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Office of the
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ITALIAN REHABILITATION--AND WHAT HOLDS IT UP

QUESTION: Why doesn't Italian production get off the ground?

The short answer is that the civilian needs of Italy are being cold-shouldered by the Americans and British Armed Forces.

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This settled attitude by the Armies is most evident (and most damaging) in two fields:

1. The Use of Local (Italian) Resources and Facilities.

Italy is not a rich country, but it does have plenty of labor, some fuel, and some industrial facilities. But the civilian resources and facilities of Italy are not able to compete on the same ground with military necessity or even military convenience.

- a. The military requisition plants for military use without regard for their civilian usefulness.
- b. If the machinery is to be used, it is scattered all over the country according to whatever military formation puts in a bid for it.
- c. Military not only resist the de-requisitioning of plants by the Allied Commission, but even resist entry by the Italian Government into the unused portions of requisitioned plants.
- d. The military often run a plant at a fraction of its capacity, and resist any suggestion that it should be run at full capacity with the rest of the output turned over to Allied Commission for civilian purposes.

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Where Italian industry can produce for the war, that is one thing. But where vital industrial facilities are used as space rather than productive capacity, the Italian economy is not being put to work for the benefit of the war and in such a way as to decrease the drain which Italy makes on the supplies and resources of the United Nations. A current example is the use of a tannic acid plant as a prisoner-of-war enclosure; and the use of many plants for laundry facilities.

2. The Import of Italy's Minimum Essential Needs.

Italy was hit hard by the Germans in order to make it a drain on the United Nations. Because Italian economy has not been put

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back to work, we are continuing to have to "take care" of Italy, instead of helping her to take care of herself.

The reason:

In spite of bigger needs--and bigger top-side promises to fill them--than any other liberated area, Italy is still in practice and performance the "poor relation" among liberated areas.

This is reflected in the fact that none of the statements on supplies for Italy which have been issued by the U.S. and U.K. Governments have so far in the slightest degree been implemented by the Combined Chiefs of Staff.

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The chief difficulty in this whole picture is not economic, but administrative.

The AC is administratively responsible to Allied Force Headquarters. When vital questions of requisitioned plants, or other local resource problems, are being discussed, they are always dealt with in committees dominated by AFHQ. In these committees the Supreme Allied Commander, Mediterranean, has some three to five votes, depending on how many of his staff sections he sends to the meetings. The AC has one vote, and the Allied Armies in Italy have one vote. Since all of the staff sections of AFHQ (with the occasional exception of G-5) consider military needs as A-1 priority and civilian needs as about 4-F, it is no wonder that the AC's one

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What is true of AFHQ on local resources is doubly true of the Combined Civil Affairs Committee in Washington, on imports. CCAC and its parent CCS have uniformly dealt with AC requisitions in an incredibly dilatory and unsympathetic manner. Moreover, no steps have been taken so far by CCS to implement or even communicate officially to AC the several statements of policy issued by the two Governments, and by the President unilaterally on matters of supply policy affecting Italy.

Top-ranking officials of the AC have gone to Washington on special missions, and have told a uniform story of lack of understanding and a lack of willingness to listen to the AC case, especially in the War Department.

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The reaction in civilian agencies has been sympathetic, but impotent.

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The problem is administrative; so the solution must be in administrative terms. It is recommended that:

- a. Italy, through AC, should receive the effective support and supply assistance of the U.K. and U.S. Governments, to an extent at least equal to the support and supply assistance given to, say, France.
- b. AC not be responsible to AFHQ but report directly to the Combined U.S. and U.K. Governments in Washington.
- c. AC should be taken out from under the Combined Chiefs of Staff, and put under a combined body that reflects its essentially civilian character.

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civilian character.

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