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ECONOMIC SUB-C
AFHQ, MINUTES
SEPT. 1944 - MA

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No. 785015

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ECONOMIC SUB-COMMITTEE OF THE POLITICAL COMMITTEE,
AFHQ, MINUTES OF MEETINGS
SEPT. 1944 - MAY 1945

LIST OF PAPERS

1003
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File under No. 1003 ECONOMIC SUB-COMMITTEE OF THE POLITICAL COMMITTEE, AFHQ
MINUTES OF MEETINGS

~~TOP SECRET~~

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
1	Memo AFHQ G-5	18 Sep 44		Action on Conf ESC of PC on 14 Sept.
2	Agenda 6th Mtg ESC	24 Sep 44		
3	Minutes 6th Mtg	28 Sep 44		
4	Errata 6th Mtg	2 Oct 44		
5	AFHQ G-5:334-125	15 May 45	CC, AC	Mtg of Econ Subcommittee to study Proposal for Italian-Allied Trade Committee.
6	SAC Econ Subcom Paper	15 May 45		Report on current status of econ barrier between N. & S.It.
7	SAC Econ Subcom 7th Meeting	22 May 45		

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CROSS REFERENCE SHEET

SACMED's Economic Sub-Committee
7th Meeting
Minutes of Meeting held 22 May 1945

25 May 1945

- Pars;
2. PROPOSAL FOR ITALIAN ALLIED TRADE COMMITTEE
 3. REPORT ON CURRENT STATUS OF ECONOMIC BARRIER BETWEEN THE NORTH AND SOUTH
 4. ESTABLISHMENT BY CLMAL OF RETRIBUTION BONUS
 5. FORMATION OF INDUSTRIAL ADVISORY AND PRODUCTION BOARD

DOCUMENT FILED IN 4004/CC
(With appropriate extracts in other files as indicated on master copy)

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

CROSS REFERENCE SHEET

SACMED's Economic Sub-Committee paper

15 May 1945

REPORT ON CURRENT STATUS OF ECONOMIC BARRIER BETWEEN
NORTH AND SOUTH ITALY

Detailed recounting of situation to date, as basis for final
decision.

DOCUMENT FILED IN CC 5202

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ALLIED FORCE HEADQUARTERS
APO 512

Supreme Allied Commander's
Economic Sub-Committee

11 May 1945

PROPOSAL FOR ITALIAN-ALLIED TRADE COMMITTEE

Note by Assistant Chief of Staff, G-5

1. There is an increasingly urgent need for some form of Italo-Allied authority to facilitate the development of Italian foreign trade.
 - a. Italian foreign trade is going through a transition from the strictly military period in which AFHC/AC/AGC control all imports and exports and determines all prices and terms under directives from C.C.S., to the stage, yet in the future, in which Italy assumes full control over such matters, whether or not trade is for State or private account.
 - b. The channels and organization by and through which Italian export import trade is carried on are still primarily military in character and center in A.F.H.Q. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.F.H.Q. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private trade channel and agencies. Moreover, so far as concerns A.F.H.Q., the C.C.S. have now directed that all matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.
 - c. During this transitional period, which may last many months, some form of "authority" or committee is needed which would be international in character and composition, and would provide simple, prompt, and direct action on foreign trade matters. This action would include interpretation of policy, development of procedures, facilitation of communication, and actual negotiation of transactions.
 - d. It is therefore proposed that consideration be given to establishing an Italo-Allied Trade Committee in Rome with roughly the following representation: A.C., British Embassy, U.S. Embassy, French Embassy, Russian Delegate on the A.C., MEDDO, and the Italian Government. Additional representation might be drawn from other national delegates on the Advisory Council and other diplomatic or consular bodies. This Committee would possess, through the facilities available to it, prompt communication with London, Washington and Moscow, as well as other national capitals, and could handle formally or informally matters of all kinds relating to foreign trade in the Mediterranean.

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e. This Committee would have two principal functions:

- (1) To assist in increasing imports from new sources, thus diminishing dependence on Allied sources as long as the supply situation remains critical.
- (2) To facilitate Italian export-import trade, in such respects as communications, shipping, re-establishment of commercial contacts, etc. In this connection, the Committee would be in a position to use all existing facilities and organizations (such as Government, military administrations, military

strictly military period in which AFHC/AC/AMG control all imports and exports and determines all prices and terms under directives from C.C.S., to the stage, yet in the future, in which Italy assumes full control over such matters, whether or not trade is for State or private account.

b. The channels and organization by and through which Italian export import trade is carried on are still primarily military in character and center in A.F.H.C. and A.C. It is considered that they should be replaced as rapidly as possible, because neither A.F.H.C. nor A.C. are well-designed to make full use of existing official or quasi-official international trade channels and through these channels to accelerate the re-establishment of private trade channel and agencies. Moreover, so far as concerns A.F.H.C., the C.C.S. have now directed that all matters relating to imports and exports not included in military supply responsibility will be handled directly by A.C.

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KGRG

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(1) To assist in increasing imports from new sources, thus diminishing dependence on Allied sources as long as the supply situation remains critical.

(2) To facilitate Italian export-import trade, in such respects as communications, shipping, re-establishment of commercial contacts, etc. In this connection, the Committee would be in a position to use all existing facilities and organizations (such as Government, military administrations, military headquarters, government agencies such as U.K.C.C., U.S.C.C., F.E.A., UNRAI), pending restoration of more normal commercial relationships.

f. During the period of military responsibility, the Committee would of course function solely in an advisory and complementary manner; the authority of S.A.C., exercised by AFH/AC, would remain unmodified. Functioning within such terms of reference, the Committee in addition to giving assistance as indicated in paragraph 10, would be in a position to aid the A.C. in interpreting Allied basic commercial policy and to provide an additional channel for informing the Allied Governments as to the direction being taken by Italian commercial policy and foreign trade organization.

g. The Committee would need a Secretariat, which during the period of military responsibility could be provided from the Foreign Trade Section of the A.C., and to which the Italian Government could attach personnel.

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2. The following paragraphs summarize some of the major problems on which the Committee could be of considerable assistance.

3. Reopening of channels of negotiation. At present the only categories of commercial and financial correspondence permitted out of Italy are non-transactional communications to the U.S. and British Empire. Entire reliance has to be placed upon diplomatic and military channels for handling trade communications and negotiations until present restrictions are relaxed. The Italian Government has established a licensing system for transactional communications, and as soon as it issues a decree recognising the U.K. Statutory List and the U.S. Proclaimed List the essential prerequisites to relaxation of communications controls will have been met. At that time the C.C.S. would be advised that it is considered appropriate to authorize non-transactional communications to countries additional to U.K. and U.S. and to review the restrictions on transactional communications.

4. Transport facilities.

a. With adequate representation from MEDSO, and later U.M.A. (shipping-control officials) the Committee would be able promptly to determine availabilities of shipping for handling category B exports and also imports originating within the Mediterranean.

b. The Committee could examine the possibility of simplifying intra-Mediterranean shipping controls, including authorization of sailings, release of schooners and small steamers from control, etc.

3. Problems relating to the terms of trade.

a. The following are illustrative of current problems relating to Italian exports: Exportation of items under CCS allocation at a loss to the Italian Government because sales prices are determined in buyer's market; terms of payment for exports to countries other than U.S., U.K. and France; procedures and channels by which Italians may effect sales of exports which CCS no longer controls; accounting and settlement for exports from Theater to SHAEF for civil purposes; accounting and settlement for shipments from Italy on "military account", (i.e. for Allied military purposes rather than civil use).

b. The following are illustrative of current problems relating to Italian imports: Policy relating to imports outside the CCS allocations; financing of such imports, including utilization of Italian foreign assets.

c. There are also emerging certain general questions of commercial policy on which little or no guidance has been received from the CCS or the U.K./U.S. Governments. These include such matters as the attitude to be taken toward bi-lateral clearing accounts with foreign countries, including exchange rates within such accounts; or toward the tendency of the Italian Government to make the Foreign Trade Institute (I.C.E.) a trade monopoly.

d. Some of these questions have been referred to the CCS; others have not. Very little guidance has been received from the CCS on any of them.

6. It is recommended that prompt consideration be given to the establishment in terms of Committee as outlined in paragraph 1 d above.

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DISTRIBUTION:

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Supreme Allied Commander's Secretariat 2
British Resident Minister 2
United States Political Advisor 2
Assistant Chief of Staff, G-4 2
G-4 (B) 2
G-5 5

CHARLES M. SPOFFORD
Brigadier General, G.S.C.
Assistant Chief of Staff, G-5.

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ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 334-125

15 May 1945

SUBJECT: Meeting of Economic Subcommittee.

TO : Headquarters, Allied Commission
(Attn: Chief Commissioner)
A.P.O. 394.

1. Attached are 5 copies of a paper on the Italian - Allied Trade Committee which is to be brought before the Supreme Allied Commander's Economic Subcommittee on Thursday 17 May at 1445 hours.
2. The meeting will be under the chairmanship of the Chief Administrative Officer. The place will be announced later.
3. You are invited to attend.

Wm Jn
CHARLES M. STOFFORD
Brigadier General, G.S.C.,
Assistant Chief of Staff, G-5.

Incl:
as above.

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CHIEF COMMISSIONER ✓
ACTION - EXECUTIVE COMMISSIONER ✓
ECONOMIC SECTION (3)

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2nd October 1944

ALLIED FORCE HEADQUARTERS

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ECONOMIC SUB COMMITTEE

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The following amendment should be made to Minute 3 of ESC (44) 6th Meeting :-

Under details of the paper submitted by HL HQ (GREECE) amend sub para (a)(iii) to read :-

"Explaining that price-fixing would be primarily the responsibility of the Greek Government, and that the proceeds of the sale of civilian supplies would be retained by that Government".

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Commander, Adv HL HQ (GREECE)
Commander, HL HQ (BALKANS)
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*Surfacing
for W.E. ROSE, 'abt
MAJOR,
SECRETARY.*

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

Under details of the paper submitted by the
sub para (a)(iii) to read :-

"Explaining that price-fixing would be primarily the
responsibility of the Greek Government, and that the proceeds
of the sale of civilian supplies would be retained by that
Government".

See Rose, 'a b 1'
for U.S. ROSE, 'a b 1'
MAJOR,
SECRETARY.

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Assistant Chief of Staff, G-5
Deputy Paymaster-in-Chief
Financial Adviser (B)
Fiscal Director U.S.
Commander, Adv ML HQ (GREECE)
Commander, ML HQ (BALKANS)
Secretary, General Staff
IS & PS
— Acting Chief Commissioner, Allied Control Commission
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ESC (44) 6th Meeting
26th September 1944

ALLIED FORCE HEADQUARTERS

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ECONOMIC SUB-COMMITTEE

MINUTES OF A MEETING OF THE ECONOMIC SUB-COMMITTEE HELD IN THE CHIEF ADMINISTRATIVE OFFICER'S OFFICE AT 1400 HOURS ON TUESDAY 26th September 1944

PRESENT :-

Lieutenant-General J.G.M. Clark,
Chief Administrative Officer, AFHQ

Honourable Alexander C. Kirk,
U.S. Political Adviser

Rt. Honourable H. Macmillan,
British Resident Minister

Brigadier-General G.B. Magruder,
Assistant Chief of Staff, G-4 (A)

Brigadier T.J.M. Enterton, representing
Assistant Chief of Staff, G-4 (B)

Colonel C.E. Lowin-Morris, representing
Assistant Chief of Staff, G-5

THE FOLLOWING WERE ALSO PRESENT :-

Mr. C. Offie,
Office of U.S. Political Adviser

Brigadier I.P. Brickman,
Deputy Paymaster-in-Chief

Brigadier J.H. Hiron,
British Financial Adviser

Captain T.H. Archer, representing
Fiscal Director, U.S.

Brigadier P.L. Smith-Dorrien,
Commander, IIL HQ (Greece) (for Item 3)

Colonel Sir F. Bagman, representing

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PRESENT :-

Lieutenant-General J.G.W. Clark,
Chief Administrative Officer, AFHQ

Honourable Alexander C. Kirk,
U.S. Political Adviser

Rt. Honourable H. Macmillan,
British Resident Minister

Brigadier-General C.B. Magruder,
Assistant Chief of Staff, G-4 (A)

Brigadier T.J.W. Henterton, representing
Assistant Chief of Staff, G-4 (B)

Colonel C.E. Lowin-Harris, representing
Assistant Chief of Staff, G-5

THE FOLLOWING WERE ALSO PRESENT :-

Mr. C. Office,
Office of U.S. Political Adviser

Brigadier I.P. Brickman,
Deputy Paymaster-in-Chief

Brigadier J.H. Hiron,
British Financial Adviser

Captain T.W. Archer, representing
Fiscal Director, U.S.

Brigadier P.L. Smith-Dorrien,
Commander, ILL HQ (Greece) (for Item 3)

Colonel Sir F. Rugman, representing
Commander, M HQ (Balkans) (for Item 3)

Colonel Greiffey Smith, representing
Acting Chief Commissioner, Allied Control Commission
(for Item 4)

Lieutenant-Colonel K.M. Goodbody,
M.A. to Chief Administrative Officer

Lieutenant-Commander F.A. Southard, USN,
G-5 Section, AFHQ

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Major W.E. Rose

1. MINUTES OF PREVIOUS MEETING

(ESC (44) 5th Meeting)

THE SUB-COMMITTEE approved the minutes of their meeting held on 9th September 1944.

2. TRANSFER OF RESPONSIBILITY FOR CIVILIAN SUPPLY FOR ITALY TO UK AND US CIVILIAN AGENCIES

BRETAGNIER-GENERAL MAGRUDER, referring to conclusion 2 of ESC (44) 5th Meeting, stated that he was of the opinion that as long as Allied troops continued in ITALY the Allied Control Commission should remain under the control of AFHQ.

THE CHIEF ADMINISTRATIVE OFFICER :

Took note of the above.

3. PROPOSED CREATION OF EEA CURRENCY AND PRICE FIXING MACHINERY IN GREECE

- ((a) Paper No. ESC (44) 16
- (b) War Office telegram No. 79121 F5 of 23rd September 1944)

THE SUB-COMMITTEE had before them :-

- (a) A paper by EL HQ (GREECE),

(i) Proposing the introduction of EEA currency into GREECE for the purpose of meeting the pay of troops and other necessary expenditures until such time as the Greek Government was in a position to provide (against payment) local currency for the purpose.

(ii) Outlining four alternative criteria for fixing the rate of exchange and stating the British and American Treasuries' views on the subject.

(iii) Explaining that price-fixing would be primarily the responsibility of the Greek Government, and that the proceeds of the sale of civilian supplies would be ~~expended~~ ^{retained} by that Government.

- (b) A telegram (No. 79121 F5 of 23rd September 1944 from the War Office) asking for a report on the proposal to use EEA notes in the Greek Islands and to allow them to command their own value without reference to an official exchange rate.

COLONEL SIR F. BUCKAN, amplifying the paper, emphasised that :-

BRIGADIER-GENERAL MACRUDER, referring to conclusion 2 of ESC (44) 5th Meeting, stated that he was of the opinion that as long as Allied troops continued in ITALY the Allied Control Commission should remain under the control of AFHQ.

THE CHIEF ADMINISTRATIVE OFFICER :

Took note of the above.

3. PROPOSED OPERATION OF ERM CURRENCY AND PRICE FIXING MACHINERY IN GREECE

- ((a) Paper No. ESC (44) 16
- ((b) War Office telegram No. 79121 F5 of 23rd September 1944)

THE SUB-COMMITTEE had before them :-

- ((a) A paper by IL HQ (GREECE),

(i) Proposing the introduction of ERM currency into GREECE for the purpose of meeting the pay of troops and other necessary expenditures until such time as the Greek Government was in a position to provide (against payment) local currency for the purpose.

(ii) Outlining four alternative criteria for fixing the rate of exchange and stating the British and American Treasuries' views on the subject.

(iii) Explaining that price-fixing would be primarily the responsibility of the Greek Government, and that the proceeds of the sale of civilian supplies would be ~~retained~~ by that Government. *retained / And 4/10 2011*

- ((b) A telegram (No. 79121 F5 of 23rd September 1944 from the War Office) asking for a report on the proposal to use ERM notes in the Greek Islands and to allow them to command their own value without reference to an official exchange rate.

COLONEL SIR F. HUGHAN, amplifying the paper, emphasised that :-

((a) In practice only a relatively small amount of ERM currency would be circulated since it would be used solely by the British force (which would be small) to pay primarily for MAFI and such like purchases. Services and facilities, so far as possible, would be provided by the Greek Government without payment.

((b) The main problem in connection with the rate of exchange was the time, rather than the rate, at which it should be fixed.

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MR. MACMILLAN stated that he had seen it suggested (War Office telegram No. 74056 F5 of 5th September 1944) that it was the Greek Government's responsibility to fix the exchange rate. In his opinion there could be no unilateral decision in this matter, which would have to be settled by negotiation between the British and American authorities on the one side and the Greek Government on the other. He pointed out that the Greek Government had suggested a rate of one hundred million drachmas to the pound. The rate suggested by the War Office was one million and the value arrived at by fixing the drachma in relation to wage rates would be five million to the pound. In view of this considerable conflict of expert opinion he tabled a draft telegram suggesting that a decision should be delayed until the situation in GREECE was more stable. In the meantime, EEA Currency, which would be circulated in small quantities, would be allowed to command its own value, both on the mainland and in the islands.

BRIGADIER SMITH-DORRIEN stated that as Mr. Angelopoulos, the Greek Finance Minister, was on his way to LONDON a suggestion might be added to the draft signal that the question might be further discussed with him.

THE CHIEF ADMINISTRATIVE OFFICER :

Directed that G-5 despatch to the War Office the telegram, as submitted to the meeting, with the addition of Brigadier Smith-Dorrien's proposal at 'X' above.

4. PAYMENT FOR GOODS AND SERVICES IN ITALIAN TERRITORY

(Paper No. ESC (44) 15 of 23rd September 1944)

THE SUB-COMMITTEE had before them a paper by G-5, revealing the Allied Control Commission's disagreement with Administrative Memorandum No. 31, which required that an Italian procuring agency be set up and that the Italian Government provide a fund (to be known as the Lira Account) to enable the Allied Force to pay for such supplies, facilities and services as the Italian procuring agency were unable to provide and pay for.

LIEUTENANT-COMMANDER SOUTHARD, amplifying the paper, stated that he understood the Allied Control Commission to have three main objections to Administrative Memorandum No. 31, namely that :-

- (a) No Italian procuring agency could be set up because the Italian Government were incapable of setting it up and making it function.
- (b) The proposed lira account had no parallel with the Franc Account in NORTH AFRICA as the French were gaining dollars and sterling in exchange for their disbursements in francs, whereas in ITALY the Allies were dealing, not with an ally, but with a conquered and dispirited nation.

It was additionally urged to allow the Italian Government to

value, both on the mainland and in the islands.

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- (c) It was politically unwise to allow the Italian Government to have knowledge of the nature, magnitude and cost of Allied procurements in ITALY.

LIEUTENANT-COMMANDER SOUTHARD added that :-

- (d) In the opinion of G-5 the Italian Government should now, after twelve months, be required and encouraged to run a procurement agency and that payments by the Allies should be made in funds provided by the Italian Government. He felt that the present arrangement whereby the Allies directly spent money brought into the country by them should on policy grounds give way to the more logical arrangement whereby the Italian Government lived up to its responsibility to procure and pay for the goods, services and facilities needed by the Allies.

*Despatched as Telegram No. FX 30316 of 26 Sep 44

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- (e) The French had not received dollars and sterling for all expenditure in NORTH AFRICA and the Allied Control Commission's argument against the comparability of the French case was therefore not wholly relevant.

MR. KIRK said that he had previously supported the Allied Control Commission's opinion that it was unwise to allow the Italians to have knowledge of Allied procurements and payments. He had understood that there was some objection to this on grounds of military security but, as this apparently was not the case, he wished to ~~withdraw his objection~~ *reconsider the political aspect of the problem.*

CAPTAIN ARCHER supported the proposed scheme as it would obviate the present necessity of passing all American expenditures in ITALY through the US Army and Naval appropriation.

BRIGADIER BRIGLIAN stated that he was satisfied with the existing procedure but that he could perceive advantages in the proposed Lira Account for his US colleagues and that he therefore would raise no objection to it.

COLONEL GRAFFTEY SMITH :-

- (a) Pointed out that the Italian Army was the only organisation with the knowledge required for procuring supplies for the Allied armed forces but that it had informed the Allied Control Commission that it could not undertake the proposed commitment owing to a lack of competent officers and of transport. The Allied Control Commission naturally encouraged Italian help in this direction where it was possible, and the naval procurement agency at TARIANTO for example was doing good work.
- (b) Observed that at the present time the Allied Control Commission's relations with the Italian Government were rather difficult and in particular that little could be done to stop press attacks on the Commission. It was his view that the scheme under discussion would, if put into effect, prove another strong argument in the hands of the press.
- (c) Stated that Sir Noel Charles had considered the proposed scheme inopportune at a time when lend-lease was under consideration. As lend-lease was no longer under consideration the Allied Control Commission's argument on that score had ~~admittedly~~ *been* weakened.
- (d) Pointed out that under the proposed scheme money would have to be advanced to the Italian Treasury by the Allied Control Commission.
- (e) Stated that he had been informed by ALI that outstanding accounts could be settled, and enquired :

(1) Whether the American forces were settling any of

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- (c) Stated that Sir Noel Charles had considered the proposed scheme inopportune at a time when lend-lease was under consideration. As lend-lease was no longer under consideration the Allied Control Commission's argument on that score had a little weakened.
- (d) Pointed out that under the proposed scheme money would have to be advanced to the Italian Treasury by the Allied Control Commission.
- (e) Stated that he had been informed by AAI that outstanding accounts could be settled, and enquired :

(i) Whether the American forces were settling any of their accounts, and

(ii) whether it was proposed that ACC would be obliged to handle Italian objections of a technical military nature arising out of the use of the Lira account. He did not consider that the Allied Control Commission had the technical knowledge required to value procurements for the Allied armed forces.

CAPTAIN ARCHER, replying to Colonel Grafftey Smith's question at (e)(i) above, stated that the American armed forces were leaving all accounts outstanding for the present, in view of the uncertain status of Administrative Memoranda Nos. 95 and 31. In regard to (e)(ii) an agency had acted for the American forces in NORTH AFRICA.

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BRIGADIER BRIGLIAM stated that claims on the British forces of the nature referred to at (e)(ii) above had been dealt with in NORTH AFRICA by the British Pay and Finance Sections and he did not anticipate any difficulty in ITALY.

MR. MACMILLAN said that the technical difficulties of the scheme did not appear to be insurmountable and suggested that the main points at issue, which appeared to be political, might be submitted to the Supreme Allied Commander's Political Committee.

THE CHIEF ADMINISTRATIVE OFFICER :

Directed that G-5, in conjunction with the Allied Control Commission, prepare a paper embodying the points at issue for submission to the Supreme Allied Commander's Political Committee.

W.E. Rose

W.E. ROSE,
MAJOR,
SECRETARY.

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ESC (44) 6th Meeting
24th September 1944

ALLIED FORCE HEADQUARTERS

K 263
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ECONOMIC SUB-COMMITTEE

THE NEXT MEETING OF THE ECONOMIC SUB-COMMITTEE
OF THE POLITICAL COMMITTEE WILL BE HELD IN THE
CHIEF ADMINISTRATIVE OFFICER'S CONFERENCE ROOM
AT 14.30 HOURS ON TUESDAY 26TH SEPTEMBER 1944

A G E N D A

1. MINUTES OF PREVIOUS MEETING

(ESC(44) 5th Meeting - already circulated)

2. PAYMENT FOR GOODS AND SERVICES IN ITALIAN TERRITORY

(Paper No. ESC (44) 15 - already circulated)

3. PROPOSED OPERATION OF ERM CURRENCY AND PRICE FIXING MACHINERY IN GREECE

(Paper No. ESC (44) 16 - already circulated)

NOTES: (a) Deputy Paymaster-in-Chief
Financial Adviser (B)
Fiscal Director U.S.

} are invited to attend or be
represented

(b) Acting Chief Commissioner, Allied Control Commission is
invited to attend or be represented for item 2.

(c) Commander, ML HQ (BALKANS) } are invited to attend or be
Commander, Adv ML HA (GREECE) } represented for item 3.

William J. H. Lascaris
J. J. H. LASCARIS
COLONEL,
SECRETARY.

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Financial Adviser (B) } represented
Fiscal Director U.S. }

(b) Acting Chief Commissioner, Allied Control Commission is invited to attend or be represented for item 2.

(c) Commander, ML HQ (BALKANS) } are invited to attend or be
Commander, Adv ML HA (GREECE) } represented for item 3.

William H. Higgins
A. J. H. LASCEY
COLONEL,
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Assistant Chief of Staff, G-5
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ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

See LHA/CC

MEMORANDUM
TO : All Concerned

HEADQUARTERS
22 SEP 1944
A.C.C.

18 September 1944

HQ ACC, APO 304
328 500 Y 800 AM
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By

1. An informal conference of the Economic Subcommittee of the Supreme Allied Commander's Political Committee, with representatives of ACC, was held at the Allied Control Commission Building in Rome on Thursday, 14 September 1944. As a result of the discussions which took place the following actions were approved:

a. Wages.

It was desirable to raise the wages of Italians working for the Allied Armed Forces within an area to be determined, including the City of Rome. This rise would take care, inter alia, of the fact that Italians working for the Armed Forces were not eligible for family allowance.

Since, however, to raise the wages of this class of worker would have a reaction on the Italian wage proposals, which have not yet been received, these proposals should be awaited and considered in the light of the agreement that a rise for workers for the Armed Forces was necessary.

b. Bread ration for Rome.

- (1) It was undesirable to consider Rome as a 300-gram "island" in a 200-gram "sea." An increased bread ration for Rome should only be considered as part of a general Northward movement of the 300-gram boundary.

The possibility of advancing this line must now be reconsidered by the ACC in the light of probable commitments.

- (2) To prevent the mal-use of available flour the ACC should institute a scheme for the effective supervision of bakeries in the City of Rome.

c. A draft cable concerning the 300-gram ration for the coming year was considered by the meeting and agreed with some amendments. (Note: subsequent cables have necessitated a redraft.)

d. Refugees.

It was undesirable to move refugees from an area such as Rome, where they could be accommodated, to other areas where it might be no less difficult to feed them and it would be certainly harder to accommodate them.

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- (1) AFHQ will take action to provide, as far as possible, the Italian military personnel which the Italian Government requires to control the movement of refugees.
- (2) The ACC will bid through normal channels for the increased railway capacity for movement of personnel which they consider necessary to carry out any agreed movement of refugees.
- (3) AFHQ will take up through the usual channels the provision of expert advice from the Ministry of Works

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and Buildings, who have considerable experience in refugee accommodation problems, now largely increased as a result of flying bomb damage.

c. Black Market.

The ACC undertook to submit to AFHQ a study of the Italian Black Market problem, including recommendations as to how it could be better controlled when hostilities ceased and more resources were available to deal with it.

J. B. Burt

CHARLES M. SPOFFORD
Brigadier General, G. S. C.
Asst. Chief of Staff, G-5

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 Food Subcommittee ACC
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*Je Chouteau with
col. L.H. for*

CHARLES M. SPOFFORD
Brigadier General, G. S. C.
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Q. M. C. Form 523 (Old No. 60)
Revised July 25, 1946

LIST OF PAPERS

File under No. 3245

PATRIOTS.

2-4900

SERIAL NUMBER	FROM--	DATE	TO--	SYNOPSIS
1) 40/G (OPS)	C. OF G. STAFF - AAI	22 JUNE. 44.	G. C. C.	RESPONSIBILITY FOR ORGANIZATION OF ASSISTANCE GROUPS. METHOD OF DEALING WITH MISERABLE PATRIOTS
2) -	CCC. DEPARTMENT	3 JULY. 44.	-	MINUTES OF CONF. HELD IN 1942 TO DISCUSS PROBLEMS OF PATRIOTS IN DEPARTMENT STATE
3) 30/1/PAT.	EXTC. COMMISSIONER	18 JULY. 44.	1ST. GEN.	GEN. INSTRUCTIONS ON ASSISTING OF PATRIOTS IN THE GOVT. TERRITORY.
4) -	D.P.W.O. (KAYNER)	19 JULY. 44.	B.G.S. HQAAL. COM. ACC.	REPORT OF INTERVIEW WITH. PATRIOTS - UNDERSECRETARY FOR WAR. ADVANCEMENT OF RECOGNITION OF PATRIOTS AS PART OF ITAL. ARMED FORCES.
5) 952	ACC MAIN.	25 JULY. 44.	REG. IV. V. VII 98X.	HOW MANY ARE NEARBY. DO YOU BELIEVE.
6) A/c 324-5	CPT. STONE.	27 JULY. 44.	MR. J. RAYNES.	ITAL. GOVT. DID NOT ADOPT REPORT OF PRESENT - BUT RECOGNIZED PATRIOTS AS PART OF ITAL. ARM. EXPERT.
7) 1081	ACC MAIN.	28 JULY. 44.	3RD. GEN.	PLANS FOR ASSISTANCE. AIR FORCE PATRIOTS TO SPARE CIVIL LIFE IN HAND WITH AIR FORCE'S SUB-COM. WITH. AIR. NEW.
8) 1311	ACC MAIN	3 AUG. 44.	AMG'S 34 P. 3 PATRIOTS.	POLICY RE REPAIRING PATRIOTS AUTHORIZED BY COM. AT AAL ADV. HQ. COMMUNICATION TO FOLLOW.
9) 1/158	BONCHI	2 AUG. 44.	CPT. STONE.	ASKE FOR PATRIOTS TO BE RECOGNIZED AS PART OF ARMED FORCES - ITALY. THEREBY SECURING PROTECTION UNDER INTERNATIONAL LAW.
10) 6/19	M. M. H. (BROWNING)	5 AUG. 44	CAPT. STONE.	COMMENTS ON BONCHI'S MEMO. RE # 9.
11) A/c 324-5	CAPT. STONE	5 AUG. 44.	C.M.C. AAI.	RE # 9. FORWARD'S RECOMMENDATION & COMMENTS BY BROWNING TO GEN. AAL.
12) -	AMG. REG. IV.	8 AUG. 44.	CAPT. BROWNING (AS D.)	INSTRUCTIONS RE. PATRIOTS FORWARDED ON AUG 10 1944.
13) 6/19	GEN. BROWNING.	10 AUG. 44.	C. COMMISSIONER.	# 11. PLEASE INFORM C.M.C. OF MY COMMENTS THAT HE MAY KNOW MY ACTUAL VIEWS BEFORE HE GIVES DECISION.
14) A/c 324-5	CPT. STONE	11 AUG. 44.	C.M.C. AAI.	# 11. PLEASE ADVISE "SIMULTANEOUSLY" TO READ "SIMULTANEOUSLY"
15) A/c 324-5	CPT. STONE.	11 AUG. 44.	MR. AAL 342 COMMISSION.	AM REQUESTING C.M.C. AAI THAT "SIMULTANEOUSLY" SHOULD READ "SIMULTANEOUSLY"
16) 4/19.	GEN. BROWNING.	15 AUG. 44.	C.C. ACC.	MY VIEWS WILL NOT REPRESENTED COMPLETELY. NOTE. CPT. STONE INFORMED GEN. BROWNING PERSONALLY.
17) 124-5	CAPT. SLANDER	17 AUG. 44.	GEN. BROWNING	# RE # 16. I AM DIRECTED TO INFORM YOU THAT THIS MATTER WAS TAKEN UP PERSONALLY BY CPT. STONE.

RCH

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

