
- Executive Officer (B)
- French Representative, AC
- Soviet Representative, AC
- Chief Legal Advisor, AC
- Financial Advisor, AC
- Public Relations Branch
- American Ambassador
- British Ambassador

63G-5, AFHQ (5)

SECRET

S E C R E T
HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/93

27 December 1946

M I N U T E S

Vice Presidents' Meeting, 1000 hours, 27 December 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Colonel Wilber-Jones, Lieutenant Colonel Golubev, Capitaine de Villefosse, Mr. Greene, Group Captain Jarman, Colonel Fisko, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Jenkins.

1. Future of the Allied Commission

With reference to para 14 of Minutes of 18 December 1946, the Chief Commissioner thanked the Executive Commissioner for the effective work he and his staff had done in getting off the initial draft plans on the rundown of the AC to G-5 AFHQ in compliance with the AFHQ directive that such plans must be submitted before 25 December. Plans have also gone in from AFHQ and from ASA. No information is available as to what may have gone forward in connection with the rundown of AFHQ in Venezia Giulia. The principal difficulty is that neither the final draft treaty nor the statute for the Free Territory has been received and it is not known what is contemplated in the way of a temporary or interim setup. The Chief Commissioner said that there are many problems involved with regard to Venezia Giulia particularly in the economic field in connection with properties that are going to be split up between Italy and the Free Territory. Mr. Greene stated that the Embassy had asked the State Department whether reports that the treaty would be effective on the date of signing could be considered accurate. In reply the Department quoted the treaty article which states that the treaty goes into force on the deposit with the French Government of the ratifications by the Big Four.

2. Civil Airlines

With reference to para 13 of Minutes of 18 December, Group Captain Jarman stated that the general plan for the operation of civil airlines has not yet been submitted by the Air Ministry to the AF S/C. Captain Jarman stated that he would check into this matter.

3. Political Resume

Mr. Greene gave a brief resume of the political developments since the last meeting. He stated that it appeared that when the Costituente convenes in plenary session 21 January the first item of discussion will most likely be the Italian peace treaty. All parties concerned have so far avoided committing themselves on the position they are likely to take in the debate on whether or not the Government should sign the treaty.

It has been announced since the last meeting that De Gasperi has been invited to visit the United States in the first half of January and has

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Colonel Walbe-Jones, Lieutenant Colonel Golubev, Capitaine de Villefosse, Mr. Greene, Group Captain Jarnar, Colonel Fiske, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Jenkins.

1. Future of the Allied Commission

With reference to para 14 of Minutes of 18 December 1946, the Chief Commissioner thanked the Executive Commissioner for the effective work he and his staff had done in getting off the initial draft plans on the rundown of the AC to G-5 AFHQ in compliance with the AFHQ directive that such plans must be submitted before 25 December. Plans have also gone in from AF# and from ASAF. No information is available as to what may have gone forward in connection with the rundown of AF# in Venezia Giulia. The principal difficulty is that neither the final draft treaty nor the statute for the Free Territory has been received and it is not known what is contemplated in the way of a temporary or interim setup. The Chief Commissioner said that there are many problems involved with regard to Venezia Giulia particularly in the economic field in connection with properties that are going to be split up between Italy and the Free Territory. Mr. Greene stated that the Embassy had asked the State Department whether reports that the treaty would be effective on the date of signing could be considered accurate. In reply the Department quoted the treaty article which states that the treaty goes into force on the deposit with the French Government of the ratifications by the Big Four.

2. Civil Airlines

With reference to para 13 of Minutes of 18 December, Group Captain Jarnar stated that the general plan for the operation of civil airlines has not yet been submitted by the Air Ministry to the AF S/C. Captain Jarnar stated that he would check into this matter.

3. Political Resume

Mr. Greene gave a brief resume of the political developments since the last meeting. He stated that it appeared that when the Costituente convenes in plenary session 21 January the first item of discussion will most likely be the Italian peace treaty. All parties concerned have so far avoided committing themselves on the position they are likely to take in the debate on whether or not the Government should sign the treaty.

It has been announced since the last meeting that De Gasperi has been invited to visit the United States in the first half of January and has accepted that invitation. The announcement led to discussion in the press as a result of which the Government issued a statement stating that although it had been suggested that Nenni accompany De Gasperi, Nenni felt that it was perhaps better for him to go to the United States later. Colonel Battensby stated that Donato Menichella, Direttore Generale of the Bank of Italy, would accompany De Gasperi.

The Italo-U.K. trade meetings have adjourned. Agreement was reportedly reached to set up a joint committee of experts to study the broad problem of Italo-U.K. relations.

- 1 -
SECRET

S E C R E T

The Italian Cabinet approved on 20 December the withdrawal of the Italian Ambassador in Madrid in conformity with the recommendation of the United Nations General Assembly and the announcement of last October that Italy, in relations with Spain, would follow the example of the United Nations.

Internally, economic trouble led to a more or less general strike in the Naples area during which only essential public services appear to have been maintained. It was reported in the press that the principal demands made by the labor chamber included an increase in allotments to public works schemes to relieve unemployment, an increased unemployment subsidy, an extension of the range of low-price foods issued on ration cards, assurance that the Naples area would receive a fair share of all food supplies, and the perennial demand for reduction in the cost of living. On 18 December De Gasperi appealed to the strikers to return to work and assured them that every effort would be made to avoid unfairness, and the next day the strike ended. The Government press release describing the discussion of the strike in the Council of Ministers indicated that there have been slip-ups in the distribution of food to Naples and the Government tone was apologetic, assuring that slip-ups would be avoided in the future. It was later announced that extra rations would be distributed during the Christmas week. It was also announced that the public works program would be expanded, veterans' and unemployment subsidies would be increased to equal those payable in Rome, and a Christmas bonus would be paid to veterans.

In Rome the deadlock on the appointment of a mayor continued. The latest suggestion is that a commissioner rather than a mayor be appointed.

With regard to the relations between parties, Giannini discussed in BUON-SENSO on the 19th possible cooperation between the forces of liberalism (Uomo Qualunque) and totalitarianism (Communists), feeling that if there is no cooperation the result will be totalitarianism no matter who is the victor. In two later replies, Togliatti warned against anti-Communist, anti-democratic symptoms in the Uomo Qualunque party. He left the matter of collaboration open for discussion on the condition that the Uomo Qualunque recognize that the Italian Communist party has been the most consistently democratic party in Italy.

In the Costituente a draft article on the relations between Church and State has been approved (subject to approval by the Costituente plenary assembly). This draft recognizes the independence and sovereignty of the Church and State and states that their relations shall be covered by the Lateran Pacts. The leftists wanted this reference to the Lateran Pacts excluded. In fact, an AVANTI editorial urged that the Pacts be renegotiated. This article also charged the Christian Democrats with establishing a bogey of anti-clericalism. Mr. Greene stated that as a matter of fact there seems to be a surface anti-clericalism in Italy as evidenced by such papers as DON BASILIO. The Pope appeared at a mass meeting on the 22nd which was obviously intended as a show of strength of the opposition to anti-clericalism.

4. Food Situation

The Chief Commissioner stated that over the holiday a food crisis developed in Milan and Turin. The difficulty was that an UNRRA ship was routed first to Greece for partial unloading there prior to unloading in Italy. On 23 December the Italian Government asked for a loan of wheat from military stocks, to which the Government was authorized.

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4. Food Situation

The Chief Commissioner stated that over the holiday a food crisis developed in Milan and Turin. The difficulty was that an UNRRA ship was routed first to Greece for partial unloading there prior to unloading in Italy. On 23 December the Italian Government asked for a loan of wheat from military stocks, to which AFHQ agreed. Colonel Walbach stated that the Italian Government was authorized to draw 5,000 tons from Allied wheat stocks in Venice. The necessary people were notified. The Chief Commissioner thanked Colonel Walbach for his cooperation.

Colonel Walbach stated that as of 21 December, based on the UNRRA estimate of 11,031 tons daily consumption, stocks on hand were sufficient to maintain the present ration for 44 days, provided stocks could be moved to

S E C R E T

deficiency areas. In transit and signalled to arrive prior to 4 January there was 73,899 tons. Beginning 1 January, one day each week the bread ration will consist of 100 grams bread and 200 grams of maize flour, except in Rome where the ration for that day will be 135 grams bread and 200 grams maize flour.

5. Fuel Situation

Colonel Walbach stated that for the month of December there was available 755,000 tons of coal. At the present reduced consumption rate of 400,000 tons, balance on hand at the end of December would be 355,000 tons.

The civilian POL situation has improved further and stocks on hand are as follows: motor gasoline 53 days; diesel oil 38 days; kerosene and fuel oil 60 days.

6. Power Situation

Colonel Walbach stated that there was no change in the power situation in Northern Italy. The power situation in Central and Southern Italy is practically unchanged, but the Sila reservoir group continues to refill, containing now 40 million KWH as compared to the 19 million KWH reported at the last meeting.

A meeting of the Advisory Committee on Electric Power for Central and Southern Italy was held on December 20. Additional hydroelectric and steam generating units will be put in operation in January thus relieving a critical situation. It is estimated that insofar as curtailment is concerned, no important change will take place in January.

7. Line Devaluation

In response to the Chief Commissioner's query, Colonel Battensby stated that he believed the American Embassy had started negotiations with a view to devaluing the lire, and 1 January has been mentioned as a possible date for the change. However, Colonel Battensby stated that he understands the chief official of the Ministry is ill and for the time being negotiations are held up.

8. Italian POW's

Colonel Fiske reported that the transfer of files pertaining to former U.S. held POW's to PBS has been 60% completed and would be completed on 10 January at which time the Italian civilians working on this in the Land Forces S/C will be released.

9. Land Forces S/C Liaison Officers

Colonel Fiske reported that instructions were received from AFHQ on 24 December to close down forthwith field units of the Land Forces S/C with the

of 400,000 tons, balance on hand at the end of December would be 335,000 tons.

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9. Land Forces S/C Liaison Officers

Colonel Fiske reported that instructions were received from AFHQ on 24 December to close down forthwith field units of the Land Forces S/C with the exception of the Liaison Officers at Bologna, Udine and Rome. The functions of these units were discontinued at once. About 40 officers are involved in this and a slightly larger number of O/Rs.

The Chief Commissioner announced that in view of the holidays the next Vice-Presidents' Meeting will be held on Wednesday, 8 January 1947, at 1000 hours.

SECRET

EDWARD D. S. SULLIVAN
Major, Air Corps,
Staff Officer to CC

DISTRIBUTION:

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Political Advisor (B)
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French Representative IC
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Soviet Rep. representative AC
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Financial Advisor AC
Public Relations Branch
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British Ambassador
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- 4 -
SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

MEMORANDUM:

TO : See "DISTRIBUTION"

The Vice Presidents' Meeting which would ordinarily
be held on 25 December 1946 and 1 January 1947 will take place
on Friday 27 December 1946 and Friday 3 January 1947 respective-
ly, at 1600 hours.

Edward D.S. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
CSG to Chief Commissioner

55/a

DISTRIBUTION:

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Executive Commissioner
VP, Economic Division
Political Advisor (A)
Political Advisor (B)
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Land Forces S/C (INIA)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, IC
Soviet Representative, IC
Chief Legal Advisor
Financial Advisor, IC
Public Relations Branch
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G-5, AFHQ

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S E C R E T

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 55L/02

23 December 1946.

M I N U T E S

Vice Presidents' Meeting, 1000 hours, 18 December 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Lt Commander Colubey, Capitaine De Villefosse, Colonel Walbach, Lt. Colonel Wilco-Jones, Mr. Greene, Mr. Hankey, Rear Admiral Warren, AVM Brodie, Colonel Pisko, Colonel Weber, Colonel Battensby, Lt. Col. Ross, Captain Jenkins.

1. Future of the Allied Commission.

The Chief Commissioner stated that at this time probably everyone concerned knew about the plans for the rundown of the Commission. The drafting of AC's proposals has been made difficult by the fact that the provisions of the peace treaty with Italy and the statute for Trieste affect some of the plans to be drawn up and, so far as is known, no one in Italy has seen the present draft of the treaty or the statute for Trieste. The northwestern frontier had no bearing on the plans since the question was purely a matter between the French and Italian Governments and the Commission was not concerned. The Chief Commissioner went on to say that there is still question about the date of ratification of the peace treaty, and some of this confusion was due to conflicting announcements that have been made. One announcement emanating from the State Department in Washington had it that the treaty would go into effect on the date of signature, which is scheduled to be on February 10. This was somewhat surprising in view of the American constitutional requirement that international treaties must be made with the advice and consent of the Senate. Another report was to the effect that the treaty as agreed in New York would be submitted to the American Senate immediately after it convened in New York the first week in January. The Chief Commissioner observed that this was purely speculation and since there was nothing official about the date on which the treaty would go into effect, it was difficult for AFHQ and AC to precise plans for the future. The Chief Commissioner also observed that another factor involved was how long the American Senate would take to ratify the Italian treaty, especially since there was a possibility that there might be presented to the Senate for ratification not only the Italian treaty but also those with the other satellite countries. If this happened, it was very probable that the ratification discussions in the American Senate would take a longer time than if the Italian treaty were to be ratified separately from the others. The Chief Commissioner expressed his belief that ratification by the Senate before February 10 was doubtful. On the question of the conflicting dates of February 10 and February 19 for the signature of the treaty, Captain Jenkins reported he had called the Associated Press who had stated that the correct date was February 10, the other having been a misprint.

MINUTES

Vice Presidents' Meeting, 1000 hours, 18 December 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Lt Commander Golubev, Capitaine De Villefosse, Colonel Walbach, Lt. Colonel Wilke-Jones, Mr. Greene, Mr. Hankey, Rear Admiral Warren, AVM Prodie, Colonel Fieko, Colonel Weber, Colonel Bettensby, Lt. Col. Ross, Captain Jenkins.

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2. Implementation of the Operations Memorandum.

The Chief Commissioner announced that word had been received from the Italian Government on the implementation of the Operations Memorandum re employment of Italian troops and police to quell civil disorder and a signal had been sent to AFHQ on the matter.

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3. Run-down of the Commission - Transfer of Functions.

The Chief Commissioner explained that the problem had arisen as to which, if any, civilian agencies (including the Embassies) some of the functions of the Commission might be transferred. He went on to say that the two Embassies had shown some reluctance to assume them and the present trend was towards creating an Allied liquidation agency to wind up some of these functions; it was hoped that the Italian Government might agree to the presence of such an agency for a while after the treaty should have gone into effect. The Chief Commissioner expressed his opinion that this was the most practical solution to the problem and he did not envisage any trouble with the Italian Government on this score.

4. Political Resume

Mr. Hankey gave a brief resume of the political developments of the past week.

The main development in Italian external affairs was the announcement of the date for the signature of the peace treaty on February 10. (Since the question had already been thoroughly discussed, Mr. Hankey did not dwell upon it).

M. Couve de Murville, French representative at New York, had made an official statement in connection with the Italian colonies in which he repented the French Government's view that the colonies should be placed under Italian trusteeship.

In the domestic field, much space had been given in the Italian press to discussion of the incidents at Padua resulting from a number of Italians having been injured by a British military truck. Mr. Hankey said the incidents had happened at a particularly unfortunate moment when Italian feeling was bitter as a result of the finally agreed terms of the peace treaty. He added that, giving these circumstances, the repetition of similar disturbances was not to be excluded.

A split had been reported in the Liberal Party as a result of discussion in the Executive Committee on the question whether or not to link up with the Uomo Qualunque Party. By a vote of 15 votes to 13 it had been decided against fusion. Signor Selvaggi, followed by other members of the Party (though none of them members of the original Croce group), had thereupon resigned and had later joined the Uomo Qualunque Party. This party had concurrently adopted a new name, the Liberal Democratic Front of the Uomo Qualunque. On the Capitol, the Christian Democrats, by allying with the other Right Wing Parties, had secured election of a Christian Democrat as Mayor, Signor Robecchini. But he had resigned with the subsequent refusal of the Left Wing Parties to join the 628. A temporary solution had been found by having the previous Mayor and Giunta continue in office until the deadlock was solved. The Christian Democrat attitude in this matter was subject to much press comment, and increasing emphasis was given to the part played in the dispute by clerical and anticlerical influences.

5. Food Situation.

Colonel Walbach reported that estimated stocks of wheat available from

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5. Food Situation

Colonel Walbach reported that estimated stocks of wheat available from 1 to 15 December amounted to 701,409 tons. Estimated consumption was 165,464 tons, leaving a balance on hand of 535,945, or sufficient to meet requirements for 49 days, provided it could be moved to deficiency areas. In transit and signalled to arrive prior to 26 December there was 47,372 tons.

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A total of approximately 17,000 tons of wheat has arrived during the past week for ALG territories which will satisfy the bread and waste requirements to 28 February.

6. Fuel Situation.

Colonel Walbech reported that there is very little change in the coal situation. The European Coal Organization allocation for Italy for January is 422,400 tons from the United States and 176,000 from all other sources making a total of 598,400 tons.

The improvement of the civilian POL situation is reflected in the following stock position: motor gasoline, 35 days; diesel oil, 14 days; kerosene, 50 days; fuel oil, 60 days.

7. Power Situation.

Colonel Walbech reported no change in Northern Italy.

The hydroelectric situation is gradually improving in Central and Southern Italy. The seasonal refill of the Sila reservoir group has started raising them from a low of 7 million KWH to 19 million KWH. The capacity of this group is 300 million KWH. The thermal plants are still working almost to full capacity.

8. Minesweeping.

Colonel Walbech stated that, according to the Navy Subcommittee, minesweeping is being carried on and there are sufficient coal supplies at the present moment, but that an additional 1500 tons from the allocation already made to the Ministry of Marine would be needed.

It was thought that the Ministry of Marine should initiate a request to the Coal Committee of the Ministry of Commerce and Industry for the allotment of additional coal. Colonel Walbech further explained that UNRRA had no objection to the release by the Coal Committee, of this additional 1500 tons of UNRRA imported coal, to the Ministry of Marine for purposes of mine sweeping. Therefore, if the Ministry of Marine is unable to get additional coal from stocks imported for the account of the Italian Government, the Economic Division will arrange to obtain UNRRA imported coal when requested to do so by the Navy Subcommittee.

6500 tons of coal are required for minesweeping in December. Rear Admiral Warren stated that minesweeping had been held up again except in La Spezia.

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Back Meeting in Africa.

Colonel Battenby announced that the British Authorities in Italian Africa had agreed the banks to send a delegation to discuss the banking situation there. The invitation to the Banco d'Italia was turned down on the grounds that it was useless for them to send a delegation until the question of the disposition of the former Italian colonies in Africa is resolved.

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627

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Colonel Botsford announced that the British Authorities in Italian Africa had rejected the banks to send a delegation to discuss the banking situation there. The invitation to the Banco d'Italia was turned down on the grounds that it was useless for them to send a delegation until the question of the disposition of the former Italian colonies in Africa is resolved.

10. Retirement of Admiral De Courton

Rear Admiral Warren announced the retirement of Admiral De Courton from the Italian Navy. This left his post as Naval Chief of Staff open and the name of Admiral Murgieri had been put up as his successor. SIGMED and CINCPAC had stated that they had no objection to this proposal and that the announcement would be made public in a few days.

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11. Repatriation of Italians abroad.

Rear Admiral Warren reported that Italian cruisers were being used during January to repatriate 2500 Italians from Egypt, and that word had been received that the SS "Toscano" was on her way to Italy with repatriates from Mesopotamia. The Chief Commissioner inquired whether the word "repatriates" implied in this case Italian prisoners of war and Rear Admiral Warren recalled the report mentioned just repatriates and that could mean civilians too.

12. Move of Fighter Squadrons.

ADM Brodie stated that removal had been given for the move of five of the seven fighter squadrons at Lecce in Southern Italy to Northern Italy. This move has no strategic or political significance and is made only in order to raise the morale of the fighter personnel who then would find themselves near their homes.

13. Civil Airlines.

ADM Brodie reported that authority had come through some time ago for internal civil airlines to be operated in Italy. A final allocation meeting was held on December 17 at the Air Ministry and the general plan is expected by AFSS shortly. 28 different groups were interested in operating civil airlines but according to the Air Ministry the number had now been reduced to 15.

On civil aviation, other than internal civil airlines, authority has recently been given to the Italians for a limited number of charter and taxi services and also a certain amount of private flying in order to help industrialists and businessmen in getting round the country. No permission has been granted for private flying for pleasure nor for flying or glider clubs to operate.

Authority has also been given to the Italian Air Ministry to allow construction of non-combat aircraft in Italy in quantity and types suitable for use in civil aviation within Italy. Construction of aircraft for external airlines and for sale abroad has not yet been authorized.

14. Roundup Plan.

Brigadier Carr announced that a committee had been set up to draft plans for the roundup of the Commission. At two meetings the problems of all divisions except one had been discussed. The Chief Commissioner urged all persons sent to give fullest cooperation to the Executive Commissioner in the preparation of the report. First draft of which has to be submitted to AFHQ by 626 Dec 25. The Chief Commissioner also stated that the Service Subcommittees are obviously to cover operations on so-called R Day except for some units of ILL which are tentatively scheduled to close some 30 days before that.

15. Driving in Italy.

The Chief Commissioner stated that it was

12. Move of Fighter Squadrons.

AFM Bradic stated that approval had been given for the move of five of the seven fighter squadrons at Lecce in Southern Italy to Northern Italy. This move has no strategic or political significance and is made only in order to raise the morale of the fighter personnel who then would find themselves near their homes.

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15. Driving in Italy.

The Chief Commissioner stated that it was incumbent upon the Allied Commission to put constant pressure on the question of driving. He reported that recently he had almost had a collision with a P38 jeep which was going at high speed. Colonel Fiske and Rear Admiral Warren reported similar experience. The Chief Commissioner went on to say that Allied driving in Italy

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today is scandalous and the individual cases cited be mentioned in the communication being prepared for AFHQ and on the Italian Government's notes on the piano incidents.

Next Vice Presidents' Meeting : to be announced.

Edward D. Sullivan

EDWARD D. SULLIVAN,
Major, Air Corps,
Staff Officer to CC.

DISTRIBUTION :

Chief Commissioner
Executive Commissioner
VP, Economic Division (3)
Political Advisor (A)
Political Advisor (B)
Navy S/C (3)
Land Forces S/C (JUL) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative AC
Soviet Representative AC
Chief Legal Advisor
Financial Advisor AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)

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Executive Officer (B)
French Representative AG
Soviet Representative AG
Chief Legal Advisor
Financial Advisor AG
Public Relations French
American Ambassador
British Ambassador
G-5, AFHQ (5)

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SECRET

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EDWARD D. S. SULLIVAN,
Major, Air Corps,
Staff Officer to CG.

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S E C R E T

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/92

11 December 1946

M I N U T E S

Vice Presidents' Meeting, 1800 hours, 11 December 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Lieutenant Colonel Cros, Colonel Walbach, Lt Colonel Wilber-Jones, Mr. Greene, Mr. Hankey, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Colonel Fiske, Group Captain Jarman, Captain Jenkins.

1. Future of Allied Commission

The Chief Commissioner stated that in view of the agreement reached on the peace treaty, it was very probable that the Commission would continue until after the first of the year. The treaty was not expected to be signed until sometime in February and instructions had been received from AFHQ to plan the necessary rundown of the Commission in its various activities including the transfer of certain functions to civilian agencies where such functions are to be continued.

2. Coal for Minesweeping

With respect to paragraph 5 of Minutes of 4 December, the Chief Commissioner stated that an additional point should be made to meet the UNRRA objection that their coal may not be used by the military. The point in question would be that unless the channels are swept, UNRRA supplies for rehabilitation run the grave risk of being interrupted. The Chief Commissioner stated he would not accept any refusal of UNRRA to allocate coal for minesweeping and stressed that the coal in question was not for the military at all but to facilitate rehabilitation. He directed that the Economic Division insist that such coal be made available. In connection Colonel Walbach stated that UNRRA was willing to allocate the coal if the demand for it was put on the basis of rehabilitation.

3. Political Resume

Mr. Greene gave a brief resume of political developments during the past week.

In connection with the peace treaty he stated that it seemed probable that it would be signed in about six weeks' time; then the next step would be ratification. This would require some constitutional processes in each of the four countries involved and it might take considerably more time. If the treaty were presented to the American Senate for ratification in February, Mr. Greene estimated discussions would probably last for a month thereafter. The Italian Government made a last minute attempt to change some of the provisions announced earlier and

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In the international field, the departure of the Italian commercial delegation to the London conference was of interest.

S E C R E T

In the domestic field the relationships among the various parties are still in a state of flux. Early in the middle of last week the Rome City Council met to elect a mayor but failed. The question would again come up on the 12th when some more voting would take place and the candidate getting the largest number of votes would be elected. At the same time the scramble in the Rome municipal elections brought about a great deal of disagreement between parties and inside the parties themselves. There have been rifts among the Christian Democrats and in the Socialist party.

At a cabinet meeting it was decided to speed up the work of the Constituent Assembly so that elections might be held before next Fall. This seemed to have met with general support. On the other hand there was no discussion on the proposal to postpone until 31 of January the date on which the required final draft of the Constitution should be ready. The postponement is said to be required for purely technical considerations.

Over the week-end both De Gasperi and Togliatti made political speeches. De Gasperi dealt with the subject of national unity and relief for reconstruction, whereas Togliatti's had to do with inter-party relations. In connection with the latter, Togliatti indicated he thought collaboration between the parties was the most satisfactory situation.

The Constituent Assembly met on December 10th and in addition to extending the deadline for writing the Constitution proceeded to elect a new vice president. Tapini was elected to replace Grandi.

4. Press Articles

The Chief Commissioner wished to draw the attention of all, and particularly of the foreign representatives to the Allied Commission to the series of articles appearing in the Italian newspaper "Italia Nuova" on the thirty days' reign of the King. He referred in particular to the articles in which reference was made to him and stated he had been astonished at some of the misstatements made in connection with the events in which he took part. He made specific mention of some of these and refuted them, adding that the facts had been greatly distorted and many of the things reported were simply fiction. In fact, the newspaper "Il Momento" had published an article in which it pointed out some of the obvious discrepancies. The Chief Commissioner urged the foreign representatives to the Commission not to take any of the articles too seriously.

5. Transfer of certain responsibilities of the IPW Division

Colonel Fiske reported that the responsibility and activities of the American section of the IPW Division had been transferred to the Peninsular Base Section and explained that meant the Commission had no further responsibility with respect to all matters concerning Italian prisoners of war who had been held by the American Government.

6. Food Situation

Colonel Walbach reported that the estimated stocks of wheat on hand on 1 December amounted to 699,958 tons. The daily consumption rate had now been

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Colonel Welbach reported that the estimated stocks of wheat on hand on 1 December amounted to 699,958 tons. The daily consumption rate had now been reduced to 11,031 tons due to the reduction of pasta rations from 2000 grams to 1000 grams monthly effective 1 December, thereby making available as of 9 December 611,710 tons. This amount would meet requirements for approximately 55 days from and including 9 December.

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The Chief Commissioner stated that he accepted UNRRA figures with considerable reserve.

The approval of the subsistence program for AMG territory for the first half of 1947 has been received and supply for the first three months has been authorized to be called forward.

During the past week several circulars have been issued by the High Commissioner of Food abolishing special food rations for colleges, institutes and similar organizations as well as special rations of sugar, meat, powdered milk, etc., for citizens of the United Nations. Also, as stated above, the pasta ration for December has been reduced from 2000 grams to 1000 grams.

The wheat subsistence in Venezia Giulia and Udine is unchanged from the past week.

7. Fuel Situation

Colonel Walbach reported that the end of the coal strike in the US came too late to expect coal to arrive from that source during December.

The total availability of coal as of 1 December including that already shipped, stood at 704,000 tons and with an estimated consumption during the month of 400,000 tons there will remain on hand as of 31 December approximately 304,000 tons.

The Italian Government and UNRRA consider that a minimum consumption of 600,000 tons per month is necessary to avoid a set-back in Italian industrial rehabilitation program after several months of gradual improvement.

The Italian civilian fuel stocks are as follows: motor gasoline 26 days, diesel oil 20 days; kerosene 32 days, fuel oil 34 days.

A tanker with 130,000 Bbls. of motor gasoline is expected on the 9th and several other tankers loaded with both motor gasoline and diesel oil are scheduled to arrive during the next seven or ten days. Another two tankers carrying crude oil from Arabia were received at Bari during the past week. More than a third of the two million barrels of crude oil purchased by UNRRA has now been brought into the country.

8. Power Situation

Colonel Walbach reported no change in Northern Italy.

The hydroelectric position in Central and Southern Italy is improving slightly, but the water storage in the Sila reservoir group, Southern Italy, remains at a very low level.

The thermal plant at Naples using fuel oil and coal burning plant at Rome are both working to capacity.

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A tanker with 130,000 Bbls. of motor gasoline is expected on the 9th and several other tankers loaded with both motor gasoline and diesel oil are scheduled to arrive during the next seven or ten days. Another two tankers carrying crude oil from Arabia were received at Bari during the past week. More than a third of the two million barrels of crude oil purchased by UNRRA has now been brought into the country.

8. Power Situation

Colonel Walbach reported no change in Northern Italy.

The hydroelectric position in Central and Southern Italy is improving slightly, but the water storage in the Sila reservoir group, Southern Italy, remains at a very low level.

The thermal plant at Naples using fuel oil and coal burning plant at Rome are both working to capacity.

Vice Vice Presidents' Meeting, Wednesday, 18 December, 46, 1000 hours

EDWARD J. SULLIVAN
Major, Air Corps
Staff Officer to CC

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SECRET

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Public Relations Branch
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British Ambassador
G-5, AFHQ (5)

VP, Economic Division (3)
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Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)

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SECRET

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
AP 794

CC 551/90

4 December 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 4 December 1946, Chief Commissioner's Conference Room, Headquarters Allied Commission, Rome.

Present: Brigadier Carr, Capitaine de Vaisseau de Villefosse, Colonel Savko, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Colonel Wilke-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Goulburn, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Jenkins.

1. Political Resume

Mr. Hankey gave a brief resume of political developments during the past week. From Menni's report to the Prime Minister and in the light of subsequent developments it appeared that conversations between the Italian and Yugoslav delegations in New York on the broad question of Venezia Giulia had broken down but that discussions would be continued in some other capital on matters of lesser importance. Ignoring the fact that negotiations were in progress, the Yugoslav delegation was said to have made a new offer to the Big Four, offering a new line which would leave Monfalcone to Italy. However, there was no reason to believe the Big Four would diverge from the French line. There had been considerable hostile press criticism of the arrangement whereby 5,000 Yugoslav troops would be included in the Allied occupation force of Trieste.

Internally, the most striking single piece of news had been the condemnation by shooting of Generals Mackensen and Maeltzer.

In internal politics, paralleling the split in the Socialist Party, right-wing Christian Democrats passed a resolution advocating that the Christian Democrats break away from the coalition government, more closely ally with other right-wing parties, and withdraw from the CGIL. The general press comment had been to the effect that this move, following the dissension within the Socialist Party, increased the danger that the coalition government would not be able to survive until the elections. There had been some discussion on how the work of the Costituente could be speeded in order to have the elections sooner than originally contemplated, and certain steps had been taken to institute machinery for speeding up deliberations in the Costituente.

2. Food Situation

Colonel Walbach reported that as of 1 December wheat stocks were sufficient to maintain the present ration for 54 days. Daily consumption is now figured by URRFA at 12,500 tons, which is the net rate after making allowances for various factors. A decree concerning regulations of public restaurants, including surrendering of ration card coupons for all bread and paste served and...

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Vice Presidents' Meeting, 1000 hours, 4 December 1946, Chief Commissioner's Conference Room, Headquarters Allied Commission, Rome.

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622

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SECRET

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S E C R E T

The wheat and flour situation in Venezia Giulia and Udine remains unchanged from the past week. There is expected to arrive on 10 December 8,000 tons of wheat. On arrival, wheat stocks will be sufficient to maintain the present ration until 24 January.

3. Fuel Situation

Colonel Walbrach reported that coal stocks on 1 December were 415,000 tons. There is in transit from the U.S. 112,000 tons and estimated arrivals during December from all other sources are 138,000 tons. Due to the coal miners' strike in the U.S. the consumption of coal for December will be limited to 400,000 tons, which will leave an estimated balance on 31 December of 265,000 tons.

The same fuel situation in Venezia Giulia and Udine was relieved somewhat by the arrival of 9,000 tons of coal in Trieste on 2 December. However, this coal is in effect a loan as it was intended for PBS at Leghorn and under instructions from G-5 AFHQ, will be repaid from the first shipment of JMC coal allotment.

Civilian POL stock position based on current reduced rate of consumption is as follows: motor gasoline 10 days (50% cut in consumption), Diesel oil 20 days (40% cut), kerosene 25 days, fuel oil 60 days. A tanker carrying 80,000 barrels of gasoline and 50,000 barrels of Diesel oil arrived at Naples 3 December. Advice has been received of sailings of seven tankers carrying 460,000 barrels of gasoline and 343,000 barrels of Diesel oil, the bulk of which is due to arrive during the first half of December. On receipt of these quantities the cuts imposed on consumption early in November will be lifted. Five tankers of crude oil, totaling 568,000 barrels, have been received, three at Bari and two at Naples. This represents slightly more than a quarter of the crude to be imported by UNRRA. It is expected that distribution of the products from this crude will begin at an early date.

4. Power Situation

Colonel Walbach stated that no change has been reported on the power situation in Northern Italy. The Central and South Italy situation was reviewed by the Central Commission for the Rationing and Control of Electric Power during the monthly meeting held on 30 November. The general situation is slightly improved and in spite of the increased consumption the estimated shortage in December will be about 26%, as opposed to the November shortage of 32%. Feeder disconnections will be carried out according to the November rationing scheme. In the event that more power becomes available from the hydroelectric plants, the steam plants will curtail generation in order to conserve fuel. It was reported that the Sila reservoirs in Southern Italy are again at a critical point as the seasonal refill has now temporarily stopped. Power import from the North will remain unchanged.

5. Minesweeping

With reference to paragraph 6 of Minutes of 29 November, Colonel Walbach stated that a conference was held with UNRRA representatives on the question of supplying coal for mine sweepers and he was informed that UNRRA does not of itself have any coal, as all coal arriving for UNRRA account is turned over to the Coal Committee of the Ministry for Commerce and Industry for control and allocation. None of this coal can be allocated to governmental organizations or

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SECRET

6. Wages and Salaries Committee

With reference to para 5 of Minutes of 29 November, Brigadier Carr stated that the AFHQ at its meeting on 29 November recommended that the wages rates for Italian employees of the Allied Forces should be increased by 5% effective 1 December. The Chief Commissioner in forwarding this recommendation to AFHQ has agreed to the proposed rate of increase but strongly recommended that the effective date be 1 October rather than 1 December, thus bringing the wages of Italian employees of the Allied Forces into line with wages being paid by Italian industry. Brigadier Carr pointed out this matter was only in the proposal stage and was under consideration at AFHQ.

Next Vice President's Meeting: Wednesday, 11 December 1946, 1000 hours

Edward D.S. Sullivan
 EDWARD D.S. SULLIVAN
 Major, Air Corps
 Staff Officer to G-5

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Chief Commissioner
 Executive Commissioner
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 Navy S/C (3)
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 Air Forces S/C
 Executive Officer (A)
 Executive Officer (B)
 French Representative, AC
 Soviet Representative, AC
 Chief Legal Advisor
 Financial Advisor, AC
 Public Relations Branch
 American Ambassador
 British Ambassador
 G-5, AFHQ (5)
 Mr. Harlan Cleveland, UNRRA

Next Vice Presidential Meeting: Wednesday, 11 December 1946, 1000 hours

Edward D.S. Sullivan
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Major, Air Corps
Staff Officer to CG

DISTRIBUTION:

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Executive Commissioner
VP Economic Division (2)
Political Advisor (A)
Political Advisor (B)
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Land Forces S/C (MMFA) (2)
Air Forces S/C
Executive Officer (A)
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French Representative, AC
Soviet Representative, AC
Chief Legal Advisor
Financial Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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SECRET

(11)

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/89

29 November 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 29 November 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Capitaine de Vaisseau de Villefosse, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Wilbe-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Coulburn, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Judkins.

1. Political Resume

Mr. Greene gave a brief resume of political developments during the past week. The Chief Commissioner stated that the most important development was the press report from New York believed reliable that agreement was reached by the Foreign Ministers that effective with the signing of the peace treaty the Allied troops in Venezia Giulia would be cut to 15,000, of whom 5,000 would be American, 5,000 British and 5,000 Yugoslav. These troops will remain until the Governor says there is no need for Allied troops in Venezia Giulia, which decision he is to make within 90 days of his appointment. Mr. Greene stated that the one remaining problem to be solved is the administration of the free port. On the question of direct negotiations between Italy and Yugoslavia, the principal development was the Yugoslav request for cession of Monfalcone as well as Gorizia. In Italy, Don Sturzo, who has now begun to take active part in politics, warned in an editorial against any assumption on the part of Italians that conclusion of an agreement with Yugoslavia would necessarily prejudice the question of whether Italy would sign the peace treaty. The Central Committee of the Communist Party in Italy at the end of its meeting on the 21st adopted a motion lauding Togliatti for his efforts to settle the Trieste question.

There have been further administrative elections held in various sectors on the 24th. In four Northern sections the Communists led in three and the Socialists ran second in three, with the Christian Democrats leading in one and running second in another. The Uomo Qualunque ran a bad fourth in two sections, although they showed a striking gain over the June elections. Of nine sections in the South the Uomo Qualunque running alone won in one and running in combination with the Liberals won in four, with the Communist-Socialist joint tickets winning in four. The Christian Democrats were second in two places but otherwise ran far behind the leftists and the rightists. The results of the administrative elections have given rise to public talk of the possibility of a crisis in the Government. While this now appears not likely, it does appear that there is even less likelihood of agreement on basic policies between the three parties in the Government. The

MINUTES

Vice Presidents' Meeting, 1000 hours, 29 November 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Capitaine de Vaisseau de Villefosse, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Wilbe-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Coulburn, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Jenkins.

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621

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The inter-party polemics between the Christian Democrats and the Communists have reached a fever pitch over Togliatti's reported accusation that de Gasperi deliberately impeded the return of Italian prisoners from Yugoslavia. The press reported that 68 prisoners arrived in Udine on the 18th and 3100 at Ancona on the 28th. Another 3,000 are reported due to debark on the 29th.

- 1 -

SECRET

S E C R E T

Intra-party strife in the Socialist party has come out into the open with Saragat criticizing Nenni for his policy of maximum fusion with the Communists, which he claimed caused a loss of Socialist strength among the electors. The executive commission of the party has decided to advance the meeting of the party to January as a result.

2. Food Situation

Colonel Walbach reported that wheat stocks on hand as of 24 November are sufficient to maintain the present ration for 62 days. Daily consumption has been reduced from 12,500 tons to 11,737 tons by the elimination of extra rations to civilian nationals of Allied Nations. There is still no definite assurance that the 50,000 tons of wheat allegedly being arranged for shipment from the U.S. in November or the 80,000 tons allegedly purchased in Turkey will ever arrive in Italy.

Loans of flour have been made from Udine to Venezia-Giulia so that wheat stocks in these two areas are sufficient to maintain the present ration to 3 January 1947. Sugar stocks are sufficient until about the middle of January and fats are sufficient until the end of the year.

3. Fuel Situation

Colonel Walbach reported that there is little change in regard to the estimated coal arrivals for November. The U.S. coal strike is now under way and an embargo has been placed on all coal exports. The Chief of the UNRRA Coal Branch has departed for London to attend the European Coal Organization meetings where an attempt will be made to secure additional coal from sources other than the U.S. Present estimate for December arrival is 206,000 tons, including 68,000 tons already shipped from the U.S. UNRRA advises that 5 ships loading in the U.S. at the time the embargo was imposed will be sailed, which would add 44,000 tons to expected December arrivals.

In Venezia Giulia and Udine the coal situation is serious. Of the 123,000 tons approved for the last half of 1946, there is a shortage of 39,612 tons. There is due 20,500 tons on the December slate, but it is seriously doubted if these amounts will be received due to the coal strike and the embargo on coal in the U.S., as well as present curtailment of shipments from other areas.

Efforts to borrow coal from British military stocks have failed.

The present situation will be alleviated somewhat by the arrival in Trieste on 30 November of approximately 9,000 tons. This shipment was originally slated for the 88th Division, but inasmuch as that Division has already met its winter needs, this 9,000 tons of coal was diverted to AMG uses by G-5, AFHQ. With the arrival of this 9,000 tons of coal Venezia Giulia and Udine will have on hand sufficient coal to last until about 24 December.

The civilian POL stock position is as follows: motor gasoline 10-12 days, Diesel oil 20 days, kerosene 30 days, and fuel oil 60 days. A tanker carrying Diesel oil arrived 23 November. The next tanker carrying gasoline is due on 5

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The civilian POL stock position is as follows: motor gasoline 10-12 days, Diesel oil 20 days, kerosene 30 days, and fuel oil 60 days. A tanker carrying Diesel oil arrived 23 November. The next tanker carrying gasoline is due on 5 December, which should relieve the tight situation in gasoline. The fifth crude oil tanker has arrived from Arabia and both Naples and Bari refineries are now operating.

In reply to the Chief Commissioner's question, AVM Brodie stated that there is no difficulty on the supply of aviation gasoline to the Italian Air Force but that there has been a temporary reduction of 50% in gasoline for the IAF motor transport. Admiral Warren stated that the Italian Navy has informed him that there is no difficulty in the supply of marine petroleum stocks.

S E C R E T

4. Power Situation

Colonel Walbach stated that there has been no change reported for Northern Italy in the power situation. There has been some improvement in Central and Southern Italy and the Sila reservoirs have started to refill. The Commission on electric power has officially notified the Rome power companies to supply Allied Military establishments on a preferential basis as requested by RMAC. Telephone installations in Rome will receive sufficient power to operate continuously. Commencing 25 November feeder disconnection was again enforced in Rome, but the "off" period will be temporarily reduced to 5 hours, from 0800 to 1300 hours.

5. Labor and Wages Committee

The Chief Commissioner stated that a very important meeting of the AFLMC was taking place in Rome on 19 November. Colonel Walbach stated that Lieutenant Colonel Graves would represent AC. The Chief Commissioner stated that with the signing by the CGIL of the agreement increasing the "caro vita", it was necessary that wages paid by the Allies be brought into line. He requested the Executive Commissioner and Colonel Walbach to see that Colonel Graves was well briefed for the meeting to present the AC view.

6. Minesweeping

Admiral Warren stated that minesweeping has been at a standstill for the last fortnight because of the weather. In this connection, he reported receipt of a letter from the Ministry of Marine pointing out a ex-sailment of coal supply to minesweepers. On this the Navy Subcommission drew the attention of the Ministry of Industry and Commerce to the necessity of keeping up supplies of coal to minesweepers and requested that a high priority be given to these demands. The Chief Commissioner directed that Colonel Walbach take this question up with UNRA. He suggested that if UNRA objects to assigning coal to the Italian Navy, Colonel Walbach should point out to UNRA the vital necessity of minesweeping in order to permit UNRA ships to get into Italian ports safely. The Chief Commissioner also asked Colonel Walbach to see if coal could be obtained from military stocks for this purpose.

7. Italian Responses at Bitter Lakes

620 Admiral Warren reported that the British Government has ruled that the Italian Government will have to pay for expenses of Italian naval vessels at Bitter Lakes.

8. Courier Flights

With reference to para 6 of Minutes of 20 November, AVM Bredie stated that military courier service to Udine started 26 November. In order to have contact with Padua and Venice, it has been decided to eliminate the Venice Lido stop on this run and to continue using Treviso as a stop. The run will then be Rome-Bologna-Treviso-Udine. The air courier services to the South will call at Capodichino (Naples) instead of Foggiano with effect from 2 December.

1300 hours.

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Next Vice Presidents' Meeting: Wednesday, 4 December 1946, 1000 hours

Edward D.S. Sullivan
EDWARD D.S. SULLIVAN

Major, Air Corps
Staff Officer to CC

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SECRET

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Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor,
Financial Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, URRAL

Chief Commissioner
Executive Commission
VP, Economic Division (3)
Political Advisor (A)
Political Advisor (B)
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Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

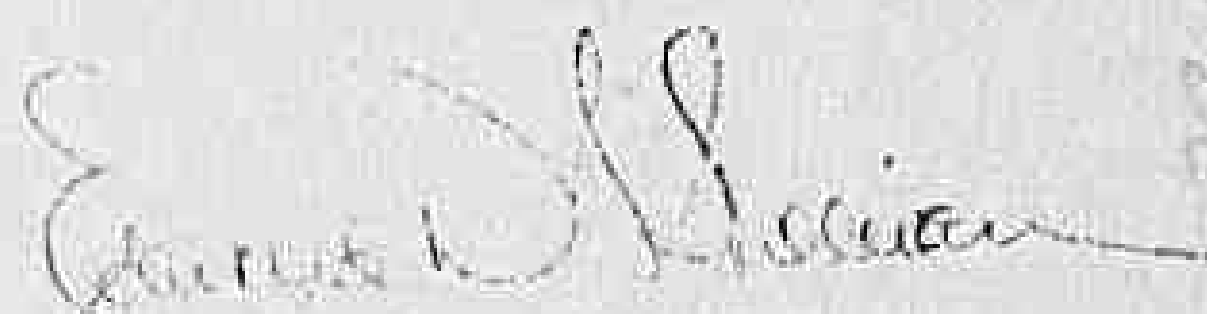
CC 551

26 November 1946

MEMORANDUM:

TO : See "DISTRIBUTION"

The Vice Presidents' Meeting scheduled for Wednesday, 27 November, is postponed until 1000 hours, Friday, 29 November.



EDWARD J. SULLIVAN
Major, Air Corps
Chief Commissioner

DISTRIBUTION:

Chief Commissioner
Executive Commissioner
VP, Economic Division
Political Advisor (A)
Political Advisor (B)
Navy S/C
Lt Col Farrell S/C (JMWLA)
Lt Col Farrell S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor
Financial Advisor, AC
Public Relations Branch

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SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/88

20 November 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 20 November 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Lieutenant Colonel Cros, Colonel Savko, Colonel Walker, Lieutenant Colonel Graves, Lieutenant Colonel Ross, Lieutenant Colonel Wilbo-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Goulburn, Rear Admiral Warren, Lieutenant Colonel Hannaford, Lieutenant Colonel Fogelberg, Captain Jenkins.

1. Civil Aviation

With reference to para 7 of Minutes of 6 November, the Chief Commissioner reported that AFHQ has instructed that Italian internal civil airlines may be authorized within limits to be set by the Air Forces S/C with the concurrence of the Chief Commissioner and that only items of major importance are to be referred to AFHQ.

2. Political Resume

Mr. Hankey gave a brief resume of political developments during the past week. Replies to the Italian note to the members of the Council of Foreign Ministers had been received from the U.S., Britain, and France, the general line being that they did not wish to close the door on direct negotiations between Italy and Yugoslavia but that conclusions reached must be within the framework of the decisions of the Council of Foreign Ministers already reached in Paris, or at any rate, they must be subject to Council of Foreign Ministers' approval. The Chief Commissioner observed that the British reply added that the agreement reached would have to be incorporated in the peace treaty. No reply had yet been received from Russia. The important news of the week was the announcement in the press that on 13 November the so-called "French Line" had been approved by the Council of Foreign Ministers, which thus appeared to exclude the possibility of ceding Gorizia to Yugoslavia. There were still a number of points to be settled on the Trieste situation.

On 15 November the press reported fully the long report made by Nenni to the International Treaties Commission of the Constituent Assembly, giving a very clear account of negotiations since Togliatti's announcement. The meeting concluded with the issuance of a communique stating it was the unanimous wish that direct negotiations be started with Yugoslavia within the framework of peace treaty negotiations. Since then Nenni told the Cabinet that in a private capacity he had invited Tito to make an official proposal to the Italian Government, but no reply had yet been received.

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There were reports in the press on 16 November that the AMG Provincial Commissioner, Udine, had informed a press conference that Slav agents had made their way into Zone A to form cells for the spreading of Communism and expressed the fear that the Communists might act as fifth columnists even against

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the interests of Italy as soon as Allied troops left. The Chief Commissioner reported that Colonel Bright had subsequently denied making any such report.

In the internal field, the principal item of interest was Togliatti's speech strongly attacking De Gasperi and his policy and also the Church, asserting that the Church had intimidated voters in Rome against the Communists. He accused De Gasperi of failing to bring about repatriation of Italian POW's from Yugoslavia. This speech brought forth a communique on 19 November stating that the Government had done everything in its power as regards repatriation of Italian civilian and military prisoners, giving details as to the action taken.

3. Food Situation

Colonel Walker reported that wheat stocks on hand are sufficient to maintain the present ration for 68 days. The Chief Commissioner stated that De Gasperi had cabled La Guardia that wheat supplies in Italy were sufficient to last only until 31 December. Colonel Graves replied that De Gasperi's figure apparently did not take into consideration wheat equivalents of rice and corn which are included in the figures on stocks on hand. The Chief Commissioner stated that UNRRA has allocated 120,000 tons through 31 December but that only 5,000 tons are on route and only 45,000 tons are expected in December. In addition, the American Government is considering the allocation of an additional 120,000 tons in the same period outside of UNRRA. It is not clear whether this is to be made available to the Italian purchasing commission or whether it is to be financed by a loan over and above existing loans and credits.

Stocks of wheat on hand in Venezia Giulia are sufficient to maintain the present ration to 31 December 1946 and in Udine stocks are sufficient to maintain the ration to 28 January 1947.

4. Fuel Situation

Colonel Walker stated that it is expected that 202,000 tons of coal will arrive from the U.S. during November, which is 59,000 tons less than previously reported, due to the strike threat. The latest estimate of total arrivals for November is 352,000 tons.

The coal situation in Venezia Giulia and Udine remains serious. Only 30,000 tons of the 123,000 tons promised for the six months ending 31 December have been received. Reports from Venezia Giulia indicate that the industries in that area will be forced to shut down in December if no more coal is supplied.

The situation with regard to motor gasoline and diesel oil is serious, with but 12-14 days' supply remaining. Tankers expected to arrive during the second half of November have been delayed. Due to unequal distribution throughout the country some areas may run dry before the end of the month. The level of stocks held by the Allied Military do not warrant expectations of help from that source but an attempt is being made by the British to divert a gasoline tanker to Italy from another theater. A slight amelioration of the situation may be made possible by the refining of the three tankers of crude oil recently arrived, two at Bari and one at Naples. Refining is already under way at Bari and is expected to begin in two days at Naples. The Chief Commissioner requested the heads of the service subcommittees to consult with the Economic Division to

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5. Power Situation

Colonel Walker stated that in Northern Italy power rationing is now carried out by disconnecting all customers, except essential services, two days a week during daylight hours. In Central and Southern Italy, although there has been

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a temporary improvement, the general situation remains practically the same. Power rationing is now being enforced in all Central and Southern Italy with the exception of the Rome Area.

Meetings were held in Rome between the representatives of RLAC, AC, the power companies, and the Italian Commissioner on Electric Power to discuss the electricity supply, on a preferential basis, for the Allied military establishments in Rome. It was agreed that a list of the essential requirements, in order of priority, will be submitted by RLAC to the Italian Commissioner. The matter of uninterrupted supply of power for telecommunications is also being studied by the Commission.

6. Courier Flights

With reference to para 2 of Minutes of 30 October, Air Vice Marshal Brodie reported that authority has been granted to extend the military courier service beyond Treviso to Udine and it is hoped to make the change in that service possibly on Monday 25 November. AVM Brodie stated that consideration has been given to the elimination of Treviso on this line, which is Rome-Bologna-Venice-Treviso. No one present had any objection to the elimination of Treviso but the Chief Commissioner requested that AVM Brodie check with the Italian Government before the stop is eliminated.

Next Vice Presidents' Meeting: Friday, 29 November 1946, 1000 hours

DISTRIBUTION:

Chief Commissioner
Executive Commissioner
VP, Economic Division (3)
Political Advisor (A)
Political Advisor (B)
Navy S/C (3)
Land Forces S/C (MIL) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
6 French Representative, AC
Soviet Representative, AC
Chief Legal Advisor
Financial Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
C-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

Edward D.S. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Edward D.S. Sullivan

EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

DISTRIBUTION:

Chief Commissioner
Executive Commissioner
VP, Economic Division (3)
Political Advisor (A)
Political Advisor (B)
Navy S/C (3)
Land Forces S/C (MIL) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
64 French Representative, AC
Soviet Representative, AC
Chief Legal Advisor
Financial Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
C-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/87

13 November 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 13 November 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Lieutenant Colonel Gros, Colonel Savko, Colonel Walbach, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Greene, Mr. Harkoy, Air Vice Marshal Brodie, Major General Goulbourn, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Judkins.

1. Political Resume

Mr. Greene gave a brief resume of political developments during the past week. A principal development of the week was Togliatti's report in "Unita" of the results of his trip to Yugoslavia, which he undertook in an unofficial and private capacity. The reasons for the trip were given as the desire to renew old acquaintances in Yugoslavia and to express the admiration of Communists and sincere Italian democrats in the progress made by the new Yugoslav State, and also to discuss outstanding questions in Italo-Yugoslav relations. Togliatti said he found general understanding of Italian questions among the Yugoslav officials. With regard to Trieste, it was reported that Tito had expressed the view that he would be agreeable to having Trieste remain under Italian sovereignty if at the same time Gorizia were to be ceded to Yugoslavia, the sole condition being that Trieste should have an autonomy, within the Italian State, regulated by an effectively democratic statute. This condition was not elaborated on and has been the subject of some discussion in the press. It was also reported that Tito had assured Togliatti that the Yugoslav constitution provides adequately for national rights of any Italians left in Yugoslavia after the new border has been drawn. According to Togliatti, Tito also agreed to the immediate repatriation of all Italian military personnel held as POW's in Yugoslavia. Togliatti added in this connection that the Communists planned to ask the National Partisan Association to organize the repatriation to avoid bureaucratic red tape and delay. Togliatti also reported that he had discussed the possibility of arranging commercial treaties with Yugoslavia, pointing out that there are fields where the 648 countries could assist each other in mutual efforts toward reconstruction.

The reaction to Togliatti's report was immediate and either strongly in favor or strongly opposed. The Italian Government met the same day and issued a communique taking note of the private nature of the trip but nevertheless seeing the possibility of negotiations with Yugoslavia within the limitations of negotiations for the peace treaty currently in progress. The Government rejected the proposal for cession of Gorizia, a predominantly Italian city, and repeated its request for an ethnic border to be determined by plebiscite where other determinations were difficult. At the Council of Ministers meeting which adopted this communique, De Gasperi expressed his regret that Togliatti had seen fit to make his trip in a private capacity and, having done so, not to inform the government of the results before making them public. He recalled his own efforts to reach

Present: Rear Admiral Stone, Brigadier Carr, Lieutenant Colonel Gros, Colonel Savko, Colonel Faibach, Lieutenant Colonel Ross, Lieutenant Colonel Wilbes, Mr. Greene, Mr. Hankoy, Air Vice Marshal Brodie, Major General Goulbourn, Rear Admiral Warren, Colonel Weber, Colonel Battensby, Captain Judkins.

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S E C R E T

On Saturday night the Foreign Ministry issued a communique saying that the Foreign Minister had seen representatives in Rome of each of the Big Four. According to the press, Menni said he had made known the Italian point of view on reports from New York that the Council of Foreign Ministers had decided to postpone further discussion of Trieste and that in any further negotiations between Yugoslavia and Italy the Italian position would be substantially as previously reported to the Council of Foreign Ministers. The next day the press added that Menni had informed the Big Four that it was the Italian assumption that the postponement constituted an invitation to Italy and Yugoslavia to negotiate.

Press reaction to the original report has been strongly opposed, on the part of the center and right groups, which object not only to the method but also to the substance, particularly the proposal of the snap of Gorizia. "Unita" was in favor of the proposal while the Socialist paper "Avanti!" followed Menni's lead and emphasized the possibility that now seems to exist for negotiating agreement, avoiding mention of Gorizia. There has been a strong exchange of editorials between Togliatti and De Gasperi, with Togliatti criticizing De Gasperi's "kicks in the pants" policy and De Gasperi replying that the matter of the Italian peace treaty has been very little in Italian hands, and saying that the unofficial trips did not serve the interests of the country no matter how Togliatti felt he had served the interests of his party.

Another principal item of interest was the elections held on Sunday in many communes and in Turin, Genoa, Florence, Rome, Naples, and Palermo. There were widespread abstentions averaging in the neighborhood of 50% in the large cities. The general pattern of the results indicates a loss of strength by the center to either the right or left. At Rome the left parties running on a single list polled the most votes, with the Uomo Qualunque party running second and polling the largest vote for a single party. The voting throughout the nation showed a general defection of Christian Democrat strength, to the left in the North and to the right in the South. The general opinion is that there will be no change in the composition of the present government, although it is inevitable that the Christian Democrats in their direction of the government will have to take note of the trend. Mr. Hankey observed that one possible reason for the large percentage of abstention in Rome was that the polls were closed at 7:00 p.m., while a number of voters, estimated at up to 15%, turned up at the voting places after that hour.

2. Food Situation

Colonel Walbach reported that there has been little change in the food situation since last report, with wheat stocks actually on hand being sufficient to maintain the present ration for 70 days. Wheat stocks in Udine are sufficient to maintain the bread and pasta ration until 27 January 1947. The supplementary bread ration for United Nations citizens in Zone A has been abolished as from 1 November.

3. Fuel Situation

Colonel Walbach reported that the latest estimate of coal arrivals for November is 261,000 tons from the U.S. and 149,000 tons from all other sources, making a total of 410,000 tons. This will result in having a stock on hand at end of November of 402,000 tons. It is estimated that 728,000 tons will arrive during December.

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The gasoline and oil situation is somewhat serious as two gasoline tankers expected to arrive in November have been held up owing to difficulty experienced in obtaining crews. Stocks in short supply are as follows: gasoline 24 days; kerosene 55 days; Diesel oil 24 days.

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4. Power Situation

Colonel Walbach reported that there has been little change in the power supply position, although it appears to be easing somewhat. The plan reported in para 6 of Minutes of 6 November to shut off power for two days each week has been postponed indefinitely. Announcements will be made over the radio from day to day concerning the power situation. The recent heavy rains and the stock pile of coal in Rome for use in thermal plants has considerably improved the availability of power. Steps are being taken to insure at all times sufficient power for the continuous operation of all military telephone circuits.

5. Valuation of the Lira

Colonel Battensby reported that, as the Italian Government is bound to give A.C. due notice of any change in the valuation of the lira, the Banca d'Italia was asked if there was any truth in the strong rumors prevalent that the lira would be devalued in the near future. The Bank said the Italian Government has no intention of devaluing the lira, but discussions are going on as to changing the percentage of export proceeds which the government allows exporters to retain. At present exporters are allowed to retain 50%.

6. Repatriation of POW's

With reference to para 7 of Minutes of 23 October, General Goulburn stated that a message has been received from the War Office that they have reconsidered their previous decision to permit disembarking of POW's only at Venice and that POW's will all be repatriated at Naples.

There is a report, not yet confirmed, that all POW's from India will sail by the end of December.

General Goulburn stated that the Embassies are discussing the question of handling POW matters as from 1 January. The IPW Branch has prepared a report for submission to the Embassies on the outstanding POW questions as of 1 January. Mr. Hankey stated that the residual work to be done as of 1 January will probably be greater than believed when the suggestion was originally made, and it had been suggested that the date for the transfer be put forward for two or three months in order to reduce the size of the commitment. He added that he did not think the question would be viewed with favor by the Embassy when it is officially put to the Embassy.

Appointment of Financial Advisor

The Chief Commissioner introduced Colonel L. R. Battensby who has been head of the Allied Financial Agency and who has been assigned additional duty as Financial Advisor to the A.C. Colonel Battensby has had long service in Italy and the Chief Commissioner stated that he has given valuable assistance to the A.C. since the loss of all representatives of the A.C. Finance Subcommittee.

Next Vice Presidents' Meeting: Wednesday, 20 November 1946, 1000 hours

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Next Vice Presidents' Meeting: Wednesday, 20 November 1946, 1000 hours

[Signature]
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CG

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SECRET

DISTRIBUTION:

Chief Commissioner
Executive Commissioner
VP, Economic Division (3)
Political Advisor (A)
Political Advisor (E)
Navy S/C (3)
Land Forces S/C (UNIA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (E)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor
Financial Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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

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1. Air Forces S/C
2. Executive Officer (A)
3. Executive Officer (E)
4. French Representative, AC
5. Soviet Representative, AC
6. Chief Legal Advisor
7. Financial Advisor, AC
8. Public Relations Branch
9. American Ambassador
10. British Ambassador
11. G-5, AFHQ (5)
12. Mr. Harlan Cleveland, UMRA

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SECRET

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/86

6 November 46

MINUTES

Vice Presidents' Meeting, 1000 hours, 6 November 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Lieutenant Colonel Cros, Colonel Walbach, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Greene, Mr. Hanky, Air Vice Marshal Prodic, Major General Goulburn, Rear Admiral Warren, Lieutenant Colonel Hannaford, Captain Judkins.

1. Admiral DeCourten

With reference to para 5 of Minutes of 30 October, the Chief Commissioner stated that Admiral DeCourten is somewhat better and is back at the Ministry of the Navy on a part-time basis.

2. Italian Army

With reference to para 12 of Minutes of 30 October, the Chief Commissioner stated that he had received a report from Colonel Fiske giving the figures on the strength of the Italian Army, which, as of 1 November, exclusive of US and British ITI units, was 137,000. General Goulburn confirmed that this represented the actual figure. It is estimated that as of 1 December the strength will be 107,000, due to the release of classes from the Army, but by 15 January it is expected that the strength will be 140,000.

3. Political Resume

Mr. Hanky gave a brief review of developments during the past week. The Council of Foreign Ministers in New York setting forth the Italian case in connection with the Peace Treaty. This was summarized in advance by Menni in an in review, extracting three points from the note. First, the Italian treaty as drawn at Paris was not in keeping with the principles of the Atlantic charter and did not give sufficient recognition to the part Italy played in the war against Germany. Second, the frontier as drawn between Italy and Yugoslavia did not safeguard Italy's territorial integrity and created a situation not in the interests of Europe in general and the frontier countries in particular. The note added that insufficient guarantees were given for the minorities in that area. It also recommended that the frontier should follow the ethnic line proposed by the Foreign Ministers in 1945, settling local differences by plebiscite. Third, the reparations arrangements including the arrangement for sequestration of Italian property abroad placed Italy in a very difficult position economically. The note concluded by a specific reservation of the sovereign rights of the Italian Constituent Assembly as regards eventual acceptance of the treaty. The note was generally moderate and dignified in tone.

The Council of Foreign Ministers began discussions on 4 November. The Italian

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Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Savko, Lieutenant Colonel Cros, Colonel Walbach, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Greene, Mr. Hanky, Air Vice Marshal Brodie, Major General Goulburn, Rear Admiral Warren, Lieutenant Colonel Hanneford, Captain Jenkins.

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With reference to para 5 of Minutes of 30 October, the Chief Commissioner stated that Admiral DeCourten is somewhat better and is back at the Ministry of the Navy on a part-time basis.

2. Italian Army

With reference to para 12 of Minutes of 30 October, the Chief Commissioner stated that he had received a report from Colonel Fisko giving the figures on the strength of the Italian Army, which, as of 1 November, exclusive of US and British ITI units, was 137,000. General Goulburn confirmed that this was the actual figure. It is estimated that as at 1 December the strength will be 107,000, due to the release of classes from the Army, but by 15 January it is expected that the strength will be 140,000.

3. Political Resume

Mr. Hanky gave a brief summary of developments during the past week. The main item of interest was a note sent by the Italian Government to the Council of Foreign Ministers in New York setting forth the Italian case in connection with the Peace Treaty. This was summarized in advance by Monni in an interview, extracting three points from the note. First, the Italian treaty as drafted at Paris was not in keeping with the principles of the Atlantic Charter and did not give sufficient recognition to the part Italy played in the war against Germany. Second, the frontier as drawn between Italy and Yugoslavia did not safeguard Italy's territorial integrity and created a situation not in the interests of Europe in general and the frontier countries in particular. The note added that insufficient guarantees were given for the minorities in that area. It also recommended that the frontier should follow the ethnic line proposed by the Foreign Ministers in 1945, settling local differences by plebiscite. Third, the reparations arrangements including the arrangement for sequestration of Italian property abroad placed Italy in a very difficult position economically. The note concluded by a specific reservation of the sovereign rights of the Italian Constituent Assembly as regards eventual acceptance of the treaty. The note was generally moderate and dignified in tone.

The Council of Foreign Ministers began discussions on 4 November. The Italian press reported the possibility of the French putting forward further compromise solutions to the Trieste problem which would result in the Slav group withdrawing their claims to Venezia Giulia in return for U.S. and British withdrawal of claims regarding the Danube.

The only item of considerable interest was a statement by a spokesman of the French Ministry of Foreign Affairs indicating that if current negotiations between Italy and France were successful France would renounce her claims on Italian property in France and would subsidize the families of 25,000 Italians in France

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working in coal mines.

The week was very quiet with regard to internal politics. Emphasis has been on the preparation for municipal elections taking place Sunday November 10th. The item of outstanding interest politically was De Gasperi's long comprehensive speech of November 3rd in the course of the electioneering campaigns. On behalf of the Christian Democrats, he gave a fighting reply to the Socialist-Communist unity of action pact, which he described as a natural consequence of the Marxist ideology of both parties leading to dictatorship and the denial of democracy and affirmed that this pact would be opposed by the Christian Democrats. He expressed the belief that this unity of action pact meant the failure of the tripartite coalition government. Nevertheless he repeated Nenni's assertion that the government would continue in existing form until the spring elections. De Gasperi also announced that the leader and other members of the Partisan resistance movement who had been arrested during the previous week had been released. De Gasperi said, however, that there was abundant evidence that the movement was not a peaceful one and that the leaders had admitted they had given instructions for the emplacement of machine-guns. He said that he did not deny the right of anyone to form political parties but only the state could maintain military organizations.

Togliatti, in proceeding to Belgrade, was escorted in Venezia Giulia to the AMG Security Office in Trieste where necessary transit passes were given him. First press reports in one Rome paper were that he was arrested but these were promptly denied in other papers. The Chief Commissioner stated that Togliatti had been assured by the Foreign Ministry that there would be no difficulty in securing a pass for him to go through Venezia Giulia and he left Rome before his pass was received. Unfortunately, the Foreign Ministry did not use the established channels to obtain this pass and the AC was not notified of the trip or the route until the morning of 2 November, at which time Togliatti was already en route from Venice to Venezia Giulia. The Chief Commissioner promptly obtained approval for the trip but the difficulty was in contacting Togliatti so that the pass could be delivered.

The Chief Commissioner expressed to the British Political Advisor the deep regret of the AC at the outrageous bombing of the British Embassy on 31 October, and stated that he had called on the Charge d'Affaires to express his regret. Mr. Hankey stated that after some speculation in the press as to who had done it, a communique had been issued by Irqun Zvi Louni, a Jewish terrorist organization, which maintained that this was only a part of a systematic campaign of terrorism against British establishments.

4. Food Situation

Colonel Walbach reported that there has been a slight decline in wheat stocks, which are now sufficient to maintain the present ration for 72 days. Stocks have been decreasing steadily for the past several months since 12 September, when stocks were sufficient for 128 days, indicating that imports and amassing are constantly falling behind consumption. Expected imports and amassing for November and December are about 1/4 the expected consumption for these months, clearly indicating the seriousness of the situation.

The wheat situation in Venezia Giulia is unchanged with stocks on hand on 24 September sufficient to last until 4 December for bread and only through November for pasta. Stocks on hand in Udine on 28 October were sufficient to last until 7 November and the pasta ration through December.

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The wheat situation in Venezia Giulia is unchanged with stocks on hand on 24 October sufficient to last until 4 December for bread and only through November for pasta. Stocks on hand in Udine on 28 October were sufficient to support the bread ration until 7 February and the pasta ration through December. It is believed that if stocks in these two areas are combined there will be sufficient bread and pasta to last through December.

5. Fuel Situation

Colonel Walbach stated that the end of the shipping strike in the U.S. permitted approximately 100,000 tons of coal to be sailed before the end of October, according to telephone communication (Jurnal) between Washington and Rome.

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This will increase estimated stock on hand at the end of November from 265,000 tons of coal to 365,000 tons. It is hoped that further sailings will increase this figure, but no definite information is now available.

There is a 30-day supply of gasoline on hand, with a tanker expected 17 November. Loans from military stocks have been arranged for areas in short supply. Diesel oil stocks are down to 30 days' supply. No further news has been received on the arrival of crude oil slated for 12 and 16 November.

6. Power Situation

The production of power in Central and Southern Italy has shown a slight improvement, but due to the seasonal increase in consumption and decrease in the supply from the North, it is estimated that a 32% shortage below previous levels will occur in November. The Central Commissioner for Rationing and Control of Electric Power for Central and Southern Italy has decided that all customers (with the exception of a few essential services) are to be disconnected from 0700 to 1700 hours two days per week and from 0800 to 1300 hours on Sundays.

7. Civil Aviation

With reference to para 3 of Minutes of 30 October, Air Vice Marshal Brodie reported that the Italian Government has submitted to the AC part of a comprehensive plan for the resumption of civil airlines within Italy.

Appointment of Director, Economic Division

The Chief Commissioner introduced Colonel James de B. WALBACH, U.S. Army, who has been appointed Director of the Economic Division.

Correction to Minutes of 30 October 1946

List of those present, delete "Colonel Weber".

Next Vice Presidents' Meeting: Wednesday, 13 November 1946, 1000 hours

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- VP, Economic Section (3)
- Political Advisor (A)
- Political Advisor (B)
- Navy S/C (3)
- Land Forces S/C (MILA) (2)
- Air Forces S/C
- Executive Officer (A)
- Executive Officer (B)
- French Representative, AC
- Soviet Representative, AC
- Chief Legal Advisor, AC
- Public Relations Branch
- American Ambassador
- British Ambassador

Edward D.S. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Executive Commissioner
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Political Advisor (B)
Navy S/C (3)
Land Forces S/C (MIA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
AFQ 754

CC 551/65

30 October 1946

MINUTES

Vice President's Meeting, 1000 hours, 30 October 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walker, Lieutenant Colonel Hess, Lieutenant Colonel Wilco-Jones, Mr. Greene, Mr. Henney, Air Vice Marshal Brodie, Colonel Piske, Commander Ziroli, Colonel Sarkov, Capitaine de Vaisseau de Villefosse, Captain Jenkins, Colonel Weber.

1. Disturbance at Vinivale

With reference to para 1 of Minutes of 23 October, the Chief Commissioner stated that latest reports have confirmed that the disturbance at the Vinivale was not caused by refugees from the UERA refugee camp at Cinacina. Mr. Greene stated that the Quastura submitted a report to the Council of Ministers which report was returned for continuation and amplification. The report indicated that the trouble was brought about by a group of people occupying local weapons from a truck parked in a nearby street. Press representations that assassins were in the truck were not confirmed by the report.

2. Carrier Flights

With reference to para 6 of Minutes of 23 October, AM Brodie reported that reply has been received from AFM in regard to the cessation of military carrier service to Laine.

3. Civil Aviation

In reply to the Chief Commissioner's question, AM Brodie stated that plans have been formulated and submitted to the Italian Government by the American commercial airline company planning on engaging in Italian internal civil air operations. The Italian Air Ministry is presently studying this plan and plans to cover several other companies with a view to formulating concessions. AM Brodie stated that the Italian Air Ministry is constantly being pressed to submit plans to the AC.

4. Restoration of POMs

With reference to para 4 of Minutes of 23 October, Colonel Piske stated that reply has been received from GHQ CMF in reply to the AC's request for reconstruction of the proposal to disembark reparations at Venice only.

5. General Discussion

Colonel Ziroli reported that Admiral DeCourten's condition is satisfactory but that he is faced with a period of possibly 2 months convalescence. At the

Vice Presidents' Meeting, 1000 hours, 30 October 1944, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walker, Lieutenant Colonel Moss, Lieutenant Colonel Wilco-Jones, Mr. Greene, Mr. Barker, Air Vice Marshal Brodie, Colonel Fiske, Commander Ziroli, Colonel Saker, Capitaine de Vaisseau de Villefosse, Captain Jenkins, Colonel Weber.

1. Listed at Vindale

With reference to para 1 of Minutes of 23 October, the Chief Commissioner stated that latest reports have confirmed that the disturbances at the Vindale was not caused by refugees from the UVRU refugee camp at Vindale. Mr. Greene stated that the Quasture submitted a report to the Council of Ministers which report was returned for confirmation and amplification. The report indicated that the trouble was brought about by a group of people occupying lethal weapons from a truck parked in a nearby street. Press interpretations that these weapons were in the truck were not confirmed by the report.

2. Courier Rights

With reference to para 6 of Minutes of 23 October, AM Brodie reported that reply has been received from AMQ in regard to the extension of military prior service to Uline.

3. Civil Aviation

In reply to the Chief Commissioner's question, AM Brodie stated that plans have been formulated and submitted to the Italian Government by the American commercial airline company planning on engaging in Italian general civil air operations. The Italian Air Ministry is presently studying this plan and plans for several other companies with a view to formulating concessions. AM Brodie stated that the Italian Air Ministry is constantly being pressed to submit plans to the AC.

4. Reconciliation of PCTs

With reference to para 4 of Minutes of 23 October, Colonel Fiske stated that reply has been received from CHQ CTF in reply to the AC's request for reconciliation of the proposal to disembark representatives at Venice only.

5. Admiral DeCourton

Commander Ziroli reported that Admiral DeCourton's condition is satisfactory and that he is faced with a period of probably 2 months convalescence. At the present time is receiving visitors and is doing work.

6. Reported Resignation of General Cadorna

The Chief Commissioner stated that the published report that General Cadorna had submitted his resignation as Chief of Staff of the Army is not strictly accurate, according to information received by AC. General Cadorna, however, along with certain other high-ranking officers has expressed willingness to

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accept retirement in accordance with a plan for separation that the Ministry has devised but he has not resigned as Chief of Staff and as far as is known his separation from the service is not imminent.

7. Political Resume

Mr. Greene gave a brief resume of the general political situation. A week ago the Christian Democrat deputies in the Costituente met and were addressed by the Primo Minister who reviewed the whole complexity of the factors leading to Italy's present position with respect to the peace treaty, mentioning the steps he and his government had taken in an attempt to obtain a less unfavorable treaty. The question of whether or not the government or the Constituent Assembly should approve ratification of the peace treaty was discussed. The Prime Minister called for a sense of responsibility in considering whether they should recommend ratification or rejection of the treaty. Press reports indicate that there are three currents in the party, the largest group flatly opposing the treaty and advocating refusal to sign unless completely revised, another group disapproving the treaty in principle but advocating ratification rather than embarrass the government, and the third group advocating referring the whole matter to the UNO for consideration of Italian claims prior to the final Council of Foreign Ministers draft.

The Chief Commissioner stated that with reference to the first paragraph of para 2 of Minutes of 23 October, Nenni called on the Chief Commissioner last week and in reply to a direct question stated he was not going to New York. Mr. Greene stated that the Italian ambassadors to the Big Four would be in New York. Nenni has made public his views on the line the Italian delegation is expected to take. The establishment of a free territory of Trieste will still be opposed in principle as being an "artful compromise". If the Council of Foreign Ministers refuses to consider any other solution the Italians will express the view that the guarantees regarding the integrity and independence of the territory should be provided by the Security Council. Nenni also indicated that the Italians will insist that the constitution of the territory be on a democratic basis, probably in reference to recent developments at Trieste where the Italo-Slavic Anti-Fascist Union has been modified into a so-called "democratic front" in an apparent attempt to change the group's emphasis from pro-Slav to pro-autonomy.

In the North the government moved fast and employed carabinieri against certain partisan groups who had moved into the hills. There had been no actual disorders and the government was anxious to permit none. The government carefully avoided attributing this group, calling itself Partisan Resistance Movement, to any of the political parties and termed it neo-squadrist. The National Partisan Association disavowed the Movement. One of the ringleaders was a well-known partisan during the war but is anti-communist. There has been an increase in banditry in Emilia attributed to neo-fascist bandits. The question of public order will cause concern throughout the winter as the basic causes of economic unrest do not seem likely to be removed in the near future. Mr. Greene stated that it would require strong public security forces to maintain order and the Chief Commissioner observed that it would likewise require a strong effort to alleviate the distressed economic conditions.

The big event in the domestic political field was the rewriting of the Communist-Socialist unity of action pact. The agreement does not represent any great change on its face, with the possible exception of agreement on "rigorous

the Prime Minister who reviewed the whole complexity of the Italian situation. Italy's present position with respect to the peace treaty, mentioning the steps he and his government had taken in an attempt to obtain a less unfavorable treaty. The question of whether or not the government or the Constituent Assembly should approve ratification of the peace treaty was discussed. The Prime Minister called for a sense of responsibility in considering whether they should recommend ratification or rejection of the treaty. Press reports indicate that there are three currents in the party, the largest group flatly opposing the treaty and advocating refusal to sign unless completely revised, another group disapproving the treaty in principle but advocating ratification rather than embarrass the government, and the third group advocating referring the whole matter to the UNO for consideration of Italian claims prior to the final Council of Foreign Ministers draft.

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The big event in the domestic political field was the rewriting of the Communist-Socialist unity of action pact. The agreement does not represent any great change on its face, with the possible exception of agreement on "rigorous taxation" of the rich. As Nenni pointed out in a statement published coincidentally with the pact, it in no way prejudices the autonomy of either party and independence of action is specifically reserved in case of disagreement. On the whole, it still remains to be seen whether the pact is an indication of strengthening of the left.

8. Food Situation

Colonel Walker reported that wheat stocks in Italy are sufficient to maintain the present ration for 81 days. This figure is theoretical only and is

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based on the assumption that the Italian Government will be able to effect equal distribution throughout Italy. This is extremely doubtful because of lack of transport and a serious and increasing imbalance on the part of provinces with larger quantities of grain from the "united" against releasing it to provinces in short supply. The Combined Food Board cereal allocation for Italy for the balance of the year is equivalent to 100,000 tons of wheat. The messaging is expected to produce an additional 15 days' supply. The situation is very serious and any shortage in the program will likely require a cut in the ration early in 1947. In any event, it appears a cut will be necessary before the 1947 harvest. The Italian Government has been informed of this situation by USAID.

9. Fuel Situation

Colonel Walker reported that the shipping strike in the U.S. has ended and several cargoes of coal have sailed for Italy. Coal stocks on hand as of 30 October are 535,000 tons. Estimated arrivals from sources other than the U.S. during November are 180,000 tons, making a total availability of 715,000 tons. November allocations will be 450,000 tons, leaving a balance of 265,000 tons on hand at the beginning of December. To this will be added the quantity which will arrive from the U.S. in November. No estimate of this quantity is possible at this time.

A partial strike started 18 October at the Sardinian mines, the controversy being over the payment for "polacco-mer". Daily production has been reduced from 5,800 tons to 2,000 tons. The Chief Commissioner requested Colonel Walker to check with USTRAN to see what is being done about settling this strike.

The stock of motor gasoline is now down to 35 days' supply. This in itself is not so serious, but the bulk of the supply is in the North. Therefore, the situation in Southern Italy is critical and it may be necessary to supply to Allied Military authorities to relieve the situation in the South. The stocks of kerosene and fuel oil cover the 60 day target level. Fuel oil is down to approximately 35 days' supply. The first two cargoes of crude oil are now expected at Bari on 12 and 16 November respectively. The cargoes are also due at Brindisi on 16 and 17 November respectively. It is not expected that refined products from this crude oil will be available for local distribution before December.

10. Power Situation

Colonel Walker stated that there has been a further very slight improvement in the power supply situation in Central and Southern Italy due to the recent rainfall. In Northern Italy the electric power availability is good, but due to the considerable post-war increase in consumption, rationing has had to be imposed. Only by the construction of new hydroelectric and thermal plants can the power situation in Italy be permanently improved.

11. Minesweeping

Commodore Ziroli reported that the minesweeping program is continuing effectively, concentrating off Civitavecchia and Venice. In reply to the Chief Commissioner's question, Commodore Ziroli stated that there has been no further news on the mining of two British destroyers, but an investigation is being conducted. The destroyers were proceeding between Corfu and the mainland in a

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A partial strike started 18 October at the Sardinian mines, the controversy being over the payment for "piece-work". Daily production has been reduced from 3,800 tons to 2,000 tons. The Chief Commissioner requested Colonel Walker to check with URR to see what is being done about settling this strike.

The stock of motor gasoline is now down to 25 days' supply. This in itself is not so serious, but the bulk of the supply is in the North. Therefore, the situation in Southern Italy is critical and it may be necessary to apply to Allied Military authorities to relieve the situation in the South. The stocks of kerosene and fuel oil cover the 60 day target level. Fuel oil is down to approximately 35 days' supply. The first two cargoes of crude oil are now expected at Bari on 12 and 16 November respectively. The cargoes are also due at Naples on 16 and 17 November respectively. It is not expected that refined products from this crude oil will be available for local distribution before December.

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12. Italian Army

Colonel Fiske reported that MHA has approved a request of the Ministry of War for the release in November of classes due for release in December and for the call-up of a new class in January. The Army is normally below strength

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anyway at Christmas time and this release will make it unnecessary to issue winter clothing to those troops affected. The Chief Commissioner asked Colonel Fiske for a memorandum on the present strength of the Army.

 Next Vice Presidents' Meeting: Wednesday, 6 November 1946, 1000 hours

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 Air Forces S/C
 Executive Officer (A)
 Executive Officer (B)
 French Representative, AC
 Soviet Representative, AC
 Chief Legal Advisor, AC
 Public Relations Branch
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 Mr. Harlan Cleveland, UNRRA

Edward D. Sullivan
 EDWARD D. SULLIVAN
 Major, Air Corps
 Staff Officer to CG

Next Vice Presidents' Meeting: Wednesday, 6 November 1946, 1000 hours

Edward D. Sullivan
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Major, Air Corps
Staff Officer to GC

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Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

23 October 1946.

CC 551/84

MINUTES

Vice Presidents' Meeting, 1000 hours, 23 October 1946, Chief Commissioner's Conference Room, Headquarters Allied Commission, Rome.

Present: Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilhe-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Colonel Fiske, Commodore Ziroli, Colonel Savko, Capitaine de Vaisseau de Villefosse, Captain Jenkins, Colonel Weber.

1. Disturbance at Viminale

With reference to the seventh sub-paragraph of para 3 of Minutes of 16 October, Brigadier Carr stated that the AC had investigated the Italian Government allegation that refugees from Cinecitta were involved in the riot at the Viminale and had learned from the Questura that about 150 persons from Cinecitta were at the Viminale that day, but they were all Italians employed at Cinecitta on public works and they were not armed. Present information is that there were no refugees at the Viminale at the time of the riot.

2. Political Resume

Mr. Hankey gave a brief resume of the general political situation. With reference to sub-para 10 of para 3 of Minutes of 16 October, and in reply to the Executive Commissioner's question, Mr. Hankey stated that there is still no official confirmation that Nenni is going to New York in connection with the Big Four meeting there.

After the initial failure of the Italian press generally to understand that the Paris draft of the peace treaty was final, the press had adopted an increasingly pessimistic view about the chances of final settlement at New York. The speech by Secretary Byrnes on 18 October was prominently reported in the press and was termed firm but conciliatory in regard to the differences outstanding between Russia and the U.S. Bevin's speech in the House of Commons was reported in the press and with the exception of repeating the line already taken by HMG on the Trieste question and the desire to renew relations with the new Italy, there was nothing new in it insofar as Italy is concerned. On his arrival at New York last week Molotov stated to correspondents that he was confident all difficulties would be overcome at the forthcoming conference and that the Soviet delegation would contribute to ensure that the work of the Assembly and Council of Ministers would be successful.

The main items of news of the week in foreign affairs of substantial interest to Italy are closely connected with U.S. policy. On 17 October the press reported the U.S. decision to limit the sum due by the Italian Government for war damages sustained by U.S. citizens to 25% of the total, said to be \$50,000,000. It is reported that the \$12,500,000 therefore payable by Italy will be used for wages of Italian workmen employed in repairing these damages. On 18 October news was

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Mr. Hankey gave a brief resume of the general political situation, with reference to sub-para 10 of para 3 of Minutes of 16 October, and in reply to the Executive Commissioner's question, Mr. Hankey stated that there is still no official confirmation that Menni is going to New York in connection with the Big Four meeting there.

After the initial failure of the Italian press generally to understand that the Paris draft of the peace treaty was final, the press had adopted an increasingly pessimistic view about the chances of final settlement at New York. The speech by Secretary Byrnes on 18 October was prominently reported in the press and was termed firm but conciliatory in regard to the differences outstanding between Russia and the U.S. Bevin's speech in the House of Commons was reported in the press and with the exception of repeating the line already taken by HMG on the Trieste question and the desire to renew relations with the new Italy, there was nothing new in it insofar as Italy is concerned. On his arrival at New York last week Molotov stated to correspondents that he was confident all difficulties would be overcome at the forthcoming conference and that the Soviet delegation would contribute to ensure that the work of the Assembly and Council of Ministers would be successful.

The main items of news of the week in foreign affairs of substantial interest to Italy are closely connected with U.S. policy. On 17 October the press reported the U.S. decision to limit the sum due by the Italian Government for war damages sustained by U.S. citizens to 25% of the total, said to be \$50,000,000. It is reported that the \$12,500,000 therefore payable by Italy will be used for wages of Italian workmen employed in repairing these damages. On 18 October news was published that when UNRRA ceases operations in Italy the U.S. is hoping to make available \$500,000,000 for helping Italy, Austria and Greece. This good news was appropriately welcomed in the press and the possibility was envisaged that Great Britain would follow suit, though on a smaller scale. Reference was also made in the press to the expected arrival of 50 "Liberty" and "Victory" ships which are being consigned to Italy by the U.S. On 22 October, according to a Reuter dispatch from Washington, the decision regarding Italy's request for \$100,000,000

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loan was announced as being held in abeyance until after definite conclusions had been reached by the Council of Ministers over the reparations clauses in the Italian treaty.

Internally, the principal event of the week has been the assumption on 19 October by Nenni of his new post as Minister of Foreign Affairs. The appointment does not seem to have been greeted with unanimous approval by the Socialist Party, and doubts have been expressed as to whether he could possibly carry out the broad policy expressed in his recent speech. It was also thought Nenni might be too far involved in acceptance of purely Christian Democrat policies. Nenni appears to have made a statement that he would accept the resignation of anyone in the Ministry who could not conscientiously serve the Republic. This has given rise to speculation as the left-wing papers say there is a higher proportion of persons who were employed under the Fascists in this Ministry than in other ministries. With Nenni's appointment, De Gasperi can concentrate on the internal situation. In an interview on 21 October he complained that several of the parties in the Government seemed to show a great deal more devotion to the ideology of their own party than to the State. He complained that he has now become the butt of criticisms from all sides, even his own party.

On 16 October, Seccicinarro had an interview with De Gasperi in which he made some of the criticisms against the Christian Democrats that Corbino had made against the Communists. He complained of unjust criticisms made by Christian Democrat papers and even the Secretary General of the party. De Gasperi is reported to have said that the criticisms were made in fair retaliation. Seccicinarro also pointed out the failure of local government authorities to comply with central government policies and complained that Communists are persecuted in many localities as being subversive. The interview is said to have ended with mutual recognition of the need for establishing closer relations.

The High Commissioner of Food reported to the Council of Ministers that in spite of favorable results of the amassing, 20,000,000 quintals of wheat were needed, of which up to 8,000,000 quintals would be supplied by URRRA. The rest would have to be bought on the world markets. However, he stated that the situation was not precarious and no reduction in the bread or pasta ration was contemplated. It was planned to introduce rationing for textile products, clothing and footwear.

On 18 October, the Council of Ministers decided to call a National Economic Conference, mainly of experts, to meet in Rome in the first part of November to discuss economic, financial and reconstruction problems.

On 19 October, it was reported that following two interviews De Gasperi had with the Minister of Interior orders were given to prefects all over Italy to make use of the unemployed in carrying out work of a useful nature. The Ministers of Public Works and Agriculture were urged to lose no time in undertaking work to relieve the unemployment situation. Sig. Corsi stressed the importance of such measure to avoid unrest and disturbances of public order.

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3. Food Situation

Colonel Walker reported a small increase in wheat stocks which now are sufficient to maintain the present ration for 84 days. This is based on present stocks of 1,061,072 tons and a daily maintenance of 12,500 tons.

4. Fuel Situation

With reference to para 5 of Minutes of 16 October Colonel Walker

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stated that the U.S. shipping strike continues, and estimates for October coal arrivals stand at 300,000 tons. The Italian Government have reduced the overall allocation for October and November to 700,000 tons. If no additional coal arrives from the U.S. during this period, stocks will be reduced approximately 250,000 tons, including the ISA stocks, which will be sufficient only for 30 days beyond the end of November. The present drastic cuts in industrial allocations are certain to have serious repercussions on the rehabilitation program for Italy. If the strike is not terminated and sailings resumed in the early part of November, a real crisis will occur.

The shipping strike has also affected the POL situation and gasoline stocks have fallen far below the normal 60-day supply. In the event the strike does not end before 1 November, drastic reductions will be made in November allocations. Other petroleum products stand at about a 60-day level. There has been no further news concerning the arrival of crude oil.

5. Power Situation

Colonel Walker reported that power rationing went into effect in Northern Italy on 21 October, necessitated by exceedingly high consumption. The rationing will be carried out by disconnecting all customers one day per week. In Central and Southern Italy the situation is practically unchanged.

6. Courier Flights

Air Vice Marshal Brodie reported that a recommendation has been submitted to AFHQ for extension of the military courier service beyond Treviso to Udine, which would be more convenient for AG and Italian officials proceeding to and beyond Udine. From a military point of view there is general approval at AFHQ Italy, but the question still has to pass through political and staff channels at AFHQ.

7. Repatriation of POW's

With reference to para 8 of Minutes of 2 October, Colonel Fiske reported that a request was submitted to GHQ CMF requesting that the decision to disembark repatriates at Venice rather than Naples or Taranto be reviewed in order to permit use of existing facilities at Taranto or Brindisi. A long and somewhat inaccurate reply was received in which Q Movements expressed their intention to adhere to their original stand. A signal is being forwarded from AC to GHQ calling attention to the inaccuracies in this letter and requesting reconsideration of the AC proposal. It is believed, however, that this matter may not be within the jurisdiction of the Theater Commander and any decision may have to be made at the War Office.

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Next Vice Presidents' Meeting: Wednesday, 30 October 1946.

DISTRIBUTION:
Chief Commissioner
Executive Commissioner

EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CG

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Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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Executive Officer (P)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

CONFIDENTIAL

To: Chief Commissioner.

23rd October, 1946

112 With reference to the note attached to page two of these Minutes, I asked Polad A whether he had any information on this subject.

Polad A stated at the meeting that there was no definite information as to whether or not Signor Nenni intended to go to New York in connection with the Big Four meeting. Polad B informed me, however, after the meeting that the American Charge d'Affaires had had a private conversation with Signor Nenni recently and Nenni had stated that he did not intend to go to New York in connection with the Big Four meeting, but might proceed there later.

During the conversation it transpired that the four Italian Ambassadors from the Big Four capitals would be present at the time of the Big Four meeting.

M. Carr

M. CARR, Brigadier.
Executive Commissioner.

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

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16 October 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 16 October 1946, Chief Commissioner's Conference Room, Headquarters Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Goulburn, Commodore Zirotti, Colonel Savko, Capitaine de Vaisseau de Villefosse, Captain Judkins, Colonel Weber.

1. Allied Personnel and Italian Courts

With reference to para 2 of Minutes of 9 October, the Chief Commissioner stated that a communication has been received from the American Embassy giving the American Government's viewpoint on the trial of Americans by Italian courts and has been referred to the Legal Sub-Commission for study.

2. Future of the Allied Commission

With reference to para 1 of Minutes of 9 October, the Chief Commissioner stated that there was no change in the situation as to the future of the Allied Commission.

3. Political Resume

Mr. Greene gave a brief resume of the general political situation. With the end of the Paris Conference, there has been a minor resurgence of anti-Allied feeling in Italy, but on the whole the tendency is to accept the peace treaty as it stands. Only "L'Unita" seems to recognize that many points have not been resolved, and that there will be no treaty until the Council of the Foreign Ministers finally approves it.

The Chief Commissioner gave a short history of the peace treaty and the peace conference. As a result of the Paris meetings which began on 26 April, the Council of Foreign Ministers agreed on certain points of the proposed peace treaty with Italy and disagreed on others. Their conclusions were submitted to the Peace Conference of 21 nations, 20 of whom were allowed to consider the Italian treaty. Three major commissions of the Conference were established: Military, including navy and air force; political; and economic. Each voting nation was represented on each commission. Before the Conference it had been agreed that the Foreign Ministers would have the job of writing the treaty and at the Conference it was agreed that they would consider recommendations made on a 2/3 majority vote. Recommendations that were passed with less than a 2/3 majority would be treated as proposals which the Foreign Ministers

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Vice Presidents' Meeting, 1000 hours, 16 October 1946, Chief Commissioner's Conference Room, Headquarters Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Goulburn, Commodore Zirolli, Colonel Savko, Capitaine de Vaisseau de Villefosse, Captain Judkins, Colonel Weber.

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2. Future of the Allied Commission

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Mr. Greene reported that the Italo-Austrian agreement on the South Tyrol was debated in the treaty commission of the Costituente the other day, the discussion centering not on the substance of the agreement but

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on whether or not it should be included in the peace treaty, De Gasperi supporting the affirmative position. The question is to be debated in the Costituente.

The conclusion of an Italo-Polish commercial agreement for the supply by Poland of 750,000 tons of coal has been announced. The coal is to be paid for by Italian industrial and agricultural exports. In addition, for four years Poland can order up to \$40,000,000 worth of Italian products selected in consultation with the Italian Government.

Mr. Byrnes has written De Gasperi indicating that the U.S. is now ready to extend the first \$50,000,000 for purchases made in Italy with AM-lire by U.S. forces. The Chief Commissioner stated that it is his understanding that the total amount involved is roughly \$150,000,000. The following day a similar arrangement was announced by Canada, the initial amount being \$4,000,000. The Chief Commissioner reported that he had spoken to Sig. Sacerdoti, head of the Italian economic mission in the U.S., who says that the credit extended by the U.S. and Canada will be used to get grain and other materials into the pipeline while the UNRRA program is closing down.

It was reported that the Labor Confederation and the Industrial Confederation had reached agreement. The industrial basic wage rate will be increased 35% and no further increase in excess of 15% will be granted for at least six months. Vacations were increased from six to twelve days and agreement was reached on payment of Christmas and "13 month" bonus.

On the morning of 9 October an orderly crowd of workers marched through the city to the Viminale protesting against an order read on arrival at work that morning suspending state-sponsored public works program in the Rome area. The Government reported that the crowd was orderly on arrival at the Viminale and apparently unarmed but that a disorderly and armed group, allegedly arriving from the UNRRA displaced persons camp at Cinecitta, turned the demonstration into a riot in which 2 died and 141 were injured. Nenni tried by personal appearance to quell the disturbance but, according to one report, the police interpreted the surging forward of the crowd to cheer him as an attempt to do him harm and the police fired. The Government appointed a commission to prepare a substitute public works program. The Government is determined not to lay off the thousands of workers involved in the public works program but there is some indication that all is not well in the administration of the program through contractors in this area. The Government has ordered inquiries into the administration of the public works program, into the police action taken at the riot, and into the alleged descent of the displaced persons from Cinecitta on Rome.

The Chief Commissioner stated that press reports indicated that the police were prevented by the Allies from the use of tear bombs. This has been denied in a letter the Chief Commissioner has sent to the Prime Minister and AFHQ has issued a statement partially dealing with this question. The facts are that in an early directive on the use of Italian troops in quelling civil disturbances in 1944-45 there was a curious and unexplainable limitation on the use of tear-bombs. The 40 mentioned and as a re-

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The right attempted to blame the left and the left attempted to blame the right for the disturbance at the Viminale but both were inclined to blame the Government for the delay in solving the unemployment program. In trying to form a program the Government runs into the difficulty of getting three strong parties to agree on the method of solving unemployment.

Brigadier CARR:

The Chief Commissioner requests that you ask Mr. Green if there is now confirmation of the report that Nenni is or is not going to New York in connection with the Big Four Meeting to be held there.

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Nenni is scheduled to take over the Foreign Affairs post this week. He spoke last Sunday on foreign affairs and internal problems at Canzo, criticizing the peace treaty along well known lines. He emphasized the problems Italy faces as a result of the treaty and stated Italy should never renounce the defence of its rights which should include territorial integrity and national political and economic independence. He indicated the desire to collaborate with other countries and to live in peace with Italy's neighbors. In reply to the Chief Commissioner's question, Mr. Greene stated that there has been no confirmation of the reports that Nenni is to go to New York in connection with the Big Four meeting to be held there.

The Chief Commissioner directed the Executive Commissioner to check with the AFHQ Labor Committee to see if the CGIL intends to present to the Committee the results of its recent agreement with the Confederation of Industrialists.

4. Food Situation

With reference to para 4 of Minutes of 9 October, Colonel Walker reported that there has been a steady decline in wheat stocks for the past several weeks. Stocks on hand are now sufficient to maintain the present ration for 83 days.

5. Fuel Situation

With reference to para 5 of Minutes of 9 October, Colonel Walker stated that the shipping strike in the U.S. has caused the estimates of October arrivals to be cut to 300,000 tons. Stocks at present in Italy amount to 660,000 tons. Unless shipments are resumed or consumption reduced, present stocks and expected arrivals are sufficient only to the end of November.

Latest information is that tankers will be loaded with crude oil in the Persian gulf about 1 November but no definite date of expected arrival is available -- they will probably arrive about the middle of the month. The refineries at Bari and Naples are ready to start almost immediately upon the arrival of the first crude oil.

6. Power Situation

With reference to para 6 of Minutes of 9 October, Colonel Walker reported that there was little change in the power situation except a slight improvement in Southern Italy.

7. Withdrawal of Royal Navy

Commodore Ziroli reported that the Royal Navy is withdrawing from Naples and Taranto. It is intended to transfer as much fuel oil, coal and coke as possible to Trieste for naval account, the balance to be turned over to the Italian Government. In connection with the withdrawal, Commodore Ziroli reported that rumors that the U.S. Navy is planning to establish a naval base at Naples were denied by Admiral Bieri, Commander of U.S. Naval Forces, Mediterranean, who stated that all naval activities in Naples were being transferred aboard a tender, resulting in demoralization.

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8. Repatriation

Commodore Ziroli reported that an Italian naval ship is being sent to Rhodes to repatriate Italian civilians there. Middle East signalled that no lift will be required during October. The next batch will be ready to move in December.

S E C R E T

9. Minesweeping

Commodore Zirotli reported that the story appearing in the "Rome American" that a U.S. merchant ship had struck a mine near Leshorn was untrue and probably based on false rumors arising out of the fact that the ship was delayed because of foul weather.

10. Internal Organization of AC

Brigadier Carr reported that with effect from 21 October there will be an internal reorganization in the AC. The general effect is that the appointments VP CA Section and AVP Economic Section are abolished and, with the exception of the Service Sub-Commissions, the title sub-commission will disappear and the remaining sub-commissions will be called divisions.

11. Telephone Lines

Brigadier Carr reported that there have been many cases recently of theft of telephone wire and cable between Rome and Naples. This is being taken up with the Minister of Posts and Telecommunications. It is believed that these are acts of sabotage rather than theft of material.

Next Vice Presidents' Meeting: Wednesday, 23 October 1946, 1000 hours.

DISTRIBUTION:

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Political Advisor (B)
Navy S/C (2)
Land Forces S/C (MMIA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador

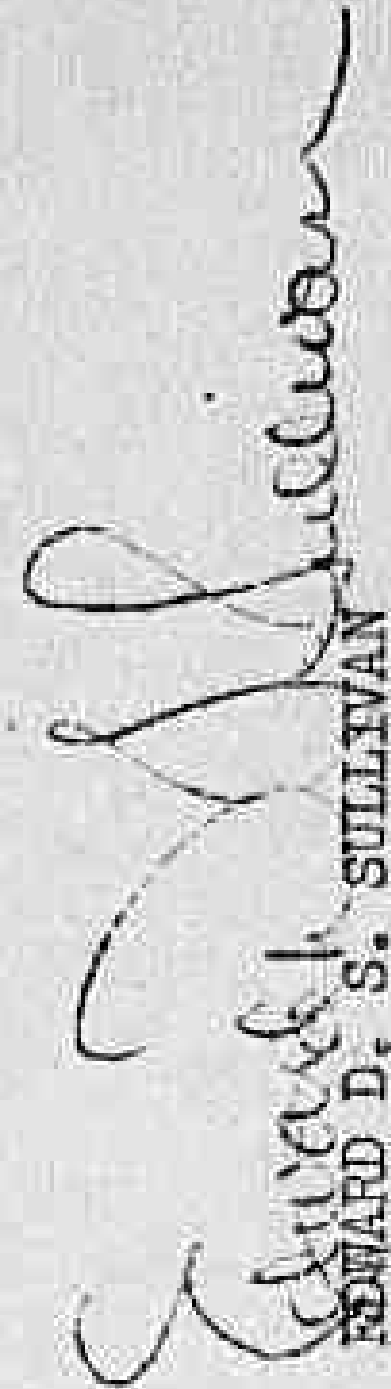
Edward D. Sullivan
EDWARD D. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Next Vice Presidents' Meeting: Wednesday, 23 October 1946, 1000 hours.


EDWARD D. S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Chief Commissioner
Executive Commissioner
VP, Civil Affairs Section
VP, Economic Section (3)
Political Advisor (A)
Political Advisor (B)
Navy S/C (2)
Land Forces S/C (MMA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/82

9 October 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 9 October 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilber-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Goulburn, Commodore Ziroli, Lieutenant Commander Golubev, Capitaine de Vaisseau de Villefosse, Captain Jenkins, Colonel Weber.

1. Future of the Allied Commission

With reference to para 2 of Minutes of 2 October, the Chief Commissioner stated that there was no change in the situation as to the future of the Allied Commission.

2. Allied Personnel and Italian Courts

With reference to para 3 of Minutes of 2 October, the Chief Commissioner requested that action on the question of Italian jurisdiction over Allied personnel be speeded up in order to have it settled by the time the Allied Commission ceases operations. The Chief Commissioner requested that the armistice terms be studied to determine if Allied military personnel are exempt from Italian customs laws on personal property.

3. Political Resume

Mr. Hankey gave a brief resume of the general political situation. The Italian press has been principally interested in foreign politics generally during the week, not only in the Paris Conference, but also in the Nuremberg trials and the Russian interest in the Dardanelles.

At Paris a tremendous effort has been made to achieve agreement in time for the reports to be presented to the plenary sessions, and there has been some optimism over the success achieved. In the Political Commission the deadlock over the Trieste statute was resolved by acceptance by a two-thirds majority of a compromise plan put forward by the French. The principal feature of the compromise was the delimitation of the powers of the Governor, which was the crux of the dispute. It is understood that the Governor will have certain rights limiting the powers of the assembly and the cabinet and will have the right of veto when the independence of the territory or the fundamental rights of the citizens are threatened. Those persons domiciled in Trieste before 10 June 1940 will have the right to citizenship. In reply to the Chief Commissioner's question, Mr. Hankey stated that although Russia voted against the compromise in

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MINUTES

Vice Presidents' Meeting, 1000 hours, 9 October 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilber-Jones, Mr. Greene, Mr. Hankey, Air Vice Marshal Brodie, Major General Goulburn, Commodore Ziroli, Lieutenant Commander Golubev, Capitaine de Vaisseau de Villefosse, Captain Jenkins, Colonel Weber.

1. Future of the Allied Commission

With reference to para 2 of Minutes of 2 October, the Chief Commissioner stated that there was no change in the situation as to the future of the Allied Commission.

2. Allied Personnel and Italian Courts

With reference to para 3 of Minutes of 2 October, the Chief Commissioner requested that action on the question of Italian jurisdiction over Allied personnel be speeded up in order to have it settled by the time the Allied Commission ceases operations. The Chief Commissioner requested that the armistice terms be studied to determine if Allied military personnel are exempt from Italian customs laws on personal property.

3. Political Resumé

Mr. Hankey gave a brief resumé of the general political situation. The Italian press has been principally interested in foreign politics generally during the week, not only in the Paris Conference, but also in the Nuremberg trials and the Russian interest in the Dardanelles.

At Paris a tremendous effort has been made to achieve agreement in time for the reports to be presented to the plenary sessions, and there has been some optimism over the success achieved. In the Political Commission the deadlock over the Trieste statute was resolved by acceptance by a two-thirds majority of a compromise plan put forward by the French. The principal feature of the compromise was the delimitation of the powers of the Governor, which was the crux of the dispute. It is understood that the Governor will have certain rights limiting the powers of the assembly and the cabinet and will have the right of veto when the independence of the territory or the fundamental rights of the citizens are threatened. Those persons domiciled in Trieste before 10 June 1940 will have the right to citizenship. In reply to the Chief Commissioner's question, Mr. Hankey stated that although Russia voted against the compromise in the Commission, it is hoped in Paris that the compromise will be accepted by the plenary session and later by the Council of Foreign Ministers. The Italian press bemoaned the loss of Trieste, taking no consolation in the fact that it was not given to Yugoslavia. Even if this compromise proposal is accepted, it is still not certain that the Trieste situation will be solved since the Yugoslavs have made no further announcement since their statement that they would refuse to sign the peace treaty unless certain favorable modifications were made.

On 3 October it was announced that Italy had been admitted to the International Monetary Fund and the International Bank, with only Yugoslavia opposing. "Popolo" pointed out that Italian participation was originally subject to Italy's signing the Peace Treaty and hailed the change in this decision as greater faith by the Allies in Italian currency and capacity for economic recovery.

SECRET

The Economic Commission of the Paris Conference on 5 October fixed Italy's reparations at \$325,000,000 -- \$100,000,000 each to Russia, Greece, and Yugoslavia, and \$25,000,000 to Ethiopia. No reparations were awarded Albania, although it is expected that this last decision will be hotly contested.

The Council of Ministers approved certain increases in salaries of state employees on 4 October, providing increases up to 70% in base pay, an additional month's pay to be paid 16 December each year, and a big pension increase.

The gas workers went on strike for 2 days and the miners for 1 day, both strikes being for modification of conditions of employment rather than for increased pay.

Various groups of the Uomo Qualunque party have succeeded because of the party's direction. Discussions continued with regard to fusion of the Uomo Qualunque party with the Liberal party.

The discussions between the CGIL and Confindustria with regard to dismissal of employees have broken down and the matter has been referred to the government.

4. Food Situation

With reference to para 5 of Minutes of 2 October, Colonel Walker reported a further slight decline in wheat stocks now sufficient to maintain present ration of 93 days.

5. Fuel Situation

With reference to para 6 of Minutes of 2 October, Colonel Walker reported that because of the U.S. shipping strike, October coal arrivals are expected to total 500,000 tons, a decrease of 100,000 tons. Current allocations, however, will not be affected.

There is no change in the POL situation, and there is no further news on the arrival of crude oil.

6. Power Situation

With reference to para 7 of Minutes of 2 October, Colonel Walker reported that the power situation in Central and Southern Italy continues serious because of the water shortage. The recent improvement in the Rome area is due to the completion of repairs to one of the main transformers in the Rome area, which was out of service for ten days.

Next Vice Presidents' Meeting: Wednesday, 16 October 1946, 1000 hours

DISTRIBUTION:

Chief Commissioner
Executive Commissioner
VP, Civil Affairs Section
VP, Economic Section (3)

EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

French Representative, AC

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Next Vice Presidents' Meeting: Wednesday, 16 October 1946, 1000 hours

DISTRIBUTION:

Chief Commissioner
Executive Commissioner
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VP, Economic Section (3)
Political Advisor (A)
Political Advisor (B)
Navy S/C (3)
Land Forces S/C (MILA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)

EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CG

French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

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SECRET

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/81

2 October 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 2 October 1946, C. C. Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Lush, Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Greene, Mr. Hankey, Lieutenant Colonel Marek, Major General Goulburn, Commodore Zirotti, Colonel Savko, Capitaine de Vaisseau Villefosse, Captain Jenkins, Lieutenant Colonel Hannaford.

1. U.S. Navy in the Mediterranean

The Chief Commissioner read the text of a statement issued by US Secretary of the Navy Forrestal with respect to activities of the US Navy in the Mediterranean. It stated that it was planned to maintain a number of ships in European waters to support Allied occupation forces and Allied military government in the discharge of their responsibilities in occupied areas in Europe and to protect U.S. interests and U.S. policies.

The Chief Commissioner also reported that Admiral Richard L. Conolly, USN, has relieved Admiral H. K. Hewitt, USN, as Commander, U.S. Naval Forces in Europe.

Colonel Savko asked the Chief Commissioner if he knew if at the present time the Allied Occupation Forces and AMG in Italy have any difficulties requiring the support of the U.S. Navy. The Chief Commissioner replied that he knew of no present specific troubles in Italy but that the effect of the Navy's statement so far as Italy is concerned is to support AMG and occupation forces in Udine and Venezia Giulia.

2. Future of Allied Commission

With reference to para 1 of Minutes of 25 September 1946, the Chief Commissioner stated that there was no change in the situation as to the future of the Allied Commission.

3. Allied Personnel and Italian Courts

With reference to para 7 of Minutes of 25 September, Colonel Hannaford stated that the Italian Government is still reluctant to take the initiative on the question of Italian jurisdiction over Allied personnel until advice has been received from the AC. Colonel Hannaford stated that he is awaiting advice from the British Embassy and the British Government before preparing a letter

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MINUTES

Vice Presidents' Meeting, 1000 hours, 2 October 1946, U.S. Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Stone, Brigadier Lush, Brigadier Carr, Colonel Walker, Lieutenant Colonel Ross, Lieutenant Colonel Wilco-Jones, Mr. Greene, Mr. Hankey, Lieutenant Colonel Marek, Major General Goulburn, Commodore Ziroli, Colonel Savko, Capitaine de Vaisseau Villofosco, Captain Jenkins, Lieutenant Colonel Hamafor.

1. U.S. Navy in the Mediterranean

The Chief Commissioner read the text of a statement issued by US Secretary of the Navy Forrestal with respect to activities of the US Navy in the Mediterranean. It stated that it was planned to maintain a number of ships in European waters to support Allied occupation forces and Allied military government in the discharge of their responsibilities in occupied areas in Europe and to protect U.S. interests and U.S. policies.

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2. Future of Allied Commission

With reference to para 1 of Minutes of 25 September 1946, the Chief Commissioner stated that there was no change in the situation as to the future of the Allied Commission.

3. Allied Personnel and Italian Courts

With reference to para 7 of Minutes of 25 September, Colonel Hamafor stated that the Italian Government is still reluctant to take the initiative on the question of Italian jurisdiction over Allied personnel until advice has been received from the AG. Colonel Hamafor stated that he is awaiting advice from the British Embassy and the British Government before preparing a letter for AFHQ. The Chief Commissioner suggested that the Legal Officer for UNRRA be requested to review the UNRRA contract to see if it gives UNRRA personnel any immunity.

4. Allied Driving

The Chief Commissioner stated that there has been a resumption of the Italian press campaign against Allied driving. The Chief Commissioner has spoken to Colonel Dasher at RAAC and has requested the latest figures on accidents and also a statement as to the punishment meted out to offenders. He then proposes

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to submit the matter to AFHQ making reference to the fact that an increasing number of Allied vehicles are surplus vehicles disposed of to other agencies and individuals, and recommending that AFHQ should make a public statement in this connection.

5. Political Resumé

Mr. Greene gave a brief review of the general political situation. At the Paris Conference the accent during the past week has been on speed. Most of the articles of the Italian draft peace treaty, except those on Trieste, have been discussed and voted on. The one-year postponement of the disposition of the Italian colonies was accepted, which evoked some bitterness in the Italian press. With regard to Trieste, a deadlock seems to have been arrived at. On the other hand, the so-called French Line, other than around the proposed free state of Trieste, seems to have been accepted by the Commission. Discussions have been held between the French and Italian delegations on the distribution of power from areas ceded to France.

On the domestic scene, the newly appointed Minister of the Treasury outlined the Costituzione his program, which seemed to be rather well received. The keynotes were work and monetary stability. He reviewed the fiscal situation, pointing out that the deficit would be about 400,000,000,000 lire, largely due to extraordinary expenses such as the bread subsidiary and the Republic bonus. He declined to initiate in printing or borrowing to meet this deficit and called for strict economy and heavy taxes on the well-to-do -- even a capital levy seems to be contemplated -- and on Fascist profits which has been discussed for some time. The next day the Prime Minister took the floor and reviewed the whole political situation from the outbreak of the "Corbino Crisis." He more or less demanded that the parties in the Government keep their complaints and suggestions to the privacy of the Government or get out of it. Government. A motion of confidence in the Prime Minister was carried by a vote of 331 to 58, with 50 abstentions. The Prime Minister went over the ground covered by the Minister of the Treasury and called for discipline in social and labor relations. He reported that industrial production has recovered considerably, a factor which will contribute to social stability and help Italy in seeking external loans.

There have been strikes by the telephone workers, which were settled by raises of up to 70% in their basic salaries, and also the gas workers.

The Constituent Assembly sub-commissions drafting the new constitution have been progressing quite satisfactorily, although none of the really difficult problems have yet come up. Various civil rights bills have been adopted.

5. Food Situation

With reference to para 3 of Minutes of 25 September, Colonel Walker reported a further slight decline in the level of wheat stocks, which now are sufficient to maintain the present ration for 99 days.

6. Fuel Situation

With reference to para 4 of Minutes of 25 September, Colonel Walker stated that coal arrivals during September amounted to approximately 682,000 tons.

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5. Food Situation

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6. Fuel Situation

With reference to para 4 of Minutes of 25 September, Colonel Walker stated that coal arrivals during September amounted to approximately 682,000 tons, 12,000 tons of which came from Poland. October arrivals are expected to be 600,000 tons. The allocation from the Ruhr has been cut to 50,000 tons.

Crude oil is expected about 15 October, which will permit the refineries at Bari and Naples to start operating before the end of the month.

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7. Power Situation

With reference to para 5 of Minutes of 25 September, Colonel Walker stated that the power situation in Central and Southern Italy continues to be serious because of the water shortage. No information has been received on the gas strike.

8. Repatriation of POW's

General Goulburn reported that British authorities have ordered that after 1 November no repatriation ships which also carry British personnel or material will call at Naples or Taranto but instead will go to Venice. Facilities for handling POW's exist at Naples and Taranto but there are no facilities at Venice and in addition, the displaced persons situation at Venice is difficult right now. General Goulburn has written to GHQ CMF pointing out the difficulties and requesting that Taranto or Brindisi be used for the POW's. General Goulburn reported that 3000 POW's are due from Australia and 6000 from India, and the Chief Commissioner suggested that this information be furnished to the press.

9. Italian Army

General Goulburn reported that he had observed recent Italian Army exercises and stated that the morale of the troops is good and that good types of men are being called up now because the services are able to pick and choose.

10. Detachment of Brigadier Lush

The Chief Commissioner announced with the very deepest regret that Brigadier Lush, who has served with the Allied Commission during its entire life, is to leave the AC this week and return to civil life in the service of his government on the Intergovernmental Committee for Refugees in Germany and Austria. Brigadier Lush's first association with the AC was when he became SCAO of the 15th Army Group. All in the AC had occasion to work with him most gratifyingly at a time when AC was not unified with AMG. In January 1944 he became General MacFarlane's Executive Commissioner and in June 1944 Executive Commissioner to Admiral Stone. The Chief Commissioner stated that he found it difficult to thank Brigadier Lush for his brilliant and hard working discharge of his duties, and stated that regardless of different nationality and service he could not ask for greater loyalty and greater assistance than Brigadier Lush has rendered. He expressed the greatest regret at Brigadier Lush's leaving and wished him, on behalf of all members of the AC, success and good fortune in his new position.

Brigadier Lush thanked the Chief Commissioner for his good wishes and expressed his sorrow at leaving the AC. He thanked the Chief Commissioner and his colleagues for the assistance, advice, and tolerance shown him in his association with the AC.

11. Liaison Office at Tenda

Brigadier Carr reported that on instructions received from AFHQ, the ACLO will be withdrawn from Tenda on 15 October.

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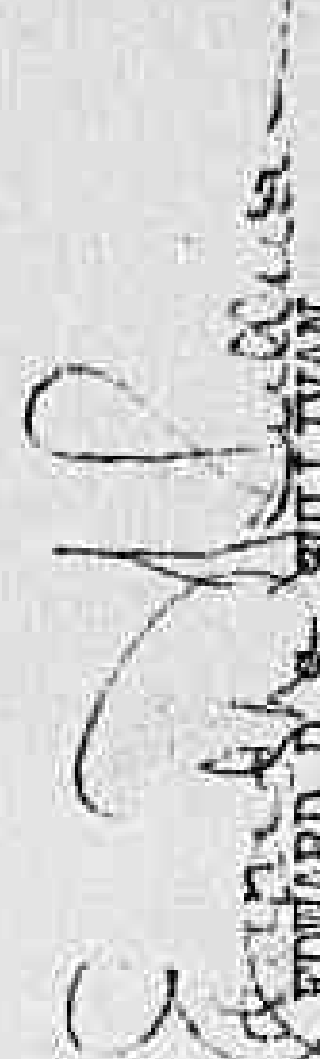
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11. Lincoln Office at Tonda

Brigadier Carr reported that on instructions received from AFHQ, the ACLO will be withdrawn from Tonda on 15 October.

Next Vice Presidents' Meeting: Wednesday, 9 October 1946, 1000 hours


EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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Political Advisor (B)
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Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
Chief Legal Advisor, AC
Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

Chief Commissioner
Executive Commissioner
VP, Civil Affairs Section
VP, Economic Section (2)
Political Advisor (A)
Political Advisor (B)
Navy S/C (3)
Land Forces S/C (IMIA) (2)
Air Forces S/C
Executive Officer (A)
Executive Officer (B)
French Representative, AC
Soviet Representative, AC
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Public Relations Branch
American Ambassador
British Ambassador
G-5, AFHQ (5)
Mr. Harlan Cleveland, UNRRA

SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 5 51/80

25 September 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 25 September 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Ellery W. Stone, Brigadier Lush, Brigadier Carr, Colonel Walker, Mr. Greene, Mr. Hankey, Lt Col March, Colonel Fiske, Commander Bahlmann, Lieutenant Colonel Ross, Colonel Hannafor, Captain Judkins, Lieutenant Commander Golubev, Capitaine de Villefosse.

1. Future of Allied Commission

The Chief Commissioner stated that there was no change in the situation as expressed in paragraph 1 of Minutes of 18 September. He added, however, that General Lee had returned from Washington and there might be some new developments before long. The Chief Commissioner also stated that the trend in London, as reported by Brigadier Lush, is to set up one or two sections of AFHQ in Rome if the decision is taken to abolish AC.

2. Political Remarks

Mr. Hankey gave a brief summary of the political news of the week.

In Italy the week was notable for the end of the political crisis brought about by Minister Corbino's resignation. At the Paris peace conference gradual progress had been made in eliminating points of disagreement, the exception being the Trieste statute.

By September 21 it became virtually certain that the French proposals for the Italo-Yugoslav line and the Free Territory of Trieste would be adopted. Italy would keep Gorizia and Pola would go to Yugoslavia. The Russian bloc voted against certain Yugoslav claims, but the promise of progress that might have resulted from this move was countered by the hostility of the Yugoslavs, who threatened not to sign the treaty if decisions were unfavorable. The adoption of the French proposals also brought out a letter of protest from Bonomi to the Political and Territorial Commission in which he maintained that Italian interests were not being taken into consideration.

602

A deadlock developed on the question of the Trieste statute over the conflicting views of the Anglo-American and Russian drafts in regard to the powers of the Governor. The Anglo-Americans contended that, given the local rivalries prevailing in Trieste, the city was not ready for a government solely by legislature; the Russians, on the other hand, claimed the people were sufficiently responsible to be trusted.

According to press announcements, Italo-Yugoslav conversations continued.

1019

Vice Presidents' Meeting, 1000 hours, 25 September 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Ellery W. Stone, Brigadier Lush, Brigadier Carr, Colonel Walker, Mr. Greene, Mr. Hankey, Lt Col March, Colonel Fiske, Commander Bahlmann, Lieutenant Colonel Ross, Colonel Hannaford, Captain Judkins, Lieutenant Commander Golubov, Capitaine de Villefosse.

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2. Political Review

Mr. Hankey gave a brief summary of the political news of the week.

In Italy the week was notable for the end of the political crisis brought about by Minister Corbino's resignation. At the Paris peace conference gradual progress had been made in eliminating points of disagreement, the exception being the Trieste statute.

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According to press announcements, Italo-Yugoslav conversations continued during the week and it was reported that general agreement had been reached. But on September 24 Signor Bonomi denied that any officially sponsored conversations had ever taken place at all.

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S E C R E T

On September 18 the question of the military clauses of the treaty was brought before the Military Committee again. Various amendments were recommended, the most important being: revision of the military clauses every five years; preservation of Italian defenses and non-offensive armaments; increase of the fleet to 80,000 tons and of its personnel to 30,000. However, all of them were rejected except for recognition of the Italian right to substitute inadequate war material from Allied war surplus stocks.

On September 22 an article of the treaty coding the Dodecanese islands to Greece was approved. In this connection the Greek Government announced that Italians residing on the islands would not automatically acquire Greek citizenship. On the same day the Alto Adige agreement reached between Italy and Austria was incorporated into Article 10 of the treaty, and, following Australian and American proposals, Article 13 now provides for protection of individual rights and freedom of Italian minorities in territories to be transferred. In both cases the Russian group of powers voted against adoption of the proposals.

The question of disposition of the Italian colonies was under discussion during the week and brought forth an appeal from Bonomi against two points in the draft: the immediate renunciation of Italian rights to Libya, Eritrea, and Somaliland; continuance of the existing administration of the colonies during the year's postponement. Press reaction was doubtful of Italy's chances in obtaining a revision.

In the field of interior politics, on September 19 the appointment of Signor Bertone (Christian Democrat) as Minister of Finance was announced. During the week De Gasperi made a speech of which the main points were: certain new taxes should be imposed in order to facilitate launching of a loan; a return to normal labor relations to the end of stopping strikes, thereby increasing production and halting rising prices; condemnation of strikes of state employees; establishment of agricultural cooperatives; keeping down of prices through stricter control of rationed commodities; special distribution of prime necessities in large centers, communal food distributing centers, and popular restaurants. The speech was greeted by the press with general disappointment and "Risorgimento Liberale" characterized it as simply a "routine administrative speech." The speech was followed by meetings of all four government parties. De Gasperi resigned as secretary general of the Christian Democrat party becoming President instead. The Republicans decided to stay in the government after having threatened to withdraw.

On September 27 it was announced that the Liberal and Italian Democratic parties would merge and form the Partito Liberale Italiano. On September 19 the press reported a meeting of the CGIL during which the organization proposed: tightening up of rationing; minimum wages; midweek holidays; a forty-hour week. Concern was expressed over the danger of inflation and raising of wages. The meeting, however, was inconclusive. During the week some progress was made in allotting uncultivated land but some illegal seizures were reported. Two incidents occurred of public disorder -- an attack on the Palermo radio station and interference with electric installations in the Val d'Aosta which caused interruption of the Turin lighting system for several hours.

3. Food Situation

Colonel Walker reported that there has been a further additional slight

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3. Food Situation

Colonel Walker reported that there has been a further additional slight decline in the level of wheat stocks amounting to 10 days' supply of bread and pasta. The stocks now held are sufficient for 104 days.

S E C R E T

4. Fuel Situation

Colonel Walker reported that due to the delay of arrival of crude oil in Italy, the refineries at Bari and Naples will not be able to commence operations on 1 October as planned. It is expected that they will be able to start about the fourth week in October.

5. Power Situation

Colonel Walker stated that in Central and Southern Italy, due to drought, the production of hydro power has been considerably curtailed. All thermal plants are working to full capacity. In Northern Italy the electricity situation is good.

6. Repatriation of Italian POW's

Colonel Fisko reported that there are still 73,000 Italian POW's abroad, of which 17,000 are reportedly in Russia and Yugoslavia and the remainder in South and East Africa, India, and Australia. Some 10,500 are scheduled for repatriation from the latter countries in October, with the possibility of that figure being increased.

7. Allied Personnel and Italian Courts

Colonel Hannaford stated he wished to bring up the question of Italian jurisdiction over Allied personnel since in future the Commission might be confronted with such cases. At the present time Italian courts had no jurisdiction over Allied military personnel. Consequently, it was not possible for a member of the Allied Forces to seek redress from an Italian citizen in these courts. The only competent jurisdiction was AMG courts which the Allies had the right to convene under the terms of restoration of territory. Whether the Italian courts should now assume jurisdiction over Allied civilians was a matter for AFHQ to decide as the Italian Government was reluctant to take such responsibility on its own initiative. The Chief Commissioner observed that in order to approach the question properly the views of more than one government would have to be obtained. He suggested the whole matter be brought before AFHQ.

Next Vice Presidents' Meeting: Wednesday, 2 October 1946, 1000 hours

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Mr. Harlan Cleveland, UNRRA

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SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/79

18 September 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 18 September 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Ellery W. Stone, Brigadier Carr, Colonel Walker, Mr. Greene, Mr. Hankoy, Air Vice Marshal Brodie, Rear Admiral Warren, Colonel Fiske, Colonel Hannaford, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Captain Judkins, Colonel Savko, Capitaine de Villefosse.

1. Future of Allied Commission

The Chief Commissioner stated that there were no developments in connection with the revised armistice but added that the possibility existed of AC being abolished whether the Italian Government signed the new terms or not. It is expected that the plan proposed in the revised armistice would in that case become effective and that a special section of AFHQ would be established (probably in Rome) to control and direct the three service subcommissions -- Land Forces, Air, and Navy. There is still doubt as to whether the remaining functions of the Commission -- such as displaced persons, liaison work -- would be handled by that special section or by another smaller one. The Chief Commissioner added that the matter remains unresolved but that the next two weeks might see some progress made along that line.

2. Disposition of Italian Navy Units

The Chief Commissioner called attention to an article in the "Rome Daily American" of 18 September 46 in which were expressed the views of Captain Pryce, US Navy, a member of the peace conference's military commission. These were to the effect that submarines and other excess submarine equipment should be sunk as was done in the case of German and Japanese vessels. The Chief Commissioner stated that he personally did not subscribe to Captain Pryce's position and wished to make it clear that the latter's views did not reflect his own. The Chief Commissioner added that his recommendation had been that any excess tonnage should be scrapped so that Italy might have the benefit of salvageable material.

3. Political Resume

Mr. Grönne gave a brief resume of the political events of the week. Interest was centered largely on Italian domestic problems rather than on the peace conference.

A government crisis was precipitated by Minister Corbino's resignation of his post as Minister of the Treasury. There has been a considerable number of meetings of a committee of ministers with the director of the Bank of Italy in an effort to reach a compromise. Following the cabinet

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Vice Presidents' Meeting, 1000 hours, 18 September 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Rear Admiral Ellery W. Stone, Brigadier Carr, Colonel Walker, Mr. Greene, Mr. Henkey, Air Vice Marshal Brodie, Rear Admiral Warren, Colonel Fiske, Colonel Hannaford, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Captain Judkins, Colonel Savko, Capitaine de Villefosse.

1. Nature of Allied Commission

The Chief Commissioner stated that there were no developments in connection with the revised armistice but added that the possibility existed of AC being abolished whether the Italian Government signed the new terms or not. It is expected that the plan proposed in the revised armistice would in that case become effective and that a special section of AFHQ would be established (probably in Rome) to control and direct the three service subcommissions -- Land Forces, Air, and Navy. There is still doubt as to whether the remaining functions of the Commission -- such as displaced persons, liaison work -- would be handled by that special section or by another smaller one. The Chief Commissioner added that the matter remains unresolved but that the next two weeks might see some progress made along that line.

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3. Political Resume

Mr. Greene gave a brief resume of the political events of the week. Interest was centered largely on Italian domestic problems rather than on the peace conference.

A government crisis was precipitated by Minister Corbino's resignation of his post as Minister of the Treasury. There has been a considerable number of meetings of a committee of ministers with the director of the Bank of Italy in an attempt to formulate a government economic plan and policy. Following the cabinet meeting of Monday, 16 September, it seems likely that the Prime Minister will report to the Constituent Assembly in the next day or two, throwing the whole problem, together with the points on which there has been agreement, before the Constituent Assembly. The director of the Bank of Italy himself is mentioned as one of the possible appointees as Minister of the Treasury. In connection with the government crisis, at the beginning of the period under review, the Socialists seemed to be pressing for fusion of the Treasury and Finance ministries, but it now looks as though the idea has been dropped. Consolidation of the Industry and Foreign Commerce ministries has also been talked of.

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The government crisis has had repercussions among the parties in the field of party politics, and there seems to be a trend towards diminution of the large number of parties and consolidation of their forces. There have been rumors that the Labor-Democrat, Liberal, and Uomo Qualunque parties would merge. The Secretary General of the Uomo Qualunque party would not precisely deny them but instead indicated there were several points on which agreement had not been reached. Another reported impending merger is that of the Action party and the Socialists, which, however, has been denied by the Action party's newspaper.

Proposals have been made for an internal loan and agreement between labor and management to the end of wage stabilization. After that is accomplished the internal problem of full production would be tackled, considering that more production means more work. The ultimate end of all this would be mainly the stabilization of the lira as an indispensable step towards Italian rehabilitation.

The Secretary General of the Communist party, Signor Togliatti, in a speech over the week-end dealt largely with the economic situation, urging that steps be taken to alleviate the economic position of the country and of the working classes. In a later newspaper interview, he characterized relations between the three major parties as unsatisfactory and claimed that the unity of action pact between the Socialist and Communist parties had not been operating too well.

In Paris, peace conference proceedings continued as in previous weeks. There seems to be a general effort to speed up the work of the conference and the several commissions have been asked by the Secretary General to complete their tasks by October 5, so that the full conference may wind up in time for the UNO General Assembly in New York on October 23.

In connection with the Italian treaty, Alberto Tarchiani, Italian Ambassador to the United States, appeared before the Economic Commission and made a plea for moderation on reparations plans and rationalization of those already agreed upon. He also asked for a moratorium providing that a five-year interval should be allowed to lapse between the ratification of the treaty and the first payments of reparations. Another point touched upon was Article 69 providing for confiscation of Italian assets abroad; here, too, he asked for moderation and rationalization.

Trieste continued to be a difficult problem at the conference. The Italian Political Territorial Commission set up a subcommission to study the problem of the statute and on the same day the American delegation withdrew its proposals on the Italo-Yugoslav border line and the boundaries of the Free Territory. The Italian delegation proposed that a plebiscite in the disputed territory of Venezia Giulia should be held and used as a basis for fixing the line, contending that both Italy and Yugoslavia seemed to agree on two fundamental points: 1) that the line should be ethnic; and 2) that the wishes of the people in the disputed area should be taken into account. Also, there have been reports, not denied as yet, of direct consultations between members of the Italian and Yugoslav delegations on the subjects of the Free Territory, the statute, and administration of the Free Territory.

Still in connection with the Trieste question, Signor De Gaulle, the French

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Still in connection with the Trieste question, Signor Reale, the Italian Ambassador to Poland, published an editorial in "Unita" previous to his return to Paris in which he argued that: the Trieste problem should be settled by direct agreement between Italy and Yugoslavia; that these two countries must agree on administration of the Free Territory of Trieste; that the agreement should provide for equal treatment of minorities left in the three areas concerned.

After Mr. Greene had finished his resume, the Chief Commissioner observed that no matter how hopeful the Italians might be in correcting the national economy, the fact remained that when the cessation of UNRRA activities took place there was nothing in sight to provide for a continuation of the necessary flow of raw materials into the country. There is not even an indication that a

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clear external aid program will come into effect even after the peace treaty is signed. In the Chief Commissioner's opinion, the reported proposed U.S. loan of \$100,000,000 would not accomplish what is needed and all depends primarily on the peace treaty. Reparation demands, he felt, would have to be scaled very far down in order to get any substantial U.S. loan. As he saw it, barter arrangements could be the only solution.

4. Food Situation

With reference to para 2 of Minutes of 13 September, Colonel Walker stated that there has been a further slight decline in the food position. Wheat stocks on hand are sufficient to maintain the present ration for 114 days.

5. Fuel Situation

With reference to para 3 of Minutes of 13 September, Colonel Walker reported that the shipping strike in the U.S. has reduced estimated September arrivals of coal from 800,000 tons to 600,000. The first five trainloads of coal -- a total of about 4,000 tons -- from Poland have arrived in Italy.

There is little change in the POL situation; stocks remain at about a 60-day level.

The retail price of POL products was raised effective 1 September as follows:

Gasoline (motor)	from 23.00	to 27.00	lire per liter
Kerosene	" 20.45	" 28.50	" " Kg.
Diesel Oil	" 21.00	" 24.00	" " liter

6. Forged US Naval Bills

Colonel Hannaford stated that an issue of \$450,000 in alleged forged US Naval bills was in circulation. Upon receipt through the Finance Office of an inquiry from the Banca d'Italia, the Banca was advised that this was a matter to be dealt with by the Italian Government, as soon as it could be officially stated by AC (Navy S/C) that the bills in question had never been issued by a department of the US Navy.

7. Internal Italian Civil Airlines

Air Vice Marshal Brodie announced that on Monday, 16 September, contracts had been signed between the Italian Government (I.R.I.) on the one side and TWA and BEA respectively for the establishment of internal airlines. These two companies are known as LAI (Linee Aeree Italiane) and ALI (Aerolinee Italiane Internazionali) respectively and should have services in operation within 60 or three months.

8. Appointment of Acting Executive Commissioner

The Chief Commissioner announced that in addition to his other duties, Brigadier Carr had also been appointed Acting Executive Commissioner during the

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8. Appointment of Acting Executive Commissioner

The Chief Commissioner announced that in addition to his other duties, Brigadier Carr had also been appointed Acting Executive Commissioner during the temporary absence in London of Brigadier Lush.

Next Vice Presidents' Meeting: Wednesday, 25 September 1946, 1000 hours

Edward D.S. Sullivan
EDWARD D.S. SULLIVAN
Major, Air Corps
Staff Officer to CC

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/7X⁸

11 September 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 11 September 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Brigadier Lush, Brigadier Carr, Lieutenant Colonel Ross, Lieutenant Colonel Wilbe-Jones, Mr. Green, Mr. Hankey, Air Vice Marshal Brodie, Brigadier Hope, Rear Admiral Warren, Colonel Savko, Commander Ybert, Captain Judkins, Colonel Weber.

1. Political Resume

Mr. Hankey gave a brief resume of the general political situation. During the week the Italian press reflected the general depression caused by the unexpectedly large reparations claims put forward at Paris and by the approval almost without change of the military and naval terms of the peace treaty, and also by the fears that a government crisis would follow the resignation of Corbino.

At Paris on the 3rd the Yugoslav delegate delivered a strong speech claiming that Trieste should be incorporated into Yugoslavia and criticizing in harsh terms the Italian Government. The White Russian delegate proposed the extension of Yugoslav territory in such a manner that it would cut off Trieste from Italy. The Soviet delegate tacitly supported this proposal when he said that he hoped the minimum of justice as represented in the draft treaty proposal could be extended, reiterating, however, that the Soviets would abide by the decision of the Council of Foreign Ministers. On the same day the Polish delegate directed attention to the danger of Trieste becoming a second Danzig. The British delegate immediately pointed out that if any lesson was learned from Danzig it was that Trieste must be under the control of the UNO, stating that this is not altogether provided for in the Russian and Yugoslav draft for the statute. He added that if the draft statute is so changed as to modify the whole concept of a free territory, the British Government would refuse to accept the change. On the 6th the Yugoslav delegate said that Yugoslavia could accept an international status for Trieste only if the free territory were limited to the town and port, adding that Yugoslavia could never renounce Gorizia and rejecting the proposal for internationalization of Istria. A Brazilian proposal to postpone discussion of the Venezia Giulia question for a year was rejected by a vote of 13 to 1. A separate subcommission has been set up to examine the statute and report to the territorial commission when a decision has been reached.

Reparations claims now put forward total 4,032,500,000 pounds sterling, of

11 September 1946

M I N U T E S

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Reparations claims now put forward total 4,032,500,000 pounds sterling, of which 2,880,000,000 pounds sterling represent the British claim. The large British claim came as somewhat of a bombshell to the Italians who had expected Britain to renounce her rights to reparations. It was explained, however, that the big British claim was made only to put in proportion the claims by smaller powers, and to emphasize the size of British losses. Britain renounced all reparations but reserved the right under Article 69 of the draft treaty to seize certain classes of Italian property situated in her territory. On 5 September

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S E C R E T

De Gasperi was moved to appeal to the 21 nations to reduce the claims so as not to force Italy into insolvency. He pointed out that emigration of Italian workers might stop if the workers believe their wages would be subject to seizure. He pointed out the vital importance to Italy of obtaining the U.S. loan which would not be granted if the proceeds would go to pay reparations. He repeated his request for postponement of the Italian peace until after the German peace had been settled. He concluded by saying that the Constituent Assembly must ratify the treaty and there was no guarantee that this would be done if the terms were too harsh.

The military and naval clauses of the treaty were adopted virtually in the same form as proposed. In the course of the discussions it was established that if an old ship is lost it cannot be replaced by a new one.

Perhaps the most important development of the week was the announcement by the Austrian Legation at Paris of the agreement with the Italian Government for the safeguarding of the rights of the inhabitants of the Alto Adige. The agreement provides for the safeguarding of the ethnical character and cultural and economic development of the German-speaking population. An autonomous government is to be set up after consultation with the German-speaking population, and persons forced to leave the area as a result of the Hitler-Mussolini agreement of 1939 would be allowed to return. Italian press comment at first was somewhat unfavorable but subsequently the agreement was hailed as a remarkable step forward.

On 4 September Corbino declared that there was urgent need to float a state loan but that it was impossible in an atmosphere of Communist attacks and that he had resigned at this time because a longer wait might have been fatal. The Communist case as exposed in "Unita" is that the government policy is condemned by the bad condition of the workers, the paralysis in production, and the unchecked increase in speculation.

On 6 September the Council of Ministers met under Nenni, who read a message from De Gasperi stating that Corbino had agreed to stay until de Gasperi's return from Paris. The Minister of War reported that the partisan difficulties had ended, and the Council passed several measures granting some of their demands. The Council discussed the food situation and the press reported that two measures were passed, one establishing subsidized popular restaurants, and the other establishing an organization to bring about speedier and more economical distribution of food at minimum prices. The Constituent Assembly will meet on 11 September to discuss foreign policy and internal affairs. Meanwhile, the subcommittee of the Constituent Assembly has continued its study of the new constitution and has agreed on the principle of a second chamber.

Internal affairs in the country are characterized by a strike of civil servants throughout northern Italy for a 30% increase in salaries. Nenni has met with a group of economic experts to discuss the situation with regard to rising prices, a preliminary to the holding of a national economic conference.

Press comment indicates that the crisis originally expected may not develop. Togliatti has stated that the Communists are ready to maintain the government's program if urgent questions are dealt with immediately. Only in the Christian Democrat party does the press see a tendency of the anti-Communist elements to use this opportunity to bring matters to a head with

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S E C R E T

Captain Judkins added that there are press reports indicating that Nonni will take over the Foreign Ministry without waiting for the signature of the peace treaty.

2. Food Situation

With reference to para 3 of Minutes of 4 September, Brigadier Carr stated that there has been a slight decline in the food position. Wheat stocks on hand figures have been set for cereals other than wheat. Provisional target

3. Fuel Situation

With reference to para 4 of Minutes of 4 September, Brigadier Carr stated that 911,000 tons of coal arrived in August, which is a post-war high record. Already been allotted, the remaining 200,000 tons, of which 600,000 tons have Italy. There is no change in the POL situation. There has been a rise in POL prices with effect from 1 September but exact information on the rise is not yet available.

4. Labor Situation

With reference to para 5 of minutes of 4 September, Brigadier Carr stated that approval has not yet been received for the payment of the Republic Bonus for Allied employees.

5. Italian Army Demonstration

Brigadier Hope stated that an interesting demonstration at the Army recruit training center at Orvieto was held on 4 September, to which military representatives of the foreign powers in Rome were invited. The Italian press was also invited but unfortunately the transport for the press broke down, delaying the reporters and causing them to miss lunch. Press reports were not favorable, complaints being made at the attendance of the foreign observers and the use by the Army of British-type uniforms and British rifles, although -- Brigadier Hope added -- the Italian rifle is a 57-year old model and the uniforms were actually of Italian design and material.

Next Vice Presidents' Meeting: ----- Wednesday, 18 September 46, 1000 hours -----

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Major, Air Corps
Staff Officer to CC

Executive Officer (B)
French Representative
Soviet Representative, AC

3. Fuel Situation

With reference to para 4 of Minutes of 4 September, Brigadier Carr stated that 911,000 tons of coal arrived in August, which is a post-war high record. September arrivals are estimated at 800,000 tons, of which 600,000 tons have already been allotted, the remaining 200,000 tons to be held in reserve. It has been stated that the first trainload of coal from Poland is now en route to Italy. There is no change in the POL situation. There has been a rise in POL prices with effect from 1 September but exact information on the rise is not yet available.

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With reference to para 5 of minutes of 4 September, Brigadier Carr stated that approval has not yet been received for the payment of the Republic Bonus for Allied employees.

5. Italian Army Demonstration

Brigadier Hope stated that an interesting demonstration at the Army recruit training center at Orvieto was held on 4 September, to which military representatives of the foreign powers in Rome were invited. The Italian press was also invited but unfortunately the transport for the press broke down, delaying the reporters and causing them to miss lunch. Press reports were not favorable, complaints being made at the attendance of the foreign observers and the use by the Army of British-type uniforms and British rifles, although -- Brigadier Hope added -- the Italian rifle is a 57-year old model and the uniforms were actually of Italian design and material.

Next Vice Presidents' Meeting: Wednesday, 13 September 46, 1000 hours

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SECRET

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SECRET

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 794

CC 551/77

4 September 1946

MINUTES

Vice Presidents' Meeting, 1000 hours, 4 September 1946, Chief Commissioner's Conference Room, Headquarters, Allied Commission, Rome.

Present: Brigadier Lush, Brigadier Carr, Lieutenant Colonel Bocchino, Lieutenant Colonel Wilton-Jones, Mr. Greene, Mr. Markov, Air Vice Marshal Brodie, Major General Goulburn, Rear Admiral Warren, Lieutenant Commander Golubev, Lieutenant Colonel Cros, Captain Jenkins, Colonel Weber.

1. Safe Driving

With reference to para 10 of Minutes of 26 August, the Executive Commissioner stated that the "Home Daily American" had published figures released by the RAAC authorities showing the large number of Allied vehicles driven by Italian civilians, although accepting responsibility for all Allied vehicles regardless of nationality of driver.

2. Political Resume

Mr. Greene gave a brief resume of the general political situation. On 28 August the Costituente commission on treaties heard a report by De Gasperi on his negotiations and contacts in Paris and after full discussion reportedly approved a motion put forward by Togliatti expressing confidence in the Prime Minister's work in Paris and in the work of the delegation and hoping that it would continue. On the same day Saragat appeared before the political-territorial commission examining the Italian treaty in Paris and discussed the problems with regard to the French frontier. The following day Saragat met with the Yugoslav delegate and reportedly exchanged friendly expressions. Other commissioners examining the Italian treaty continued to meet. The economic committee set a deadline for submission of reparations claims, the total now being quite large. Agreement has been reached only on the Russian claim for \$100,000,000. The political-territorial commission is now turning to the Venezia Giulia problem. Bonomi appeared before this commission, restating Italian claims, and on 3 September the Yugoslav delegate rebutted Bonomi's speech. Italian official and unofficial delegations in Paris have continued to seek support for Italy. The CGIL delegation, which attracted some attention, called on Molotov who reportedly expressed great interest in Italy's economic problems. In the matter of reparations Molotov explained that Russia intended to send raw materials to Italy and indicated that after satisfactory economic arrangements had been completed between the two countries, Russia would be prepared to send even more raw or semi-processed materials to Italy. Mr. Byrnes stated that the U.S. was not prepared to grant a loan to Italy until the reparations questions had been settled.

The Partisan troubles seem to have pretty well died down with the passage by the government of measures designed to meet some of their demands.

MINUTE

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On 29 August Minister Corbino submitted, with the reported agreement of the Ministers of Finance and Foreign Trade, two measures designed to prevent speculation in exchange which might weaken the position of the lira. At the meeting of the Council on 29 August the Council reportedly adopted the measures, one a proposed 25% tax on capital revaluation, and the second to revise the procedure by which exporters were granted 50% of the foreign exchange proceeds

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of the exports. On 3 September the press carried extensive reports that Corbino had sought to resign, saying he could no longer tolerate Communist public attacks on him personally and the government, when, he said, the Communists agree to decisions reached in cabinet sessions. He charged that the Communist Party seems to desire to precipitate a government crisis and after events of ten days ago, now prefers to use economic policy rather than foreign policy as the basis. The Minister of Finance did reply that he felt the government's economic policy had been a failure so far, pointing out the attempts the Communist Party had made to alter it. De Gasperi apparently has prevailed on Corbino to wait until he can return from Paris to take the matter in hand. A further indication of the general disquiet on economic grounds is reflected in an address by De Vittorio of the Communist Party to a workers' meeting in Milan, saying that unless the government takes a firm stand in reducing the cost of living or increasing wages, the workers might demand the formation of a new government.

3. Food Situation

With reference to para 5 of Minutes of 28 August, Brigadier Carr reported a drop in amassing to 42,000 tons during the week. The Italian Government has however raised the provisional target figure from 2,300,000 to 2,500,000 tons. On the basis of the new target, 77.7% of the target figure has been amassed.

4. Fuel Situation

Brigadier Carr reported that it is estimated that 800,000 tons of coal arrived in August. With regard to POL, it is anticipated that refineries in Naples and Bari will start production during September and 150,000 tons of crude oil covering a three-month programme have been ordered forward. It is expected that this will save \$500,000 in credits. All prices of POL are expected to be raised in the very near future.

5. Labor Situation

Brigadier Carr reported that the Italian decree authorizing the payment of the Premium of the Republic bonus by private employers has been promulgated. No decision has yet been taken with regard to Allied employees. AFHQ have approved the increase in the cost of living bonus for Allied employees effective 1 August.

6. Italian Press

Captain Judkins reported that the "Rome Daily American" had carried an item to the effect that an Italian weekly had alleged the use of German POW's as guinea pigs during the atom bomb test.

7. Repatriation of Italian POW's

Admiral Warren reported that the repatriation program was proceeding satisfactorily. Brigadier Lush reported receipt of a letter from the British Ambassador outlining the program for the return of Italian POW's from Australia.

8. Admiral de Courten

Admiral Warren reported that Admiral de Courten and his wife were very seriously injured in an auto accident that had taken the life of his chauffeur.

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Next Vice Presidents' Meeting: Wednesday, 11 September 46, 1000 hours

J. C. Rively
J. C. RIVELY
Major, Inf.
Staff Officer to CC

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LIST OF PAPERS

Office of the
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File under No. 571 LETTERS OF COMMENDATION
(From 1 Jan 45)

ALLIED COMMISSION

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
32a	Ltr De Gasperi	15 Feb 46	CC	Mr. M. Costantino
33	Ltr 43/04750/12 Prunas	14 Feb 46	Stone	Expression of thanks to Alcom
34	Ltr Stone	21 Feb 46	Prunas	Acknowledgement of ltr
35	Ltr Stone	21 Feb 46	Rothey	Commendation
36	Ltr Stone	23 Feb 46	Garibaldi	Request for better Work
37	Ltr Stone	23 Feb 46	Keeny	Request for better Work Incl ltr
38	601 1371 ALCOM	25 Feb 46	Truccott	Return of Italian PW from Russia

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