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PRICE OF WHEAT, ITALY
MAY 1944 - APR. 1945

/373

LIST OF PAPERS

4014/CC

Office of the
Chief Commissioner

ALLIED COMMISSION

File under No. 4014 PRICE OF WHEAT, ITALY

Confidential

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
21	Ltr 2620 Bonomi	3 Oct 44	Stone	Request for adjustment in price
22	Ltr ES/41 Stone	16 Oct 44	Bonomi	Consider price should stand
23	4035/1/EC Fiske	5 Apr 45	Econ Sec	Price of grain in North Italy

3468

Confidential

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SECRET

Page 1

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
1	Ltr 13021/F Foley	9 May 44	CC	Wheat telegram approved as atchd
2	Ltr Agr S/C Hartman	9 May 44	CC	APPENDICES: Draft cables
3	LAB 091/46142 Smith	9 May 44	Econ Sec	Amendments to wheat telegram
4	Ltr Combined Supply Gp	10 May 44	MacFarlane	API: Amended draft cable
5	Cbl M 193 MacFarlane	12 May 44	AFHQ	Cable to Algiers approved
6	Cbl M 194 MacFarlane	12 May 44	AFHQ	Comments of Group on price of wheat
7	Cbl M 198 MacFarlane	14 May 44	AFHQ	Proposed price of wheat, in detail
8	Ltr 1469 Badoglio	15 May 44	MacFarlane	APPENDICES: Drafts
9	Cbl M 201 MacFarlane	15 May 44	AFHQ	Price of wheat in relation to food, black market, & inflation problems.
10	Cbl M 202 MacFarlane	15 May 44	AFHQ	Ital Govt has made plea for higher price than that proposed in M 193. Not
11	Cbl ACC 5012 Exec Comm	15 May 44	Regions	Objections to proposed wheat price
12	Cbl AFHQ F 46253 3107	15 May 44	MacFarlane	Ital Govt have agreed to our price
13	Ltr 13021/F Foley	18 May 44	Econ Sec	Price announced today
14	Ltr 1728 Badoglio	3 Jun 44	MacFarlane	Wheat price details for info
15	Ltr ES/41 Adams	6 Jun 44	CC	Basis of your decision considered sound, but will not comment.
16	Ltr 13021/F Grafftey-Smith	27 Jun 44	Econ Sec	Defense of Price of Bread
17	Memo ES/41 Wedleigh	29 April	Col Admas	Suggest premium to correct price
18	Ltr ES/41 Wedleigh	2 Jul 44	Mr Gredy	APP: Anti-Inflation Committee opposed
19	Cbl AFHQ F 71842	13 Jul 44	ACC Adv	Wheat price most wise, let stand
20	Cbl ACC 573	16 Jul 44	AFHQ	Italians in Rome horrified at price of wheat. Urge re-canvassing
				Field trip results on price survey
				Price of wheat in Sicily
				Pls explain northern wheat prices
				Explanation of north price

C SECRET

NET/mrd
5 April 1945

Ref: 4035/1/EO.

Subject: Price of Grain in North Italy

To : Vice President, Economic Section

1. At a recent meeting of the Prime Minister with Regional Commissioners of the Northern Regions, the question was raised as to the action to be taken by the Commission in establishing the price of grain and related wage rates and price of bread.

2. The Prime Minister stated that the Italian Government felt that the existing price of grain should be maintained. In view, however, of the disparity between this price and that in the central and southern part of Italy, it will perhaps not be possible to maintain the existing price indefinitely.

3. I would appreciate the views of the Economic Section on this matter.

NORMAN E. FISKE

NORMAN E. FISKE
Colonel

Acting Executive Commissioner

3168

(23)

5 April

4014/cc

E. J. Miller

ES/41

16 October 1944

21

My dear Mr. Primo Minister,

Reference is made to your letter of 3 October 1944, M-2620, relative to the price of wheat in north Italy.

At a joint conference held 26 September, attended by Allied Control Commission Officials and Representatives from two Italian Government Ministries (Treasury and Agriculture), it was pointed out that certain commitments had been made to the wheat growers in the area north of the Pisa-Rimini line.

These commitments were made through propaganda circulars seen from the air and by broadcasts over the radio, in which the national price of 900 lire for soft wheat and 1,000 lire for hard wheat per quintal was promised to all growers who would withhold their crop from the enemy. It is understood, of course, that this price prevails for only the best grades of wheat. We feel obligated to keep this promise to the northern Italian farmers. Every quintal of wheat that is amassed makes possible a more equitable distribution of this vital food product during the oncoming winter so fraught with dangers of dearth of all food supplies.

We are reliably informed that those Italian farmers who withheld their grain from the enemy, did so generally by keeping it in field shocks. These producers will receive on the average, not more than, 500 to 600 lire per quintal because the unthreshed grain has deteriorated from exposure to the weather.

3. Even though the legal national price is considered too high in some quarters when applied to north Italy, in view of the circumstances, if the price were fixed at any lower levels, we might totally discourage amassing of the supply, and thus, indirectly create a black market which would initiate a price movement inherently more inflationary than the legal national base price for wheat.

24

16 Oct 44

16 Oct 44

- 2 -

It is, therefore, concluded on the one hand, that the policy established will not seriously effect treasury expenditures in comparison with a more normal harvest situation, and on the other hand, the patriotic farmers in the north will be justly rewarded for the risks they have taken in defying the Socialist Italian Republic and the Nazi army.

Sincerely yours,

Ellery W. Stone
Commodore, USNR
Acting Chief Commissioner

M. E. Ivanoe Bonomi
President of the Council of Ministers
Rome, Italy

3164

Prepared by:
Henry H. Bakken
Staff Officer
Economic Section



TRANSLATION

THE PRESIDENT OF THE COUNCIL OF MINISTERS
n. 2620

Roma, 3 October 1944

Dear General,

The Minister of Treasury informs me that in the meeting of September 26th, at the A.C., an opinion contrary to his proposal of fixing the price of wheat in North Italy at 500 lire, or at a maximum price of 600 lire the q.l., has been expressed; a written answer will be given.

I remember that in his letter sent to me on July 7th 1944, about the fixing of the price of wheat, Mr. Henry Grady supposed that the price of wheat in North Italy could be fixed at 500 lire a q.l.

I draw your attention to the fact that if the price of wheat in the North cannot be fixed at a level distinctly inferior to that of Central and South Italy, the loss for the political price of bread to the account of the Italian Treasury will be no less than 25 milliards yearly.

The recent memorandum of the Minister of Treasury shows with blunt distinctness that the budget of the State cannot face such a burden without issuing paper money. The tributary measures which are now being prepared, and even the most drastic measures which can possibly be enforced, will but diminish the difference between the fiscal income and the ordinary expenses and those depending from the war, but it will certainly leave no margin for other enormous expenses such as the political price of bread. On the contrary, I remember that the deficit foreseen by the Minister of Treasury, of more than 100 milliards for 1944-45, includes neither the political price of bread, nor the expenses for reconstruction or for the rise of the salaries and wages of the State employees.

In these conditions, maintaining the political price of bread would not really benefit the mass of the Italian population, which would have to pay for it by a worse inflation, bringing about worse conditions of economical life and of production, as well as of distribution.

I remember too that in the communication made by Mr. Grady, and communicated to the Council of Ministers of July 18th, it was said: 'for the time, we formally oppose any rise over 5 lire a kg.' I believe that two months after this communication, the memorandum of the Minister of Treasury on the financial situation and on the inevitable rise, can justify a re-examination of the political price of bread, which was provisionally fixed last July.

Yours sincerely,
/s/ L. Bonomi

Admiral Stone
Acting Chief Commissioner
of the Allied Commission
R o m e

Trans. E.C.

" " A/c 485
5/10/44
A file

21

3 Oct

22 (22)

8

AFIN

A 1767
10 JUL 1944

ACC

573

26 JUL 1920

SECRET

EXHIBIT

RECORDED SECTION ✓

PRICE OF WHEAT PAID TO AFIN FROM ACC FOR GRAIN STOCKED STOCK PAPER AREA NORTH OF
 FIFTH LINE IS NINE ZERO ZERO LINE SEVEN AND ONE ZERO ZERO ZERO LINE AS IN
 SOUTH TO YOUR FOR SEVEN ONE EIGHT FOUR TWO OF ONE THREE JULY RESERVE

3102

400 copies program

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573

16 Jul 44

file/200

NICHOLAS PICCINO

U.S.A.
A.S.T. A.S.T.

SECRET

840

ACTION: ACC ADV

56-1727

JUL 13 1944

29/14

AFHQ SGO SACRED

F-71842

JUL 131727

SECRET

ROUTINE

CITE FHGG

UNDERSTAND PRICE OF WHEAT HAS BEEN SET FOR AREA NORTH OF WINTER LINE AT APPROXIMATELY THREE FIVE ZERO LIRA.

INTERESTED TO RECEIVE EXPLANATION OF TWO PRICES. ALSO ADVISE ESTIMATE OF HARVEST TO BE COLLECTED NORTHERN AREA UNDER THESE CONDITIONS.

DIST

ACTION	Econ Sect	3
INFO	ACC	✓
	File	2
	Float	

3101

200 (20)

✓ 3

File 145

400 Agric Program

(19)

F 71842
13 Jul 44**SECRET**

JUL 141130B

HJV/sem

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
AFO 394

2 July 44

OSD 1330

5 JUL 1944

ES/41

SUBJECT: Price of Wheat in Sicily

TO : Mr. Grady

1. Conditions of wheat production in Sicily are comparable to those in the Southern part of the Mainland. Both are subject to very wide variations. In the plains back of Catania conditions are comparable to those of the Foggia Plains - both relatively low-cost areas. In the more mountainous parts of the island, conditions approximate those of Calabria, which is probably the highest-cost, area for all of Italy, including the Islands.

2. In setting the prices of 1,000 lire per quintal for hard wheat, and 900 for soft wheat, cost of production was examined from the standpoint of the more primitive methods of production, where human and animal labor, rent, and seed account for practically the entire cost. This was justified on the ground that the price should cover the cost of those farms which are relatively less modernized. The method of calculation and the results are shown in the memorandum attached hereto.

3. With the more primitive methods of production, the cost of production of wheat depends mainly on 3 variables, namely:

- a. number of man-days and animal-days of labor required per hectare;
- b. earnings of labor; and
- c. yields per hectare.

4. As regards the first of these, it is estimated in the attached memorandum that about 30 days of man labor and 10-15 days of animal labor are required. Although these figures were based on investigations on the Mainland, they were shown to Major Hough, who considered them liberal for Sicily.

5. Rates of remuneration for labor were assumed to be 90 lire per day for men. Rates of lire for animal labor (including charge for plow or other implement used with the animal) were assumed to be 90 lire per day also. These figures were "questimates" based on the necessity for using some figure in order to arrive at an estimate of cost, in spite of the enormous variety of rates of earnings according to season, locality and type of labor. It was, of course, recognized that harvesting labor would be paid less than other labor.

100 200
x 40 200

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5. Rates of remuneration for labor were assumed to be 90 lire per day for men. Rates of lire for animal labor (including charge for plow or other implement used with the animal) were assumed to be 90 lire per day also. These figures were "guesstimates" based on the necessity for using some figure in order to arrive at an estimate of cost, in spite of the enormous variety of rates of earnings according to season, locality and type of labor. It was, of course, recognized that harvesting labor would in all probability receive considerably more than 90 lire per day, and that other types of labor applied to this year's wheat crop had earned much less (see attached memorandum).

In connection with wages, it must be borne in mind that wages of farm labor are in practice not controllable. The only way in which we can prevent an inflationary rise in wages is by preventing an inflationary rise in the prices of agricultural products. If wages of farm labor have risen too much, this is a sign that prices have been allowed to rise too much, and is no justification for a further increase in the price of wheat.

6. As regards yields per hectare, present indications are that the yield in Sicily will be higher than in the Southern parts of the Mainland, except Foggia. The most recent estimates are as follows:

	10 quintals per hectare
Sicily	"
Calabria	8.5 "
Region II	9.5 "
Region III	9.5 "
Foggia	12.3 "
Cannobasso	7.5 "

It is understood that these estimates are considered conservative by the Agriculture Sub-Commission

H. J. WADLEIGH, Asst to Vice Pres,
Economic Section

1 Incl: Memorandum

100 Italian Committee
x-40 Agricultural Program

File 1/20
mt-107

17

18

2 July

HEADQUARTERS
ALLIED CONTROL COMMISSION
Economic Section
APO 394

HJW/cs

ES/41

29 April 1944

SUBJECT: Price of Wheat

TO : Col. Adams

FROM : H.J. WADLEIGH

The main results of my field trip with Lieut. Hloks are written down below, together with my recommendations.

The most important item in the cost of production being labor, most attention was given to this item. In order to determine the total amount, an attempt was made to find out, first, the amount of labor required for one hectare of wheat, and second, the prevailing wages for agricultural laborers.

The amount of labor, both of men and animals, required for one hectare of wheat, was ascertained with what seems to be a fair degree of accuracy. Analysis by Agriculture Sub-Commission of the returns from the provinces had led to an estimate of $38\frac{1}{2}$ man days and 10 animal days. The estimate of man - days is in all probability too high, and that for animal days somewhat low; according to Sig. Pastore, head of the agricultural workers' organization at Bari, 25-30 man-days are required. Sig. Pastore said he used these figures as a basis for his work on agricultural wages. He was supported in his estimate by Prof. Pantanelli, of Bari University. The following schedule was worked out with the help of these two gentlemen, and also with that of Sig. Pastore, head of the Ispettorato Agrario for Apulia.

Operation	Man - days	Animal - days
1st plowing	3	3 - 6
2nd plowing	3	3 - 6
Seeding (including plowing before seeding & har- rowing after)	2.5	2.5
Weeding	10 (actually, 16 hours of labor by women and children)	
Reaping (by hand)	6	
Schocking & transportation to threshing floor	3	
Threshing (by hand)	2	
Transportation	0.5	1.5
Totals	30	10 - 16

These figures are based on the most primitive methods of production, which are not widely used. Substitution of reaping by machine would considerably reduce the number of man-days and somewhat increase the number of animal days. It is believed preferable to base our calculations on hand methods because (a) it would be impossible to estimate the cost of machine operation under present conditions, and (b) it is desirable to fix the price on the basis of the less, rather than the more efficient methods of production.

As regards the prevailing wages for agricultural labor, a bewildering variety of conditions and rates of pay was discovered. Agricultural labor in the area covered is of two main types:

- (1) Workers hired by the year, who live on the farm, occasionally visiting their families in town,
- (2) day laborers, who mostly live in town.

The first type is always or nearly always fed by the employer, and receives, in addition, some payment to support his family. According to some of the persons interviewed, the money payment varies according to the size of the family. According to Sig. Pastore, the head of the agricultural workers' organization, rates of pay in money for such laborers average from 600 to 1000 lire per month. According to the head of the Inspectorate for Apulia, the payment runs from 1,500 to 2,000. One such worker interviewed, an able-bodied man with no family, received 20 lire per day. An elderly man received 10 lire per day, in addition to food for himself and his wife, and a share of the crop from a small piece of land which he cultivated himself.

Figures given by persons interviewed on payment for day laborers who receive no food from their employers ranged from 70 to 200. Some persons said it was impossible to get laborers to work for money without food. According to the head of the farm workers' organization, who seemed the most reliable source of information among professional people interviewed, laborers in the wheat area receive 50-60 lire per day plus food. As to the value of the food supplied, if the price of wheat were fixed at 1,000 lire per quintal, the value of food for one day would hardly exceed 15 lire. Without doubt, the present difference between wages with food and wages without food reflects black market prices.

8
An additional element of uncertainty results from the fact that the wages of day laborers usually reach a seasonal peak at harvest time, and it is not yet known how much farmers will have to pay for such labor to help in the harvesting of this year's crop. Predictions regarding such pay ran up to 300 lire per day, a figure which was undoubtedly exaggerated with intent to influence our conclusions. Several persons said that, without food, harvest workers will not be obtainable. This latter statement is probably true to a substantial degree in all areas and entirely true in some.

Hence, the determination of a suitable value for agricultural labor is largely a matter of judgment. In making this determination in this memorandum, it will be assumed that proper arrangements will be made to feed harvest workers. Such arrangements will not only help to keep cost of production at a relatively moderate level, but will also facilitate harvesting, for which labor

shortages are anticipated, at least in some areas. On the other hand, it must be remembered that the money received by farmers for this year's crop will be used to pay labor during the twelve months following harvest.

If food for one man at the farm is valued at 15 lire per day, then we have, on the basis of figures obtained in interviews on the pay of laborers who receive food, a range of amounts from 65 to 115 lire per day. Both Pastore (farm workers organization) and Pantanelli recommended that an average figure of 90 lire per day be used in calculating the cost of labor. According to Pastore, only about 25 percent of the labor used in wheat production is performed by casual day-laborers. Hence the 90 lire per day figure seems generous as an average, and will be used in this memorandum in calculating the cost of wheat. That this is a generous figure is further confirmed by the fact that it was suggested by two men who were arguing for a high price.

As regards the work of animals, some figures were obtained from peasants on the hire of a man with a plow and two animals, working for one day. One peasant informed us that his son had earned 1,500 lire for such work, but there was a wide range of variation. Pastore, the head of the workers' organization, informed us that 250 would be a fair average. Both he and Pantanelli agreed that a day's labor by one animal should be valued, like that of a man, at 90 lire.

In the tabulation shown on an earlier page, the labor requirements are 30 man-days and 10 to 16 animal-days. Taking the higher figure for animal-days, and valuing both units of labor at 90 lire, we obtain a total value for labor of 4,140 lire. It is believed that this is a very high figure, reflecting the more primitive methods of production. The cost must obviously be much lower where machinery is used. It is only on the very small mountain farms, where the ground is hoed, instead of being plowed, that the labor requirements would be higher, and such farms are not expected to contribute anything significant to the amassi. Their owners usually obtain a money income not from their own farms, but by hiring themselves out as laborers at certain seasons.

Moreover, since the figure of 4,140 is based on hand methods of production, it includes practically the entire cost of production except seed and rent. Pastore and Pantanelli, who suggested the figure of 90 lire for animals, agreed that this might be held to include a reasonable allowance for depreciation on the plow or other piece of equipment used with the horse.

In conclusion, it is believed that cost per hectare should not be held to be higher than 4,500 lire, exclusive of rent and seed.

Rent and seed are best calculated as deductions from the yield per hectare, to which the cost of 4,500 lire is to be applied.

In every compartment liberated or partly liberated from the enemy, except Sardinia, average yields in recent years have run above 10 quintals per hectare. Sardinia can be overlooked because it has requested a price as low as 600 lire.

One February estimate of this year's crop gives an average yield, exclusive of Sardinia, of 8 quintals. This estimate is admittedly very conservative, and to date the weather conditions have been very favorable. Such few indications as were obtained on trip pointed to a high yield. However, in view of the lack of fertilizers, an assumed yield of 9 quintals may reasonably be assumed, in spite of the fact that all Italian officials with whom this was discussed were prepared to base calculations on a 10 quintal yield. From the 9 quintal yield, we may deduct 1.5 for seed and 3 for rent, leaving a net yield of 4.5 quintals to which the cost of 4,500 lire may be applied, making a maximum price of 1000 lire.

The above calculations which are extremely rough, produce a result which corresponds to the suggestions as to price received from farmers and peasants interviewed on the trip. Two questions were asked: (1) how much is the Government going to pay you, and (2) what is a reasonable price. The answers were the following:

peasant	1.000 lire	reasonable price
peasant	500 - 600	reasonable price
peasant	640	probable price
farmer	1.000	probable & scarcely adequate
peasant	900	probable and very good

On the basis of the above, it is recommended that the prices fixed be as follows:

hard wheat	1.000
soft wheat	925

(17)

COPYADVANCE HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13021/F

27 June 1944

SUBJECT: The price of grain.

TO : Economic Section.

All thinking Italians in Rome are horrified at the price being paid for wheat in the South of Italy. Presumably it is too late to alter this figure, but I strongly urge that the subject be re-canvassed before fixing the price in the grain producing areas we are now entering, and more important, in the North.

The estimate for financing last year's grain crop has been put at 7 billion lire on current prices; this figure would be increased to about 17 billion lire. Huge sums of money must therefore be provided to the banks for the payment to the farmers, and as the new price is not yet passed on to the consumer, the bulk must be borne by the State, resulting in both a debt and note inflation. On the basis of yields and production costs, I would have thought it feasible to pay, say 700 lire in the North.

(Sgd) A. P. GRAFFTEY-SMITH,
Colonel,
Joint Director,
Finance Sub-Commission.

16
13021/F
27 June

C O P Y

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
AO 394

GMS/sem

ES/41

DSO 1477
2 JUL 1944

6 June 1944

SUBJECT: Wheat Price

TO : Chief Commissioner

1. Ref. Marshal Badoglio's letter, file no. 1728, 3 Jun 44.
2. In my opinion your decision on the price of wheat was most wise and should not be changed. Obviously a premium as suggested would be nothing more or less than an increase in the price you have fixed.
3. For your information advise that a "points" system has been established by which a producer will be credited with "points" for the amount of wheat per hectare he hands over to the People's Granary. Fertilizers will be sold to producers on the basis of the "points" they obtain. We hope to add other items to the supplies to be obtained in this way.

/s/ D. S. Adams

D. S. ADAMS
Colonel, C.E.
Executive Officer
Economic Section

3174

Note by Gen. MacfarlaneNo Action.6
FN---MM
6Note by Captain Stone

Lush.

15

ES/41

6 June

100 944-100
X-4400 copy 100-100
100-100

File 1/100

C O P Y

TRANSLATION

File No. 1728

Salerno, 3 June 1944

THE PRESIDENT OF THE COUNCIL
OF MINISTERSTO: General Noel Mason MacFarlane
Chief of the Allied Control Commission
Naples

My dear General:

I have detailed information on the discontent arising from the wheat price. Certainly you also will have received similar information.

I permit myself to suggest a corrective. A premium might be established for every quintal of wheat delivered to the People's granaries.

In substance, the price would be increased without making a specific declaration.

Very Cordially.

/s/ Badoglio

Notes by Gen. MacFarlane

Urgent

Anti-Inflation Committee
Economic Section

For earliest possible comment please.

5
FN---MM
6

C O P Y

14
1728

3 June

Fl/Lay

C O P Y

Col. Adams
Economic Section

1. Attached is forwarded in accordance with General Mason MacFarlane's instructions.
2. The Anti-Inflation Committee is absolutely opposed to any increase in the wheat price either by specific action or by payment of a premium.

/s/ J. J. Lawler
Lieut Comdr USCGR
Secretary

C O P Y

3.72

14

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCIAL SUB-COMMISSION
APO 394

13021/7

18 May 1944

SUBJECT: The Price of Bread

TO: Executive Officer,
Economic Section.24 MAY 1944
EIB R SO

It is our understanding that agreement has been reached that the price of bread shall not be raised above 5 lire. We concur in this decision and for the record we are putting our reasons upon paper.

I. In making our recommendations on the price of 1944 wheat, we argued that paying a price in the neighborhood of 1,000 lire per quintal would involve either (1) an increase of some 5 billion lire in the already large Italian Government deficit or (2) an increase to nearly 15 lire in the price of bread. Because we believed that either of these alternatives was highly undesirable, and because we believed that a price of 1,000 lire per quintal was unnecessary either to do justice to the farmers or to ensure the smearing of the crop, we recommended that the price be fixed in the neighborhood of 600 to 700 lire per quintal. Inasmuch as it has now been decided to fix the price of wheat at 900 and 1,000 lire per quintal, it is now necessary for us to choose between these undesirable alternatives.

II. We believe that, from the point of view of controlling inflation and of protecting the Allied interests in Italy, it is far more necessary to prevent the price of bread from rising unduly at this time than it is to prevent the Government deficit from increasing.

(a) If the price of bread is increased enough to cover without subsidy a wheat price of 900 and 1,000 lire per quintal, we believe that it will be impossible to prevent substantial wage increases, whether or not the bread ration is increased to 300 grams per day, because:

(1) Regardless of whether the cost of living is in fact higher with a 300 gram ration at 15 lire per kilo than with a

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II. We believe that, from the point of view of controlling inflation and of protecting the Allied interests in Italy, it is far more necessary to prevent the price of bread from rising unduly at this time than it is to prevent the Government deficit from increasing.

(a) If the price of bread is increased enough to cover without subsidy a wheat price of 900 and 1,000 lire per quintal, we believe that it will be impossible to prevent substantial wage increases, whether or not the bread ration is increased to 300 grams per day, because:

(1) Regardless of whether the cost of living is in fact higher with a 300 gram ration at 13 lire per kilo than with a 200 gram ration at 3.60 lire per kilo, every worker and every labour leader will insist that it is. We will find in dealing with workers that none will admit to have purchased bread on the black market, and none will admit, therefore, that the total cost of purchasing 300 grams at 13 lire is properly comparable with the cost of purchasing 200 grams at 3.60 lire and 100 grams at the black market price.

(11) Moreover, it is only in Naples and only at the present time

13

13021/F

18 May

4/10/44

• 2 •

that it is clearly true that the cost of living would be reduced with a 300 gram ration at 13 lire per kilo. Whenever the price of black market bread is less than 32 lire per kilo, people are better off supplementing a 200 gram ration with black market purchases than they are buying 300 grams at 13 lire per kilo. In all of the towns smaller than Naples the price of black market bread is much lower than in Naples, and up to a few months ago it was not as high as 30 lire per kilo in most places. After the current harvest, black market prices can be expected to decline considerably, and at that time many workers will in fact be worse off under the proposed conditions than they would be if the ration and the legal price of bread were unchanged.

(iii) Even if it is true that the cost of living will be no higher, or even considerably lower, under proposed conditions, wage demands that cannot be resisted are certain to arise. The present situation of industrial workers is one that they rightly believe to be intolerable. If that situation is legalized and made permanent through an increase in the legal price of bread, wage demands will follow immediately. At the present time, workers can ask for an increase in wages only on the tenuous moral grounds that they should be given enough money to permit them to buy more bread than that provided on the ration on which everyone else is expected to live. If, however, the cost of buying 300 grams on the ration is less anywhere near that of purchasing 300 grams to-day, the same group of workers could present the same wage demand on the firm moral grounds that they should be paid enough to permit them to buy the ration which everyone is supposed to be able to get.

We believe that it is certain that irresistible wage demands would be the result of this situation, and that such increases will call for increases in industrial prices. The latter, in their turn, will necessitate further increases in wages and in other industrial prices, thereby creating an inflationary spiral.

(b) The second important reason why the price of bread should not be increased is that an increase of almost any amount, and certainly an increase of around 250 per cent, such as has been proposed

(iii) Even if it is true that the cost of living will be no higher, or even considerably lower, under proposed conditions, wage demands that cannot be resisted are certain to arise. The present situation of industrial workers is one that they rightly believe to be intolerable. If that situation is legalized and made permanent through an increase in the legal price of bread, wage demands will follow immediately. At the present time, workers can ask for an increase in wages only on the tenuous moral grounds that they should be given enough money to permit them to buy more bread than that provided on the ration on which everyone else is expected to live. If, however, the cost of buying 500 grams on the ration is made anywhere near that of purchasing 500 grams to-day, the same group of workers could present the same wage demand on the firm moral grounds that they should be paid enough to permit them to buy the ration which everyone is supposed to be able to get.

We believe that it is certain that irresistible wage demands would be the result of this situation, and that such increases will call for increases in industrial prices. The latter, in their turn, will necessitate further increases in wages and in other industrial prices, thereby creating an inflationary spiral.

(b) The second important reason why the price of bread should not be increased is that an increase of almost any amount, and certainly an increase of around 250 per cent such as has been proposed in the price of the principal food of the people will have far-reaching psychological effects. The faith of Italians and others in the probable future value of the lira will be immediately affected; the confidence of South Italians in their Government will be shaken; the respect for the Government of liberated Italy and the Allied Military Government on the part of Italians north of the line will be reduced; the opinions of citizens of occupied countries all over Europe will be seriously affected; and public opinion at home, where it is already belittled in some quarters that Allied policy is ruining Italy, will be alienated. Any such changes

in opinion will increase our difficulties in the liberation of Europe.

(c) We do not mean to imply that the dangers resulting from an increased Government deficit, pointed out in our original memorandum, no longer concern us. On the contrary, we believe that the increase in the Government deficit that will be caused by the price of wheat and the price of bread agreed upon is a very serious problem. Our point is that this problem is less serious than that which would confront us if the price of bread were increased to 15 lire. In short, we are electing the lesser of two evils. In our opinion, the Government deficit problem is less serious for several reasons:

- (i) The increase in the deficit that will result from the action in question will take the form of an increase in the incomes of farmers, who, under present conditions, have much of their incomes. The consequences of this particular increase in deficit may thus be somewhat smaller than the magnitude of the increase would indicate.
- (ii) The deficit problem will be with us for several months whether or not the price of bread is increased, for the wheat crop will be paid for during the summer, if marketing is successful, while the absorption of consumer incomes to meet the deficit will be spread over most of the year.

(iii) More importantly, the problem created by the deficit admits of a partial solution:

through heavy farmer taxes,
through increases in other taxes,
and through a more gradual elimination of the bread subsidy as the food situation improves and as the quantity of foods available at legal prices increases,

which the problem created by increasing the price of bread admits of no solution other than inflation. We do not believe that taxation can absorb a large part of the increase in incomes of farmers that will be created by the wheat price, but we are attempting to obtain legislation that will do as much along this line as is possible.

III. Finally, it should be remembered that we have a specific directive from COS to keep the price of bread down. In its message of 18 April, COS says:

"In order to continue resistance to inflationary trends and to secure the availability of certain basic commodities to consumers, the prices of such commodities should be held at low levels for the time being, subject to

action in question will take the form of an increase in the incomes of farmers, who, under present conditions, save much of their income. The consequences of this particular increase in deficit may then be somewhat smaller than the magnitude of the increase would indicate.

(11) The deficit problem will be with us for several months whether or not the price of bread is increased, for the wheat crop will be paid for during the summer, if marketing is successful, while the absorption of consumer income to meet the deficit will be spread over most of the year.

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and through a more gradual elimination of the bread
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quantity of foods available at legal prices increases,

which the problem created by increasing the price of bread admits of no solution other than inflation. We do not believe that taxation can absorb a large part of the increase in income of farmers that will be created by the wheat price, but we are attempting to obtain legislation that will do as much along this line as is possible.

III. Finally, it should be remembered that we have a specific directive from OCS to keep the price of bread down. In its message of 18 April, OCS says:

"In order to continue resistance to inflationary trends and to secure the availability of certain basic commodities to consumers, the prices of such commodities should be held at low levels for the time being, subsidies being paid to producers, as may be considered necessary to maintain production and delivery to the legal market, such subsidies to be charged to the Italian Government."

Colonel,
Joint Director,
Finance Sub-Commission.

22/1/52

13

SECRET

Capt. Stone

INCOMING

/nd

SECRET

PRIORITY

SIGNED CINC CITE FMGS

AOC MAIN TO MACEDONIANE REPORT HQ MA&F

HQ 400. APO 374

Sec'y Gen.

Rec'd

By

6/16

F 46253

MAY 15 1911

MAY 16 0047

DSH 738
18 MAY 1944

5 Basis of your decision to increase wheat price considered sound (referring your M 193 and 194, 12 May and M 193 of 14 May) but in accordance Price Policy Directive of 12 May (file AG 091-1) this HQ will NOT comment on actual price selected but only on general policy. As to price of bread it is agreed that any material increase can await results of amassing program and success in making good an increased ration. Being considered is question of increasing bread ration.

DISTRIBUTION:

ACTION - Secretary General
INFO - DCC
- Economic Section

12

file / \$00

Confidential

F-46253
15 May 44

SECRET

151415

5012

RE 8-12 SECTION (MILITARY)

SECRET
Confidential
 PRIORITY

DSH 845
 18 MAY 1944

15 May 44

Vapor 5 - Lush

INFO: DISTRO: CAMPOBASSO MILITARY: PARE: CATANZARO: FIVEARMY MAIN:
 FIVEARMY MAIN

FOR YOUR PERSONAL INFORMATION AND NOT FOR PUBLICATION PD PARISH TO 123 FOR
AGE REGION ONE, TO DISTRO FOR AGE REGION TWO, TO CAMPOBASSO MILITARY FOR AGE
REGION FIVE, PARE FOR AGE REGION SIX, CATANZARO FOR AGE REGION SEVEN,
FIVEARMY MAIN FOR AGE, FIVEARMY MAIN FOR AGE FROM AGE MAIN PARE. PD

IT IS REPORTED THAT A SIMULTANEOUS ANNOUNCEMENT WILL BE MADE TODAY BY ITALIAN
 GOVERNMENT AND AMER CHARLES CHARGE TO REPORT THAT PRICE OF WHEAT FOR ONE HIRE
 FOUR FOUR ONE IS ESTABLISHED AT ONE ZERO ZERO ZERO LIRE PER QUINTEL FOR HARD
 WHEAT AND NINE ZERO ZERO LIRE FOR SOFT WHEAT PD IN THE MEANTIME

PRICE OF BREAD WILL NOT BE APPROVED PD FOR BREAD DERIVED FROM ONE NINE
 3100 OUR FOUR WHEAT ONE PRICE WILL CONTINUE TO BE RIGIDLY CONTROLLED

Action copy to:
 Reg. 3 } By
 Reg. 4 } RLB

Info copy to: Econ. Sec.

L. V. MONTANT, JR.,
 1st Ident. AGO,
 ADJUTANT.

SECRET

ACC MAIN 202

SF

Price of Wheat

ACC MAIN (GEN MACFARLANE C COM)

MAY 15, 1944

RESTRICTED

PRIORITY

DSN 237
18 MAG 1944

REBET

AFHQ ✓

ALLIED CONTROL COMMISSION TODAY ANNOUNCED AT ONE FOUR ZERO ZERO
 NINE QUOTE PAREN TO AFHQ FOR GENERAL WILSON AMERICAN POLITICAL
 ADVISOR AND BRITISH RESIDENT M. LISTER FROM ACC MAIN FROM MACFARLANE
 PERSONAL REFERENCE ACC MAIN MIKE TWO ZERO ONE MAY ONE FIVE PAREN
 THE PRICE OF WHEAT FOR THE ONE NINE FOUR FOUR CROP AT THE (9)
 AMBASSY IN TERRITORY UNDER ABL MIKE GEORGE IS HEREBY ESTABLISHED
 AT ONE ZERO ZERO ZERO LIRE PER QUINTAL FOR HARD WHEAT AND NINE
 ZERO ZERO LIRE PER QUINTAL FOR SOFT WHEAT PD PARA IS THE MEAN-
 WHILE THE PRICE OF BREAD WILL NOT BE AFFECTED PD FOR BREAD DE-
 RIVED FROM THE ONE NINE FOUR FOUR WHEAT CROP THE PRICE WILL

310 CONTINUED TO BE RIGIDLY CONTROLLED UNQUOTE PARA THIS WAS FOLLOWED
 BY THE ITALIAN GOVERNMENT STATEMENT AT ONE FOUR THREE ZERO WHICH
 READS QUOTE IN ORDER TO ASSURE UNIFORMITY OF PRICES IN ALL LIB-
 ERATED ITALY GMA THE PRICE OF WHEAT FOR THE ONE NINE FOUR FOUR
 CROP IS HEREBY ESTABLISHED AT ONE ZERO ZERO ZERO LIRE A QUINTAL
 FOR HARD WHEAT NINE ZERO ZERO LIRE A QUINTAL FOR SOFT WHEAT PARA
 IN THE MEAN WHILE THE PRICE OF BREAD WILL NOT BE AFFECTED PD FOR

Confidential

file/200

(10)

M 202
15 MAY 44

091.1

ACC MAIN M 202 continued

BREAD DERIVED FROM THE NEW WHEAT CROP CMA THE PRICE WILL BE ONLY
MODERATELY INCREASED AND WILL CONTINUE TO BE RIGIDLY CONTROLLED
UNQUOTE

Content & Classification authenticated by:

3106

NOEL MASON MACPARKANE
Lieutenant General,
Chief Commissioner

RECEIVED
JAN 10 1966

ACC MAIN M 201

*Price of wheat**5F*

ACC MAIN (GEN. MACFARLANE CHIEF COM)

MAY 15, 1944

CONFIDENTIAL

PRIORITY

REBER

054836

18 MAG 1944

AFHQ

AGREED

ITALIAN GOVERNMENT/THIS MORNING THAT PRICE OF WHEAT COULD BE
 SET AT FIGURE ESTABLISHED SATURDAY AND TO ISSUE ITS ANNOUNCE-
 MENT IMMEDIATELY FOLLOWING ABLE CHARLIE CHARLIE ANNOUNCEMENT
 FIXING PRICES IN ABLE MIKE GEORGE TERRITORY PD PAREN TO AFHQ
FOR GENERAL WILSON AMERICAN POLITICAL ADVISOR AND BRITISH
RESIDENT MINISTER FROM ACC MAIN FROM MACFARLANE PERSONAL PAREN
 BOTH TEXTS ARE CONTAINED IN MY IMMEDIATELY FOLLOWING TELEGRAM

3:65

RECEIVED
 MAY 15 1944
 AFHQ

9

M 201

15 May 44

NOEL MASON MACFARLANE, Lt. General
 Chief Commissioner

*file/for**0511.1*

TRANSLATION

HQ ACC. APO 394

Sec'y Gen.

Rec'd. 16 May PM

By *[Signature]*

Salerno, 15 MAY 1944

THE PRESIDENT OF THE COUNCIL OF MINISTERS

File No. 1469

To: General Sir Noel Mason MacFarlane
Chief of the Allied Control Commission
Naples.

Dear General:

Political Action *Rather a*
Reason: Italy

I take this occasion to refer to the discussion held between members of the Allied Control Commission and the Ministers of the Royal Italian Government with regard to the price of the wheat, in order to clarify with you a situation which does not appear well defined to me and which brings about rather serious inconveniences. ✓

I must immediately affirm that both the Commission and the R. Government are equally interested so that the delivery of the grain to the granaries of the people be completely effected. ✓

The new Ministry established by me put itself to the task immediately with a decisive will and with a solicitude which was not only recognized but publicly praised by the experts of the Allied Commission. ✓

I, too, wanted to personally add my contribution with the message directed to the agriculturalists. ✓

But it is evident that all these measures, although very useful, are merely complementary, because the basis of all is the price of the wheat. ✓

Only a price truly remunerative is that which can give the certainty that all the agriculturalists fulfill their duty. ✓

I believe that also you, dear General, will be of the same opinion, namely, that the price is the basis for the success or failure of the undertaking. ✓

Now the Control Commission has definitely established a determined price, and to the request of the Minister of Finance as to whether this price must be considered obligatory by the Italian Government, has replied, "it is not imposed, we advise it; however, in the Province of Foggia which is subject to the Allied Administration, the price of wheat will be that established by us." ✓

Now it is evident that in view of the fact that the Province of Foggia is one of the greatest producers of wheat, the Royal Government finds itself absolutely compelled to adopt the same price also in the other provinces, to avoid causes for serious discontent and possible disorders. ✓

In conclusion and to be absolutely and dispassionately sincere, it is not the R. Government, but the Allied Control Commission which has assumed the real responsibility to establish the price and, in connection with what I have mentioned above, for the more or less complete success of the delivery of the grain to the people's granaries. ✓

15 May 44

(1469 fr Badoglio, pp 2)

Now it appears to me that if this is the real power of the Allied Control Commission, it would be necessary to state so openly and without finding recourse in procedures which only in appearance, but not in reality, effectively succeed in hiding the real truth in the matter. ✓

In one word, and excuse me for my absolute frankness, it would be necessary that both the Commission and the Government assume openly the responsibilities of their actions. ✓

The common undertaking would be greatly facilitated only by carrying the relationships of the Commission and the Government to a level of absolute truth and loyalty. ✓

This is my specific opinion and that of all the members of the Government over which I have the honor to preside. ✓

Accept my most cordial greetings, dear General. ✓

/s/ BADOGLIO

3463

(8)



IL PRESIDENTE DEL CONSIGLIO
DEI MINISTRI

SALERNO, 15 MAGGIO 1944

HQ ACC, APO 304

Sec'y Gen.

Rec'd 16 May 0910

By [Signature]

n° 1469 di prot.

AL SIG. GENERALE NOEL MASON MACFARLANE
CAPO DELLA COMMISSIONE ALLEATA DI CONTROLLO

N A P O L I

CARO GENERALE,

PRENDO OCCASIONE DELLA DISCUSSIONE AVVENUTA FRA MEMBRI DELLA COMMISSIONE ALLEATA DI CONTROLLO E MINISTRI DEL R. GOVERNO ITALIANO A PROPOSITO DEL PREZZO DEL GRANO, PER CERCARE DI CHIARIRE CON LEI UNA SITUAZIONE CHE A ME SEMBRA NON BEN DEFINITA E CHE PUÒ PRODURRE INCONVENIENTI PIUTTOSTO GRAVI.

MI OCCORRE SUBITO AFFERMARE CHE TANTO LA COMMISSIONE QUANTO IL R. GOVERNO SONO UGUALMENTE INTERESSATI A CHE IL CONFERIMENTO DEL GRANO AI GRANAI DEL POPOLO ABBAIA UN RISULTATO COMPLETO.

IL NUOVO MINISTERO DA ME COSTITUITO SI È SUBITO POSTO ALL'OPERA CON UNA DECISA VOLONTÀ E CON UNA SOLLECITUDINE CHE È STATA NON SOLO RICONOSCIUTA MA ANCHE PUBBLICAMENTE LODATA DAGLI ESPERTI DELLA COMMISSIONE ALLEATA.

3102

ANCH'IO HO VOLUTO PERSONALMENTE PORTARE IL MIO CONTRIBUTO COL MESSAGGIO DIRETTO AGLI AGRICOLTORI.

MA È EVIDENTE CHE TUTTE QUESTE MISURE, BENCHÈ UTILISSIME, NON SONO CHE COMPLEMENTARI, PERCHÉ LA BASE DI TUTTO È IL PREZZO DEL GRANO.

SOLO UN PREZZO SICURAMENTE RIMUNERATIVO È QUELLO CHE PUÒ DARE LA CERTEZZA CHE GLI AGRICOLTORI TUTTI ADEMPLIRANNO IL LORO DOVERE.

RITENGO CHE ANCHE LEI, CARO GENERALE, SARÀ DELLO STESSO MIO AVVISO E CHE GIOÈ IL PREZZO È LA BASE DI RIU-

./.

- 2 -

SCITA, O NON, DELLA OPERAZIONE.

ORA LA COMMISSIONE DI CONTROLLO HA DEFINITIVAMENTE STABILITO UN DETERMINATO PREZZO, ED ALLA DOMANDA DEL MINISTRO DELLE FINANZE SE QUESTO PREZZO DEVE ESSERE RITENUTO DAL GOVERNO ITALIANO COME OBBLIGATORIO, HA RISPOSTO "NON È IMPOSTO, È UN CONSIGLIO CHE NOI DIAMO, PERÒ NELLA PROVINCIA DI FOGGIA CHE È SOGGETTA ALLA AMMINISTRAZIONE ALLEATA, IL PREZZO DEL GRANO SARÀ QUELLO DA NOI STABILITO".

ORA È EVIDENTE CHE ESSENDO LA PROVINCIA DI FOGGIA UNA DELLE MAGGIORI PRODUTTRICI DI GRANO, IL R. GOVERNO SI TROVA ASSOLUTAMENTE OBBLIGATO AD ADOTTARE LO STESSO PREZZO ANCHE NELLE ALTRE PROVINCE, E CIÒ PER EVITARE CAUSE DI MALUMORI GRAVI E DI POSSIBILI DISORDINI.

IN CONCLUSIONE, E PER ESSERE ASSOLUTAMENTE E SPASSIONATAMENTE SINCERI, CHI SI È ASSUNTO LA VERA RESPONSABILITÀ DI STABILIRE IL PREZZO, E, PER QUANTO SOPRA HO DETTO, DELLA PIÙ O MENO COMPLETA RIUSCITA DEL CONFERIMENTO DEL GRANO AI GRANAI DEL POPOLO, È LA COMMISSIONE ALLEATA DI CONTROLLO E NON IL R. GOVERNO.

ORA A ME SEMBRA CHE SE QUESTA È LA VERA POTESTÀ DELLA COMMISSIONE ALLEATA DI CONTROLLO, SAREBBE OPPORTUNO DICHIARARLO APERTAMENTE E SENZA RICORRERE A PROCEDIMENTI CHE EFFETTIVAMENTE SOLO IN APPARENZA, MA NON IN REALTÀ, RIESCONO A NASCONDERE LA REALE VERITÀ DELLA COSA.

IN UNA PAROLA, E PERDONATEMI LA MIA ASSOLUTA FRANCHEZZA, BISOGNEREBBE CHE SIA COMMISSIONE, SIA GOVERNO ASSUMESSERO APERTAMENTE LE RESPONSABILITÀ DEI LORO ATTI.

SOLTANTO RIPORTANDO LE RELAZIONI DELLA COMMISSIONE E DEL GOVERNO SU DI UN PIANO DI ASSOLUTA VERITÀ E LEALTÀ VERREBBE GRANDEMENTE FACILITATA L'OPERA COMUNE.

QUESTO È IL PRECISO PENSIERO MIO E DI TUTTI I MEMBRI DEL GOVERNO CHE HO L'ONORE DI PRESIEDERE.

GRADITE, CARO GENERALE, I MIEI PIÙ CORDIALI SALUTI

Badoglio

3101

(8)

COPY

SECRET

M198

ACC MAIN (GEN MACFARLANE C COM)

14th. May. 1944.

SECRET

v16

PRIORITY

GEN MACFARLANE

A.F.H.Q.

AFTER YESTERDAY'S CABINET MEETING A DEPUTATION CONSISTING OF THE MINISTERS
 QUINTIERI CMA GULLO AND ALDISIO WITH UNDERSECRETARY BERGAMO CAME TO SEE ME IN
 NAPLES PD PAREN TO APM FOR MGS CMA BRITISH RESIDENT MINISTER AND AMERICAN
 POLITICAL ADVISER FROM ACC MAIN FROM MACFARLANE PERSONAL PAPER THEY CAME TO
 URGE ME TO AGREE TO A HIGHER PRICE FOR AMMASSI WHEAT THAN I HAD GIVEN THEM
 ON WEDNESDAY PD THEY WERE PARTICULARLY ANXIOUS TO FIX A HIGHER PRICE FOR
 SICILY PD AFTER MORE THAN TWO HOURS OF DISCUSSION DURING WHICH THE ITALIANS
 FAILED TO PRODUCE ANY FRESH FACTS OR ARGUMENTS I TOLD THEM THAT I WAS NOT
 PREPARED TO MAKE ANY ALTERATION IN THE PRICE WHICH I HAD COMMUNICATED TO
 QUINTIERI AND BERGAMO VIDE MY TELEGRAM NUMBER MIKE ONE NINE THREE PD I TOLD
 THEM AGAIN THAT I EXPECTED THE ITALIAN GOVERNMENT TO ISSUE THESE PRICES IN A
 DECREE AT THE EARLIEST POSSIBLE MOMENT PD I ADDED THAT I WAS NOT PREPARED TO
 LET THIS PEND THEIR WEEKLY CABINET MEETING NEXT THURSDAY AND THAT THEY MUST IF
 NEED BE HOLD A SPECIAL MEETING FOR THE PURPOSE SOONEST POSSIBLE

3100

200

(12)

NOEL MASON MACFARLANE
 Lieutenant-General
 Chief Commissioner

SECRET

(7)

14 May

SECRET

No. M194, cont'd

BE REQUIRED WITH A TWOHUNDRED GRAMME RATION CMA A FLOURISHING BLACK MARKET AND THE IMMEDIATE THREAT OF INFLATION PD PARA SIX PD I WOULD POINT OUT THAT WITH A THREE HUNDRED GRAMME RATION IT WOULD BECOME POSSIBLE SERIOUSLY TO CONSIDER INCREASING THE PRICE OF BREAD AS THE NECESSITY FOR SUBSTANTIAL PURCHASES IN THE BLACK MARKET WOULD BE VERY GREATLY REDUCED CMA AND WITH EVEN A CONSIDERABLE RISE IN THE PRICE OF BREAD A RATION CARD HOLDER WOULD BE ABLE TO PURCHASE HIS REQUIREMENTS AT MUCH LESS OUTLAY THAN HE HAS TO MAKE AT PRESENT PD THIS WOULD NATURALLY HAVE THE EFFECT OF SUBSTANTIALLY REDUCING THE BREAD SUBSIDY PD PARA SEVEN PD I AND MY ADVISERS ARE CONVINCED THAT THE PROPOSED RAISING OF THE BREAD RATION WILL CONTRIBUTE MATERIALLY TO THE SUCCESSFUL AMASSING OF WHEAT PD PARA EIGHT PD WE ENVISAGE AMASSING BARLEY CMA OLIVE OIL AND OTHER CROPS IN DUE COURSE PD THE PRICE OF THESE WILL BE FIXED IN RELATION TO THE PRICE FIXED FOR WHEAT PD THE EXTENT TO WHICH IT WILL BE POSSIBLE TO DILUTE WHEAT FLOUR WITH BARLEY AND OTHER FLOUR IS NOW BEING INVESTIGATED PD PARA NINE PD I WOULD BE GRATEFUL FOR EARLIEST POSSIBLE SANCTION TO THIS PROPOSAL TO INCREASE THE BREAD RATION WHICH I DESIRE TO BRING INTO EFFECT ON JULY FIRST AND WHICH I WOULD LIKE TO ANNOUNCE SOONEST POSSIBLE

3158

NOEL MASON MACFARLANE
Lieutenant-General,
Chief Commissioner.

(6)
Confidential

S E C R E T

Cable No. M93

ACC MAIN (GEN MACFARLANE C COMB)

12th. May, 1944.

SECRET

Y16

PRIORITY

GEN MACFARLANE

TO: A.F.H.Q.

SUBJECT PRICE OF WHEAT PD PARA TWO FOR AGS FROM ACC MAIN FROM MACFARLANE
PERSONAL PAREN PRICE TO BE PAID FOR WHEAT FOR THE COMING HARVEST DELIVERED AT
 AMBASSI HAS BEEN SUBJECT OF MOST SERIOUS CONSIDERATION BY MY ECONOMIC SECTION
 IN COLLABORATION WITH ITALIAN GOVERNMENT PD THE ITALIAN GOVERNMENT PROPOSED
 TWELVEHUNDRED LIRE PER QUINTAL PD MY AGRICULTURAL SUBCOMMISSION AND MOST OF
 MY REGIONAL OFFICERS CONSIDERED THAT A PRICE OF LESS THAN ABOUT ONE THOUSAND
 LIRE WOULD FAIL TO PRODUCE THE GRAIN AT THE AMBASSI PD MY FINANCE CMA LABOUR
 AND FOOD SUBCOMMISSIONS WERE IN FAVOR OF A CONSIDERABLY LOWER FIGURE ALTHOUGH
 LABOUR AND FOOD WERE LARGELY INFLUENCED BY THE PROSPECT OF A SUBSTANTIAL RISE
 IN THE PRICE OF BREAD PD PARA TWO PD AFTER MUCH DELIBERATION I DECIDED THAT
 THE PRICE WHICH WE SHOULD RECOMMEND TO THE ITALIAN GOVERNMENT SHOULD BE NINE
 HUNDRED LIRE FOR SOFT WHEAT AND ONE THOUSAND FOR HARD WHEAT PD AFTER REACHING
 THIS DECISION I CONSULTED THE MEMBERS OF THE SUPPLY MISSION WHO ARE STILL HERE
 AND THEY GAVE MY DECISION THEIR APPROVAL PD PARA THREE PD I DISCUSSED THE
 QUESTION ON TENTH INST WITH BADOGLIO CMA QUINTIERI CMA BERGAMO AND COLONEL
 ADAMI PD THE ITALIAN REPRESENTATIVES AGREED TO ACCEPT OUR FIGURE AS A UNIVERSAL
 RATE TO BE APPLIED THROUGHOUT ALLIED OCCUPIED ITALY AND THE ISLANDS PD PARA
FOUR ALL CONCERNED ARE AGREED THAT THERE CAN BE NO QUESTION OF RAISING THE
 PRICE OF BREAD IN THE MEANTIME BY MORE THAN A VERY SMALL AMOUNT. PD PRESENT
 PRICE IS THREE POINT SIX LIRE PER KILO AND I DO NOT PROPOSE TO RAISE THIS TO
 MORE THAN FOUR POINT FIVE LIRE PER KILO PD THIS CAN ONLY BE ACHIEVED BY

5

12 May

Confidential

S E C R E T

CABLE FROM ACC MAIN (GEN MACFARLANE) TO AFHQ (continued):

INCREASING THE BREAD SUBSIDY SUBSTANTIALLY BUT I REGARD THIS AS ESSENTIAL
PD PARA FIVE PD THE ITALIAN CABINET MET YESTERDAY BUT ADJOURNED TILL TOMORROW
WITHOUT DEALING WITH THE WHEAT PRICE QUESTION PD WE MAY ANTICIPATE THAT THEIR
OFFICIAL ANNOUNCEMENT WILL BE ISSUED TOMORROW PD PARA SIX PD SEE MY IMMEDIATELY
FOLLOWING TELEGRAM

NOEL MASON MACFARLANE
Lieutenant General
Chief Commissioner

3/54
3155

(5)

- 2 -

S E C R E T

Capt. Heide Smith, Personnel
Section, says that as far as
he can gather from his
files, this did not go out
as a memo, but that cable
1-1. 193 was sent instead.

at Whinn

2 July 44

315;

(5)

MEMORANDUM:

TO: Allied Force Headquarters
(Attention: M.G.S.)

SUBJECT: Price of Wheat.

1. Price to be paid for wheat for the coming harvest delivered at Ammassi has been subject of most serious consideration by my Economic Section in collaboration with Italian Government. The Italian Government has proposed 1200 Lire. The Agriculture Sub-Commission and most of the Regional officers, are convinced that amassing will be a failure unless the price is fixed around 1000 Lire per quintal or above.
2. On the other hand, Finance, Labor and Food Sub-Commissions have pointed out that such an increase in price under present conditions would undermine the entire structure of prices and wages. The higher price of wheat would either add to the Government's budget deficit, or would necessitate an increase in the price of bread, raising the cost of living and making necessary both an increase in wages and government expenditures.

3. In an increase of the

Section in collaboration with Italian Government. The Italian Government has proposed 1200 Liro. The Agriculture Sub-Commission and most of the Regional officers, are convinced that amassing will be a failure unless the price is fixed around 1000 Lire per quintal or above.

2. On the other hand, Finance, Labor and Food Sub-Commissions have pointed out that such an increase in price under present conditions would undermine the entire structure of prices and wages. The higher price of wheat would either add to the Government's budget deficit, or would necessitate an increase in the price of bread, raising the cost of living and making necessary both an increase in wages and government expenditures.

3. The solution to this problem is to be found in an increase of the bread ration from 200 to 300 grammes. This would represent an increase of only 40 grammes of flour over and above the ration scale approved by AFHQ. Such an increase would make it possible to raise the price of bread enough to cover the entire cost of wheat at 1000 Lire per quintal, without adding to the cost of living. The increased cost of officially distributed bread would be more than offset by the saving to consumers who would no longer be compelled to buy bread in the black market. For the present, however, I do not propose to raise the price of bread above 5 Lire per kilo, because of possible adverse effect of a greater increase on public opinion both in liberated Italy and elsewhere, and because it might be used as an excuse (even though unjustified) for demanding higher wages.

In this connection it must be emphasised that the present consumption of bread is not limited to 200 grammes in fact and there is no possibility that it will be so limited. With a 1,000 Lira price of wheat and a 500 gram ration we would at last have reason to hope that we can solve the black market problem. With a 300 gram ration and the black market on wheat

- 2 -

and bread largely eliminated, necessary shipments of wheat and flour should not exceed the amounts that would be required with a 200 gram ration, a flourishing black market, and an uncontrollable inflation.

4. Plans are now being implemented to reduce the number of ration-card holders to 65% of the population. If this is successful, flour requirements on the proposed ration scale would exceed present issues by only ~~35~~ 29%.

5. At the present moment the population of cobelligerent Italy is on a ration which is below subsistence and requires augmentation from uncontrolled sources, with a wages ceiling which can well be described as a bare subsistence wage. Unless we increase the food ration we are bound to be faced with labor troubles resulting in inevitable wage raising and inflationary difficulty. To keep the country contented and to ensure a more effective cooperation in the war effort it is becoming daily more obvious that we must increase our basic ration as suggested, and it is certain that this will enable us to keep the price of wheat at a reasonably correct economic level while at the same time facilitating the amelioration of the quantities we ought to get.

6. I propose therefore, to inform the Italian Government that I am fixing the price of Anasdi wheat at 900 and 1000 Lire for Soft and Hard wheat respectively, and that I propose to increase the basic ration from 200 grammes per day to 300 grammes per day in bread, or equivalent, as from July 1st.

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6. I propose therefore, to inform the Italian Government that I am fixing the price of Anasui wheat at 900 and 1000 Lire for Soft and Hard wheat respectively, and that I propose to increase the basic ration from 200 grammes per day to 500 grammes per day in bread, or equivalent, as from July 1st.

NOML MASON MACFARLANE,
Lieutenant-General,
Chief Commissioner.

3452

To: Lieutenant-General Sir Noel Mason Macfarlane.

From: The Combined Supply Group.

Subject: Wheat Price and Increase in Ration.

Date: 10 May 1944.

In response to your request the Group has the following comments to make on the above subject:

Priodes

1. The Supply Group advocates a price of 900 to 1000 lira per quintal of wheat from the 1944 harvest for the following reasons:
- a. Prices of many cost items used in production have increased by 300 percent or more since the price of 320 lira for wheat was fixed by the Fascist Government for the 1945 harvest.
- b. The suggested advance in price would be realistic and would deprive the farming community of any justifiable complaints of unfair treatment.
2. At the same time the Supply Group is convinced that emasculation measures even with the price suggested are likely to meet with success and a minimum of friction only if prices are also fixed and controlled for all major essential cost items used in production and in living. It would ^{be} futile to expect a successful collection program at rigidly fixed prices for massed products while farm wages and prices of essential items that farmers buy are permitted to rise without restraint. The existence of such a situation this season largely explains the failure of the

wheat from the 1944 harvest for the following reasons:

- a. Prices of many cost items used in production have increased by 300 percent or more since the price of 320 lira for wheat was fixed by the Fascist Government for the 1945 harvest.
- b. The suggested advance in price would be realistic and would deprive the farming community of any justifiable complaints of unfair treatment.
2. At the same time the Supply Group is convinced that amassment measures even with the price suggested are likely to meet with success and a minimum of fixation only if prices are also fixed and controlled for all major essential cost items used in production and in living. It would ^{be} futile to expect a successful collection program at rigidly fixed prices for amassed products while farm wages and prices of essential items that farmers buy are permitted to rise without restraint. The existence of such a situation this season largely explains the failure of the collection programs that have been attempted.
3. The price established for wheat could be used as a basis for fixing prices of other products subject to amassment and of essential items used in living and production, using as a criterion the price relationships that existed under more normal conditions.
4. For every 70,000 quintals of wheat which fails to be amassed a full steamer cargo must be imported by the Allies. In view of the present and impending strain on world supplies and available shipping, the risk of failure to amass through fixing the price of wheat too low is in the opinion of the Group too heavy a responsibility for the Allies to assume.

Increase in Rations

The Group recommends that the present Bread/Flour/Pasta ration of 200

④

16 May

- 2 -

Cont'd for pg 1 Subject: Wheat Price and Increase in Ration, 13d 10 May 1944.
in bread equivalent
 grams per head per day be maintained at its present level. This recommendation is based on the following considerations:

1. There is no evidence of malnutrition or deficiency diseases existing to any greater degree than is normal for this area. This statement is based not only on observations of the Group but also on information obtained from A.C.G. Public Health Sub-Commission.

2. There are at present ample supplies of locally produced ^dfoodstuffs which added to the bread ration are sufficient to meet the needs of the population.

3. If the ration were increased to a wheat equivalent of 300 grams of bread per head per day as from 1 June 1944 it would be necessary to release for consumption an additional 55,000 tons per month from controlled stocks. This represents an additional annual liability of 420,000 tons of wheat. If this additional quantity is not made available from locally amassed supplies it will have to be imported from U.K. or U.S.

4. In view of potential demands arising from the liberation of Rome it seems highly inadvisable to assume the risk of such a heavy additional commitment at this time.

5. Any step which could be considered a commitment by the allies to increase the standard of living may tend to decrease the pressure on the Italian government to control their own supplies.

6. As from March 1942 the bread ration for normal consumers was reduced to 150 grams. The only differences between the rations of flour today and those previously in force are (a) in the heavy worker rations which affect only a section of the population and (b) in the monthly Pasta ration.

215

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(4)

HEADQUARTERS
ALLIED CONTROL COMMISSION
LABOR SUB-COMMISSION
AFO 394

JRS/mv

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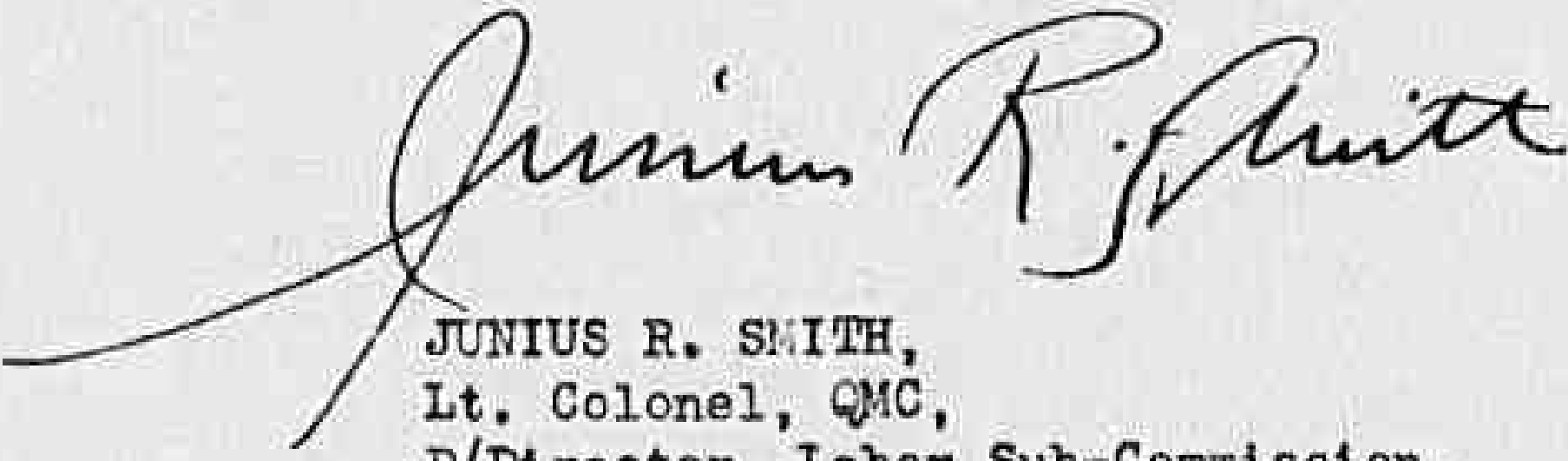
9 May 1944

SUBJECT: Cable to Algiers on Price of Wheat

TO: Economic Section, A.C.C.

This Sub-Commission is in complete accord with the cable as dictated by General MACFARLANE, and submit the following corrections only in the interests of clarity:

- (a) In paragraph 2, first line, change the expression "any increase in the price" to "any increase over the price". ✓
- (b) In paragraph 3, third line, change the expression "in these prices" to "in the prices we propose". ✓
- (c) In paragraph 4, add the following sentence:
"Obviously, more bread at legal prices means lessened demand for the black market product, thus forcing farmers to utilize amassing outlets more freely."
- (d) In paragraph 7, lines 6 and 7, change the phrase "no rise in price of bread can be permitted" to read "the price of bread cannot be".


JUNIOUS R. SMITH,
Lt. Colonel, QMC,
D/Director, Labor Sub-Commission.

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(3)

9 May
83

9 May 1944

Suggested Amendments to Memo, Subject; "Price of Wheat."

1. Agriculture accepts majority opinion and will continue to do everything possible to maximize the amassing of wheat but since it is incorrect to state that Agriculture advocates 700 to 750 lire per qtl., it is suggested that the 3rd sentence para. 1. be amended to read as follows:

"Price advocated by Economic Section is 700 soft wheat, 750 hard wheat."

Agriculture would be very happy to go with the group on an unanimous vote basis if the minimum price was set around 900.

2. Suggest deleting para. 3. entirely. Although we have costs of production records from Italian Agricultural officials from all but three Provinces in occupied Italy plus results of personal investigations made by Agricultural Officers regarding costs of production, this Agriculture Sub-Commission does not believe it has adequate substantial information to support the first sentence of para. 3.

3. It is suggested that the 2nd sentence in para. 3. adds little and may detract from recommendation even at 700 to 750 lire per qtl.



W. A. HARTMAN
Major
Director

9 May

DRAFT

SECRET

Agnes [unclear]
not

MEMORANDUM,

TO: Allied Force Headquarters.
 (ATTENTION: M.G.S.)

SUBJECT: Price of wheat.

1. Price to be paid for wheat from coming harvest delivered at Anagni has been subject of most serious consideration by my Economic Section in collaboration with Italian Government. Price per quintal advocated by Italian Government is in neighbourhood of 1200 Lire. Price advocated by my economic advisers, including Food, Agriculture, Fisheries and Forestry ^{Section}, is 700 Soft wheat, 750 Hard wheat. All concerned are agreed that there must be one common price for the mainland and the Islands.

3127 Any increase in the price we recommend will not only increase cost of bread unduly but will have inevitable adverse effect on economy generally and the

1. Price to be paid for wheat from ensuing harvest delivered at Anagni has been subject of most serious consideration by my Economic Section in collaboration with Italian Government. Price per quintal advocated by Italian Government is in neighbourhood of 1200 lire. Price advocated by my economic ^{section} advisers, including Proc. Agriculture, Interior and Finance, is 700 soft wheat, 750 Hard wheat. All concerned are agreed that there must be one common price for the mainland and the Islands.

2. Any increase in the price we recommend will not only increase cost of bread unduly but will have inevitable adverse effect on economy generally and increase tendency to inflation. We are all decided that we cannot permit more than very small rise in price of bread and increase in price of wheat will only mean increased bread subsidy.

3. The prices we recommend allow for permissible margin of profit over costs of production. Black Market prices are already so high that any feasible increase in these prices is unlikely to act as a practical inducement to farmers to increase.

4. The solution to the existing food problem, which will not only act effectively against the Black Market but will equally act as a strong inducement to increase will be an increase in the bread, or equivalent pasta ration, of 100 grams. That is to say, in terms of bread only, raising the present ration from 200

00200

grammes to 300 grammes.

5. At the present moment the population of cobelligerent Italy is on a bare subsistence ration with a wages ceiling which can equally well be described as a bare subsistence wage. Unless we increase the food ration we are bound to be faced with labour troubles resulting in inevitable wage raising and inflationary difficulty. To keep the country contented and to ensure a more effective cooperation in the war effort it is becoming daily more obvious that we must increase our basic ration as suggested, and it is certain that this will enable us to keep the price of wheat at a reasonably correct economic level while at the same time ensuring the measurement of the quantities we ought to get.

6. I would stress the fact that stock piling for Balkan countries, which are unlikely to require feeding until after they have been evacuated by the enemy, is being done at the rate of 400 grammes whereas in cobelligerent Italy we are giving only 200.

7. I propose, therefore, to inform the Italian Government that I am fixing the price of Anzani wheat at 700 and 750 Lire for soft and hard wheat respectively, and that I propose to increase the basic ration from 200 grammes per day to 300 grammes

effort it is becoming daily more obvious that we must increase our basic ration as suggested, and it is certain that this will enable us to keep the price of wheat at a reasonably correct economic level while at the same time ensuring the amendment of the quantities we ought to get.

6. I would stress the fact that stock piling for Balkan countries, which are unlikely to require feeding until after they have been evacuated by the enemy, is being done at the rate of 400 grammes whereas in cobelligerent Italy we are giving only 200.

7. I propose, therefore, to inform the Italian Government that I am fixing the price of Mezzal wheat at 700 and 750 Lire for soft and hard wheat respectively, and that I propose to increase the basic ration from 200 grammes per day to 300 grammes per day in bread, or equivalent, as from June 1st.. I am also informing them that as a result of the price paid for wheat at the Mezzal no rise in price of bread can be permitted above 5 Lire per Kilo and that if, and where, necessary the bread subsidy will have to be increased.

NOEL MASON MACFARLANE,
Lieutenant-General,
Chief Commissioner.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13021/F

9 May 1944

SUBJECT: Wheat telegram

TO: Chief Commissioner.

1. I consider the telegram on the 1944 wheat prices as drafted to state the case admirably.
2. The attached redraft makes word changes only with slight variations in context.
3. The deleted material is bracketed and the new material is underlined.

E. H. Foley
Colonel,
Joint Director,
Finance Sub-Commission.

3:55
①

9 May
EHT/PTT

DRAFT

SECRET

MEMORANDUM:

TO: Allied Force Headquarters.
(ATTENTION: M.A.S.)

SUBJECT: Price of wheat.

1. Price to be paid for wheat from coming harvest delivered at Anagni has been subject of most serious consideration by my Economic Section in collaboration with Italian Government. Price per quintal advocated by Italian Government is in neighbourhood of 1200 lire. Price advocated by my economic advisers, including Pool, Agriculture, Labour and Finance, is 700 Soft wheat, 750 Hard wheat. All concerned are agreed that there must be one common price for the mainland and the Islands. Pre-occupation price for last year's crop was 500 lire with minor regional variations.

31'14 2. Any increase in the price we recommend will not only increase cost of bread badly but will have inevitable adverse effect on economy generally and

1. Price to be paid for wheat from coming harvest delivered at Annesi has been subject of most serious consideration by Mr. Bonanno in collaboration with Italian Government. Price per unit advocated by Italian Government is in neighborhood of 1200 lire. Price advocated by my economic advisers, including Food, Agriculture, Labor, and Finance, is 700 cost wheat, 750 hard wheat. All concerned are agreed that there must be one common price for the mainland and the Islands. Pre-occupation prices for last year's crop was 300 lire with minor regional variations.

2. 4% increase in the price we recommend will not only increase cost of bread unit but will have inevitable adverse effect on economy generally and increase tendency to inflation. We are all decided that we cannot permit more than very small rise in price of bread and increase in price of wheat will only mean increased bread subsidy.

3. The prices we recommend allow for permissible margin of profit over costs of production. Black Market prices are already so high that any feasible increase in (these) official prices is unlikely to act as a competitive (inflation) inducement to farmers to mass.

4. The solution to the existing food problem, which will not only act effectively against the Black Market but will equally act as a strong inducement to mass, will be an increase in the bread, or equivalent mass

(1)

ration, of 100 grammes. That is to say, in terms of bread only, raising the present ration from 200 grammes to 300 grammes.

5. At the present moment the population of cobelligerent Italy is on a ration which is below (bare) subsistence and requires augmentation from uncontrolled sources (ration) with a wages ceiling which can equally well be described as a bare subsistence wage. Unless we increase the food ration we are bound to be faced with labour troubles resulting in inevitable wage raising and inflationary difficulty. To keep the country contented and to ensure a more effective cooperation in the war effort it is becoming daily more obvious that we must increase our basic ration as suggested, and it is certain that this will enable us to keep the price of wheat at a reasonably correct economic level while at the same time encouraging (ensuring) the assessment of the quantities we ought to get.

6. I would stress the fact that stock piling for Balkan countries, which are unlikely to require feeding until after they have been evacuated by the enemy, is being done at the rate of 100 grammes and that the ration in North Africa is 350 grammes whereas in cobelligerent Italy we are giving only 200.

7. I propose, therefore, to inform the Italian Government that I am fixing the price of Annessi wheat at 700 and 750 Lire for soft and Hard wheat respectively, and that I propose to increase the basic ration from 200 grammes

correct economic level while at the same time to get.

6. I would stress the fact that stock piling for Balkan countries, which are unlikely to require feeding until after they have been evacuated by the enemy, is being done at the rate of 400 grammes and that the ration in North Africa is 350 grammes whereas in cobelligerent Italy we are giving only 200.

7. I propose, therefore, to inform the Italian Government that I am fixing the price of Amassi wheat at 700 and 750 Lire for soft and hard wheat respectively, and that I propose to increase the basic ration from 200 grammes per day to 300 grammes per day in bread, or equivalent, as from June 1st. I am also informing them that as a result of the price paid for wheat at the Amassi no rise in price of bread can be permitted above 5 lire per kilo and that if, and where, necessary the bread subsidy will have to be increased.

MONTE MARCHI-MARCHIARE,
Lieutenant-General,
Chief Commissioner.

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(1)

3.13

DRAFT
-----SECRET

MEMORANDUM:

TO: Allied Force Headquarters.
(ATTENTION: M.G.S.)

SUBJECT: Price of Wheat.

1. Price to be paid for wheat from coming harvest delivered at Amassi has been subject of most serious consideration by my Economic Section in collaboration with Italian Government. Price per quintal advocated by Italian Government is in neighbourhood of 1200 Lire. Price advocated by my economic advisers, including Food, Agriculture, Labour and Finance, is 700 Soft wheat, 750 Hard wheat. All concerned are agreed that there must be one common price for the mainland and the Islands.

2. Any increase in the price we recommend will not only increase cost of bread unduly but will have inevitable adverse affect on economy generally and increase tendency to inflation. We are all decided that we cannot permit more than very small rise in price of bread and increase in price of wheat will only mean

James H. D. [unclear]
Robert [unclear]
Provisional [unclear]

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2. Any increase in the price we recommend will not only increase cost of bread unduly but will have inevitable adverse affect on economy generally and increase tendency to inflation. We are all decided that we cannot permit more than very small rise in price of bread and increase in price of wheat will only mean increased bread subsidy.

3. The ~~prices~~ we recommend allow for permissible margin of profit over costs of production. Black Market prices are already so high that any feasible increase in these prices is unlikely to act as a practical inducement to farmers to amass.

4. The solution to the existing food problem, which will not only act effectively against the Black Market but will equally act as a strong inducement to amass, will be an increase in the bread, or equivalent pasta ration, of 100 grammes. That is to say, in terms of bread only, raising the present ration from 200

(1)

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grammes to 300 grammes.

5. At the present moment the population of cobelligerent Italy is on a bare subsistence ration with a wages ceiling which can equally well be described as a bare subsistence wage. Unless we increase the food ration we are bound to be faced with labour troubles resulting in inevitable wage raising and inflationary difficulty. To keep the country contented and to ensure a more effective cooperation in the war effort it is becoming daily more obvious that we must increase our basic ration as suggested, and it is certain that this will enable us to keep the price of wheat at a reasonably correct economic level while at the same time ensuring the amassment of the quantities we ought to get.

6. I would stress the fact that stock piling for Balkan countries, which are unlikely to require feeding until after they have been evacuated by the enemy, is being done at the rate of 400 grammes whereas in cobelligerent Italy we are giving only 200.

7. I propose, therefore, to inform the Italian Government that I am fixing the price of Anassi wheat at 700 and 750 Lire for Soft and Hard wheat respectively, and

effort it is becoming daily more obvious that suggested, and it is certain that this will enable us to keep the price of wheat at a reasonably correct economic level while at the same time ensuring the amassment of the quantities we ought to get.

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7. I propose, therefore, to inform the Italian Government that I am fixing the price of Amassi wheat at 700 and 750 Lire for Soft and Hard wheat respectively, and that I propose to increase the basic ration from 200 grammes per day to 300 grammes per day in bread, or equivalent, as from June 1st.. I am also informing them that as a result of the price paid for wheat at the Amassi no rise in price of bread can be permitted above 5 Lire per Kilo and that if, and where, necessary the bread subsidy will have to be increased.

NOEL MASON MACFARLANE,
Lieutenant-General,
Chief Commissioner.

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