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

785015

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Declassified E.O. 12356 Section 3.1/HRH No. 785015

10000/136/252

UNRRA
NOV. 1945 - JAN. 1947

Q. M. C. Form 584 (Rev. No. 400)
Revised July 26, 1948**LIST OF PAPERS**

955/CC

Office of the
Chief Commissioner

File under No. 955 U.N.R.R.A.

ALLIED COMMISSION

From: 15 Apr 46

~~SECRET~~

Vol. III Page 2

To: 1

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
4 109	Ltr Walton	17 Jul 46	CC	CIP Strike - Effects of
110	Cbl C 61826 CEF	4 Sep 46	13 Corps; Distress	Army assist to UNRRA It & Austria
111	Cbl QG 1027	9 Oct 46	Econ Sect	Auth UNRRA personnel to draw milit supplies

4089

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

~~SECRET~~

Q. M. C. Form 833 (Old No. 40)
Revised July 26, 1945

LIST OF PAPERS

955/CC

Office of the
Chief Commissioner

File under No. 955 U.N.R.R.A.

ALLIED COMMISSION

From: 15 Apr 46
To :

SECRET

Vol. III Page 1

SERIAL NUMBER	FROM--	DATE	TO--	SYNOPSIS
101	Cbl FX 64757 SACM FAN 659	15 Apr 46	Econ Sec	UNRRA to assume responsibilities of supply fr Ven Giu and Udine
101a	Ltrs	6 Apr-26 Apr	Cleveland	Rome Wash Telephone Conversation
102	Cbl 2775 AC	30 Apr 46	Acabrit	Stopping of IRC coach
103	Cbl Fx 65625 SACM	2 May 46	Disper	SACMED-UNRRA Agreement reference
104	Cbl 3262 Stone	24 May 46	SACMED	Wheat and Flour ration fr Italy Reduction of - It Govt Action on
105	Cbl F 66765 SACM	26 May 46	AC EC	Reply to Cbl 3262 of 24 May 46
106	Ltr 4802/203/EC	27 May 46	Keeny	Loan of Flour fm military stocks to It Govt
107	Cbl FX 67268 SACM	6 Jun 46	Troopers	SACMED-UNRRA Agreement
108	Cbl 3) Noderbragt	11 Jul 46	Comms S/C	Agenda of UNRRA conference to be held in Venice Reg Hq 19 Jul 46

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

SECRET

31 January 1947.

My dear Harlan:

Thank you very much for your note of the 29th enclosing a copy of your survey entitled "Italy's Economic Prospects in 1947" which I shall read with great interest.

Very truly yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. Harlan Cleveland,
Deputy Chief of Mission,
UNRRA Italian Mission,
Rome.

40884037

JAN 8 1947

UNITED NATIONS
RELIEF AND REHABILITATION ADMINISTRATION
ITALIAN MISSION
Bureau of Requirements & Distribution

Ref. No. FC/400.E

29 January, 1947.

Rear Admiral W. Ellery Stone,
Chief Commissioner,
Allied Commission,
Rome.

My dear Admiral,

Enclosed herewith for your information is one copy of a book entitled "Italy's Economic Prospects in 1947", which incorporates a series of studies carried out by this Mission on Italy's Balance of Payments in 1947.

Sincerely yours,

Harlan Cleveland
Harlan Cleveland

DEPUTY CHIEF OF MISSION AND CHIEF
BUREAU OF REQUIREMENTS AND DISTRIBUTION

4082

Encl: 1

QG 1027
OCT.081200A

H/7103
OCT.091630

ROUTINE

"Q" GHQ CMF
ETA: 1 ARMD DIV / DISTHREE = 1 AGRA = AMG VENEZIA GIULIA =
INFO: RAAC = ACABRIT = UNRRA AFHQ = UNRRA = AUSTRIA = UNRRA TRIESTE
ALTON = AFHQ.

UNCLASSIFIED.

Further to our signal C 5182 of 4 Sep, Army assistance to UNRRA. In addition to issues specifically covered by formal signed agreements you are authorized to allow all UNRRA Missions and personnel obtaining day to day supplies from military sources to continue to do so to extent hitherto permitted subject to demand being endorsed by Chief of Missions certificate that supplies required are for use of mission and UNRRA personnel only and that a current budgetary provision has been made for value obtained. Also necessary to allow UNRRA personnel to continue to enjoy facilities within normal entitlement hitherto afforded on payment. FMR - 1 Armd Div 1 Agra AMG Venezia Giulia. REAR XIII Corps letters 1077/Q1 of 7 Sep and 23 Sep refer.

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SEPT. 041618B

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SEPT. 051000B
ROUTINE

AFHQ Q GHQ CMF
BTA = REAR XIII CORPS = DISTHREE = RAAC INFO: ACABRTT = UNRRA
AFHQ ROME = UNRRA AUSTRIA = ALCOM

UNCLASSIFIED.

Subject is army assistance to UNRRA Italy and Austria.

1. In view of need to ensure closer control of expenditure incurred on behalf of UNRRA, Troopers have laid down that except in case of issues specifically covered by formal signed agreement with UNRRA and Saomed / C in C GHQ or C IN C BTA with GHQ approval no further issues from army stocks will be made available to UNRRA without prior Troopers approval.

2. Parallel instructions have been sent to UNRRA Missions instructing them to refer to UNRRA London for prior authority before drawing on army stocks, formation receiving applications from UNRRA personnel for facilities in excess those listed in formal signed agreements (I.E) anything not covered by para 3 below will refer to this ruling.

3. For purposes this ruling following considered "formal signed agreements" (A) AFHQ letter AG 383.7 GEG-O. dated 26 July 1946

(B) GHQ signal C 49325 dated 18 Jun and C 61482 dated 2 Sep.

(C) First revision section X I 6 of AFHQ signal instructions.

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INFO ACTION ECON SEC 2
INFO CHIEF COMMISSIONER
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See ☐

(110)

CROSS REFERENCE SHEET

17 July 1946

Ref : ES/

Subject: CIP Strike - Effects of

To : CC

From : Walton

SKE 5203/CC

955/CC

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JUL.111200

H/4587

JUL.121030

ROUTINE

DR. J.A. NEDERBRAGT UNRRA

86 AREA HQ MOVEMENTS VENICE AFHQ Q MOVEMENT LIAISON OFFICE ROME
 AFHQ FOR DD TN GHQ CMF ROME UNRRA FOR KEENY ROME INFO: AC ITALY
 COMMUNICATION FOR CHIEF POSTAL OFFICER.

UNCLASSIFIED.

UNRRA conference to be held in Venice at UNRRA regional HQ 0930 hrs
 on 19 July. Cable to regional director Col Jones number and names of
 delegates for reservation purposes. Agenda as follows. One introductory
 statement of the chairman of UNRRA Port of Trieste committee organisa-
 tion. Two miscellaneous questions interesting operations of the port
 of Trieste committee including lire founds for transit traffic.
 Strike situation. Cancellation of army facilities. L&Q allowance.
 Transport vehicles for committee. Anchorage duties. Security of UNRRA
 transit goods. Train guards. Recovered goods. Three report of operations
 and imports of UNRRA supplies through Trieste and Venice during June/July
Four report from XIII corps report operations during July and statement
 re August working. Five statement from UNRRA ero London of projected
 shipments for Yugoslavia Czechoslovakia Austria and Hungary for August
 arrivals. Six Provisions of railway waggons. Statement from UNRRA
 Austria. UNRRA Czechoslovakia. UNRRA Yugoslavia. UNRRA Hungary. Seven
 other business Unrracentro.

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INFO ACTION COMMS SC
 INFO CHIEF COMMISSIONER
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108

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JUNE 061730B

ROUTINE

AFHQ SIGNED SACRED SITE PHOS

TROOPERS LONDON INFO MILSTAFF ALCON ROME UNRRA ROME

See

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~~RESTRICTED~~

RESTRICTED

Reur 57686CA6. Undated. Your comments on UNRRA/Sacred agreement considered by all concerned. Our action and views are detailed below.

Para 1. Your para (A). Agree rights to immovable property must be protected and agreed with UNRRA I mention in article 3 para 3 of words "and immovable" after "movable" in first sentence.

Para 2. Your para B (1) this will follow automatically as local administrative routine.

Para 3. Your para B (2). Standard procedures referred to in article 3 para included dispersal of british surpluses through ministry of supply.

Para 4. Your para 5. Camps held minimum quantities for daily use. Considered administratively uneconomical to cover these other than as provided in article 3 para 4.

Para 5. Your para H. To avoid limitation you describe 3rd sentence of article 4 para 1 reworded "UNRRA will at the election of Sacred either reimburse Sacred in kind for rations made available after effective date of this agreement or pay in sterling for such ration in accordance with such procedure as may be determined by Sacred". UNRRA London and Rome confirm.

Para 6. Your para K. Existing disposal procedure for surplus british feed stuffs will save guard point you raise because (A) no specific provision is made for DFE (B) surplus british feed stuffs are redirected by war office or minister of food as applicable. If you agree that our explanations in paras 2, 3, 4 and 6 above and action taken in paras 1 and 5 meet your requirements urgently request that GCS may be informed without delay so

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pag 2

that CCS may be informed without delay so that we may be authorized to (?) agreement by signature 15 June effective 20 June. Our MAT 1922 refers.

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INFO ACTION: DISPER 2

UNRRA

INFO: CHIEF COMMISSIONER

RX COMMISSIONER 2

G A S

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MAY 27 1946

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

Ref. : 4802/203/EC

27 May 1946.

Dear Mr. Keeney,

The Chief Commissioner forwarded to A.F.H.Q. the request made to me by yourself and Colonel Legg on May 24 for a loan of 25,000 tons of flour from military stocks.

A.F.H.Q. have replied that no surplus flour is held in either U.S. or British stocks which would enable any loan to be made to the Italian Government.

M. S. LUSH

Mr. S. M. KEENEY,
Chief of UNRRA,
ITALY.

Copy to: Chief Commissioner, —
U. S. Embassy,
British Embassy,
Economic Section.

106

MAY 27 1945

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Comer

SECRET

P 66765
MAY 26 1748BH/3343
MAY 27 1015B
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ALCOM

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(104)

Your 3262 of 24 May was answered same day by telephone conversation Brigadier
LWSH - Major MANGLES.

It is confirmed that no surplus flour is held in either US or British stocks
which would enable any loan to be made to the Italian Government.

Instructions have been received from the War Office that no loan or permanent
transfer of any quantity of any item of R A S C food supplies may be made for
other than military use without prior War Office authority.

AC Dist

Action: Executive Commissioner (4)

Info: Chief Commissioner
Room Section
File
Skeleton

CIPHER TELEGRAM

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

SECRET

(105)

HQ ALCOM FROM ADMIRAL STONE

241800MAY46

AFHQ FORSACLED

3262

SECRET

PARA ONE CHIEF OF UNRRA MISSION WITH COLONEL LEGG DIRECTOR OF FOOD BUREAU CALLED ON THE EXECUTIVE COMMISSIONER IN MY ABSENCE THIS MORNING AND TOLD HIM THAT THE CEREAL SITUATION HAD REACHED A CRISIS WHICH COMPELLED THEM TO SEEK HELP FROM THE ALLIED MILITARY AUTHORITIES PD THEY STATED THAT THEY HAD ADVISED THE GOVERNMENT FOR THE LAST TWO MONTHS THAT A REDUCTION IN THE RATION WAS NECESSARY IF STOCKS AND IMPORTS WERE TO BE EXHAUSTED BEFORE THE COMING HARVEST PD THEY HAD BEEN SPECIFICALLY DIRECTED BY LA GUARDIA NOT TO INSIST ON THE REDUCTION PD THE ITALIAN GOVERNMENT HAD CONSISTENTLY FAILED TO REDUCE THE RATION PD THE RESULT IS THAT BY ONE JUNE THERE WILL BE NO FLOUR OR WHEAT IN SEVERAL REGIONS AND IN NO REGION IS THERE SUFFICIENT TO FEED THE POPULATION BEYOND ONE FOUR JUNE PD MISTER KRENY STATED THAT THE ITALIAN GOVERNMENT WERE STILL MOST UNWILLING TO REDUCE THE RATION IN VIEW OF THE PRESENT POLITICAL TENSION IN THE COUNTRY DUE TO THE ELECTIONS AND THE REFERENDUM PD MISTER KRENY SAID THAT ITALIAN GOVERNMENT WOULD BE COMPELLED TO REDUCE THE RATION BY SAY ONE ZERO JUNE PD IN ORDER TO PLUG ~~THE~~ THE XXX ITALIAN FOOD PATTERN UNTIL THAT DATE IT WAS NECESSARY TO FIND TWO FIVE ZERO ZERO ZERO TONS OF FLOUR AND IN VIEW OF THE CRITICAL SITUATION AND THE INABILITY OF PRIORITY

EX. COM.

343

E.C. DISTRIBUTION

CHIEF COMMISSIONER ✓

US EMBASSY

BR EMBASSY

ECOM SEC

~~SECRET~~

(104)

HQ ALCOM FROM ADMIRAL STONE

AFHQ FOR SACRED

3262

Page 2.

SECRET

OF FINDING THIS AMOUNT FROM ANY OTHER SOURCE CMA HE ASKED BRIGADIER LUSH
WHETHER I WOULD APPROACH YOU WITH A REQUEST THAT YOU WOULD LOAN IMMEDIATELY
TWO FIVE ZERO ZERO ZERO TONS FROM MILITARY STOCKS TO THE ITALIAN GOVERNMENT
FOR A PERIOD NOT EXCEEDING THREE ZERO DAYS PD MISTER KERRY SAID THAT UNRA
THEMSELVES WOULD REPLACE THIS LOAN TO AFHQ BEFORE THREE ZERO JUNE OR ANY SUB-
SEQUENT DATE FIXED BY YOU CMA AND WOULD ENSURE THAT THE AMOUNT WAS REPLACED
AT THE DEPOTS REQUIRED BY YOU PD ONE ZERO ZERO ZERO ZERO TONS ALREADY ON THE
SEA WILL BE EARMARKED FOR THIS REPLACEMENT AND A FURTHER ONE FIVE ZERO ZERO ZERO
TONS ARE PROGRAMMED TO ARRIVE IN ITALY BEFORE THREE ZERO JUNE AND WILL BE SIMILARLY
EARMARKED PD

PARA TWO PD COMMENT HYPER WHATEVER MAY BE THE FAULTS OF THE ITALIAN GOVERNMENT
UP TO DATE INCLUDING OVER EMPHASIS OF THE POLITICAL SITUATION CMA INABILITY TO
AMASS AND GENERAL HESITATION TO MAKE AN UNPOPULAR DECISION CMA WE CANNOT ACQUIT
UNRA OF THEIR RESPONSIBILITY SINCE BY VIRTUE OF THEIR AGREEMENT WITH THE ITALIAN
GOVERNMENT THE GOVERNMENT'S RATE OF DISTRIBUTION OF FOOD CANNOT BE MADE WITHOUT
UNRA'S AGREEMENT PD THE FACT IS THAT THE REDUCTION OF THE RATION AT THIS MOMENT
WOULD INCREASE THE TENSION IN THE COUNTRY TO SUCH AN EXTENT AS TO AFFECT PUBLIC

Cont'd Page 3.

OF PRIORITY

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HQ ALCOM FROM ADMIRAL STONE

AFHQ FOR BAGMED

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Page 3

SECRET

ORDER THROUGHOUT ITALY PD IT IS TRUE THAT A REDUCTION ON ONE ZERO JUNE WILL BE NO MORE POPULAR AND MAY PLACE THE NEW GOVERNMENT AND THE MONARCHY OR THE REPUBLIC WHICHEVER MAY BE RETURNED BY THE REFERENDUM IN AN INVIDIOUS AND INDEED DANGEROUS POSITION BUT ~~XX~~ THEN SOME OF THE POLITICAL FLAMES MAY HAVE BEEN BURNED OUT PD IT IS OF COURSE IN THE INTERESTS OF ITALY AS A WHOLE THAT THERE SHOULD BE TRANQUILITY IN THE COUNTRY BEFORE AND DURING THE ELECTIONS PD MOREOVER ~~CHAMORE~~ ZERO JUNE IS ONE FIVE DAYS NEARER THE FIRST REAPING OF THE HARVEST WHICH IN SICILY AND FOGGIA MAY TAKE PLACE ANY TIME AFTER FIRST JULY PD PARA THREE PD THE ITALIAN GOVERNMENT AND UNRRA ARE MOST ANXIOUS FOR A REPLY TODAY AND I WOULD ASK FOR URGENT AND SYMPATHETIC CONSIDERATION OF THEIR REQUEST REMEMBERING THAT THE MILITARY AUTHORITIES ~~XX~~ HAVE BORROWED FROM UNRRA AND CIVILIAN STOCKS EXTENSIVELY IN THE PAST FOR THE SUPPLY OF VENETIA GIULIA AND ALLIED MILITARY GOVERNMENT TERRITORIES PD

PARA FOUR PD IF YOU APPROVE IT WOULD BE ON THE UNDERSTANDING OF ~~CHAMORE~~ THAT UNRRA WOULD NOT REPEAT THE REQUEST ON ONE ZERO JUNE BUT I MUST POINT OUT THAT AT THAT TIME UNRRA AND ITALIAN GOVERNMENT MAY BOTH LAY THE RESPONSIBILITY FOR A CUT IN THE RATION ON THE NECESSITY OF REPAYING THIS LOAN TO THE MILITARY AUTHORITIES

OF PRIORITY

XX COM

M.S. LUSH, Brigadier,
Executive Commissioner

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Declassified E.O. 12958 Section 3.3/NND No.

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ROUTINE

APHQ SIGNED SACMED CITE PHGEG
UNRRA ROME , INFO; ALCON ROME FOR DP AND RSC

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1. TAM 764 AND TROOPERS SIGNALS FOLLOW. Ref our telephone conversation paraphrase.

A) TAM 764 dated 30 April authorized concluding arrangements in accordance our draft agreement. (TROOPERS 30 April indicated certain amendments and comments reference our agreement are being sent to the British Mission in WASHINGTON.

2. This office has signalled SOS asking for final authority to consummate signed -UNRRA agreement.

3. We regret delay. Will keep you in picture ned developments.

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INFO ACTION	DISPER	2
INFO	CHIEF COMMISSIONER	
	FILE	4878
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See

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Declassified E.O. 12356 Section 1.1/HRP No. 785015

DPR/11-4/BA

HQ ACEPR ALCOM

30 1210 APR 1 1948

(1) DP DIVISION ACARRIT VISHNA

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RESTRICTED

PARA ONE PD REFERENCE YOUR PETER WILLIAM DOG PETER
SLANT ONE THREE FIVE DATED ONE EIGHT APRIL ONE NINE
FOUR SIX IN RESPECT OF ITALIAN RED CROSS COACH NUMBER
CHARLES ZEBRA THREE SIX ZERO TWO FIVE PD

PARA TWO PD MARCHESI THEODOLI STATES THAT THIS COACH
HAS RETURNED TO ROME AS IT WAS FORBIDDEN TO CROSS THE
FRONTIER FOR SOME UNKNOWN REASON PD MARCHESI THEODOLI
WOULD APPROPRIATE AN EXPLANATION AS TO THE REASON WHY THIS
INCIDENT OCCURRED PD

955/cc

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[Handwritten signature]

[Handwritten signature]

ROUTINE
DISPATCH

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RESTRICTED

PARA ONE PD REFERENCED YOUR PETER WILLIAM DOG PETER
SLANT ONE THREE FIVE DATED ONE EIGHT APRIL ONE NINE
FOUR SIX IN RESPECT OF ITALIAN RED CROSS COACH NUMBER
CHARLES ZSERA THREE SIX ZERO TWO FIVE PD

PARA TWO PD MARCHESI THEODOLO STATES THAT THIS COACH
HAS RETURNED TO ROME AS IT WAS FORBIDDEN TO CROSS THE
FRONTIER FOR SOME UNKNOWN REASON PD MARCHESI THEODOLO
WOULD APPRECIATE AN EXPLANATION AS TO THE REASON WHY THIS
INCIDENT OCCURRED PD

ROUTINE

DISPER

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SSXSON S. HUMPHREYS
CHD. USA, Asst. Adjt.

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

UNRRA

Rome-Washington
Telephone Conversation

UNRRA ITALIAN MISSION
Bureau of R. & D.

Tel: 104

HC/sc

Ref: RD/1.51.

26 April 1946

SUBJECT: Telephone Conversation Sard (Washington) to Cleveland (Rome)
1700 Hours 25 April 1946

TO : Chief, Sub-Bureau of Industrial Rehabilitation

The following information is submitted from subject telephone conversation for appropriate action:

1. COAL

April clearances to 25 April were 32,482 tons.

2. COTTON

April clearances to 25 April were 10,567 tons.

3. WOOL

April clearances to 25 April of greasy wool were 2,000 tons.

4. I am asked to bring with me to Washington, if possible, the complete POL report requested by Clements when he was here, including all four cables.

5. COKE I told Sard we could use 50,000 tons of Coke, and we are confirming by cable.

HARLAN CLEVELAND
Deputy Chief of Missioncc: Chief of Mission
SUOP
RESUP
Mr. Sard
Col. C.W. Walton, A.C.
Maj. Highland (followup)

101a

UNRRA ITALIAN MISSION
Bureau of R & D

Tel: 104

HC/sc
26 April 1946

Ref: RD/1.51

SUBJECT: Telephone conversation Sard (Washington) to Cleveland
(Rome) 1700 Hours 25 April 1946.

TO : Chief; Sub-Bureau of Relief Supply

The following information is submitted from subject
conversation for appropriate action:

1. FOOD PRICES

(a) I summarized for Sard results of the most ^{recent} conversations with the Italian Government, gave him the figures we were using in connection with these discussions, and told him the seven-point program summarized in Mr. Keeny's letter of 25 April to the Prime Minister.

(b) I asked about the 10,000 tons of flour purchased by Sacofdoti. Sard said that this quantity would probably not leave the U.S. until early May.

(c) April clearances to date (25 April) were 121,000 tons. Official forecast for the month is now 167,000 tons, but this includes five ships from the Argentine, four of which will probably not get here until the very end of May.

2. SUGAR

April clearances up to 25 April were 15,554 tons

3. RATS

April clearances up to 25 April were 398 tons.

4. PEANUT BUTTER

I told Sard we could use some peanut butter. He said considerable quantities were available and we should specify what quantity we want.

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5. FISHING BOATS

I asked Sard to follow up on our cable 727 regarding refrigeration equipment.

HARLAN CLEVELAND
Deputy Chief of Mission

cc: Chief of Mission
SUPOF
REHAB
Mr. Sard
Col. C.W. Walton A.C.
Maj. Highland (follow up)

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101a

APR 11 REC'D

UNRRA ITALIAN MISSION
bureau of R. & D.

HO/so

Tel: 104

6 April 1946

Ref: RD/1.54

SUBJECT: Telephone Conversation Sard (Washington) to Cleveland (Rome)
1700 Hours 4 April 1946

TO: Chief, Sub-Bureau of Industrial Rehabilitation

This will confirm what I told you orally about the subject conversation:

1. POL

(a) I summarized for Sard the stock position in the four major commodities as follows:

POL Stocks Approximate Position 4 April 1946

House Brand Gasoline	21 days supply
Diesel Oil (Casoil)	24 " "
Kerosene	60 " "
Fuel Oil	40 plus days "

and emphasized that we were expecting to be tight, especially in diesel oil.

(b) I described our agreement with Clements on the question of direct shipment of POL to Italy and the Italian Mission's virtual independence from the Liaison officer Clements in setting up in CASRO.

2. PROCESSING INDUSTRY

I asked Sard about the item of \$4,876,000 earmarked for Code 6,00 "Processing Industry" in the supply budget as received from Washington. He said that this was a general heading for industrial machinery and equipment, on which no specifications had ever been submitted; therefore, no action was being taken in Washington under this head. I said that if he would shortly receive (already sent) would cancel this item.

3. COAL

Final March clearance figures are as follows:

	Tons
On UNRRA account	640,000 (including 2 ships from So. Africa)
" FEA "	8,000
Total	648,000 tons

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4. FISH NET TWINE

Sard emphasized again that Washington's anxiety to push production of fish net twine as rapidly as possible, and referred us urgently to Washington's Cable 2003 to London, which authorizes procurement of up to 800 tons of cotton for 240 tons of fish net twine.

5. ANDERSON AND CLAYTON COTTON

Sard referred again to the objections by Anderson and Clayton's Washington representative to the necessity of moving their cotton out of Genoa, and asked us to:

(a) Be sure to see Livi on the subject (Genoa representative of Anderson and Clayton company), and

(b) To send a cable to Washington, summarizing the situation from our standpoint.

HARLAN CLEVELAND
Deputy Chief of Mission

cc. Chief of Mission
SUPOP
RISUP
Col. C.W. Walton, AC
Mr. Sard
Major Highland (follow up)

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UNRRA ITALIAN MISSION
Bureau of H. & D.

HQ/so

Tel. 104

6 April 1946

Ref: HQ/4.51

SUBJECT: Telephone Conversation Sard (Washington) to Cleveland (Rome)
1700 Hours 4 April 1946

TO : Chief, Sub-Bureau of Relief Supply

This will confirm what I told you orally about the subject telephone conversation.

1. WHEAT

(a) March Clearances

The exact figures for March clearances are:

On UNRRA account	174,674 tons
" FRA "	<u>38,758 "</u>
Total	213,429 "

(for a wheat equivalent of 242,000 tons, considering the fact that there are some minor cereals in the shipments)

(b) Ration Cut

Partly as a result of our "PERSONAL PRESIDENT" cable, a series of high-level meeting is being held by the Director General over the week-end on the total wheat position, and we are asked to have the Government to withhold action on cutting the ration until we get the result of these conversations. This result will be communicated to us at 11 a.m. New-York time (6 P.M. Rome time) by phone on Tuesday, 9 April.

(c) Present April expectation is "not more than 150,000 tons" on UNRRA account.

(d) The Italian Government is buying flour outside the Combined Food Board allocation, apparently with the blessing of both the Combined Food Board and UNRRA. So far the Government has bought 5,000 tons and it hopes to get up to 30 or 40,000 tons. UNRRA has undertaken to ship flour on UNRRA ships. The question of who pays the freight is still unsettled. This flour will not (repeat NOT) be subtracted from the UNRRA allocation.

(e) There are still 30,000 tons of flour on the FRA program which have not been shipped. There is some possibility of getting this flour out during April.

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(f) The only other possible help is from the Argentine. We are asked to make sure that the Vatican and the Italian Government are aware of the need for pressure on the Argentine.

(g) The ship which left the Argentine on the 28 March, carrying 8,500 tons of wheat, is named the "THOMAS WALSH".

(h) The "VITTORIO VENETO" and the "VOLUNTAS", sailing from the Argentine with maize, were due to load by the end of this week.

2. MISMALED SHIPS

Sard confirmed that the shipment of mismated shoes sailed on 29 March on the "ALFRED VICTORY".

3. Sard referred to Dr. Arton's formula for child feeding, and said that some papers on this were being sent via a person scheduled to leave in a couple of days from Washington. Please inform Relief Services.

HARLAN CLEVELAND
Deputy Chief of Mission

cc.: Chief of Mission
Relief Services
(NOTE especially para. 3)
UPCP
REHAB
Col. S.W. Walton
Mr. Sard
Maj. Highland (follow up)



1010

UNRRA ITALIAN MISSION
Bureau of R. & D.

Tel. 104

HC/ac

Ref: RD/1.51

12 April 1946

SUBJECT: Telephone Conversation Sard (Washington) and Cleveland (Rome)
1800 Hours 11 April 1946.

TO : Chief, Sub-Bureau of Relief Supply

The following will confirm what I told you orally about my conversation with Ed Sard on 11 April:

I. WHEAT

(a) Another meeting of the Combined Food Board has been held with Mr. La Guardia. The U.K. delegation has said that it is willing to consider diversion of ships and to institute bread rationing if U.S. will do the same. A working party has been set up to study this problem and is to report back to Mr. La Guardia and the Food Board on Monday, 15 April.

(b) April Clearances up to 11 April were 35,000 tons. Forecast of total April clearances is still 159,000, but Sard still thinks that this is 20,000 tons or more too high.

(c) UNRRA Washington is using a figure of 73,000 tons for our 1 May stock, if the present ration is continued.

(d) 65,000 tons of wheat and corn supposed to be available in the Argentine will be shipped by UNRRA, if they are, in fact, available. Confirmation is expected immediately from UNRRA representatives in Buenos Aires as to whether the grain is actually at port.

(e) There are still 30,000 tons of flour due us from the FEA program, but Sard has no information as to whether this flour will be shipped during April.

(f) It is hoped that the Italian Technical Delegation may be able to ship the 19,000 tons that it has purchased outside of the allocation. The question of recommendation to the Government as to what to do about ration was discussed with Sard, and it was decided that we should, perhaps, talk to the Director General before action is taken.

(g) The Combined Food Board is particularly anxious to get the answers to two questions:

1. What is the breakdown between millers' stocks and bakers' stocks. In the past we have shown that as one figure.

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- 2 -

2. How did it happen that the millers' and bakers' stocks were reduced from 120,000 tons in January to about 20,000 tons in March.

(h) Sard said that two chief attacks on the Italian position were leveled by representatives at the C.F.B. meeting with La Guardia:

1. The British Delegation stated that a great deal of grain had been fed to animals in Italy.

2. The Canadian Delegation said that Italy should not get the same treatment as other countries because it is an ex-enemy nation. UNRRA representatives pointed out that Italy's ration position did not represent equal treatment. Mr. La Guardia, according to Sard, waxed eloquent in defense of the Italian need, saying particularly that he and others had broadcast appeals to the Italians to throw off Fascism and join the Allies; that this had now been done and the Italians were looking to us for help.

II. SUGAR

March clearances of sugar, on a general cargo ship, were 1,522 tons. This is definite and we can count on it. In April it is hoped that 2,000 tons may be shipped in one lot, but this is still indefinite and unconfirmed.

III. AGRICULTURAL PROGRAM

In addition to the program brought to Washington by Sullen, additional availabilities have been found, amounting to \$1,500,000; this sum to be added to the supply budget.

IV. MISMALED SHOES

Between 500,000 and a million mismated shoes may be available. Do we want them?

cc: Chief of Mission
SUPOF
REFAB
Col. C.W. Walton, A.C.
Mr. Sard
Maj. Highland (follow up)

HARLAN CLEVELAND
Deputy Chief of Mission

40884

101a

COPYUNRRA ITALIAN MISSION
Bureau of R & D

HC/sc

Tel: 104

12 April 1946

Ref: RD/1.51

SUBJECT: Telephone Conversation Sard (Washington) and Cleveland
(Rome) 1800 Hours 11 April 1946

TO : Chief, Sub-Bureau of Industrial Rehabilitation

The following from subject conversation is submitted for
information and appropriate action:

1. COAL

(a) The forecast for April loadings is 149,000 tons
from ships lined up March, plus, perhaps, 100 to 150,000 more.(b) Clearances of coal to date during April have been
237,000 tons.(c) The outlook on the strike is "indeterminate".
Among other things, La Guardia appealed to John L. Lewis to keep a
few mines open to work for UNRRA account.(d) We are again asked to make sure that publicity
gets back to the U.S. regarding the coal conservation measures which
the Government recently took.

2. WOOL RAGS

We are asked to do everything possible to expedite the
departure for London of the Italian expert on wool rags.HARLAN CLEVELAND
Deputy Chief of Mission

cc: Chief of Mission

RESUP

SUBOP

Col C.W. Walton, AC

Mr. Sard

Capt. Highland (follow up)

101a

UNRRA ITALIAN MISSION
Bureau of R & D

HG/lr

Tel: 104

18 April 1946

Ref: RD/1.51

SUBJECT: Telephone conversation Sard(Washington) with Cleveland(Rome) 16 April 1946

TO : Chief, Sub-Bureau of Relief Supply.

The following information from subject telephone conversation is submitted for appropriate action:

1. WHEAT

(a) The decisive meeting of the Combined Food Board was postponed until 17 April. Further word is supposed to be available on the 18 April call.

(b) Additional claimants for the wheat to be made available by the U.K. through diversions are now making their appearance. The total bids against any diversions are now 650,000 tons for one month.

(c) Grain clearances for Italy as of 16 April were 43,000 tons. The official forecast is still 159,000 tons.

(d) In addition, 12,000 tons of flour will clear during April on BEA account.

(e) It is still hoped that the Italian Delegation's quota of 20,000 tons of grains will clear during April. This cannot be counted on, however.

(f) The picture on grain from the Argentine is that there will be very few clearances in April - probably not much more than "VOLUNTAS" and the "VITTORIO VENETO", about which we already know. 65,000 tons supposed to be available for April loading in the Argentine will probably not be loaded until May. UNRRA Washington does not yet have official confirmation that the grain is, in fact, available at the ports in the Argentine.

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2. FOOD BUDGET

(a) Cable 3048 from Washington has been sent to us, which makes certain changes in the forecast of availabilities of food, changing the situation from where it was when Col. Legg left Washington.

(b) Availabilities are now stated in ranges and we are advised to use the minimum figure of each range in working out any distribution plans.

3. FISH.

(a) Frozen Fish

There was reference in our 664 that we did not want any more fish. This reference has been taken to mean that we do not want any more frozen fish. If a different interpretation is to be placed on it, we should cable Washington.

(b) Pickled Fish

We should cable Washington as to whether we can use pickled fish in barrels.

4. WATTLE BARK

This commodity is offered as a substitute for quebracho, and it could be delivered during the third quarter. Can we use it?

5. WHEAT REQUIREMENTS SECOND HALF YEAR

Sard asked that we submit as soon as possible our firm requirements for July and August for allocation purposes. The figure he is using tentatively is 200,000 tons in Italy and 200,000 in August. He suggests that in the same cable we include an estimate of total wheat requirements in the second half year. This tentative figure is 920,000 tons.

6. SWEET POTATOES

The Army has bought the entire amount of sweet potatoes which were to have gone to UNRRA; therefore, there will be no sweet potatoes imported on UNRRA account. We are asked to inform Mr. Bagarry and Mr. Keeny will talk with him about it.

101a

HARLAN CLEVELAND
Deputy Chief of Mission

COPYUNRRA ITALIAN MISSION
Bureau of R & D.

Tel: 104

WC/ sc
18 April 1946

Ref: RD/1.51

SUBJECT: Telephone Conversation Sard (Washington) with Cleveland
(Rome) 16 April 1946.

TO : Chief, Sub-Bureau of Industrial Rehabilitation

The following information from subject conversation is
submitted for appropriate action:

1. COAL

Clearances on coal to date have been 248,643 tons.

Loadings of coal are about finished.

2. RUBBER

Sard asked for reply to Washington 's 1986 (I have just
cleared this cable for dispatch.)

3. ALBANIAN COTTON

Sard asked what the situation was on the deal whereby
Italy will process UNRRA cotton for Albania.40003
HARLAN CLEVELAND
Deputy Chief of Missioncc: Chief of Mission
HSSUP
SUPOR
Col. C.W. Walton A.C.
Mr. Sard
Maj. Highland (follow up)

101a

UNRRA ITALIAN MISSION
Bureau of R & D

HC/lr

18 April 1946

Tel: 104

Ref: RD/1.51

SUBJECT: Telephone conversation Sard(Washington) with Cleveland
(Rome) 16 April 1946

TO : Chief, Sub-Bureau of Supply Operations

The following information from subject conversation is
submitted for appropriate action.

1. INTERMISSION TRADE.

The arrangement referred to in previous cables from Washington, whereby exports from receiving countries to other UNRRA countries would be compensated for by increases in supply budget, has fallen through entirely. This means that intermission trade can in future be carried only for free exchange or as barter arrangements.

2. FATS AND OILS

The fats and oils picture is still confused. Sard had not yet received our second cable on the subject, but stated that the figure of 97,000 tons for industrial oils did not include rosin. He wanted confirmation of information break-down of 97,000 tons not counting the rosin which is handled in another committee. Please coordinate with RESUP and REHAB of [redacted]

3. SALT - Jugoslavia

Sard asked again about the 10,000 tons of salt to Yugoslavia, of which the Yugoslavs say they have only received 5,000.

4. RESERVE COMMODITY LIST AGREEMENTS

(a) Sard indicated that a series of agreements had been reached on the handling of ROL items before the Combined Boards.

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We will get a cable on this, but for example

- (1) UNRRA will handle all rubber allocations.
- (2) UNRRA has secured an allocation of 400 tons of tin; the Italian Government will handle the rest of the requirements or 3100 tons.
- (3) Italian Government will handle allocations of hides for Armed Forces and industrial purposes after the August allocations.

HARLAN CLEVELAND
Deputy Chief of Mission

cc: Chief of Mission
RESUP
REHAB
Col. C.W. Walton A.C.
Mr. Sard
MAJ. Highland (follow up)

101a

APR 25 1946

UNRRA ITALIAN MISSION
Bureau of R & D

Tel: 104

HC/sc
22 April 1946

Ref: RD/1.51

SUBJECT: Telephone conversation Sard (Washington) to Cleveland
(Rome) 1700 Hours 18 April

TO : Chief, Sub-Bureau of Industrial Rehabilitation

1. The following information is submitted from subject
conversation for appropriate action:

(a) COAL

Clearances to date were 282,846 tons.

(b) COKE

The first ship from the Persian Gulf carrying
petroleum coke will leave the end of April and the second early
in May.We are asked to cable whether we can use 50,000 tons
of coke, including two cargoes immediately available. I told Sard
on the phone that we could use the two cargoes and that we would
cable our capacity to absorb coke.

(c) WATTLE BARK

Sard asked again whether we could use wattle bark as
a substitute for quebracho. (This item was erroneously referred to
RESUP for action on the previous telephone call.) Please answer
by cable as quickly as possible.HARLAN CLEVELAND
Deputy Chief of Missioncc: Chief of Mission
RESUP
SUPER
Col. C. E. Walton ACMr. Sard
Maj. Highland (follow up)
Chief Commissioner AC
Executive Commissioner AC
Industry and Commerce

101a

UNRRA ITALIAN MISSION
Bureau of R & D

HC/ sc

Tel: HQ

REF: RD/1.51

SUBJECT: Telephone conversation Sard (Washington) to Cleveland
(Rome) 1700 Hours 18 April

TO : Chief, Sub-Bureau of Supply Operations

1. The following information is submitted from subject conversation for appropriate action:

(a) SURPLUS PROPERTY PROCEDURE

At your request I asked Sard to make sure that budgeting procedures in purchases of surplus property were discussed with Hodgetts while he is in Washington.

(b) PERSONNEL

I again emphasized the importance of quick action on Lt. Landsberg's case, and Sard said he would follow personally. He said his understanding was that the matters was still in the hands of the War Department.

HARLAN CLEVELAND
Deputy Chief of Mission

cc: Chief of Mission
REHAB
RESID
Col. C. V. Walton A.C.
Maj. Highland (follow up)
Mr. Sard
Chief Commissioner AC
Exec. Commissioner AC

101a

UNRRA ITALIAN MISSION
Bureau of R & D

Tel: 104

HC/lr

REF: RD/1.51

20 April 1946

SUBJECT: Telephone conversation Sard (Washington) to Cleveland
(Rome)) 1700 Hours 18 April.

TO : Chief, Sub-Bureau of Relief Supply.

The following information submitted from subject conversation for appropriate action:

1. WHEAT

(a) Clearances for April are still only 43,000 tons. April forecast has been raised to 103,000 tons, but on the highly unrealistic assumption that all seven Italian ships in the Argentina will clear during April. Sard believes that no more than two or three of them will clear.

(b) The Combined Food Board meetings are continuing. The British have publicly announced their offer of 200,000 tons of diversions, conditional on certain guarantees from U.S. and Canada.

(c) Out of the 200,000 tons, UNRRA will get 60,000, of which Italy, according to present thinking, ~~will get~~ **4036** **4036** nothing.

(d) Deliveries of the flour bought by the Italian Delegation are being delayed.

(e) The U.S. Department of Agriculture has not yet made any commitment to UNRRA for May deliveries for May loadings, but are indicating informally that they will not be any more than April. The main hope for May loadings is, therefore, Argentine.

(f) Sard indicated that informal conversations with State Department resulted in the general assumption that at least a temporary suspension on the part of the ration would have to be instituted by the Italian Government. Very high-level conversations are continuing, which it is hoped will produce more wheat in about two weeks.

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(g) In the course of the conversations, Yugoslavia and Poland turned up with "nil" stock reports. It also became obvious that the first additional shipments of wheat from the U.S. which might be arranged would go to meet the top priority demands in Japan and the U.S. Zone, Germany.

2. PICKED PISH IN BARRLES

Sard asked again about this commodity: but still there is no indication as to how much might be available.

3. MILLERS AND BAKERS STOCKS

I told Sard the difficulties in differentiating in millers and bakers' stocks, and indicated that a cable is on its way.

4. MISMALED SHOES

I told Sard we would take half a million additional pairs.

MARIAN CLEVELAND
Deputy Chief of Mission

cc: Chief of Mission
SUPOF
REHAB
Col. C. W. Walton A.C.
Mr. Sard
Maj. Highland (Follow up)
Chief Commissioner AC
Exec. Commissioner AE
Food and Agriculture Br.

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APR 18 1960

APR 18 1030

CIPHER TELEGRAM

This document will not be distributed outside British and Commonwealth Departments or Headquarters. It is classified even in O.T.P.s within the Department as **SECRET** (Slownote marked O.T.P. need not be so phrased).

SECRET

~~SECRET~~

COMBINED CHIEFS OF STAFF CABLE AS BELOW IS RETRANSMITTED TO YOU FOR INFORMATION. QUOTE
REFERENCE NUMBER THIS MESSAGE W-84328 DATED 13 APRIL 46. THIS IS FAN 659.

1. UNRRA HAS BEEN FORMALLY INVITED TO ASSUME SUPPLY RESPONSIBILITIES VENEZIA GIULIA AND UDINE AREA UNDER THE FOLLOWING CONDITIONS

A. THAT IN THE ABSENCE OF A RECOGNIZED LOCAL GOVERNMENT IN THE 2 AREAS IN QUESTION THE ALLIED MILITARY GOVERNMENT BE CONSIDERED AS THE PROVISIONAL LOCAL GOVERNMENT RESPONSIBLE FOR DISTRIBUTION OF SUPPLIES PROVIDED BY UNRRA IN THE AREAS IN ACCORDANCE WITH GENERAL UNRRA POLICY.

B. THAT A SPECIAL UNRRA MISSION FOR ZONE "A" OF VENEZIA GIULIA AND UDINE BE SET UP INDEPENDENT OF EXISTING UNRRA MISSIONS IN ITALY AND YUGOSLAVIA.

C. THAT THIS SPECIAL MISSION BE HEADED BY A QUALIFIED AND EXPERIENCED SENIOR AMERICAN OFFICER ON LOAN FROM MILITARY GOVERNMENT AND THAT IT BE UNDER THE CONTROL OF UNRRA IF EVENTS LATER NECESSITATE THE WITHDRAWAL OF UNRRA THIS OFFICER REVERT TO DIRECT CONTROL OF SACRED IN ORDER TO INSURE CONTINUATION OF THE DISTRIBUTION OF SUPPLIES.

D. THAT UNRA REPRESENTATIVES COMPRISING THIS SPECIAL MISSION DEFINITE REPEAT INFINITE INCLUDES NATIONALS OF EITHER ITALY OR JUGOSLAVIA THAT UNDERSTANDING WEAR UNIFORMS IN ACCORDANCE WITH THE USUAL PRACTICE OF UNRA PERSONNEL IN MILITARY AREAS AND

E. THE ALLIED MILITARY GOVERNMENT AFFORDS UNRA EVERY OPPORTUNITY TO OBSERVE THE DISTRIBUTION OF SUPPLIES FURNISHED BY UNRA. END OF SUB PARAS.

SECRET

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page 2.

SECRET

IT COULD BE UNDERSTOOD THAT CIVILIAN SUPPLIES IN THE PIPE LINE (EXCEPT EXISTING OPERATIONAL RESERVES) AND ALLOCATIONS ALREADY RECOMMENDED BY THE COMBINED FOOD BOARD AND OTHER COMMODITY COMMITTEES WOULD BE HANDLED OVER TO UNRRA AT THE AGREED DATE OF ASSUMPTION OF RESPONSIBILITIES.

2/ WHEN UNRRA AGREES TO ASSUME RESPONSIBILITY YOU WILL BE INFORMED. ACTUAL TURN OVER DATE SHOULD BE DETERMINED BY YOU CONSIDER UNRRA MISSION ~~IS~~ IS IN A POSITION TO ASSUME RESPONSIBILITY.

3. AMG WILL REMAIN AS THE RECOGNIZED PROVISIONAL GOVERNMENT FOR ZONE A VENEZIA GIULIA AND UDINE.

4. DISTRIBUTIONS WILL REMAIN WITH AMG IN ACCORDANCE WITH 1 & ABOVE.

5. SINCE UNRRA N IS AFFORDED THE SAME PRIORITY AS THE MILITARY BEFORE THE ~~FOOD~~ ALLOCATION BOARD A FLOW OF SUPPLIES CAN BE MAINTAINED BY UNRRA N AS WELL AS THE MILITARY ALTHOUGH ONLY TO EXTENT OF CURRENT SUPPLY OF FOOD STUFFS PERMITTING *

AC DIST

SECRET

CIPHER TELEGRAM

This message and its contents are not to be distributed outside British or Commonwealth Headquarters or to any other person without the express written authority of the Director of Communications.

ACTION: ECO SEC (2)

INFO: CHIEF COMMISSIONER

SE COMMISSIONER (2)

POLAD (A)

POLAD (B)

C A SECTION

FILE (2) SKELETON

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page 2

SECRET

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AC DIST

SECRET

ACTION: ECON SEC (2)

INFO: CHIEF COMMISSIONER

DE COMMISSIONER (2)

POLAD (A)

POLAD (B)

C A SECTION

FILE (2) SKELETON

OTHER TELEGRAM

This message will not be distributed outside
British or Commonwealth Headquarters or
Headquarters of the United Nations
without the approval of the
O.T.P. (Office of Technical Personnel)

101

7 January 1946

My dear Mr. Prime Minister:

In accordance with your request, I forward you herewith copies of the UNRRA agreements for Greece and Yugoslavia.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Alcide de Gasperi
The President of the Council of Ministers
Italian Government
Rome

Smfbs
1955/01

7 January 1946

My dear Mr. Prime Minister:

In accordance with your request, I forward you herewith copies of the UNRRA agreements for Greece and Yugoslavia.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Alcide de Gasperi
The President of the Council of Ministers
Italian Government
Rome

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7 January 1946

My dear Mr. Prime Minister:

In accordance with your request, I forward you herewith copies of the UNRRA agreements for Greece and Yugoslavia.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Alcide de Gasperi
The President of the Council of Ministers
Italian Government
Rome

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

21 January 1946

MEMORANDUM TO: Mr. Cleveland

SUBJECT : "ECONOMIC NOTES"

1. Effective with issue No. 3, the "ECONOMIC NOTES" should appear as an UNRRA release only and not as a joint release of AC and UNRRA.

2. In proofreading the copies submitted for the first two issues, I find that I have been compelled to "bluepencil" a number of items largely because they represented points of view which I did not feel the Allied Commission was authorized to sponsor. At the same time, I do not want to "muzzle" UNRRA personnel. With the signing of the UNRRA contract, it seems an appropriate time to make the "ECONOMIC NOTES" an exclusive UNRRA release.

3. I shall be glad to have the Allied Commission PRB get out the next two issues for UNRRA provided it is clearly understood that all expenses for publication are paid by UNRRA and that UNRRA takes on the full job beginning with issue number 5.

4. In any case, any references to Allied Commission in issues number 3 and 4 will be submitted to this office for approval before publication. I should be grateful, but naturally cannot insist, if UNRRA would continue this procedure beginning with issue number 5 -- so long as Allied Commission has any responsibilities in the economic field.

ELMER W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to: Mr. Keeny, UNRRA Italian Mission
Lt Col Bergin, PRB, AC

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DRAFT 6.
22nd December 1945.

Supplementary Agreement with Italy.

WHEREAS, the United Nations Relief and Rehabilitation Administration (hereinafter referred to as UNRRA) and the Government of Italy (hereinafter referred to as the Government) concluded an agreement on the 8th March 1945 (hereinafter referred to as the First Agreement) for relief and rehabilitation assistance in Italy;

WHEREAS, by Resolution 73 of the Council (the text of which is attached as Annex I), UNRRA has since been authorised to undertake in Italy a program of relief and rehabilitation assistance adequate to meet the urgent needs of the Italian population, and the limitations previously imposed by Resolution 56 have been accordingly modified; and

WHEREAS, the Government and UNRRA desire to define their additional mutual responsibilities with respect to relief and rehabilitation in Italy in the light of the new authority granted to UNRRA by Resolution 73 of its Council;

THE GOVERNMENT OF ITALY, represented by _____
President of the Council of Ministers

and

THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION,
represented by S. M. KOENIG, Chief of the UNRRA Mission to Italy,

HAVE AGREED AS FOLLOWS:

ARTICLE I.

Furnishing of Supplies and Services.

concluded an agreement on the 8th March 1945 (hereinafter referred to as the First Agreement) for relief and rehabilitation assistance in Italy;

WHEREAS, by Resolution 73 of the Council (the text of which is attached as Annex I), UNRRA has since been authorized to undertake in Italy a program of relief and rehabilitation assistance adequate to meet the urgent needs of the Italian population, and the limitations previously imposed by Resolution 38 have been accordingly modified; and

WHEREAS, the Government and UNRRA desire to define their additional mutual responsibilities with respect to relief and rehabilitation in Italy in the light of the new authority granted to UNRRA by Resolution 73 of its Council;

THE GOVERNMENT OF ITALY, represented by _____
President of the Council of Ministers

and

THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION,
represented by S. M. Keeny, Chief of the UNRRA Mission to Italy,
HAVE AGREED AS FOLLOWS:

ARTICLE I.

Purchasing of Supplies and Services.

In addition to the relief and rehabilitation operations provided for in the First Agreement, UNRRA will furnish Italy with relief and rehabilitation supplies and services to meet the urgent needs of the Italian population, and the Government

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will cooperate with UNRRA for this purpose. Such supplies and services will be furnished within the limit of UNRRA's resources and available supplies and transport and in accordance with Council policies. The supplies and services will be furnished by UNRRA for such period of time as it is determined, in accordance with Resolution 14, that Italy is not in a position to pay therefor with suitable means of foreign exchange. In the case of certain categories of long term equipment, UNRRA may, pursuant to special agreements between it and the Government, retain ownership, but furnish the use of such supplies during the life of such agreement.

ARTICLE II.

Administration of Services.

The relief and rehabilitation services furnished by UNRRA pursuant to Article I above, will be administered in accordance with plans agreed upon between UNRRA and the Government, and in conformity with the policies of the Council, particularly those embodied in Resolutions 2, and 7 to 13 inclusive. Wherever necessary the Government will take measures to ensure that such policies are followed throughout the country. Such relief and rehabilitation services for the benefit of Italian nationals in Italy will be administered by the Government, but UNRRA will assist in furnishing services.

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accordance with Council policies. The supplies and services will be furnished by UNRRA for such period of time as it is determined, in accordance with Resolution 14, that Italy is not in a position to pay therefor with suitable means of foreign exchange. In the case of certain categories of long term equipment, UNRRA may, pursuant to special agreements between it and the Government, retain ownership, but furnish the use of such supplies during the life of such agreement.

ARTICLE II.

Administration of Services.

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The relief and rehabilitation services furnished by UNRRA pursuant to Article I above, will be administered in accordance with plans agreed upon between UNRRA and the Government, and in conformity with the policies of the Council, particularly those embodied in Resolutions 2, and 7 to 13 inclusive. Wherever necessary the Government will take measures to ensure that such policies are followed throughout the country. Such relief and rehabilitation services for the benefit of Italian nationals in Italy will be administered by the Government, but UNRRA will assist in furnishing services, if requested by the Government, in accordance with plans agreed upon between the Government and UNRRA. These services will, to the extent agreed upon between the Government and UNRRA, include the continuation of the relief services provided for in Article II of the First Agreement. UNRRA will assist Italian displaced persons outside Italy in the same way, and subject to the same conditions, as other displaced persons

- 3 -

When UNRRA is authorized to assist, Relief services undertaken for the benefit of non-Italian displaced persons, pursuant to Resolution 57 and to articles III and VII(b) of the first agreement, will continue to be administered by UNRRA, with the co-operation, if requested, of the Government.

ARTICLE III.

Transfer and Distribution of Supplies.

(a) The relief and rehabilitation supplies furnished by UNRRA which are destined for Italy will be consigned to the UNRRA Italian Mission. Supplies furnished under article I will be transferred to the Government or its designees, against appropriate receipts, at such points as may be agreed upon from time to time by the Government and UNRRA. The Government and the administration will agree upon appropriate procedures for the determination of the quantity and quality of goods delivered to the Government by UNRRA.

(b) The Government, having the responsibility for the distribution within Italy of relief and rehabilitation supplies furnished by UNRRA under article I, will take appropriate measures to ensure that such distribution will be governed by the policies of the Council, particularly as embodied in Resolutions 2 and 7. The Government will ensure that UNRRA supplies will be adequately guarded in ports, warehouses, centres of distribution and during their movement within Italy.

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co-operation, if requested, of the Government.

ARTICLE III.

Transfer and Distribution of Supplies.

(a) The relief and rehabilitation supplies furnished by UNRRA which are destined for Italy will be consigned to the UNRRA Italian Mission. Supplies furnished under Article I will be transferred to the Government or its designees, against appropriate receipts, at such points as may be agreed upon from time to time by the Government and UNRRA. The Government and the administration will agree upon appropriate procedures for the determination of the quantity and quality of goods delivered to the Government by UNRRA.

(b) The Government, having the responsibility for the distribution within Italy of relief and rehabilitation supplies furnished by UNRRA under Article I, will take appropriate measures to ensure that such distribution will be governed by the policies of the Council, particularly as embodied in Resolutions 2 and 7. The Government will ensure that UNRRA supplies will be adequately guarded in ports, warehouses, centres of distribution and during their movement within Italy.

(c) The Government will provide that supplies and services furnished by UNRRA pursuant to Article I of this Agreement will be sold, leased or otherwise transferred to the distributors and users against payments in local currency to the extent consistent with the equitable distribution and

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effective use of such supplies and services. In accordance with the policy stated in Resolution 7 (3) that distribution should be so conducted that all classes of the population, irrespective of their purchasing power, shall receive their equitable shares of essential commodities, the Government may, in appropriate cases, arrange for the free distribution of such supplies and services.

(d) To enable the administration effectively to discharge its responsibilities, the Government will discuss and agree with UNRRA its policies and plans for the distribution of UNRRA supplies, insofar as may be deemed necessary by UNRRA in order to ensure that such policies and plans are consistent with the agreement of 9th November 1943, with the Council Resolutions and with the purposes of this Agreement. With this object, the Government will consult with the Administration concerning the following subjects:-

- (i) The agencies and channels of distribution for the supplies furnished by the Administration.
- (ii) The allocation of such supplies by regions and main groups of consumers.
- (iii) Price policies and specific prices for such supplies and their relationship to prices for similar supplies produced domestically.
- (iv) Rationing and price controls by commodity, by region, and by classes of consumers for each of

0045

irrespective of their purchasing power, shall receive their equitable shares of essential commodities, the Government may, in appropriate cases, arrange for the free distribution of such supplies and services.

(4) To enable the Administration effectively to discharge its responsibilities, the Government will discuss and agree with UMRB its policies and plans for the distribution of UMRB supplies, insofar as may be deemed necessary by UMRB in order to ensure that such policies and plans are consistent with the agreement of 9th November 1943, with the Council Resolutions and with the purposes of this agreement. With this object, the Government will consult with the Administration concerning the following subjects:-

- (i) The agencies and channels of distribution for the supplies furnished by the Administration.
- (ii) The allocation of such supplies by regions and main groups of consumers.
- (iii) Price policies and specific prices for such supplies and their relationship to prices for similar supplies produced domestically.
- (iv) Rationing and price controls by commodity, by region, and by classes of consumers for each of the commodities supplied by UMRB.
- (v) The facilities and methods for handling, moving and storing the supplies furnished by UMRB.
- (v) Further to enable UMRB effectively to discharge its responsibilities under this agreement, the agreement of 9th November, 1943, and the Council Resolutions, the Government

will keep UNRRA fully informed regarding the distribution of supplies within Italy. The Government will afford representatives of UNRRA opportunities to observe the distribution of supplies furnished by UNRRA at each stage, to make enquiries of and to consult with the appropriate governmental authorities with respect to such distribution, and generally to satisfy themselves that the system of distribution is operating in accordance with the Council resolutions.

ARTICLE IV.

Waiver of Payment.

In accordance with the determination of the Director General made pursuant to Resolution 14 and Section 2(b) of Resolution 57, all relief and rehabilitation supplies and services furnished by UNRRA in Italy shall be provided without charge to the Government.

ARTICLE V.

Financial Provisions.

(a) In addition to the contribution to the relief and rehabilitation program of UNRRA which the Government undertook to make in article V of the First Agreement, the Government agrees that the net proceeds of the sale, lease or other transfer of relief and rehabilitation supplies and services furnished by UNRRA under article I of this agreement shall be devoted to relief and rehabilitation purposes. In implementation of this principle the Government will pay into a special account of

of UNRRA opportunities to observe the distribution of supplies furnished by UNRRA at each stage, to make enquiries of and to consult with the appropriate governmental authorities with respect to such distribution, and generally to satisfy themselves that the system of distribution is operating in accordance with the Council resolutions.

ARTICLE IV.

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In accordance with the determination of the Director General made pursuant to Resolution 14 and Section 2(b) of Resolution 57, all relief and rehabilitation supplies and services furnished by UNRRA in Italy shall be provided without charge to the Government.

ARTICLE V.

Financial Provisions.

(a) In addition to the contribution to the relief and rehabilitation programs of UNRRA which the Government undertook to make in article V of the First Agreement, the Government agrees that the net proceeds of the sale, lease or other transfer of relief and rehabilitation supplies and services furnished by UNRRA under Article I of this Agreement shall be devoted to relief and rehabilitation purposes. In implementation of this principle the Government will pay into a special account of the Government established for the purpose the net proceeds referred to above. By "net proceeds" is meant the proceeds realized, less any expenditures incurred by the Government in transportation, warehousing and distribution, and exclusive of any fiscal charges collected by the Government in accordance with current legislation on the sale of supplies. The Government

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will provide UNRRA monthly or upon request with a statement setting out payments into and disbursements from the account, together with such other information relating to the proceeds as UNRRA may require.

(b) The Government will, upon request, transfer to the account of UNRRA out of the special account referred to above such amounts as UNRRA may deem necessary (1) for the payment of any expenses incurred by UNRRA in Italian currency within Italy in the execution of the projects undertaken pursuant to the First Agreement and to this agreement, (ii) for the payment of any expenses incurred by UNRRA in Italian currency in connection with relief and rehabilitation of other areas other than in the procurement or transport of supplies (for which provision is made in paragraph (d) below) and (iii) for the maintenance of an adequate working balance for such purposes. In the event that the accumulated proceeds of sale referred to above are not sufficient to permit the transfer to the account of UNRRA of such amounts as UNRRA may request in accordance with this paragraph, the Government will, upon request, make the necessary payments.

(c) The balance of the net proceeds referred to in paragraph (a) above, after deducting the amounts transferred to the account of UNRRA in accordance with paragraph (b) above, will be used in Italy for relief and rehabilitation purposes within three years after the date of signature of this agreement (or such longer period as may be agreed by UNRRA or by such successor as UNRRA may designate). The relief and rehabilitation

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account of UNRRA out of the special account referred to above such amounts as UNRRA may deem necessary (i) for the payment of any expenses incurred by UNRRA in Italian currency within Italy in the execution of the program undertaken pursuant to the First Agreement and to this Agreement, (ii) for the payment of any expenses incurred by UNRRA in Italian currency in connection with relief and rehabilitation of other areas other than in the procurement or transport of supplies (for which provision is made in paragraph (d) below) and (iii) for the maintenance of an adequate working balance for such purposes. In the event that the accumulated proceeds of sale referred to above are not sufficient to permit the transfer to the account of UNRRA of such amounts as UNRRA may request in accordance with this paragraph, the Government will, upon request, make the necessary payments.

(c) The balance of the net proceeds referred to in paragraph (a) above, after deducting the amounts transferred to the account of UNRRA in accordance with paragraph (b) above, will be used in Italy for relief and rehabilitation purposes within three years after the date of signature of this agreement (or such longer period as may be agreed by UNRRA or by such successor as UNRRA may designate). The relief and rehabilitation program undertaken pursuant to this paragraph will, during the period when the UNRRA Italian Mission is operating in Italy, be agreed upon between the Government and UNRRA, insofar as may be deemed necessary by UNRRA in order to ensure that such programs serve relief and rehabilitation purposes in conformity with this paragraph. Before the end of such period the Government and

UNRRA will agree upon the procedure to be followed thereafter. Expenditure on such programs, however, shall, in default of agreement to the contrary, be in addition to, and not in substitution for, the budget charges which the Government heretofore establishes for similar activities.

(d) As an indication of its desire to participate in the co-operative enterprise represented by the relief and rehabilitation programs of UNRRA, the Government will, at the request of UNRRA and within limits to be agreed provide the administration with funds for expenditure which it wishes to incur in Italy for warehousing, handling and transportation services in connection with relief and rehabilitation operations in other areas; further, the Government may at its discretion agree to provide UNRRA with funds for the procurement of supplies and services available in Italy for relief and rehabilitation in other areas, insofar as such procurement is not inconsistent with the economic requirements of Italy nor in conflict with the Government's engagements of an international character.

(e) The determination of the Director General referred to in article IV above is subject to review, and the provisions of that article are accordingly subject to revision by UNRRA.

ARTICLE VI.

Extension of the First Agreement.

(a) Except insofar as modified by or in conflict with the present agreement, the provisions of the First Agreement shall remain in force and shall be extended so as to apply to

(d) as an indication of its desire to participate in the cooperation, and to the extent permitted by the relief and rehabilitation program of UNRRA, the Government will, at the request of UNRRA, and within limits to be agreed provide the administration with funds for expenditure which it wishes to incur in Italy for warehousing, handling and transportation services in connection with relief and rehabilitation operations in other areas; further, the Government may at its discretion agree to provide UNRRA with funds for the procurement of supplies and services available in Italy for relief and rehabilitation in other areas, insofar as such procurement is not inconsistent with the economic requirements of Italy nor in conflict with the Government's engagements of an international character.

(e) The determination of the Director General referred to in Article IV above is subject to review, and the provisions of that article are accordingly subject to revision by UNRRA.

ARTICLE VI.

Extension of the First Agreement.

(a) Except insofar as modified by or in conflict with the present agreement, the provisions of the First Agreement shall remain in force and shall be extended as to apply to operations undertaken in accordance with the provisions of the present agreement.

(b) In particular, and without prejudice to the generality of the foregoing, the relief and rehabilitation program provided

- 2 -

for in article II of the First Agreement will continue until such time as supplies and services costing up to an amount of fifty million dollars of foreign exchange shall have been furnished; and the Government will add to the credit established pursuant to Section 2(b)(1) of annex III of the First Agreement the balance of the sum in lire provided for in article V of the First Agreement. Further, in order to complete the financial provisions of Section 2(b) (ii) of the said annex III, the Government will, immediately after the signature of this Agreement, transfer to the UPRR account the balance of the 15, of five billion lire required for UPRR's expenditure in accordance with the said Section 2(b)(ii).

(c) In order that the greatest possible share of the proceeds of sale furnished by UPRR in accordance with this Agreement should be available for relief and rehabilitation projects in Italy, and in order to void unnecessary accounting, the Government will provide for UPRR, without charge (1) transport by rail, road, sea, and, in appropriate cases by air, for UPRR supplies and UPRR personnel engaged on official business; (ii) inland telegraph and telephone facilities, in addition to the postal facilities provided for in the First Agreement; and (iii) insurance against third party risks or the private procedure and means for meeting claims against UPRR, and against all UPRR personnel in Italy arising in the course of their official business.

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furnished; and the Government will add to the credit established pursuant to Section 2(b)(2) of Annex III of the First Agreement the balance of the sum in lire provided for in Article V of the First Agreement. Further, in order to complete the financial provisions of Section 2(1) (ii) of the said Annex III, the Government will, immediately after the signature of this Agreement, transfer to the UPRR account the balance of the 15. of five billion lire required for UPRR's expenditure in accordance with the said Section 2(b)(ii).

(c) In order that the pro rata possible share of the proceeds of sale furnished by UPRR in accordance with this Agreement should be available for relief and rehabilitation projects in Italy, and in order to avoid unnecessary accounting, the Government will provide for UPRR, without charge (i) transportation by rail, road, sea, and, in appropriate cases by air, for UPRR supplies and UPRR personnel engaged on official business; (ii) inland telegraph and telephone facilities, in addition to the postal facilities provided for in the First Agreement; and (iii) insurance against third party risks or the appropriate procedure and means for meeting claims against UPRR, and against all UPRR personnel in Italy arising in the course of their official business.

ARTICLE VII.

Period of Agreement.

This Agreement shall take effect as from this day's date. It shall remain in force until the expiration of six months from

the date on which either of the parties shall have given notice in writing of its intention to terminate it. Moreover, if at any time after six months UNRRA should give notice of its intention to revise the provisions of Article IV, the Government may, within 15 days after receiving such notice, in turn give notice to UNRRA in writing, which shall effect the termination of this Agreement 15 days after its receipt by UNRRA. Notwithstanding the termination of this Agreement, Articles 2, 3, 5 and 6, and the provisions so specified in Article XVIII of the First Agreement, shall remain in force to the extent necessary for an orderly liquidation until such liquidation is completed.

Done in the English language in the City of Rome
this _____ day of _____ 1945.

FOR THE GOVERNMENT OF ITALY.

FOR THE UNITED NATIONS REHABILITATION
AND RECONSTRUCTION ADMINISTRATION

the date on which either of the parties shall have given notice in writing of its intention to terminate it. Moreover, if at any time after six months UNRRA should give notice of its intention to revise the provisions of Article IV, the Government may, within 15 days after receiving such notice, in turn give notice to UNRRA in writing, which shall effect the termination of this agreement 15 days after its receipt by UNRRA. Notwithstanding the above, in case of this agreement, Articles 2, 3, 5 and 6, and the provisions so specified in Article XVIII of the First Agreement, shall remain in force to the extent necessary for an orderly liquidation until such liquidation is completed.

Done in the English language in the City of Rome

this _____ day of _____ 1945.

FOR THE GOVERNMENT OF ITALY.

FOR THE UNITED NATIONS FEDERAL
AND REHABILITATION ADMINISTRATION

N 1001 - C 2

31 December 1945

Dear Mr. Robertson:

Thank you for your letter of 29 December enclosing copy of the draft Supplementary Agreement between the Italian Government and UNRRA, together with letter of transmittal.

As you suggested, I have sent copies both to the American and British Embassies and would appreciate it if you could send me three additional copies.

Sincerely yours.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. A. H. Robertson
Legal Adviser
UNRRA Italian Mission
Rome

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Stefan
9/2/46

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PJS/lk

ALLIED FORCE HEADQUARTERS
APO 512

AG 383.7 GEG-O

31 December 1945

SUBJECT: Transfer from Allied Commission to UNRRA (Italy Mission) of Administrative Responsibility for Care and Repatriation of Displaced Persons in Italy.

TO: Chief Commissioner, Allied Commission, APO 394
Chief of UNRRA (Italy Mission)

1. This letter rescinds the provisions of letter this headquarters, file AG 376.1/039 GEG-O, dated 11 February 1945, subject: "Transfer from Allied Commission to UNRRA (Italy) Administration of Accommodation Centers and other Installations for Displaced Persons" and letter, file AG 383.7 GEG-O, dated 13 December 1945, subject: "Transfer from Allied Commission to UNRRA (Italy) of Administration of Displaced Persons".

2. The instructions contained in this letter, implementing plans and agreements evolved in recent discussions with representatives of the Allied Commission, UNRRA (Italy) and this headquarters, will be carried out by the Allied Commission in coordination with UNRRA (Italy), with a view to the efficient and expeditious transfer of responsibility for the care of displaced persons in Italy to UNRRA, and the early liquidation of the Displaced Persons and Repatriation Sub-Commission of the Allied Commission.

3. Allied Commission will provide for the infiltration of UNRRA personnel and their participation in administration at such installations as UNRRA may consider necessary to fulfill its mission as indicated in these instructions. During the transitional period, that is, after infiltration of personnel has commenced and until administrative responsibility is transferred to UNRRA, the Allied Commission will remain responsible for operation of these installations. In their capacities as civilians of the United Nations working for the military in a theater of operations, infiltrated UNRRA personnel will be subject to Allied Commission command and control. Facilities and services to which UNRRA personnel are entitled are defined in Administrative Memorandum Number 6, this headquarters, dated 10 February 1945.

4. Except as hereinafter noted the transfer to UNRRA of responsibility for internal administration of camps and other displaced persons installations operated by the Allied Commission will be effected on or about 1 January 1946, and administrative control of displaced persons affairs as now exercised by the Displaced Persons and Repatriation Sub-Commission will be transferred to UNRRA on or before 31 January 1946. Such minimum Allied Commission personnel as may be agreed between UNRRA and the Allied Commission will remain in an advisory or liaison role until UNRRA declares they have no

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Ltr, AFHQ, file AG 383.7 GZG-O, dated 31 Dec 45 (Cont'd)

Further need for such assistance or until Allied Commission personnel are no longer available, except for such personnel as may be necessary to insure reimbursement for rations, POL and other supplies issued in kind from military sources during the military period, or for the operation of camps for the care of displaced persons not acceptable to UNRRA.

5. a. UNRRA will report to the Allied Commission as early as practicable the designations and location of camps which UNRRA considers necessary to retain to provide for the care of displaced persons now in camps, with provisions for a substantial reserve capacity.

b. Camps and installations which are not desired or ~~needed~~ necessary for retention by UNRRA will be closed out by the Allied Commission not later than 15 January 1946 except as follows:

(1) Bolzano may remain in operation as an Allied Commission commitment until 1 February 1946. This camp will, however, after 15 January 1946, have no transaction with, or perform any functions for displaced persons other than as a staging area for the repatriation of former enemy nationals.

(2) Other installations which Allied Commission may consider necessary to retain, only on specific authority from this Headquarters and in no case subsequent to 31 January 1946.

(3) Camps now operated in conjunction with the Polish Corps until subsequent instructions are issued.

(4) As provided in paragraph 6 below.

6. UNRRA will include provision, among those camps selected for future operation, for those persons now in displaced persons camps who are not acceptable to UNRRA as displaced persons ("Blacks"). Allied Commission will operate such camps until agreement can be reached with UNRRA for their operational control without financial responsibility, or until other arrangements are made.

7. As soon as UNRRA has notified the Allied Commission which camps they desire to retain, the evacuation of displaced persons from other camps and installations now operated by the Allied Commission to UNRRA camps will be initiated. This movement will be completed in each case by 15 January 1946 unless special authority to the contrary is received from this Headquarters. Consideration should be given insofar as practicable to any desires UNRRA may advance for concentration of different nationalities or categories of displaced persons in the various camps to be retained.

8. Request has been made to the Combined Chiefs of Staff for an agreement with UNRRA (Washington) to permit UNRRA (Italy) to assume control and financial responsibility for care and repatriation of displaced persons in Italy except for such displaced persons as are not acceptable by UNRRA.

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Ltr, AFHQ, file A. 383.7 GEC-O, dated 31 Dec 45 (Cont'd).

9. Until such time as UNRRA is authorized to assume full financial responsibility for displaced persons in Italy, present financial and accounting and supply procedures will remain in effect. Allied Commission will retain such personnel on duty with UNRRA as may be necessary to insure that proper accounting and reimbursement procedures are carried out.

10. The transfer of camps and other facilities will include all appurtenant premises, stores, supplies, vehicles and other equipment. Appropriate arrangements for the transfer will be worked out between the Allied Commission and UNRRA on the following basis:

a. UNRRA will take over only such real estate, equipment and supplies as they may require. Excesses will be disposed of by the Allied Commission prior to the handover of the installation involved.

b. Premises required by UNRRA under requisition by the Allied Commission will be derequisitioned and immediately requisitioned by UNRRA in cooperation with the Italian Government.

c. United States or British military property turned over to UNRRA will be listed separately and signed receipts turned over to the Allied Commission. Eventual payment for this property will be made by UNRRA upon receipt from the Combined Chiefs of Staff of authority for complete assumption of all responsibility for displaced persons by UNRRA. The payment shall be made in accordance with standard procedures for the procurement of military surpluses from the governments concerned.

d. So long as this property remains on charge to UNRRA (i.e. until such time as UNRRA may have purchased it) it shall not be altered or remodeled without prior approval of the Allied Commission or appropriate military authority except for proper maintenance and repair. The cost of avoidable damage or loss will be paid by UNRRA.

11. Until such time as UNRRA is authorized to assume complete control of displaced persons, costs of transportation will not be the responsibility of UNRRA. Upon receipt of authority to assume financial responsibility for displaced persons, UNRRA will pay necessary costs of transportation including that provided from military sources.

12. Until such time as accredited national liaison missions have been replaced by diplomatic and consular offices in Italy, Allied Commission will maintain a liaison officer to deal with them and coordinate their activities with UNRRA.

13. The Allied Commission will keep this Headquarters advised of the progress made. The following listed reports are specifically desired:

a. Report to be submitted as soon as information is available on which camps have been selected for:

(1) Use by displaced persons acceptable to UNRRA.

(2) Use by displaced persons not acceptable to UNRRA.

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Ltr, AFHQ, file AG 383.7 GEG-0, dated 31 Dec 45 (Cont'd).

b. Report as of 1 January 1946 which camps have been taken over by UNHRA. Camps not taken over by that time will be reported individually as they are taken over.

c. Report as of 31 January 1946, confirming that UNHRA has taken over control administrative control of displaced persons and showing organization of residual elements, of Displaced Persons and Repatriation Sub-Commission:

- (1) in liaison or advisory position.
- (2) operating camps, if any.
- (3) others.

d. As camps or facilities not desired by UNHRA are liquidated or turned over to other agencies, report will be made to this Headquarters.

14. Upon the assumption of complete responsibility for displaced persons by UNHRA, the Supreme Allied Commander, Mediterranean Theater, would relinquish all control, except for the supervision of such displaced persons as are not acceptable to UNHRA, and for the necessary action to insure coordination, and reimbursement for military supplies and services supplied to UNHRA for displaced persons.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

Edmund R. Stugart

EDMUND R. STUGART
Colonel, AGO
Adjutant General

DISTRIBUTION:

"a" plus

10 - each addressee

10 - G-5

RESTRICTED

27 December 1945

Mr. C. E. Hodgetts
UNRRA Italian Mission
Rome

Dear Mr. Hodgetts:

Thank you for your letter advising that UNRRA
will assume the responsibility for the Italian basic
supplies beginning with the January loadings.

Sincerely yours,

L. W. STEARNS
Lt Col, AGC
Staff Officer to CG

Stearns
12/28/45

AFHQ REPEATED THIRTEEN CORPS

8394

15 NOVEMBER 1945

ROUTINE

RESTRICTED PD

PARA ONE PD REFERENCE YOUR FOX XRAY FIVE TWO FIVE ZERO SIX CMA NINE NOVEMBER PD
 PARER TO FOR ACTION AFHQ REPEATED THIRTEEN CORPS FROM HQ ALCOM ~~XXXXXXXXXX~~ CITE
ASCCO PARER

PARA TWO PD UNRRA AT PRESENT IS NOT RESPONSIBLE FOR MAINTAINING THE BASIC FOOD
 RATION IN ITALY BUT IS CONDUCTING ONLY A LIMITED PROGRAM OF SUPPLEMENTARY FEEDING
 FOR CHILDREN IN ITALIAN GOVERNMENT PART OF ITALY PD UNRRA ASSISTANCE AT PRESENT
 WOULD THEREFORE NOT BE A SUBSTITUTE FOR MILITARY RESPONSIBILITY FOR BASIC SUPPLIES PD
 PARA THREE PD REPORT OF LONDON UNRRA MEETING DECISION NOT QUITE COMBUT PD THE
 CONFERENCE EXPRESSED NO OPINION AS TO WHETHER VENETIA GIULIA SHOULD OR SHOULD NOT BE
 SUPPLIED BY UNRRA PD IT MERELY EXPRESSED OPINION PARER IN NOTING THAT A YUGOSLAV
 PROPOSAL TO MAKE VENETIA GIULIA A SEPARATE AREA OF RESPONSIBILITY PARER THAT IF IT
 WERE LATER DECIDED TO EXTEND UNRRA AID TO VENETIA GIULIA THIS AID COULD BE EXTENDED
 UNDER ONE OR ANOTHER OF THE EXISTING UNRRA AUTHORIZATIONS WITHOUT PASSING A SPECIAL
 RESOLUTION FOR THE PURPOSE SINCE YUGOSLAVIA CMA ITALY AND AUSTRIA HAD ALL BEEN
 UNCLASSIFIED UNRRA AREAS PD

(Continued on page 2)

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ELBERT W. STONE
 Rear Admiral, USNR
 Chief Commissioner

- 2 -

PAGE FIVE PD THE RECORD OF THE LONDON CONFERENCE DOES HOWEVER AUTHORIZE UNRRA
TO PROVIDE CIVILIAN SUPPLIES TO VERBIA GIULIA IF THE MILITARY AUTHORITIES IN THE
AREA REQUEST UNRRA TO ASSUME THIS RESPONSIBILITY PD AFTER CONSULTATION WITH
~~SECRET~~ HENRY CHIEF OF UNRRA MISSION ITALY THE FOLLOWING VIEW WAS PUT FORWARD
COLON SUBPARA ONE PD UNRRA SUPPLIES FOR VERBIA GIULIA COULD NOT IN ANY CASE BE
FURNISHED PRIOR TO PERMANENT ARRIVAL OF TROOPS AND ONLY THEN IF THE NECESSARY PER-
CENT APPROPRIATION IS VOTED BY CONGRESS BEFORE END/^{THIS} YEAR PD SUBPARA THREE PD
UNRRA ASSISTANCE TO VERBIA GIULIA COULD ONLY BE SUPPLIED AT SAME LEVEL AND ON
SAME STANDARDS AS THEN APPLY IN THE REST OF ITALY PD IF THIS WOULD UNDERSHIFT THE
LOADS OF MILITARY COMMANDERS IT WOULD BE PREFERABLE FOR UNRRA ASSISTANCE NOT TO
BE EXTENDED TO VERBIA GIULIA PD SUBPARA CHARLIE PD THE FACT THAT UNRRA OPERATED
THE BASIC SUPPLY LINE TO BOTH YUGOSLAVIA AND ITALY WOULD ~~NOT BE A DISADVANTAGE~~. ^{REPEAT NOT} QUOTE
RESULT IN UNIFORM TREATMENT BOTH SIDES OF BORN LINE UNQUOTE PARAFIVE FOUR SIX
BRAY FIVE TWO FIVE ZERO SIX DEFENSE PARAFIVE PD STANDARDS IN EACH
DEPEND ON SEPARATE NEGOTIATIONS WITH LOCAL ADMINISTRATION OF THE COUNTRY CONCERNED
AND ON NORTH TO SOUTH AVAILABILITY OF IMPORTING SUPPLIES PD
PAGE SIX PD IN VIEW OF FOREGOING IT IS RECOMMENDED THAT NO ATTEMPT BE MADE TO
CHANGE PRESENT SUPPLY ARRANGEMENTS UNDER PARAFIVE NINE ALSO FOR VERBIA GIULIA
AND UNRRA PD

DIST: Economic Sec
Chief Commr
Exec Commr

C.C.

307

Translation

File

Presidency of the Council
of Ministers
Delegation of the Italian Government
for Relations with U.N.R.R.A.

Rome, 11 November 1945

0411

Admiral Ellery W. Stone
Chief Commissioner
A.G.

Rome

I want to thank you for receiving me this morning. The purpose of my visit, my dear Admiral, was to pay my regards to you, and ask for your kind interest in favour of the U.N.R.R.A. Relief for the regions of Northern Italy, where it would be useful to extend the program for women and children (Montreal program), even if A.M.G. should stay for a longer period of time.

A general regulation establishes in fact that U.N.R.R.A. cannot start working in zones which are under the Control of Military Commands, and any possible activity in Northern Italy should therefore start only after the A.G. has issued an order regarding this matter.

I take a great interest in the above mentioned regions; that is why I brought the matter to your attention, asking you to see whether it is advisable to allow the beginning of the work in which the Italian Delegation is ready to co-operate.

As I am in friendly relations with the head of the Italian Mission and his staff, I feel certain that such operations could be carried out under the same form and with the same effects as in the other parts of Italy.

Allow me to express my gratitude, and believe me

sincerely yours,

THE PRESIDENT OF THE ITALIAN
GOVERNMENT DELEGATION FOR RELATIONS WITH U.N.R.R.A.
(Adv. Lodovico Montini)

s. Lodovico Montini

trans. e/c

EC DIST - 17 Nov

original - Chief Com

INFO - RS Com

- Econ Sec.

LIST OF PAPERS

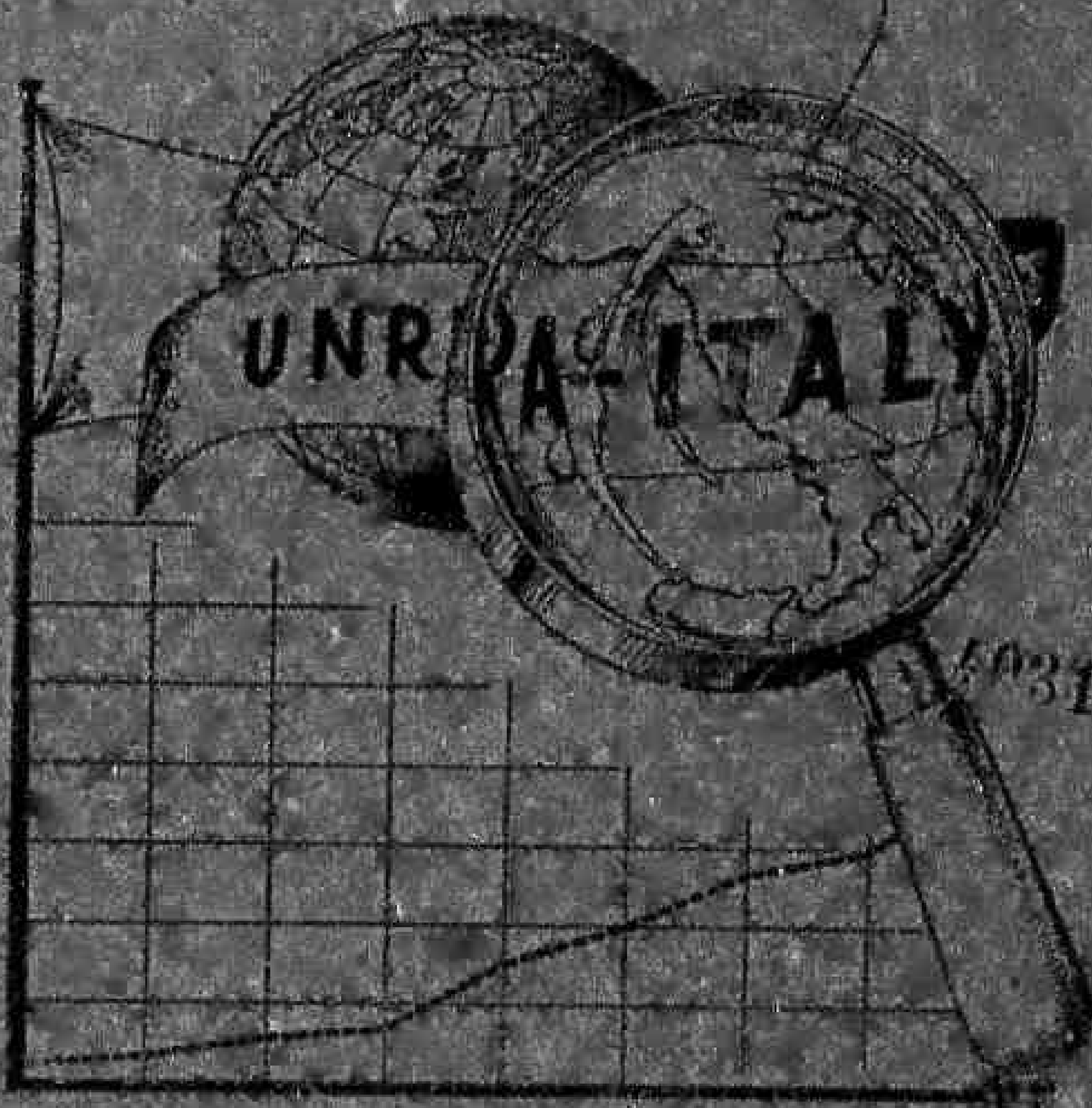
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Instructions.—When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

VOLUME
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UNITED NATIONS
RELIEF AND REHABILITATION ADMINISTRATION
ITALIAN MISSION

ITALY ECONOMIC LETTER
OCTOBER
1946



UNRRA ITALIAN MISSION

Economic Letter: October, 1946

1. The purpose of the economic letter is (a) to summarize briefly and throw light on the main economic developments in Italy during the month; (b) to draw attention to important new economic legislation; (c) to refer to UNRRA supplies where these have an impact on the general economic situation in Italy, and (d) to bring into focus economic measures designed to bridge the 1947 interim period after the completion of the UNRRA supply program.

ECONOMIC CONDITIONS IN ITALY IN OCTOBER 1946.

2. The statistical statement on page 3 of economic conditions in Italy up to the end of October 1946, was prepared from information supplied by the Central Institute of Statistics in Rome, the Bank of Italy, the Italian State Railways and other official and authoritative sources. The survey covers currency and prices; cost of living, wages and labor; production; foreign trade and State railway traffic.

While the currency circulation in October was about 21.5 times above 1938, wholesale prices had increased in the same period 35 times as compared with 30 times in June, and the cost of living about 33 times (26 times in June). The black market price of the U. S. dollar had increased in June to 19.3 times and in October to 26 times the 1938 level. The black market average quotation in October was 503 lire to the dollar compared with the commercial rate of 225 lire (19 lire in 1938). Notwithstanding continuously increasing prices and cost of living, labor unrest subsided in October following a labor truce designed to last at least six months, made between the two national federations of employers and labor (respectively). The truce resulted from substantial wage increases between 30% to 50% of the pay previously in force and from an agreement that in future wages would be adjusted by a sliding scale to the changing cost of living. Wages of unskilled industrial labor thus increased to about 28 times the 1938 level (skilled workers' wages have increased to 21.3 times the 1938 level and higher clerical workers to 13 times).

The number of registered unemployed showed a further increase (by 88,000) in October. This increase was largely due to fuller registration at the labor exchanges in some 40 prefectures, including Rome, Milan, Turin and Genoa.

Table 1

ITALY - MONTHLY STATISTICS - OCTOBER 1946

DESCRIPTION	Unit of measurement	1945				1946			
		Jan.	June	Sept.	Oct.	Jan.	June	Sept.	Oct.
CURRENCY PRICES:									
1. Currency circulation	1936=100	1,506	1,815	1,788	1,805	1,837	1,932	2,111	2,136 (1)
2. Current a/c & Deposit	"	—	367	402	424	610	631	675 (2)	—
3. Fine gold price (open market).	"	3,108	3,527	3,581	3,319	3,981	2,673	1,642	3,804
4. Dollar: legal rates:									
— official	"	526	520	526	526	556	586	526	526
— commercial	"	—	—	—	—	—	1,184	1,184	1,184
— export	"	—	—	—	—	—	1,084	3,132	3,132
— black market.	"	1,758	1,632	1,752	1,770	2,011	1,026	2,010	2,647
5. Share prices (Milan)	"	733	673	608	607	455	574	726	748
6. Wholesale price (Florence).	"	—	3,392	3,604	3,658	3,404	2,965	3,209	3,505
COST OF LIVING, WAGES, LABOR:									
7. Cost of living (Milan):									
Total	"	1,355	1,798	2,383	2,413	2,431	2,607	2,944	2,290
Food	"	2,018	2,408	2,987	3,164	3,132	3,402	3,928	3,728
8. Wages in Milan:									
Unskilled workers.	"	408	666	1,547	1,370	1,569	1,880	2,101	2,846
Skilled labor.	"	423	498	1,033	1,051	1,182	1,410	1,570	2,134
Technical officials.	"	208	324	588	558	762	898	974	1,399
9. Unemployed registered	Thousands	—	—	—	—	1,428	1,531	1,858	1,948

Table 1 (continued)

PRODUCTION:	Unit of measurement	1945				1946			
		Jan.	June	Sept.	Oct.	Jan.	June	Sept.	Oct.
10. Pig-iron (3)	1938 = 100	—	—	—	—	59	32	46	28
11. Steel (3)		—	—	—	—	38	57	65	60
12. Rolled Steel (3)		—	—	—	—	32	49	60	73
13. Cotton thread (3)		3	3	5	7	22	88	60	58
14. Art. textile fibers		2	3	4	6	6	30	61	56
15. Mechanical (Flat)		8	22	43	66	36	57	65	76
16. Chemical (Montecatini)		12	18	15	20	24	54	71	66
17. Electric power (4)		97	77	77	102	108	108	112	118
FOREIGN TRADE (5):									
18. Imports (6)	DoH. (000)	—	—	—	—	33,845	376,302	657,361	753,436 (8)
19. Exports		—	—	—	—	3,330	85,424	167,658	198,048 (9)
20. Wheat imports (6)	Tons (000)	—	—	—	—	94	943	1,125	1,183
21. Coal imports (6)		—	—	—	—	459	2,627	4,162	4,720
22. POL imports (UNRRA) (7)		—	—	—	—	—	664	1,181	1,333
STATE RAILWAY TRAFFIC:									
23. Passengers	Thousands	—	—	15,268	17,132	17,628	19,138	22,322	NA
24. Goods	Tons (000)	—	—	2,053	2,306	2,389	2,476	2,903	NA

(1) At 20 October 1946.

(2) July.

(3) Production: Indices of production are still subject to a margin of error. (See also UNRRA Italy - Economic Notes" No. 43 of 22 Nov. 46) Figures for Northern Italy only for Oct. 46 (1938 = 100) are pig iron 53, steel 80, rolled steel 79.

(4) Calculated on the basis of comparable cumulative figures.

(5) Foreign Trade: Figures are cumulative, beginning 1 January. Present statistics on exports and imports are subject to a large but unknown error. The temporary import figures are uncertain because it is known that UNRRA imports were not completely recorded in official figures. Value figures are additionally uncertain because of unreliable valuations and inconsistent conversion from foreign currencies to lire. In these figures, the import dollar was taken as equal to 100 lire, the export to 225 lire. The figures can be used only as a very rough index. They are under study and a more definite estimation is being prepared.

(6) Cumulative, including UNRRA (wheat crop 1945: 4,206,600 m. tons, 1946, 6,089,000 m. tons.).

(7) These figures (which are cumulative) exceed official Italian figures and attention has been drawn to the discrepancy.

(8) Provisional.

NA - Not available.

NOTE: Population, 1926 census: 42,921,602. Estimated 1946, 46,000,000.

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3. In spite of the lessened coal allocations to industries, and smaller UNRRA coal imports due to the dock workers' strike in the United States, industrial production again showed an increase. The general index of national industrial production, calculated by the General Confederation of Industrialists, which includes textile, mining, metal, building materials, chemical and electric production, was 55.5 % of the 1939 level in July 1946. The index of the industrial position is expected to show an improvement on this figure for subsequent months. Total Italian exports up to 31 October 1946 amounted to slightly over one-fourth of the imports. Exports increased steadily up to end August (August exports \$ 32,887,000), receded in September (\$ 25,469,000) and increased again in October (\$ 31,292,000). Provisional data for October indicate that exports were higher than in any other month in 1946, excluding August, which was a peak month. The main exports were textiles (artificial fibers, silk, cotton goods), fruits and wines.

The official Italian figure of total imports from 1 January to 31 October 1946 is, 8,330,931 metric tons (exports 763,613 m. tons). UNRRA arrivals to 31 October were 6,710,674 metric tons. It is known, however, that not all the UNRRA arrivals are included in the official Italian import figures as the former are often recorded some time after the imports actually take place.

Imports in the month of October (966,703 metric tons, value \$ 96,975,000) were less than in September, which was the peak month in 1946. The statement shows, by quantity, the cumulative imports of wheat, coal and petroleum products (POL) which form the bulk of Italian imports. UNRRA arrivals to 31 October included 700,090 metric tons of wheat, 3,875,895 metric tons of coal and 1,303,224 metric tons of POL.

Note: For more detailed studies of Italy's economic position in 1946, see survey of Italy's Economy in the following Supplements to UNRRA Italian Mission Economic Notes Vol. 1: No. 21, Introduction and Finance; No. 22 Agriculture and Food; No. 23 and 24 Industry; No. 25 Transportation; No. 26 Health and Welfare; No. 27 Employment, Labor and Social Insurance; No. 28 Wholesale and Retail Prices.

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FOOD AND AGRICULTURE

October developments.

4. The first part of October witnessed a continuation of the August-September drought. During the latter part of the month rains were general all over Italy and, in some provinces, violent storms caused serious damage. The sowing of fall cereals and pulses, as well as pasture grasses and winter vegetables continued. In certain provinces, fall sowing was delayed at the beginning of the month by difficulties encountered in working the excessively dry and hard soil. In connection with the legislative provisions on idle land, special committees were set up in all provinces with the task of determining whether land was idle or insufficiently tilled. As a phase of the national reconstruction program, the Ministry of Agriculture prepared a plan of agricultural rehabilitation. Included in it is a widely publicized irrigation program, which in the first year would increase by 295,000 hectares Italy's irrigated area, now amounting to 2,200,000 hectares. The bulk of the new irrigation project affects Northern Italy. UNRRA agricultural supplies arriving during October included 9,300 tons of sodium nitrate fertilizer, 120 mowers, 43 crawler tractors, 20 binders, 276 tons of red clover seed, 56 tons of fodder beet seed and 43 tons of sealing compound.

5. Total indigenous food production in 1946 is estimated at over 80 % of the 1933-37 average but owing to the increase in population, per capita food supplies represent only three-fourths of the 1933-37 average.

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Table 2

PRODUCTION AND YIELD OF PRINCIPAL CROPS
STATISTICS FOR 1938 AND 1945 AND ESTIMATE BY ITALIAN
GOVERNMENT FOR 1946 (AS OF 1 SEPTEMBER)

PRODUCTS	PRODUCTION			AVERAGE YIELD		
	1938	1945	(Est.) 1946	1938	1945	(Est.) 1946
	(thousands of metric tons)			(in m. tons per hectare)		
Wheat	8,184	8,175	6,314	1.02	0.93	1.33
Rye	138	78	107	1.32	0.83	1.07
Barley	248	127	231	1.25	0.53	0.97
Oats	829	252	609	1.42	0.38	1.04
Corn	2,040	1,416	3,124	1.95	1.08	1.60
Rice, rough	817	377	379	5.30	2.81	4.13
Horse beans	677	112	282	0.97	0.20	0.66
Dried beans	140	48	144	0.28	0.10	0.28
Lentils	12	5	10	0.57	0.24	0.46
Vetches	75	23	43	0.78	0.31	0.69
Chickpeas	49	14	42	0.41	0.15	0.41
Dried peas	17	8	15	0.77	0.37	0.65
Sugar beets (1) (6)	3,280	101	2,160	25.18	12.97	21.04
Potatoes	3,305	1,472	2,230	7.91	3.74	5.82
Tomatoes	940	530	895	10.32	9.34	12.08
Fresh vegetables (2)	1,758	1,064	2,070	8.68	7.10	8.80
Forage (3)	29,082	17,344	21,434	—	—	—
Grapes for direct consumption	330	293	430	—	—	—
Grapes for wine	5,500	4,720	5,410	—	—	—
from which wine (1000 hectoliters)	(11,780)	(29,262)	(34,299)	—	—	—
Olive	1,042	664	847	—	—	—
from which oil (4)	(175)	(97)	(131)	—	—	—
Oranges, lemons and tangerines	801	528	358	—	—	—
Apples and Pears	357	524	392	—	—	—
Cherries	61	97	89	—	—	—
Walnuts and almonds	329	263	130	—	—	—

(1) Sugar output: 230 thousand tons plus 10 thousand tons to be converted from molasses.

(2) Fresh horse beans, fresh peas, fresh beans, asparagus, artichokes, melons, watermelons, cabbages, cauliflowers, onions, garlic, cardoons, fennel and celery.

(3) Equivalent to "normal" hay.

(4) Excluding sulphur oil.

Sources: Central Institute of Statistics; Ente Risi (Rice Organization) (5) — 1946: Associazione Nazionale Biondellotti (National Association of Biondellotti) (6) 1946: (Beet consigned to factories for processing).

The estimate given in the table for potato production is a further revision of former estimates, reduced as a result of the summer drought. Similarly, corn and rice production estimates are lower than previous estimates due to summer drought, diseases and damage by hail. On the other hand, the estimates for olive oil (130,800 metric tons with an additional 22,000 tons to be extracted from the olive residues) may be revised upwards when the beneficial effects of late rains become evident.

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Amassing.

8. The Italian Government steadily intensified the energetic drive aimed at collecting grains into State pools. The delivery of wheat continued at a satisfactory rate, while no effort was spared to collect corn, notwithstanding the opposition of farm laborers and share-croppers. A large portion of the corn crop is retained by laborers as part of their wages, so that the pooling of corn involved a painstaking gathering of small individual quotas from a very large number of holders. Strong opposition on the part of laborers was encountered in spite of appeals for cooperation issued by labor organizations. In the course of the campaign farmsteads and laborers' homes were searched and transgressors were sentenced to heavy fines and imprisonment with altogether unprecedented despatch. The relatively simple task of pooling rough rice from some 70,000 production units is progressing very well. The following table compares the results of the amassing up to the end of October with the newly revised amassing estimates.

Table 3

CEREAL AMASSING ESTIMATES: 1946-47.

Crop	Quantity amassable (1) (000 tons)	Amassing up to 31 October (2) (000 tons)	Amassing as % of quantity amassable
Wheat	2,300	2,151.3	93.5
Rye	15	11.2	75.3
Barley	35	34.3	97.9
Corn	300	95.9	31.8
Rice, rough	350	111.5	31.9
Total in wheat equivalent	2,877	2,364	82.3

(1) This is the quantity that, according to the latest Italian Government estimate, can be actually amassed; it does not represent the quantity theoretically amassable and is subject to revision according to future developments of the cereal and food situation. It does not include the quantity retained by farm population for food, fodder and seed.

(2) As computed by Federazione Italiana Consorzi Agrari.

The official price per m. ton paid to producers for wheat delivered to collection centers averages 2,350 lire for soft wheat. This compares with 750-900 lire during the 1945-46 crop year. The black market price last year varied between 4,000 and

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6,000 lire and latest information this year gives an average of between 6,000 and 7,000 lire. Compulsory amassing of olive oil was maintained for the 1946-47 harvest and prices fixed at 28,000 and 27,000 lire per quintal for the first (less than 3 % acidity) and second (3 to 7 % acidity) categories respectively (compared with 18,000 lire per quintal for 1945-46 crop year).

Livestock.

7. Preliminary estimates of the numbers of livestock 1946-47 are as follows (1938 figures in brackets).

Horses 600,000 (791,000); Cattle 6,900,000 (7,667,000); Pigs 3,000,000 (2,940,000); Sheep and Goats 8,692,000 (11,295,000); Buffalo 12,000 (15,600; 1930); Poultry 63,000,000 (76,000,000 est.). Meat production figures in 1946 are only available for communes of more than 50,000 inhabitants (representing rather more than a quarter of the total population).

Table 4

MEAT PRODUCTION (weight with bones - thousands of metric tons)

COMMODITY	1946 (1)						
	Jan.	Feb.	Mar.	Apr.	May	June	July
Beef	7.3	5.4	5.7	6.2	7.1	7.3	7.1
Mutton (sheep & goats)	0.5	0.5	0.7	1.0	1.0	0.8	0.5
Pig meat	5.6	2.9	1.9	1.1	0.9	0.7	0.6

Total . . . 13.4 8.8 8.3 8.3 9.0 8.8 8.2

Horsemeat total Jan.-July 5.5 thousand metric tons.

Food Balance.

8. Table 5 shows estimated per capita food supplies for human consumption for the crop year 1946-47 (revised as of and October 1946). The figures refer to production from domestic sources only. Anticipated exports have been subtracted from the total but no estimated imports have been included. It may be noted that during the pre-war consumption years 1933-34 to 1937-38, total food availability including imports provided a per capita value of 2,497 calories per day. During the same period net imports formed 6.2 % of domestic consumption and net exports 1.6 %.

(1) Figures for communes of more than 50,000 inhabitants.

Table 5

FOOD BALANCE 1946-47

ITEMS	QUANTITY Kilogram per head per annum	CALORIC VALUE per head per day
Cereal products (flour equivalent) . . .	116.2	1,101.5
Pulses	9.5	79.4
Potatoes	27.6	49.2
Fresh legumes	4.1	3.1
Tomatoes	11.1	7.0
Other fresh vegetables and garden produce	48.5	29.4
Fruit	29.5	23.6
Nuts & chestnuts	5.5	37.2
Meat	12.5	61.9
Fish (landed weight)	3.9	8.5
Milk (for direct consumption)	32.4	50.6
Cheese	3.7	30.4
Fats (incl. olive oil)	6.4	149.7
Eggs	3.9	14.9
Sugar	5.2	57.0
Wine	67.3	118.0
Total calories (without wine)		1,770.3
(with wine)		1,888.3

The above quantity does not represent total consumption but home agricultural production of foodstuffs for human consumption.

Official Food Rations.

9. Basic ration scales for normal consumers were as shown in Table 6.

For special classes of consumers (e. g. school children, heavy workers etc.) there is a wide range of supplementary ration scales which may provide additional food to a value of as much as 2,230 calories per day (for miners working for Allied Forces).

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Table 6

NATIONAL RATION SCALE FOR NORMAL CONSUMERS (1)

FOODSTUFFS	grams	Cal. val. (Per day)	grams	Cal. val. (Per day)	grams	Cal. val. (Per day)
Bread (2)	200 daily	634	200 daily	637	250 daily	980
Pasta	500 monthly		500 monthly		2000 monthly	
Fats & oil	182	53	182	54	182	54
Sugar	200	26	100	13	300	40
Total daily caloric value (3)		713		704		1054

(1) Foodstuffs consumed by the non-farm population in addition to rations (black and free market purchases), averaged about 800 calories per day exclusive of wine. Total energy value of food consumption by the farm population was about 2500 calories per day. (2) Extraction rate 51 %. (3) The slight differences in daily caloric value for the same quantity of commodity in different months is due to the different lengths of these months.

Farm Requisites.

10. Production prospects for the crop year 1946-47 are favorable for certain farm supplies, viz.- farm machinery, pesticides and seeds.

Fertilizers.

11. Italy's consumption of fertilizers before the war was low in comparison with Germany and the U. K. but the availability in 1946 has been totally inadequate to sustain high fertility.

Superphosphate. At the beginning of October stocks stood at nearly 200,000 tons as the season for sales was only just commencing. Production remained at about 70,000 tons per month. Unfortunately, arrivals of phosphate rock during the previous three months had been only 30,000 tons per month, half the quantity programmed, and this, together with the difficulty of obtaining pyrites for sulphuric acid production, has placed many fertilizer plants in a difficult position. Endeavors are being made to have more shipping allocated for hauling phosphate rock from North Africa.

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Nitrogenous Fertilizers. The restricted quantity of coal (see Industry — Power and P. O. L. section) that has been supplied to coke ovens, as well as the inadequate and late supply of coke for the manufacture of carbides, the source of cyanamides, has continued to keep the industry from obtaining anything like the hoped-for target of 90,000 tons (nitrogen) for the year. Present production rates are approximately equivalent to 55,000 tons per year. September production dropped slightly below August. Shortages of coke and electric power have worsened the prospects for production of nitrogenous fertilizer, with total supplies for spring application now being placed at less than 70 % of requirements (based on pre-war needs).

Basic Slag. 9,867 tons of this fertilizer (used mainly for wheat) have been imported under the UNRRA program and another 1,000 tons have been imported by the Federazione dei Consorzi Agrari. The UNRRA import program for basic slag has been completed with this total.

Tractor Pools.

12. As a result of the distribution organization of tractors brought in on the A. C. program being unrelated to the need for speedily increased production, and because distribution by direct sale often resulted in speculation, the idea of establishing tractor pools with UNRRA-imported machines was discussed by UNRRA and the Italian Government during the summer and the Ministry of Agriculture subsequently made such pools a part of its program. The object is to use the pools so that they may effectively increase agricultural production, particularly by providing cheap plowing for groups of cultivators in those areas most affected by the war. The project is at present under active examination by the Ministry and some financial assistance has finally been promised by the Treasury in the acquisition of equipment not derived from UNRRA. Full-scale meetings are now being held by the Ministry with all Compartmental and Provincial Agricultural Inspectors and from these it is hoped to establish the distribution of pools and their composition in machines. The

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issue is a complicated one and much depends on proper selection of the organizations which will operate the pools. It is hoped that if properly organized and controlled, however, tractor plowing and other operations may be made available where most required at prices notably lower than the existing rates of hire for similar work.

Future food outlook.

13. Italy has been able to provide her population, during the second half of 1946, with a reasonable amount of food in comparison with some other European countries. The breadstuff cereal situation is however deteriorating owing to the difficulty of internal transfer of indigenous stocks and to the inadequate rate of imports. It is extremely unlikely that food imports during the remainder of the consumption year will approach the levels needed to maintain present rates of consumption in all parts of the country.

INDUSTRY.

General.

14. (a) Italian industry continued to make slow progress through October despite the incidence of the U. S. maritime strike and a serious shortage of electric power due to the prolonged drought.

(b) Marked evidence of international interest in Italy's industrial products is to be observed by the large number of foreign buyers visiting the North. In most cases, however, Italian industry continues to experience difficulty in adjusting lire cost of end products to international values.

(c) An analysis of the relative employment-giving value of important industries is given below (food processing, wood and some other industries excluded):

Table 7

EMPLOYMENT-GIVING VALUE OF MAJOR INDUSTRIES

Industry	1946 (1)
Textile	23.8
Mechanical	28.3
Metallurgical	3.0
Building & public works	20.4
Power, Heat & Light	1.5
Paper	2.1
Mining	5.1
Chemical	3.9
Leather processing	3.3
Rubber	1.2
Non-metallic minerals	7.4
	100.0

(d) Except where otherwise stated, the data in this section have been obtained by the UNRRA N. Italy office in conjunction with the Commissione Industria Alta Italia (C. I. A. I.). Owing to the breakdown of the Italian Government's statistical collection machinery during the war years and the fact that many of these data have to be extracted from reluctant industrialists it cannot be claimed that the production tables in this Industries section have been compiled with the desired scientific standards. They will however, give a general picture of the trends in Italian industry.

Power and POL.(a) *Coal.*

15. The U. S. maritime strikes created a situation in Italy which called for the greatest care and conservation of coal stocks. In view of this situation, the Ministry of Industry and Commerce and the UNRRA Italian Mission jointly agreed that a first re-adjustment of allocations would have

(1) Compiled by Prof. L. Lenti, Milan.

to be based on a revised estimate of 770,000 tons for the two months period October-November as against the original allocation of 600,000 tons for October only. The following cuts were accordingly ordered: a 20 % reduction in allocations to cokeries and gasworks; and a 27 % reduction to non-preferential categories (including steel and engineering works; cement and brick works; textile, pharmaceutical, rayon, paper, foodstuffs, rubber and other industries and winter heating for schools and public buildings in North Italy).

The Industrial Sub-Commissions which make the detailed allocations were empowered to order further reductions in allocations of foreign coal for the non-preferential categories, where local conditions warranted. These further cuts were to be compensated by equivalent allocations of Sardinian coal.

(b) *P. O. L.*

16. The oil refining industry has been reactivated and the refineries at Bari and Naples were to start operations during November and the La Spezia plant early in the new year. The Bari and Naples plants' production will approximate 25 % of Italy's requirements of gasoline, kerosene, Diesel oil and fuel oil and will represent a saving in hard currency to the Italian Government of, approximately, \$ 200,000 per month.

Table 8

COAL AND PETROLEUM PRODUCTION AND IMPORTS: 1946.
(in thousands of metric tons)

	1938				1946						
	MONTHLY AVERAGE	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Coal (Sardinian)	35.6	65.0	72.1	83.4	90.4	88.4	79.2	95.5	92.5	89.4	74.2
Coal (Import discharge)	1,007.9	265.2	465.3	541.5	670.0	270.4	118.9	498.9	790.4	195.3	353.6
Gasoline	34.2	NA	40.3	7.2	31.2	30.4	32.1	35.9	34.4	14.6	16.3
Kerosene	14	NA	6.6	6.3	12.7	20.9	17.9	26.0	20.3	7	8.8
Diesel	23	NA	37.3	—	24.3	19.7	4.2	75.1	27.9	6.3	NA
Fuel oil	80.0	NA	157.6	36.8	180.8	58.7	58.7	101.4	171.7	159.6	107.8

N. A. — Not available.

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(c) *Electric Power.*

17. The abnormally high consumption of power in the last few months because of lack of coal and the relative shortage of rain, which has reduced stream flow, are factors which have combined to create a situation which calls for the utmost conservation of power resources if a critical shortage is to be avoided in mid-and late winter. In an effort to prevent such a shortage the Italian Government has issued a decree calling for the rationing of power.

The normal October to April shortage of power has in 1946 been greatly aggravated by the prolonged drought. The precise effect on industrial production is at present incalculable. A general decrease must be anticipated but the extent of this will depend largely on the amount of substitute thermal power available.

The percentage of total available power allotted for industrial purposes has shown a progressive decrease in recent years and in 1946 is some 15 % less than in 1938.

Following is a summary of the situation in the North from 1 Oct. 1946 to 31 March 1947.

Estimated availabilities of Power

From streamflow	2,500,000,000 kWh
From Reservoir (present storage 1,300,000,000 kWh)	1,500,000,000 .
From Thermo-electric Plants (Assuming allocation of 41,500 tons coal per month)	300,000,000 .
Total	4,300,000,000 .
	(766,666,666 . per month)

Estimated requirement of Power.

6,800,000,000 kWh
(1,133,333,333 . per month)

Deficit for 6 months period

2,500,000,000 kWh
(416,666,666 . per month)

Mechanical Engineering.

18. (a) Italian economic experts consider that, due to war expansion, the mechanical engineering industry has now supplanted the textile industry as the more important section of Italian industry as a whole (see Table 7).

(b) To give any really comprehensive data on production is quite impossible, figures are obtainable only for automotive and rolling stock production. Important production activities in the electro-technical industry and in ship-building, Diesel motor, machine tools, sewing machines and typewriters etc., are said to be increasing, but efforts to obtain more specific data have so far been unsuccessful.

(c) Concrete evidence of international interest in the products of this industry are reflected in the commercial agreements which the Italian Government has concluded with France, Belgium, Holland, Norway, Denmark, Spain, Austria and Switzerland. A great potential future market for this industry is in the South American countries.

(d) The following tables give some indication of production trends in the fields of automotive and rolling stock production. It will be noted that production of automobiles and light vans increased particularly during September. Many of the former are destined for export.

Table 9

AUTOMOTIVE PRODUCTION (UNITS).

Product	1938										
	Monthly		MONTHLY PRODUCTION 1939								
	Average		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Automobiles and											
Light vans . . .	5,743 (1)	559	626	621	817	1,137	1,180	1,567	1,244	2,115	
Medium Trucks . . .	315	735	501	625	652	784	655	624	335	456	
Heavy Trucks . . .	175 (2)	220	268	236	200	427	293	345	214	355	
Motor Buses . . .	35 (3)	0	35	65	95	160	81	81	94	168	
Agricultural Tractors . . .	(4)	93	118	90	157	144	125	154	151	179	
Medium Trailers . . .	N.A.	288	208	285	231	292	195	316	231	327	
Heavy Trailers . . .	N.A.	10	127	231	236	251	246	243	402	457	
Motor Cycles . . .	N.A.	245	312	549	550	583	663	1,094	1,210	923	
Cycle Trucks . . .	N.A.	165	208	107	180	182	199	245	510	500	
Truck Bodies . . .	N.A.	168	144	97	210	361	219	354	221	171	
Automobile Bodies . . .	N.A.	14	49	15	52	91	65	51	110	12	

(1) An unusually large number of private cars was produced in 1938 due to the then recent introduction of the Fiat "Topolino".

(2) This production figure probably does not include military production.

(3) 1911 production.

(4) 1938 yearly tractor production estimated at 3,500 tractors.

N. A. - not available.

Source: Ministry of Industry and Commerce.

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Table 10

ROLLING STOCK PRODUCTION AND REPAIRS

	1938										
TOTAL Monthly CARB (Thousands)	ST.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Repairs	11.8	12.9	12.9	14.8	14.7	15.2	14.5	10.6	15.5	14.4	15.6
New Constr.	8.0	2	2	2	2	2	5	4	4	6	7

Iron, Steel and Mining.

19. Monthly production in the iron and steel industry has shown a large increase since the beginning of the year in spite of the U. S. coal strike in the spring and the U. S. maritime strike recently concluded. However, the usual seasonal recession due to lack of electric power will be substantially increased by reduction in coal allocations for October and November. The original coal allocation for October of 70,675 tons has been amended to an allocation of 92,010 tons for October and November.

This reduction in tonnage, coming as it does at a critical period in the availability of electric power, is expected to reduce steel production by 20 %.

So far as mining is concerned, it is also usual for the seasonal shortage of electric power to cause a lowering of production and a fall in output must be expected from the end of September until March 1947.

The following production table shows the position of the steel and mining industries through 1946 to September 30th:

Table 11

IRON, STEEL AND MINING PRODUCTION
(Thousands tons)

Product	Monthly Average 1938	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Steel	193.5	55.5	57.2	69.8	81.6	95.0	101.3	112.0	111.7	122.8
Pig Iron . . .	65.2	24	23	24	28	26	26.5	28.5	28.2	30
Ferro alloys .	5.5	3	3	4	2.5	40	41	32	37	5.0
Lead ore . . .	5.0	1.5	1.8	2.0	1.8	19	14	14	2.2	3.4
Zinc ore . . .	17.0	3.0	3.5	4.6	4.5	46	49	49	4.5	4.7
Lead & Zinc ore	N.A.	10.5	12.0	15.2	19.0	100	114	114	18.6	18.6
Mercury . . .	16.0	13.5	12.2	12.6	15.5	145	122	14.5	10.8	10.0
Sulphur . . .	198.0	78.1	77.1	69.2	87.6	865	92.0	83.1	96.7	89.9
Iron ore . . .	82.5	15.0	10.9	9.0	8.2	11.4	11.1	11.8	11.7	9.4

Textiles.

20. Complete and accurate production data for the textile industry are extremely difficult to obtain. The figures in the following table are estimates made by UNRRA. These estimates are no more than rough approximations and are based on unofficial information and, where possible, direct observations. Absence of official data is due to the fact that official figures are not published till several months after the month to which they apply.

Table 12

MONTHLY TEXTILE PRODUCTION (Thousand Metric Tons).

Product	Monthly Average 1935	Monthly textile production (Thou and Metric Ton.) 1946					Index of Production for Oct. '46 (1935=100)
		June	July	Aug.	Sept.	Oct.	
Wool Yarn . . .	6.0	5	5.6	4	7.5	5	83
Wool Fabric . .	4.0	6	7.0	3	6.5	4	100
Cotton Thread . .	17.0	15	14.0	10	11.0	15	88
Cotton Fabric . .	11.0	9	9.0	8	12.0	8	73
Rayon	4.0	2.2	3.1	3.4	3.7	4	109
Staple Rayon							
Fibre	0.2	0.9	1.0	1.3	1.5	1.7	28
Silk Thread . . .	0.25 (a)	—	—	—	—	—	72

(a) 1946 Average monthly production will be approx. 180 tons.

Building and Public Works.

21. Vigorous action is being taken by the Italian Government and UNRRA to repair the very extensive war damage to domestic housing, public buildings and the transportation system. For projects on housing, maritime works, highways, waterways and miscellaneous works, material requirements will involve the consumption of the following materials: 1,668,000 tons of cement; 2,765,000 tons of lime, 1.5 thousand million bricks and tiles, 93,000 tons of bitumen, 214,000 tons of iron, construction steel and cast iron products. Housing projects provide for 135,000 new rooms for workers and Government employees and the repair of 1,000,000 war damaged rooms to relieve the housing situation. The housing projects would cover a one year period. The Ministry for Transportation contemplates the expenditure of 114,000 million lire and will provide for 11,600,000 man-days labor in its projects.

for repair and construction of buildings, tunnels, viaducts and bridges. In the repair of war-damaged ports, plans call for 404,000 tons cement, 75,000 tons lime, 42,700,000 bricks, 100,000 tons iron and steel products. The glass industry expects a production of 800,000 sq. meters per month in the 4th quarter 1946. Trends in production of other materials are expected to be lower in the final quarter due to seasonal shut-downs (brick plants) and probable lowering of coal allocation. The following production table gives some indication of the position of the building materials industry:

Table 13

BUILDING MATERIAL PRODUCTION.

Building material	Average Monthly production Jan 1938	1946 monthly production									
		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. (1)
Cement (2).	375.0	103.3	127.7	91.2	113.0	114.0	138.6	128.5	142.0	150.0	150.0
Lime (2)	150.0	40.0	51.0	30.0	45.0	45.0	55.5	51.5	56.5	52.0	50.0
Brick & Tile (3)	200.0	41.5	50.0	38.5	45.0	45.5	55.5	51.0	57.0	62.5	95.5
Window Glass (4).	1,000.0	500.0	700.0	600.0	537.0	588.0	686.0	755.5	833.0	980.0	500.0

(1) Estimates; (2) thousand tons; (3) million units; (4) thousand sq. meters.

Sources: Italcementi; Cementi e Calce di Segni; Gruppo Cementiferi Lazzati; Unioni Industriali.

Chemicals and Pharmaceuticals.

22. Lack of coal and raw materials has been an impediment to more rapid reactivation through most of the year, and now in the North, for seasonal and other reasons power shortage is an aggravating factor. Labor unrest has not seriously affected production.

Heavy Chemicals. Estimated September production was as follows: Sulphuric Acid (monohydrate) — 45,000 tons. Hydrochloric Acid — 2,500 tons. Nitric Acid — 8,000 tons.

All these show a steady rise in production since the spring. They are not directly dependent on coal, usually a limiting factor in other branches.

Production of copper sulphate is rather seasonal and always lowest during the hot summer months. By mid-year, production had reached an average of 8,000 tons per month, but has recently fallen heavily through lack of blister copper

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distribution. There are 8,000 tons of the latter in stock, half UNREA and half Italian Government. This will contribute to 1947 production as stocks of copper sulphate in manufacturers' and distributors' hands are high.

Caustic Soda and Soda Ash. Production consumes large quantities of coal and present activity is only one third of potential. In August 7,700 tons of soda ash were produced and 2,600 tons of caustic soda which is made from it. Every effort has been made to increase the coal allocation as the need for alkalis is growing rapidly. It was hoped that by the end of the year 12,000 tons of soda ash and caustic per month could be produced. Caustic is particularly important to the rayon industry, where it was planned by the end of 1946 to produce 8,000 tons of rayon, for which nearly an equal quantity of caustic soda would be required. The other large consumers are the soap industry, which, today for lack of oils and fats, is operating at probably less than one fourth of its normal output, and the glass industry, which calls for 4,000 tons per month of soda ash. Lack of coal is the only problem.

Calcium Carbide. Production of carbide has maintained an average of nearly 10,000 tons per month during the third quarter. This includes the portion converted into cyanamide. Due to power shortage, output will cease during the winter in the North and only three plants in central Italy will operate with an output forecast at around 3,000 tons per month. These figures are to be compared with an average prewar consumption of 18,000 tons per month.

Miscellaneous industrial chemicals. Although the position is incomparably better than at the beginning of the year in that a number of basic chemicals, such as methanol, acetone and certain plastics are now being produced in fair quantities, there are still serious lacks, such as synthetic phenol and butyl alcohol, of which the industry has not been able to resume production. Ethyl alcohol is currently very tight before the production season opens. Alcohol production synchronises with molasses production which become available only when the sugar harvest is underway. Forecasts of output remain high although here also fuel shortages prove adverse factors.

Pharmaceuticals. The pharmaceutical industry is operating, it is reported, at 80 percent of normal. This is a surprising figure seeing that no UNRRA raw materials have yet been distributed to it. Appreciable quantities of raw drugs have however been imported through private channels. Recovery has been uneven, surpassing normal levels in sectors where raw materials are more abundant and demand is greater and being low or non-existent in other sectors. This industry does not consume materials in large tonnages and, hence, is much more difficult to appraise in general terms.

Note: For superphosphate and nitrogenous fertilizers see Agriculture Section.

Food processing.

23. The following figures provide an indication of the present production of Italian Food Processing Industries. Production is greatly affected by demand and in some cases production has been reduced by export restrictions. It is estimated that 1947 will see an increase in production compared with 1946 for most items. Fish, meat and milk products are not usually export items.

Table 14

TOTAL PRODUCTION OF PROCESSED FOODS - 1946.

(Thousands of Metric Tons)

ITEM	Average annual pre-war production '36-'38	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Tomatoes	150.0	—	—	—	—	—	—	10.0	20.0	25.0	10.0
Vegetables	15.0	—	—	—	1.0	2.0	2.0	1.0	1.5	1.5	1.5
Fish	80.0	5	5	5	3.0	3.0	3.0	2.0	1.0	1.5	2.5
Meat	45.0	5.0	4.5	3.5	3.0	2.5	2.0	1.5	1.0	1.5	2.5
Milk	12.0	2	2	2	2	3	3.5	3.5	3.5	2.5	2.5
Jams and fruit preserves	70.0	2.0	2.5	3.0	3.5	3.5	3.0	2.5	2.0	2.5	2.0
Margarine (1)											
(From co-ops)									1	1.5	2
Cheese	220.0	15.0	15.0	15.0	15.0	14.0	13.5	12.5	12.5	13.5	14.5

(1) Imported by UNRRA.

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TRANSPORTATION

Rail Transport.

24. The improvement in the Italian rail transport situation continues slowly but steadily, although reviving industrial and commercial activity still creates transport demands considerably in excess of available capacities. However, in spite of limited availabilities perhaps the most important fact is that commercial rail freight is now moving at 75 % of pre-war average compared with 50 % in March 1946.

Table 15

STATUS OF ITALIAN STATE RAILWAY
SYSTEM IN 1939 AND IN OCTOBER 1946 (1)

	March 1939	Oct. 1946	Oct. 1946 as % of March 1946
<i>Tractive Units.</i>			
Locomotives in Service: Steam . .	3,891	2,261	58.0
" Electric . .	1,321	857	64.9
awaiting Repair . .	630	2,484	39.3
Rail Cars in Service	521	267	—
Rail Cars awaiting Repair (major and minor)	118	606	—
<i>Rolling Stock.</i>			
Freight Cars serviceable	125,956	83,125	66
Passenger Coaches serviceable . .	6,330	1,433	22.6
Baggage & Postal Cars serviceable .	3,765	1,307	34.8
Foreign Freight Cars serviceable .	—	76,362	—
Passenger Coaches serv. .	—	90	—
Baggage & Postal Cars serv. .	—	192	—
Freight Cars awaiting Repair . .	2,823	19,781	—
Passenger Cars awaiting Repair . .	994	2,242	—
Baggage & Postal Cars awaiting repair	745	1,674	—
<i>Operations.</i>			
Freight Wagons loaded daily . . .	N. A.	7,260	—
Turn-round of Freight Wagons . .	N. A.	11 days 1 hour	—
Daily Trains Run Freight	2,974	1,182	40
" Passenger	4,095	2,264	55
Train km. Freight	1,647,089	985,000	59.8
Ton km. Freight	N. A.	33,989,000	—
Train km. Passengers	361,464	137,812	37.7
<i>Fuel Consumption.</i>			
Coal Thousand metric tons . . .	N. A.	122.9	—
Fuel-Oil: " U. S. gals.	N. A.	4,483	—
Gas-Oil " U. S. gals.	N. A.	175.5	—

Table 15 (concluded)

	March 1939	Oct. 1946	Oct. 1946 as % of March 1939
<i>Tracks & Permanent Works.</i>			
Total Track kms. in service . . .	18,924	15,078	92
Double Track kms. in service . . .	3,460	2,736	80.8
Electric Track kms. in service . . .	4,841	4,383	90.5
Telegraph lines kms.	50,600	38,300 (2)	76.6
Serviceable Telegraph Points . . .	7,490	6,700 (2)	72.2
" Telephone	14,180	12,550 (2)	88.5
Telephone lines kms.	53,600	45,500 (2)	81.1
Automatic blocks kms.	299	40 (2)	10.0
Semi-Automatic blocks kms. . . .	3,227	1,864 (2)	57.6
Block Points Serviceable	490	532	59.8
<i>Fares and Rates</i>			
<i>Passengers</i>			Index
	Dec. 1938	Sept. 1946	(Dec. 1938 = 100)
1st class per 100 kms. . .	lire 63	lire 504	800
2nd	" 43	" 258	600
3rd	" 26	" 156	600
<i>Goods (Rate in lire per ton per 100 kms.)</i>			Index
	Dec. 1938	Sept. 1946	
Wheat	28.64	297.84	1,040
Coal	26.19	261.78	1,003
Gasoline	56.65	553.04	976
Cement	30.39	316.12	103
Non-wrought iron in bars . .	36.85	368.56	998

(1) I. S. R. represent 10 % of Italy's rail transport. Statistics for privately owned railways are not available but the overall repair status is considered to be about equal.

(2) As at 30 Sept.

(3) N. A. not available.

Road Transport.

25. *Vehicles.* With the increased production of new vehicles and further release of vehicles from Allied military organizations, there is an excess of low tonnage carriers but the availability of heavy commercial types is deficient. The general condition of Italian motor vehicles is unsatisfactory, since the greater proportion is old and maintenance and operating costs high. Shortage of tires and fuel still remains the retarding factor in the rehabilitation of transport operations the demand for which is particularly great at present owing to the acute shortage of rail transport. Imports of rubber are increasing — UNRRA imported 4,817 tons in October.

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The latest figures on load carrying vehicles are available only up until June 1946 when the situation was :

Number of vehicles in circulation	1939	June 1946
Less than 2 tons	32,469	60,873
2-4 tons	22,121	24,971
Over 4 tons	13,660	15,200

October figures are not yet available but are likely to be higher due to new production. It will be noted that the total number of vehicles available was higher in 1946 than before the war but the total efficiency was less due to the inferior condition of the machines. Automobiles in use fell from 289,174 in 1939 to 108,600 in 1946.

Road Transport	Dec. 1938 Fares in lire	Sept. 1946	Index (Dec. 1938 = 100)
Street car (Milan)	0.50	5.00	1,000
" " (Rome)	0.50	5.00	1,000
Taxi fares (Rome) (1)	2.70	120.00	3,713

(1) Two persons for two kilometers.

26. *Roads and Bridges.* The following figures on roads take into consideration damage accrued through lack of maintenance. This lack accounts for most of the repairs necessary at the present time. It is estimated that all actual war damage has now been made good and at the present rate of progress the general condition of the roads will be back to pre-war standards by the end of September 1947. Length of roads awaiting repair on 1 Oct. 1946 was 19,940 kms. out of a total length of hard surface roads of 174,581 kms. There were 12,968 bridges damaged by war. Of these 2,950 have been repaired and 1,017 have been rebuilt. There are still 9,001 awaiting repair but in most cases there are temporary (e. g. Bailey) bridges in position where the extent of damage has made the bridge unserviceable.

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Shipping.

27. Due to the great variance between artificially low rail tariffs and high operating costs of schooners and barges, the latter are not yet used to their fullest capacity. A plan is being developed which should bring costs to the consumer under either form of transport more into line, thus utilizing all available means of transportation. Italian ocean-going vessels are being employed to their capacity. These vessels are used extensively for UNRRA cargoes, especially in transportation of Ruhr coal and North African phosphates to Italy. The great majority of Italian tankers are still under Allied requisition, but it is hoped that some of these may be released to Italy at an early date for trans-ocean service. Due to shallow draft at some Italian oil installations, these craft are admirably suited for the trade. The most recent data available concerning maritime transport are as follows:

DATE	Ships, Italian Registry (1)							Merchandise unloaded in 6 major ports (2)
	TOTAL	Passenger		Tankers		Cargo & Other	New L. un-	
	1,000 Gross Tons	1,000 Gross Tons	No.	1,000 Gross Tons	No.	1,000 Gross Tons	Gross Tons per month	1,000 Gross Metric Tons
1946								
Aug.	653	185	66	143	43	355	2,965	1,465
Sept.	705 (3)	186	57	143	48	374	4,581	1,117
Oct.	NA	NA	NA	NA	NA	NA	NA	1,067

(1) Excludes sailboats, fishing schooners and ships of less than 100 gross tons. Includes ships in process of being re-built or scrapped; these comprise between 35 to 45 % of the total tonnage.

(2) Breakdown of this tonnage:

441,000 gross tons in existence in May 1946
 216,000 " " salvaged after May 1946.
 27,000 " " new construction after May 1946
 11,000 " " purchased after May 1946.

(3) Genoa, Venice, Ravenna, Naples, Leghorn, Civitavecchia.

N. A. - not available.

The present tendency in shipbuilding is to produce small ships necessary for coastwise duties and fishing, and larger ships are no longer being built, unless specially ordered by other countries. The Liberty ships which have been handed

over to the Italian Government will be very useful, but their uneconomical characteristics and low speed mean that their operation will be mainly of value during the "first aid" period of the moment.

FOREIGN TRADE AND THE BALANCE OF PAYMENTS

28. Italy's foreign trade situation has shown considerable improvement during the first three quarters of 1946. Industrial rehabilitation has been accompanied by a steady expansion of exports, and trade agreements with numerous European countries give promise of a continuation of this favorable trend.

Although figures for September exports show a reduction on those for August, they are higher than for any other month during the last three years.

The increased volume of foreign trade is shown in the indices below. (Note: all figures relating to or derived from 1946 values give merely an indication of the trend of activity. They should not be taken at their face value).

Indices of progress of Italy's import and export trade in the first three quarters of 1946 (1st. quarter = 100).

	Imports		Exports	
	Quantities	Values	Quantities	Values
1st quarter	100	100	100	100
2nd "	112	145	261	204
3rd "	118	183	459	292

Actual quantities and percentages of values of Italian imports and exports for the first nine months of 1946 are shown in Table 16.

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Main Italian imports and exports in the nine months
January-September 1946 with comparative figures for 1938 (1).

Table 18

IMPORTS (January to September).

Commodities	1938 Quantity Thousand tons	1946 Quantity (including UNRRA) (Thousand tons)	% of total value 1938	% of total value 1946 (2)
Coal and coke	9,398.1	4,162.0	16.2	18.7
Wheat	227.1	1,125.1	2.1	18.5
Cotton, raw	118.1	124.7	7.5	14.3
Wool	27.8	45.8	3.9	7.6
Milk, condensed and dried	2	50.6	—	2.8
Fish	59.6	30.1	1.7	2.3
Wood pulp	200.4	80.8	3.7	2.2
Potatoes and legumes	36.9	92.0	.3	2.0
Sugar	31.1	59.2	.3	1.8
Iron and steel (3) . .	598.6	62.0	5.2	.7
Machinery, apparatus and parts	38.6	2.8	6.8	.6
Rubber	26.6	4.9	1.7	.5
Copper and its alloys	55.8	23.2	2.8	.5
Lumber, common, rough	489.2	40.0	2.4	.4
Oilseeds	142.3	.7	1.9	
All others (4)	3,942.8	1,459.4	43.5	27.1
Total	15,303.0 (5)	7,364.2	100.0	100.0

Total value January to September 1946 imports -
657,361,000 dollars.

(For purpose of conversion of lire to dollars, 225 lire per
U.S. dollar for exports and 100 lire per dollar for imports
have been taken).

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EXPORTS (January to September).

Commodity	1938 Quantity Thousand tons	1946 Quantity (including UNHRA) Thousand tons	% of total value 1938	% of total value 1946 (3)
Fabrics of artificial fibers (6)	3.5	6.7	2.1	13.9
Silk, raw, reeled	1.9	1.3	2.7	13.2
Fruit and vegetables	307.9	110.6	10.6	12.1
Citrus fruit	267.5	54.2	7.3	4.2
Cotton cloth	22.0	3.0	6.3	4.1
Wines and vermouth	72.2	21.0	2.3	4.0
Cotton manufactures (7)	13.5	5.0	3.5	3.3
Artificial fibers	15.0	3.1	4.3	3.0
Essential oils	.4	.6	.8	2.5
Machinery, apparatus and parts	7.6	4.0	2.0	2.3
Raw hides	5.1	3.7	1.0	1.8
Hemp, flax etc. raw	28.2	9.9	2.9	1.4
Wool cloth	7.0	.9	3.9	1.0
Automobiles	11.2	.7	2.1	.3
Cheese	14.9	.2	2.4	.1
All others	1,809.5	411.5 (8)	45.8	32.8
Total	2,587.4 (5)	630.4	100.0	100.0

(1) Trade with the dependencies excluded.

(2) For some imports, notably copper, the percentage of value shown for a commodity does not refer to the total quantity shown for that commodity because, for some quantities imported, the value is not known. The total imports value refers to 7,158,838 tons out of a total of 7,564,228 tons.

(3) Includes scrap, iron bars or rods, steel sheets and pig-iron.

(4) Imports of mineral oils and residues from their distillation are not shown separately because according to 1946 official statistics they amounted to 608,127 metric tons, while UNHRA figures show arrivals of 1,181,000 metric tons for the same period. This is due to a time-lag in reporting official statistics.

(5) Since the actual total tonnage for the first nine months of 1938 is not known, three fourths of the whole of 1938 was taken.

(6) Including "other" fabrics and manufactures of artificial fibers.

(7) Including cotton yarns, except sewing thread.

(8) Includes salt (18.3), pyrites (95.4), marble (19.3), zinc (10.3), pumice stone (10.8), sulphur (5.9).

Total value January to September 1946 exports 187,638,000 dollars.

Total deficit January to September 1946, 489,705,000 dollars.

Preliminary values for October 1946 were: Imports 92,073,000 dollars

Exports 31,292,000 "

Deficit 60,781,000 "

29. The origin and destination of the imports and exports shown in Table 16 are indicated in Table 17 below.

Table 17

Italy's principal foreign suppliers and markets in the first 9 months of 1946.

IMPORTS		EXPORTS	
COUNTRIES	% of total	COUNTRIES	% of total
United States	59.7	United States	20.5
Egypt	4.2	United Kingdom . . .	14.5
Switzerland	3.9	Switzerland	13.4
Brazil	3.4	France	5.7
United Kingdom . . .	3.0	Egypt	4.8
Sweden	2.8	Sweden	4.4
Union S. Africa . . .	1.4	Union S. Africa . . .	4.2
Argentina	1.3	Belgium	3.7
France	1.1	Austria	3.5
Norway	1.0	Norway	2.9
All others	18.2	All others	22.4
Total	100.0	Total	100.0

Developments during October.

30. *Government Regulations.* A "consumption tax" of 20,000 lire per quintal was imposed on cocoa (this was equivalent to imposing an import duty) while the consumption tax on coffee was increased (by approximately 250 %). Import duties on certain spices were also increased (to between 10 and 30 times what they were previously).

31. *Trade Agreements.* A commercial treaty between Italy and Poland was signed on 10 October to come into effect on 15 November. The agreement is valid for one year. There is a supplementary agreement to the treaty, valid for four years, which provides that the Polish Government can place orders directly with Italian firms who will receive payment from the Italian Government for the goods they supply. The Italian Government in turn will receive reimbursement from Poland in the form of coal imports over and above the 750,000 tons stipulated in the main agreement.

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TRADE

Countries	Negotiated	In operation		Amount
		From	To	
Sweden	24 Nov. 45	1 Dec. 45;	31 May 46 (1)	50 million
Spain	10 Jan. 46	15 Feb. 46	31 Dec. 46	200 million
France	9 Feb. 46	15 Feb. 46	31 Dec. 46 (2)	1 thousand million
Austria (3)	1 April 46	1 Apr. 46	Two months = after De- nunciation	Quantity
Denmark	2 March 46	1 Apr. 46	30 Sept. 46 (1)	200 millions lire
Belgium Luxemburg	16 Feb. 46	1 May 46	30 Apr. 47 (4)	5 thousand million
Norway	20 July 46	1 Aug. 46	31 July 47 (2)	1,500 million lire
Netherlands	24 July 46	30 Aug. 46	29 Aug. 47 (2)	1,700 million
Poland (5)	10 Oct. 46	(A) 15 Nov. 46	14 Nov. 47	10 million
		(B) 15 Nov. 46	14 Nov. 50	10 million

(1) Renewable every six month period. Renewed for six more months.

(2) Renewable every year.

(3) Private compensation deals only.

(4) A protocol to the treaty came into force on 26 October changing some

(5) It consists of two agreements: A) Trade agreement and B) Supplement

Table 18

AGREEMENTS

Units	Currency	Commercial rate (i.e., 225 lire; = 1 U.S. dollar)	Main Commodities for Importation
Export			
50 million	Crown	62.51 = 1 Swed. crown	70 % raw materials (cellulose 62,000 tons, packing timber, iron and steel); 30 % half- finished products and finished products for the engineering industry.
50 million	Escudo	20.54 = 1 peseta	Pig iron (7,000 tons), colophony (7,000 tons), cork, canned fish.
7 thousand million	Lira	1.52 = 1 franco	Scrap iron (5,000 tons), agri- cultural machines, artificial abrasives, clay (20,000 tons), phosphates (500,000 tons), po- tassic fertilizers (10,000 tons).
exchanges on the basis of 1937 values			Lumber, cellulose, magnesite, fireclay, graphite.
500 million lire	(basis Pound sterling)	907.31 = 1 pound 45.91 = 1 Dan. crown	Fish (250 million lire), and machinery.
5 thousand million	Lira	5.13 = Belg. franc	Coal (500 million lire), copper, tin, wool, cotton.
1,500 million lire	(basis Pound sterling)	207.31 = 1 pound 43.937 = 1 Norm. crown	Codfish (10,000 tons), wood-pulp (5,000 tons), cellulose (3,000 tons), limestone (7,000 tons).
1,100 million	Lira	81.71 = 1 franco	Potato starch (1,000 tons), seed potatoes (15,000 tons), Phi- lips products.
10 million	U. S. dollar	225 lire = 1 dollar	4) Coal (150,000 tons), eggs (10 million), seed potatoes (5,000 tons).
40 million			2) Coal against orders to Ita- lian industries.

quotes and adding new ones,
ferry agreement.

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A new protocol was signed with Belgium-Luxemburg on 28 October. It became effective on the same date and it will have the same validity as the trade agreement now in force. New items were added while the quota for many old ones was changed. Table 18 gives a summary of the Trade Agreement situation as it stood at the end of October.

32. *Balance of payments.* The present estimate of the probable deficit in Italy's balance of payments in 1947 is from 600 to 625 million U. S. dollars. During October the United States and Canada credited to the Italian Government 50 million and 3.9 million dollars respectively for the lire which Italy furnished to the United States and to the Canadian Armies. In October Italy was admitted into the International Monetary fund and to the International Bank for Reconstruction and Development.

FINANCE

33. The Minister of the Treasury stated that the most critical aspect of the Italian financial situation lies in the volume of monetary circulation and the size of the floating debt. He confirmed the Government's formal pledge to levy the extraordinary property tax next spring and to provide for conversion of the currency. In connection with the latter, he affirmed that all State bonds and banknotes not invested in the new issue, will have to be declared and will be subjected to assessment by the Government and to all fiscal provisions to be adopted.

Meanwhile the situation was faced by the Government with ordinary and extraordinary treasury means. A substantial improvement is evidenced in the State revenues (entrata accertate) which, during the month of October have increased by more than 4,000 million lire over the preceding month. On the other hand there was a diminution in the revenues from ordinary treasury bonds with the result that the Government had to draw on funds available in its current account with the Bank of Issue.

Currency circulation and money market.

34. For the reason discussed above, while the extraordinary advances to the Treasury have remained unchanged at 344 thousand million lire, the currency circulation level in the

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first 20 days of October, has continued to show an upward tendency. The increase in the currency circulation level amounting to more than 5 thousand million lire can be attributed almost totally to the fact that the balance of the Treasury Current Account which was favorable at the end of September (2,600 million) was, on 20 October, adverse and amounted to more than 2,500 million. One fourth of such increase in the circulation level resulted from the fact that the Allies have drawn, in about the same period, about 1,200 million lire.

Banks and Credit.

35. The banking situation is still characterized by a high liquidity resulting, mainly, from the accentuation in the pace of the increase in deposits and correspondents. During July and August (the figures of these months are the last available figures) the total amount of deposits and correspondents increased by 55,579 and by 34,698 million lire respectively as against an average monthly increase of 17,893 million during the second half of 1945 and of 21,946 million in the first half of 1946.

The banks are, at the same time gradually resuming their specific function of acting as intermediaries in credit activities while increasing holdings of bonds and securities. According to the most recent available data the total value of loans extended by the banks amounted at the end of June to 226,960 million lire (as against 160,684 million at the end of 1945 and 73,907 at the end of 1944) which represents about 33 % of total bank activities, (30 % in December 1945 and 22 % in December 1944). A marked increase is recorded in the holdings of bonds and securities (*porta-foglio titoli*) which mainly consist of State bonds; total holdings have jumped from 143 thousand million at the end of last year to 196 thousand million on 30 June 1946; the percentage to total banking activities has remained almost constant at about 27 %.

The increase in investments coupled with the increase in bond and stock holdings has in some way reduced the high liquidity of the whole banking system. This is evidenced by the percentage decrease in cash on hand, in deposits with other banks and with the Treasury, which deposits (notwithstanding the increase from 180,435 million to 210,617 million) have fallen from 35.5 % of total assets at the end of 1945 to 30.3 % at the end of June 1946.

Stock Exchange.

36. The publication of the decree concerning the 25 % levy on capital write-ups has not had the expected repercussions since the decree had been long ago anticipated. The announcement of the launching of the reconstruction loan has resulted in a slowing down of the upward tendency in share quotations underway since last May. The index number of the quotations of industrial shares in October had a slightly lower level than in September.

The statements of the Minister of the Treasury have given rise to some misgivings in the State bonds market but in general the quotations have shown steadiness. The security market has been more lively, although it has not shown any characteristic trend.

Foreign exchange market.

37. The export rates of foreign currencies have experienced slight increases.

For the first time since April there was a reversal of trend in black market quotations of foreign currencies. This was in all likelihood occasioned by the more severe regulations concerning «franco valuta» imports (imports without disbursement of foreign exchange) (1) by the admission of Italy into the International Bank and Monetary Fund and by the dollar credits extended to Italy from the U.S. and Canada. Swiss francs have been steadier probably more as a result of hoarding than because of real import activities.

(1) An importer who could acquire foreign exchange in Italy and transfer this (unofficially) to its country of origin was able to make purchases from a wide range of commodities in that country and import them freely into Italy. The new regulation considerably reduced the number of items on this list.

FINANCIAL COMPARATIVE ANALYSIS.
Figures in millions of lire

Table 19.

	1938	March 1945	June 1945	September 1945	October 1945
1) State Revenues (Entr. effct.)	2,111 (1)	15,137	18,843	18,487 (4)	(22,563) (4)
2) State Expenditure (spese effct.)	2,619 (1)	35,036	39,503	—	—
3) Public Internal debt	140,118 (7)	999,016	1,086,637	—	—
of which:					
Floating debt	34,882 (3)	659,684	727,774	772,000 (5)	NA
of which:					
Ordinary Treasury Bonds	11,010 (2)	215,813	239,096	271,000 (5)	NA
4) Currency circulation (incl. a. m. lire and state notes)	20,812 (2)	391,451	402,050	439,808 (5)	444,603 (6)
5) Banks and savings banks deposits	38,031 (2)	281,400	312,107	—	—
6) Correspondents (clients & banks)	20,479 (2)	202,554	245,902	—	—
7) Loans granted by banks	43,206 (2)	155,671	228,960	—	—
8) Banks' holdings of shares & bonds	20,721 (2)	174,429	195,892	—	—
9) Share prices-Milan (index)	100	479	571	526	838
10) National index of State bonds quotations	100	104	104	90	91
11) Turn-over in the stock exchange:					
a) State bonds	NA	523	413	564	797
b) Shares (thousands)	NA	1,724	3,583	1,026	3,634
c) Private bonds (thousands)	NA	65	59	69	103
12) Issues of private securities and shares	452 (3)	431	491	804	804
13) Total clearing-house dealings	52,801 (3)	555,877	636,464	289,813	1,061,127

(1) monthly average of the financial year 1938/39.

(2) end of the period.

(3) monthly average of the period.

(4) assessment.

(5) From the Statement of the Minister of the Treasury, Sept. 26.

(6) on October 20.

N.A. = Not available.

Table 20.

FOREIGN EXCHANGE RATES (MONTHLY AVERAGE QUOTATIONS)

	Line	1938	March	June	September	October
1) Official						
Dollar	19	100	100	100	100	100
Pound Sterling . .	92.974	403.25	403.25	403.25	403.25	403.25
Swiss Franc . . .	4.4275	23.31	23.31	23.31	23.31	23.31
Fine gold (one gram)	21.35	253.19	253.19	253.19	253.19	253.19
2) Commercial (Rome)						
Dollar	—	225	225	225	225	225
Pound Sterling . .	—	907.31	907.31	907.31	907.31	907.31
Swiss franc . . .	—	52.45	52.45	52.45	52.45	52.45
3) Export (Rome)						
Dollar	—	—	377	526	600	600
Pound Sterling . .	—	—	1,593	1,905	1,968	1,968
Swiss Franc . . .	—	—	100	153	176	176
4) Black market (Rome)						
Dollar	—	304	306	330	323	323
Pound Sterling . .	—	969	1,057	1,464	1,426	1,426
Swiss Franc . . .	—	98	112	168	167	167
Fine gold	—	564	653	851	836	836
Gold sovereign . .	—	6,629	6,685	9,701	8,853	8,853

LABOR, PRICES, WAGES, HEALTH AND VITAL STATISTICS.

Labor.

38. (a) *General outlook.* The labor situation improved during October when an agreement was reached between the CGII (Italian General Industrial Confederation) and the CGIL (Italian General Labor Confederation). This agreement stipulated a six months labor "truce" and a general increase in wages for industrial workers was granted to both manual and office employees.

39. (b) *Employment conditions.* October saw a further rise in registered unemployment. This is largely accounted for by the fact that about 40 Provinces (Rome, Milan, Turin and Genoa among them) made employment dependent on registration at a Labor office. With the spreading of this regulation unemployment figures collected by the Ministry of Labor are becoming a reliable indication of the actual situation.

Table 21

UNEMPLOYED REGISTERED BY THE MINISTRY OF LABOR.

Period	Total	Industry only	ITALY			
			Northern	Central	Southern	Islands
December 45.	1,324,763	NA	647,480	595,697	337,772	133,814
January 46.	1,428,101	NA	719,268	228,915	337,448	144,470
February	1,197,924	NA	628,371	166,461	217,466	115,026
March	1,534,596	NA	809,028	188,474	367,922	38,102
April	1,467,678	814,909	823,941	269,717	364,024	117,936
May	1,546,100	877,228	903,706	218,132	304,790	119,418
June	1,531,402	906,760	861,819	339,218	329,831	160,607
July	1,683,077	953,523	947,321	346,463	303,855	135,038
August	1,769,766	923,336	969,427	267,485	393,362	137,556
September	1,537,534	1,029,607	1,004,070	279,873	419,082	154,309
October (1)	1,946,626	1,036,617	1,048,001	296,666	447,927	159,332

(1) Provisional figures.

N.A. - Not available.

40. Among measures taken to relieve unemployment the following may be mentioned:

(i) continuation of ban on dismissal of labor. Increasing industrial activity has absorbed many workers previously idle and thus relieved the burden on production costs. (ii) expenditure of 8,000 million lire authorized for special public works and 1,040 million lire for works for the State Railways. (iii) continuation of distribution of uncultivated land to co-operative farming societies (46,829 hectares allotted by 1 July 1946). (iv) 90 days special benefit grant made to certain categories of unemployed workmen in the provinces of Venice, Belluno, Massa and Carrara. (v) plan discussed for irrigation of 1,000,000 hectares of land (about 9 % of total arable land) — see agriculture section. This would give permanent employment to 130,000 agricultural laborers. It would be carried out in the following regions: Sardinia, Sicily, Calabria, Puglia, Lucania, Campania, Lazio, Umbria, Toscana, Emilia, Lombardia, Veneto.

Prices.

41. (a) Wholesale Prices. The upward movement of wholesale prices continued during October and showed no signs of abating.

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Table 22

INDEX OF WHOLESALE PRICES OCTOBER 1945-OCTOBER 1946
(1938 = 100)

Month	Index	Month	Index
October 1945 . . .	3,698	May 1946 . . .	2,985
November " . . .	3,718	June " . . .	2,905
December " . . .	3,666	July " . . .	2,949
January 1946 . . .	3,404	August " . . .	3,016
February " . . .	3,401	September " . . .	3,209
March " . . .	3,184	October " . . .	3,605
April " . . .	3,087		

42. Official prices for rice, olive oil and butter increased during October but the price of sugar was reduced. Free prices generally increased although cotton, cotton yarn, maize, maize flour, milk and sugar fell in price. The price of olive oil for amassing was fixed at between 27-28 thousand lire per quintal (instead of 18 thousand lire). The price of milling wheat, in Northern Italy, rose from 111.75 lire to 194.25 lire (an increase of 73.8 %), whilst the price of pasta manufactures rose from 460 to 885 lire (an increase of 92.4 %).

According to indices drawn up by the Center of Business Statistics of Florence, building costs in the province of Florence are 29.08 times higher than in 1938.

The UNRRA-Italian Government Joint Price Committee (charged with fixing the prices of UNRRA imported goods), fixed during October the sale prices of the following industrial products: zinc phosphide, bitumen, chrome ore, clays (fireclay), fire refined and electrolytic copper, kaolin, manganese ore, plasticlay, sealing compound, solvent naphtha and white spirit. (The prices fixed are contained in the supplement to UNRRA Italy Mission "Economic Notes". Vol. I, No. 49, 20 Dec. 1946).

43. (b). *Retail Prices.* Free retail prices showed a considerable increase in October. Official prices of rationed food-stuffs (bread, pasta, sugar, oil) have remained unchanged, except for the price of white pasta which increased by 11.1 % from 27 to 30 lire per kilogram.

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Table 23

OFFICIAL AND FREE PRICES IN ROME
September-October 1946

Legal and black market prices in lire						
Products	30 September		31 October		Vari- ation (1)	Indices (off. pr. = 1 (2)
	Legal	Black market	Legal	Black Market		
A. Rationed Items						
Bread (3) Kg.	10.00	25	19.60	130	+ 26.0	5.63
Pasta (4)	27	150	30	172.6	+ 15.0	5.75
Sugar	100	600	100	620	+ 3.3	3.27
Oil Lit.	320	680	320	695	+ 2.2	3.17
Open market prices						
Products	30 Sept.		31 Oct.		Variation %	
	Lire		Lire			
B. Non rationed Items						
Butter Kg.	700		925		+ 23.3	
Cheese (5)	450		765		+ 2.8	
Meat (6)	500		515		+ .5	
Potatoes	24		24		—	
Eggs each	22		25.5		+ 15.5	

(1) Percentage variation between September and October for black market prices. (2) Black market prices in relation to official prices. (3) Household. (4) White. (5) Pecorino. (6) Boneless.

As will be seen from Table 24, the retail price of textiles is higher at the end of October than at the beginning in all items shown. The increase is particularly noticeable in the case of sheeting (madapolam).

Table 24

TEXTILE OPEN MARKET PRICES IN ROME

	Linen per meter	Sheeting per meter	Socks (P.) (men)	Stockings (P.) (women)	Men's (P.) shoes
September . . .	239	239	268	506	5,006
October . . .	271	364	296	521	5,371
% Variation	+ 13.4	+ 52.3	+ 10.4	+ 3.0	+ 7.3

44. (c) *Cost of Living.* After a fall during the summer, the cost of living began to increase once more as is shown in Table 25.

Table 25

INDICES OF COST OF LIVING IN FIVE ITALIAN CITIES (1).
(1938 = 100)

Month	Food	Clothing	Heat and Light	Miscel- laneous	Total incl. rent	Natio- nal (2) (Food only)
February	3,298	3,289	928	2,122	2,406	3,317
March	3,493	3,290	982	2,102	2,476	3,433
April	3,606	3,029	955	2,043	2,517	3,603
May	3,758	3,154	999	2,067	2,565	3,534
June	3,525	2,832	897	2,141	2,433	3,461
July	3,073	2,833	1,048	2,163	2,301	3,006
August	2,933	3,073	1,058	2,217	2,162	2,898
September	3,137	3,576	1,107	2,274	2,301	3,150

(1) Turin, Florence, Rome, Palermo, Naples.

(2) Based on average theoretical consumption of a manual worker's household (consisting of 5 persons) needing to buy foodstuffs with a calorie content of 1,700 calories per person (or 2,200 calories per adult man).

Wages and salaries.

Ordinarily wages and salaries consist of: a) minimum contract wages; b) a daily bonus which is called the "emergency bonus"; c) "family allowances" for workers with dependents.

45. By the October Labor agreement (see Labor section), minimum wages for workmen were increased by 35 % as from 1 October 1946. Hourly pay rates in October varied between a maximum of 28.35 lire (for specialized workmen) and a minimum

of 18.90 lire (for manual laborers). The agreement increases the minimum contractual pay for employees. The range is now from 2,700 lire a month minimum to 13,000 lire a month maximum. The agreement allows for possible further increases of pay though these must not exceed 15 % of the level reached on 31 October 1946. The emergency allowance (bonus) maximum is increased from 154 lire to 200 lire per day. The allowance will be increased every two months instead of three if the provincial index of the cost of living shows an increase. This index is drawn up according to the calculations of the Confederation of Labor and the Confederation of Industrialists (the two participants in the agreement), by means of special provincial commissions appointed for the purpose. It is independent of indices drawn up by the Central Institute of Statistics. The children's family allowance was increased by 50 % to 252 lire per week for each child. The allowance for a wife remains at 204 lire and for dependent parents at 159 lire each per week,

46. Examples of the effect of these minimum wage and emergency allowance increases are: specialised workmen (mechanical industry, Rome) — daily wage increased from 382 lire to 467 lire (22 % increase), skilled workmen from 357 to 436.20 lire (21 % increase), semi-skilled workmen 327.70 to 410.10 lire (21 % increase) and manual laborers from 323.75 to 405.40 (25 % increase). The total increases in pay received are less than 35 %. This is because the 35 % increase applies only to basic pay. The emergency allowance rates have not risen to the same extent.

47. Salary increases dating from 1 September 1946 have been granted to civil servants, semi-state (para-statali) employees, local government employees and school teachers.

Actual wages and salaries for typical cases in January, August and October were:

ACTUAL WAGES AND SALARIES IN LIRE PAID IN TYPICAL CASES

(a) Manual workers				(b) Milan clerical workers in private industry			
	Jan.	Aug.	Oct.		Jan.	Aug.	Oct.
Unskilled	8,966	11,511	14,259	2 ^d cat.	7,323	9,616	12,865
Skilled	9,778	12,415	17,651	2 nd .	14,149	18,681	24,619
				1 st .	18,765	23,838	31,551

48. It is not possible to obtain any national indices of real wages but the following table compiled by a large industrial company gives an indication of the general situation in industry.

Table 26

MONTHLY EARNINGS IN A LARGE COMBINE IN MILAN (1)

DATE	Monthly earnings (in lire)				Index of Real wages (4) (1938 = 100)	
	Laborer (2)	Skilled wkr. (3)	Index number 1938 = 100 (3)		Lab.	Skil. wkr.
			Laborer	Skilled wkr.		
March 1946	8,660.0	9,778.0	1,468	1,182	53.5	40
April	9,173.0	9,990.0	1,603	1,208	53.5	40
May	10,020.0	11,000.0	1,869	1,402	64.0	48
June	10,791.0	11,603.0	1,880	1,410	65.0	48
July	10,911.0	11,815.0	1,907	1,428	71.5	53.5
August	11,511.0	12,415.0	2,011	1,501	80.5	60.0
September	12,076.0	13,060.0	2,101	1,570	83.0	62
October	16,200.0	17,051.0	2,346	2,134	103.0	77

(1) Source: Montecatini Company — Economic Service.

(2) With four dependents, i.e. his wife and 3 children.

(3) Official index numbers of the Central Institute of Statistics.

(4) The real earnings are calculated by finding the arithmetic mean of two series of index numbers, which are calculated on the basis of: (a) the index numbers of cost of living, food only; (b) the indices of cost of living, for total expenditure.

Health and vital statistics.

49. Public health conditions remained satisfactory during October. Apart from an outbreak of typhoid at Porto San Stephano, no infectious disease epidemics were reported from any other part of the country.

50. Rates per 1000 persons (first eight months of 1946) — data for 1945 in brackets: Marriages 7.5 (6.8); live births 22.9 (18.3); deaths 12.3 (13.8); births over deaths 10.7 (4.5). The increase in marriages and births and the decline in the death rate are indirect but significant signs of an improvement in the general living standard.

Deaths from tuberculosis in 24 large Italian cities with a population of more than 100,000 (first seven months of 1946) were 7,384 as against 8,644 for the corresponding period of 1945 (a decrease of 17 %) and deaths from infectious diseases, again for the same period were 10,775 in 1946 against 11,844 in 1945 (a decrease of 9.1 %).

Infant mortality in communes with a population of more than 50,000 inhabitants, during the first eight months of 1946 was 87.45 per 1,000 live births (1945 was 98.6).

51. MAJOR DEVELOPMENTS in the Italian economic situation since October 1946.

(a) Draft peace treaty. The draft peace treaty provides for an increase in Italy's reparation payments from 300 to 360 million dollars.

(b) Agriculture and Food. The serious bread-stuff-cereal situation was examined by the Council of Ministers in December, and in view of the slightly improved outlook for U.N.R.R.A. cereal shipments during that month (100,000 tons were hoped for), and the possibility of some arrivals from other countries, the Government was prompted to suspend decision on the reduction of the bread ration. (The pasta ration had already been reduced for December from 2 Kg. a month to 1 Kg.) To increase the rate of delivery, farmers who deliver wheat to the amassing points before 31 December will receive a bonus amounting to 300 lire per quintal.

(c) Industry. Distribution of electric power to most industries in December was cut by two days a week. The United States coal strike in November caused a reduction in stocks which will diminish production during December and January. During the twelve months

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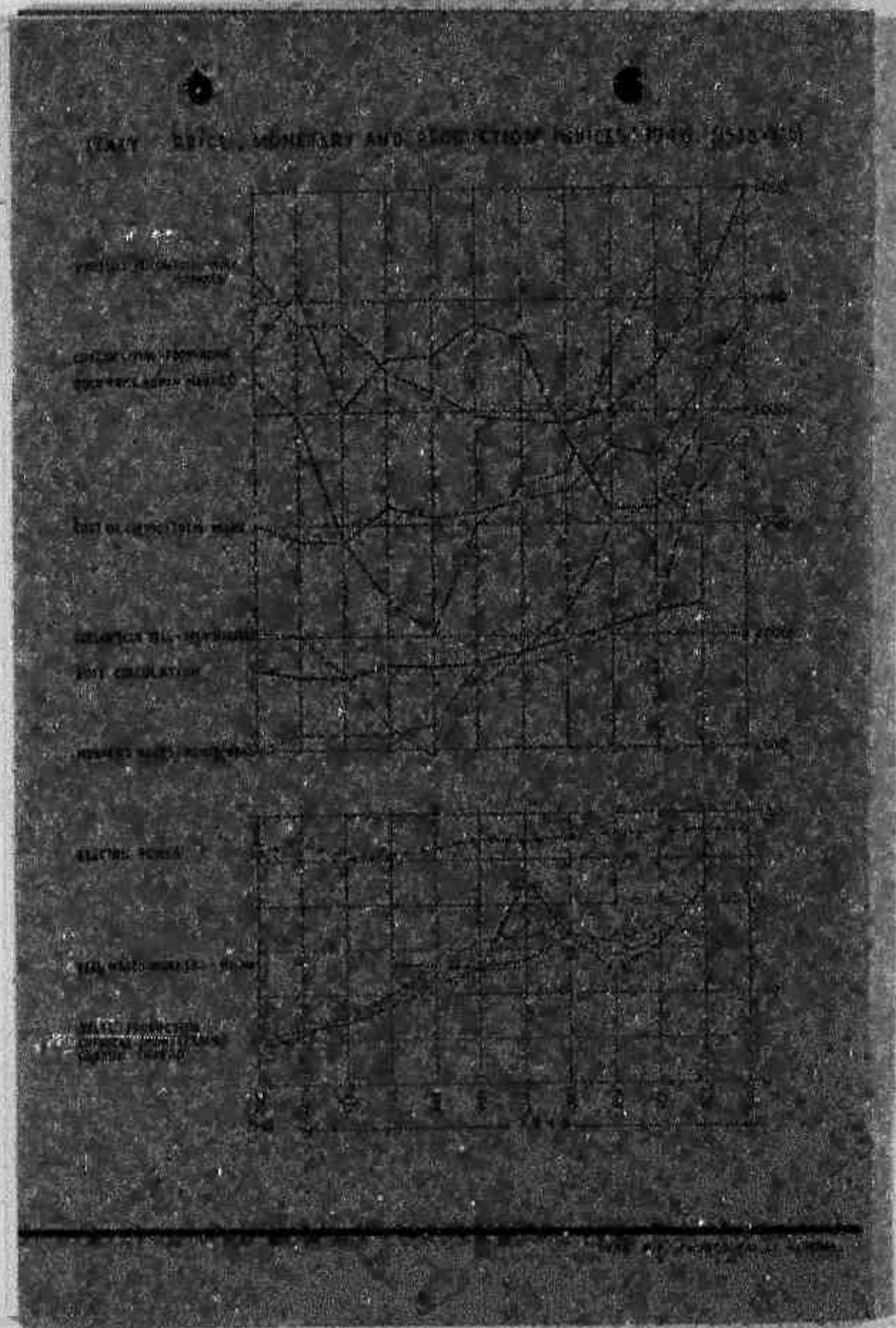
March 1946 to February 1947, U.N.R.R.A. will have imported 5 million tons of coal into Italy.

(d) Finance. Subscriptions to the National Reconstruction Loan began in November. The closing date for subscriptions was extended from 15 December 1946 to 4 January 1947.

(e) Foreign Trade. A barter agreement with Hungary was negotiated in November. In November and December trade agreements with Sweden, Denmark, the Netherlands and France were renewed.

(f) Prices. Wholesale and retail prices increased still further in November and December. Following upon widespread labor unrest caused by rising costs of living, especially in Southern Italy (Naples), a national stabilization of prices was made in December which is a counterpart of the six months labor truce. The agreement provides for the freezing of retail prices at the November level until at least the end of January 1947.

Rome, 24 December 1946.



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