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

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10000/136/382

ECONOMICS, GENERAL
FEB. 1944 - JULY 1945

DRAFT

Mr. President, Ministers, fellow officers of the Allied Commission:

I am happy to welcome Professor Parri, President of the Council of Ministers, and his fellow ministers of the Italian Government to this conference with those of us ⁱⁿ of the Allied Commission who have responsibilities with regard to ~~the~~ ^{problems} economic foundations in the North.

It is, I think, a tribute to the energy and competence of the new Italian Government and to its comprehension of the practical problems which confront it, that this conference, which will be the first of a series, ~~of such conferences~~, was requested by the Government. We welcome this initiative. We welcome this additional demonstration of the splendid collaboration which the Allies have at all times received from the Italian Government since the Armistice.

We are meeting today for the discussion, and I hope the ^{solution} ~~only~~ of practical problems. For this reason I do not propose to spend further time in introductory remarks.

Italy, like the rest of Europe which has been devastated by war, has grave economic problems. They will not be solved by speeches but by hard work.

3902

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We are meeting today for the discussion, and I hope the *solution* ~~of~~ ^{of} practical problems. For this reason I do not propose to

~~spend~~ ³⁹⁰² further time in introductory remarks.

Italy, like the rest of Europe which has been devastated by war, has grave economic problems. They will not be solved by speeches but by hard work.

Let me say again that I welcome your presence here with us, and now, gentlemen, let's go to work.

COPY

BRITISH EMBASSY,
ROME.

246/10/45.O.D.

9th July 1945

To : The Executive Commissioner,
H/Q Allied Commission, Rome.From: The Minister (Commercial), British Embassy,
Rome.

Subject: Conference on Food Problems.

1. Please refer to your letter 10-32/107/FOOD dated 5th July.
2. The meetings of Allied Food and Agricultural Ministers were held in London on June 14th and 15th.
3. A request for Italian Government representation at these meetings was addressed to this Embassy by the Italian Ministry of Foreign Affairs, but was received too late for any effective action to be taken as the meetings were then already in session. A reply to this request was sent to the Ministry of Foreign Affairs on the 25th June in a Note Verbale, a copy of which is enclosed.
4. A copy of the Minutes of the Conference was sent by this Embassy to the Italian Ministry of Foreign Affairs on the 29th June.

E.C. DIST - 11 JULY 45.

ACTION: ECONOMIC SEC (2)
INFO: CHIEF COMM.
: EXEC COMM. (ORIG).

3861

(76)

COPYBritish Embassy,
ROME.

25th June 1945.

N.V. No. 156.
246/5/45.C.D.NOTE VERBALE

His Majesty's Embassy presents its compliments to the Royal Ministry of Foreign Affairs and, with reference to the latter's Note Verbale No. 42/09245/4 of the 11th June, have the honour to state that the meetings of Allied Ministers of Food and Agriculture were held in London on the 14th and 15th June and have already been concluded.

Although Italy was not represented at these meetings, His Majesty's Government are well aware of the country's food needs, to which due consideration is being given.

With regard to the contribution which, according to the Royal Ministry's Note, Italy can supply in the form of food products rich in vitamins, His Majesty's Government would be interested to receive particulars.

His Majesty's Embassy hope to receive shortly a record of the proceedings of the London meeting. If this is received a copy will be shown to the Royal Ministry should they so desire.

3000

76

C O P Y

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT.)

SECRET.A.C.A.O./P(45)71.COPY NO. 727th July, 1945.Previous References:A.C.A.O./P(44)123.A.C.A.O./M(44)39:Minute 239

CABINET.

OFFICIAL COMMITTEE ON ARMISTICE TERMS
AND CIVIL ADMINISTRATION.

ECONOMIC ARRANGEMENTS IN ITALY.

(Note by the Joint Secretaries.)

By direction of the Chairman, the memorandum by
the Chairman of the S.L.A.O. Committee at Appendix A to this
Paper is circulated for consideration by the A.C.A.O. Committee
at their seventy-ninth meeting to be held on Wednesday, 11th
July 1945.

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APPENDIX A TO
A.C.A.C./P(45) 71.

ECONOMIC ARRANGEMENTS IN ITALY.

(Memorandum by the Chairman of the S.L.A.C. Committee.)

1. Now that the war in Europe is over and the military authorities in the United States and the United Kingdom are turning their minds to the dissolution of Combined Commands and all their attendant organisations in the European and Mediterranean theatres of war, it is appropriate to give some thought both to the time and to the scope of the changes in the handling of economic affairs in Italy which will be necessitated by the withdrawal of the combined military control.
2. At present SACMED, reporting to the C.C.S. in Washington, is the ultimate authority governing all Italian economic affairs in the parts of Italy not already handed back to the Italian Government and, in those parts that have been handed back, SACMED still retains an advisory function. These controlling and advisory functions are discharged by SACMED working through the Allied Military Government and the Allied Commission in Rome, and the whole forms a fully integrated Anglo-American organisation directed ultimately by the C.C.S. in Washington.
3. Our ultimate aim must be to hand back complete and full control of Italian economic affairs to the Italian Government by removing all vestige of direct Allied interference. This can only be realised after the conclusion of peace with Italy and it is therefore to be hoped that the preparation of a treaty of peace, both in London and Washington, will be pressed forward as much as possible; it cannot, however, be completed for many months to come.
4. So far, however, as economic affairs are concerned, it is suggested that the present military set up of SACMED/A.M.G./A.C. need not be retained right through the intervening period.
5. For reasons of general policy, A.M.G. is likely to be wound up in all parts of Italy, except Venezia Giulia, Salzano and the small Mediterranean islands, by 1st September. When A.M.G. control ceases (with the above mentioned exceptions), the Allied Commission will retain two main functions on the civil side, namely:-

(a) Preparation and supervision of programme "A" of supplies for Italy. This programme is based on the extended definition of

and advisory functions are discharged by SACRED working through the Allied Military Government and the Allied Commission in Rome, and the whole forms a fully integrated Anglo-American organization directed ultimately by the U.C.S. in Washington.

2. Our ultimate aim must be to hand back complete and full control of Italian economic affairs to the Italian Government by removing all vestiges of direct Allied interference. This can only be realized after the conclusion of peace with Italy and it is therefore to be hoped that the preparation of a treaty of peace, both in London and Washington, will be pressed forward as much as possible; it cannot, however, be completed for many months to come.

4. So far, however, as economic affairs are concerned, it is suggested that the present military set up of SACRED/A.A.A./A.C. need not be retained right through the intervening period.

5. For reasons of general policy, A.A.G. is likely to be wound up in all parts of Italy, except Venezia Giulia, Bolzano and the small Mediterranean islands, by 1st September. When A.A.G. control ceases (with the above mentioned exceptions), the Allied Commission will retain the main functions on the civil side, namely:-

(a) Preparation and supervision of Programme "A" of supplies for Italy. This programme is based on the extended definition of "warlike and unrest" endorsed by the A.C.A.O. Committee last year (A.C.A.O./M(44)39, Minute 439), and includes not only food and clothing but, for example, coal, P.O.L., fertilisers, raw materials and transportation equipment. The preparation and supervision of the Italian Government's supplementary programme - the so-called programme "B" - has already been passed to the Italian Government under the Macmillan "new deal". Both programmes are under revision in order to take account of the conditions disclosed in the North.

(b) Advice to the Italian Government in the field of rehabilitation of industry, public works and agriculture, food control, foreign trade, public health, displaced persons and so on, as well as on the preparation of programme "B".

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- 2 -

It is clear that (a) must be carried on by the Economic Section of the Allied Commission until some other authority has assumed responsibility. There is no reason, on the other hand, why the Economic Section of the Allied Commission should be kept in being for the sake of its share of the functions listed under (a).

6. It is understood that the United States Government, the Canadian Government and E.M.C. fully intend to propose at the next U.M.R.A. Council meeting in London in August that responsibility for Italian relief and rehabilitation should be undertaken by U.M.R.A. It is hoped that this change will be approved and can take place by 1st October. At that date, the activities of the Allied Commission in respect of sub-paragraph 5(a) above should cease.

7. An international organization like U.M.R.A., however, could hardly assume responsibility for giving the Italian Government the kind of advice on economic matters, including especially Italian reconstruction, indicated under sub-paragraph 5(b) above. The need for such advice will, as a matter of fact, be very greatly diminished once the new Italian Government has begun to get into its stride and it will be quite unnecessary for a large combined Anglo-U.S. body to be retained for this purpose alone, whether in the Allied Commission or elsewhere. The functions now performed by the Allied Commission in this respect could well be transferred to small bodies of U.S. and U.K. civilian representatives working through their respective ambassadors.

8. While either, or both, the U.S. and U.K. retain a military commander in Italy, the economic representatives of the two countries would be responsible for keeping him informed of economic developments.

9. It is not considered necessary or desirable for these Anglo-U.S. civilian representatives to be co-ordinated together into a combined mission. Co-ordination will be necessary between them and the Italian Government, the Allied military authorities and the U.M.R.A. mission in Italy; this could best be obtained by joint working groups.

10. It is understood that the American Government have already laid plans for strengthening the economic side of their Embassy in Rome in the expectation that some arrangement on the above lines will shortly supersede the Economic Section of the Allied Commission in Italy. It is suggested that E.M.C. should give no time in working out similar plans and then, as a next step, should be taken to appoint a first-class man to head the British team. He should be responsible to all receive instructions from the S.L.A.C. Committee, and he and his team should be attached to the Embassy and be under the general direction of the ambassador while in Italy. At first, he should be provided with a staff of his own.

be very greatly diminished. It will be quite unnecessary for the Allied into its stride and it will be quite unnecessary for the Allied Commission U.S. body to be retained for this purpose alone, whether in the Allied Commission or elsewhere. The functions now performed by the Allied Commission in this respect could well be transferred to small bodies of U.S. and U.K. civilian representatives working through their respective ambassadors.

8. While either, or both, the U.S. and U.K. retain a military command in Italy, the economic representatives of the two countries could be responsible for keeping him informed of economic developments.

9. It is not considered necessary or desirable for these Anglo-U.S. civilian representatives to be co-ordinated together into a combined mission. Co-ordination will be necessary between them and the Italian Government, the Allied military authorities and the U.K.F.R.A. mission in Italy; this could best be achieved by joint working groups.

10. It is understood that the American Government have already laid plans for strengthening the economic side of their Embassy in Rome in the expectation that some arrangement on the above lines will shortly supersede the Economic Commission of the Allied Commission in Italy. It is suggested that the U.S. should take no time in working out similar plans and that, as a start, steps should be taken to appoint a fixed-term man to head the British team. He should be responsible to and receive instructions from, the S.E.A.C. Committee, and he and his team should be able to deal with the Embassy and be under the general direction of the Ambassador while in Italy. At first, he should be provided with a nucleus staff only. Any increase in strength which should ultimately prove to be necessary could be provided either by extra permanent appointments, or by the temporary attachment of experts in particular subjects. The relation between this work and the normal work of the commercial department of the Embassy will need consideration, as in the other European capitals.

11. Arrangements in London and Washington will also need consideration. The Italian Government are shortly sending to London a commercial counsellor to act, under Count Caramello, as their purchasing agent in this country. It is most desirable that Italian economic representation should be strengthened so

7861

- 3 -

that supply questions can be pursued direct with Government Departments in London in the manner developed in recent months by the French and their supply missions here.

12. It is therefore recommended that:-

- (a) the Economic Section of the Allied Commission should be wound up at the time when U.K.E.F.A. takes over;
- (b) immediate steps should be taken to discuss with the U.S. Government the appointment of U.S. and U.K. civilian economic missions in Italy to advise the Italian Government on economic and reconstruction problems as in sub-paragraph 5(b) above;
- (c) as soon as possible, and without awaiting the results of the conversations in (b) above, steps should be taken to designate the head of the British team.

(c) as soon as possible, and without awaiting the results of the conversations in (b) above, steps should be taken to designate the head of the British team.

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AME 5 ARMY

Regented 4 Corps, RCE ITALIA, PIRENNE, LOMBARDIA, LIGURIA VERONE

1199

5 July 45

Priority

RESTRICTED TO

THREE JULY

THE FOLLOWING SIGNAL WAS DISPATCHED TO REGIONAL COMMISSIONERS
 QUOTE YOUR PRESENCE IS REQUESTED AT THIS HEADQUARTERS TO MEET WITH THE
 INTERMINISTRIAL COMMITTEE FOR RECONSTRUCTION ON MONDAY 6TH THREE JULY
 TO DISCUSS INDUSTRIAL RECONSTRUCTION AND UNEMPLOYMENT PROBLEMS IN YOUR
 REGION PD REPORTED WILL LAST ALL DAY THEREFORE YOU SHOULD ARRIVE 0800
 JULY PD QUOTE

PART TO AME FIVE ARMY FOR INFO INSTANT AND YOUR COMES FOR WALTER CHA
REGIONAL COMMISSIONER ITALIA CHA PIRENNE CHA LOMBARDIA CHA LIGURIA CHA
VERONE FROM HEADQUARTERS ALONE CHA AGREE PART

THIS REQUEST SHOULD HAVE BEEN ADDRESSED TO YOU AND THE MGR IS REQUESTED

39550 GRASSED IF YOU WILL SIGNAL YOUR APPROVAL PD

Office of Executive Commissioner.

JCO
 R. Talbot

Lieut. Col.

4025/500h

REGIONAL COMMISSIONERS OF EMILIA, PIEMONTE, LOMBARDIA, LIGURIA, AND VENEZIE
REGIONS

1130

3 JULY 45

PRIORITY

RESTRICTED PD

YOUR PRESENCE IS REQUIRED AT THIS HEADQUARTERS TO MEET WITH THE INTERMINISTERIAL
COMMITTEE FOR RECONSTRUCTION ON FRIDAY ONE THREE JULY TO DISCUSS INDUSTRIAL
RECONSTRUCTION AND UNEMPLOYMENT PROBLEMS IN YOUR REGION PD

PAREN TO REGIONAL COMMISSIONERS EMILIA CMA PIEMONTE CMA LOMBARDIA, CMA LIGURIA
CMA AND VENEZIE REGIONS FROM HQ ALCOM CITE ACEXC PAREN

MEETING SHALL LAST ALL DAY CMA THEREFORE YOU SHOULD ARRIVE ON ONE TWO JULY PD

OFFICE OF EXEC COMMR

451

(74)

See (73)

4025/cw

3 July 1945.

My dear Mr. Prime Minister:

Thank you for your letter of 3 July, file No. 532, in which you suggested a conference next week between the Inter-ministerial Committee for Reconstruction and the Regional Commissioners and Economic Section representatives.

I shall be happy to make arrangements to hold this meeting next week. Due to long scheduled previous engagements it will not be possible to hold the suggested meeting on Thursday, 12 July, so I am therefore making arrangements so that the meeting may be held on Friday, 13 July. You will be informed as to the exact hour and place of the meeting.

Very truly yours,

Elery W. Stone

ELERY W. STONE
Rear Admiral, USNR
Chief Commissioner

3953

Professor Ferruccio Parri,
President of the Council of Ministers,
Italian Government,
Rome.

cc: E.C.
Econ Sec
CC files

4025/ce

Translation

The President of the Council of Ministers
n. 532

Rome, 3 July 1945

Dear Admiral,

Considering the very serious problems in Northern Italy, which have to be dealt with at once, to prevent unfortunate developments, the Interministerial Committee for Reconstruction thinks it would be advisable to have next week, and if possible on Thursday 12th, a conference with the central and regional representatives of the Economic Section of A.C.

I shall be most grateful if you will agree to this proposal, and issue the necessary orders.

I remain,

Yours truly,

S. Ferruccio Parri

See (73)

3952

Admiral Ellery "J. Stone
Chief Commissioner
Allied Commission
Rome

e/c

(77) cc: EC
Econ Sec
cc files

4025/ cc



*Il Presidente
del Consiglio dei Ministri*

Roma, -3 GIU. 1945

Prot.n.532

Caro Ammiraglio,

dati i gravi problemi che si presentano nell'Italia del Nord e che debbono essere subito affrontati per evitare sviluppi non desiderati, il Comitato Interministeriale per la Ricostruzione ritiene opportuno indire nella settimana prossima, e possibilmente per giovedì 12 corrente, una conferenza con i rappresentanti centrali e regionali della Sezione Economica dell'A.C.

Le sarei grato se volesse acconsentire a questa proposta e dare le disposizioni relative.

Cordiali saluti,

Enrico Curi

3951

Al sig. Ammiraglio

Ellery W. STONE

Capo della Commissione Alleata

72

R O M A

S E C R E T

EXTRACT

Hq AC Ltr CC 1001

23 June 1945

To: SACMED

From: Chief Commissioner

SUBJECT: Future Policy toward Italy

* * *

(g) The establishment of an Allied economic organization (joint or separate) to assist Italy in correcting the basic defects of her former economy, in the procurement of raw materials and the rehabilitation of her commerce and industry; and

(i) The reassurance of credits in the U.S. and an increase in credits in the U.K. The latter might well take the form of financial assistance with regard to the import of coal.

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4025/cc

dissem; and

- (4) The reassurance of credits in the U.S. and an increase in credits in the U.K. The latter might well take the form of financial assistance with regard to the import of coal.

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SEE CC FILE 1001 for complete document & further planning

(71)

Confidential

JUN 23 1945
15 33

Ext 451

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

ABA/el

Ref: 4402/74/EG

23 June 1945

SUBJECT: Food Conference

TO : Economic Section

1. Enclosed is a memorandum from the Italian Ministry of Foreign Affairs, 6/1702/77th of 14 June, and a copy of a Note Verbale No. 42/9246 of 11 June to the British Embassy.

2. In the Note Verbale the Italian Ministry of Foreign Affairs requests that consideration be given to the possibility of the Italian Government being represented at the Food Conference to be held in London in the near future, and in their memorandum to the Allied Commission they ask that their request be supported by the Commission.

3. It would be appreciated if the Economic Section would consider this request and if you agree please prepare a letter for the Executive Commissioner's signature, to the British Embassy recommending that Italy be represented at this conference and at the same time draft a suitable reply to the Italian Government forwarding a copy of your letter to this office.

3949

2 Incls:
as aboveChief Staff Officer,
To Executive Commissioner.

4025/100

(70)

Chief Clerk

c/o H. M. S., Lombardia Region.

806/EC

16th June 1945.

TO : Brigadier General Morinley,
Vice President,
Economic Section,
H. Allied Commission.

I have had a preliminary conversation with Colonels Poletti and Hancock and their Supply and Industry Officers. The points at issue appear to be the following:

1. They understand that the order lifting the economic barrier applies to movement of personnel but not to movement of material or goods. They have applications to move such things as motor cars, tyres, machinery and luxury goods, and at the present moment understand that nothing is to move unless asked for by the Allied Commission. I will go into the telegrams here: clearly the matter needs urgent clarification.
2. As regards regional movement, nothing has been blocked under the AC manual on materials but the blocking by the CIA which took place before our arrival has been unofficially recognised by the Regional Commissioner.
3. There is entire agreement that price control should be lifted. Exceptions pointed out to us are carbon bi-sulphide, tyres and basic foods.
4. They urgently need raw cotton and have asked whether 15000 bales already shipped and destined for SIERRA and the South could be diverted North. They state that there is sufficient cotton in SIERRA although it is in the hands of speculators. There is none here and factories therefore are at a stand still. They ask what is the position on the import of Egyptian cotton.
5. A very good point has been made in my opinion that steps should be taken to insist on the export of luxury goods, textiles, rayon, stockings, etc., to Allied countries which are in short supply, e.g., U.K., and that the standard of availability in Italy should

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4025/EC

-2-

certainly not be above that in Allied countries. This export would off-set coal imports; export prices would be cleared through ICE.

6. Queries are being raised regarding traffic with Switzerland. I heard yesterday that the Swiss wish to import 2000 tons a day through SAVONA. It seems to me that there should clearly be a reciprocal export from Switzerland.
7. The increase in railway employees wages brings them into line with Decree 183 of 6 Nov 1944 and Decree 328 of 10 Nov 44, has been covered in two of the newspapers here and has produced a strike amongst state employees in the postal and telegraph service. Graffroy-Smith told me yesterday that he would arrange for an all-over increase in the North for all state employees. They have no news of it here.

MHL/JG.



Lusk,
Executive Commissioner.

Copy to: Chief Commissioner
GEO to Ex. Com.

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AND EMILIA REGION RPTD AND LIGURIA REGION RPTD AND PIEMONTE REGION RPTD AND
LOMBARDIA REGION RPTD AND VENETIA REGION RPTD AND FIVE ARMY RPTD HQ FIFTEENTH ARMY
GROUP RPTD AND LOMBARDIA REGION FOR FOOD SUBCOMMISSION ADVANCED RPTD AND EIGHT ARMY
RPTD AND THIRTEEN CORPS RPTD FOUR CORPS RPTD AFHQ (INFC)

9936

16 JUNE 1945

PRIORITY

RESTRICTED PD

PARA ONE PD SUBJECT IS MOVEMENT OF FOODSTUFFS PD

PARA TWO PD FREE MOVEMENT IS AUTHORIZED OF ALL FOODSTUFFS BETWEEN NORTH AND SOUTH
AND PROVIDES WITH THE EXCEPTION OF THE FOLLOWING ITEMS CLN OFFICIALS CMA RICE CMA FATS
CMA OLIVE AND SEED OILS CMA CHEESE CMA MEAT CMA SUGAR CMA SALT CMA CONDENSED MILK CMA
MANUFACTURED BABY FOODS PD

PARA TWO AND EMILIA REGION RPTD AND LIGURIA REGION RPTD AND PIEMONTE REGION RPTD AND
LOMBARDIA REGION RPTD AND VENETIA REGION RPTD AND FIVE ARMY RPTD HQ FIFTEENTH ARMY
GROUP RPTD AND EIGHT ARMY RPTD AND THIRTEEN CORPS ALL FOR SUPPLY OFFICERS RPTD AND
RPTD FOUR CORPS RPTD AFHQ FOR GEORGE FIVE
LOMBARDIA REGION FOR FOOD SUBCOMMISSION ADVANCED FOR LHM/FROM ALCON CITE AGROD PARIN

PARA THREE PD PLANS OF ALLOCATION AND AUTHORIZED MOVEMENT OF THESE BEING FORWARDED PD

PARA FOUR PD FREE MOVEMENT OF FOODSTUFFS BETWEEN NORTH AND SOUTH AND VICE VERSA
EXACTLY AS IN PARA TWO WITH EXCEPTION THAT TWO TEN WINE FROM SOUTH TO NORTH WILL

NOT MOVE BY ROAD PD

PARA FIVE PD IMPORTANT THAT DISTRIBUTION BE INSURED TO REMOVE ALL BLOCKS ON MOVEMENT
OF FOODSTUFFS EXCEPT IN ACCORDANCE WITH ABOVE POLICY PD

PARA SIX PD DETAILED DIRECTIVE ~~EXHIBIT~~ FOLLOWS PD

FOOD SC

206

N. S. DRAGNETT
LT. COL. AND
ADJUTANT

Seen on
EC File
20/6

68

C O P Y

Ministero degli Affari Esteri

6/1702/774

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Food problems Conference

1. The Ministry of Foreign Affairs beg to draw the Allied Commission's attention to the Note Verbale a translated copy of which is herewith enclosed, addressed to the British Embassy on June 11th and containing a request that Italy be admitted to take part in the conference on food problems which, it is reputed, will be held at London in the near future.
2. The Italian Government venture to trust that the Allied Commission, who well know the importance and gravity of the food problem in the present phase of Italian economic life, will support the Italian request with the proper Allied Authority.

(initialled) ADG (7)

encl.

Rome, 14 June 1945

See 70

67

C O P Y

MINISTERO DEGLI AFFARI ESTERI

Translated Copy
42/9246NOTE VERBALE

The Italian Government have the honour to draw the British Embassy's attention to the following question.

The Italian Government understand that the British Government have called a conference for the study of food problems, which will meet at London in the near future.

As the British Embassy are aware, the food problems are, in this period of Italian life, among the most important and serious. Italy therefore is very interested in following the study of these problems, in order to solve, with the aid of the Allies, her own difficulties.

The conference will also envisage the best means to increase the production of foodstuffs, and as the increase in production is certainly the best way to reach a favourable solution of the question, Italy earnestly wishes to be able to attend the Conference.

The Italian Government wish furthermore, to point out that Italy must not be considered only as a Country which has need of importing foodstuffs, but also as a Country capable of exporting foodstuffs rich in vitamins, which constitute an indispensable factor in the alimentary economy of other Countries.

If the industrial production has been seriously impaired owing to the war, the same fortunately cannot be said of the agricultural production.

On the ground of the aforesaid considerations, the Italian Government trust that the request addressed by them to the British Government, will be considered as fully warranted and that Italy will be admitted to attend the Conference with an official delegation or, at least, with some observers.

The Italian Government hope to receive a favourable answer on the matter.

Rome, 11 June 1945

(62) INCL

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E/4979

JUN 14 1305B

ROUTINE

LOMBARDIA REGION ^{for} POLETTI SIGNED POLETTI
ALLIED COMMISSION ROME AFEXC

RESTRICTED.

1. We urgently need decisions on movement of goods from north to south, fixing of prices for principal foods and unblocking of industrial materials and manufactured goods.

2. If authorized by you, we are ready to make the decisions up here. Will gladly fly to ROME any day you desire me.

DIST

ACTION: Ex Commissioner 2
INFO: Chief Commissioner
Econ Sec 2
File 2
Float

40251cc

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(66)

RESTRICTED

1195
JUNE 141100B

E/4978
JUNE 141305
ROUTINE

LOMBARDIA REGION FOR PRICE CONTROL SIGNED STAUPFER

HQ RECON GENERAL MCKINELY ACTING VICE PRESIDENT ECONOMIC SECTION

RESTRICTED.

1. Col POLETTI raised the question "In view of anticipated brief stay of AMG in north, is it advisable to undertake the work required in price Memo No 1 ? ". Also in view of time elapsed since issuance of price Memo No 1 and in absence of other indications of the extent to which AMG will apply economic controls, he desires confirmation through office of Brig LUSH that price Memo No 1 is to be considered a valid order.

2. I would point out the following for your consideration of the problem:-

(A) General Order No 41 still stands and should be completely cancelled or adjustments provided for within the next few days.

(B) Price controls on only few items will yield no significant returns in the control of cost of living or wages, therefore, complete elimination of price controls is preferable to partial elimination.

(C) If price fixing of consumer goods and food is discontinued, it should also be discontinued for industrial goods and agricultural products including those on which the army now requests fixed prices.

(D) It is doubtful if the government will be ready for nationwide action in time to preserve for the entire country benefits of existing relatively sound price structure in the north. Therefore, our failure to take action in the meantime will have extremely negative effect of preventing Italians in the north from acting as now seems

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Page 2

desirable until too late for the action to be beneficial.

(E) The psychological results of failure for another month to publish official food prices will be drastic.

3. Believe I could visit other 4 Regional Commissioners in 2 days and report opinions to you. Phone or signal instructions.

DIST

ACTION - RCCH SEC 2
INFO - CHIEF COMMISSIONER
EX COMMISSIONER 2
FILE 2
FLOAT

3941

RESTRICTED

(65)

Ref: 4026/85/EC.

13 June 1945.

My dear Mr. Prime Minister:

I have given careful consideration to your memorandum 470 of 4th June in which you recommend the setting up in Milan of a Commission of Coordination and an Advisory Council. When planning for the occupation of Northern Italy I gave consideration to such a proposal. It seemed to me, however, that the establishment of such a commission would focus too much importance on the division of Northern Italy from the rest of the country and that it was most important that the authorities in that part of the country, both Italian and Allied, should realize that the seat of the Government is in Rome and that the National Government is responsible for the administration of the country. Both I and the Allied Regional Commissioners in Northern Italy maintain that opinion after six weeks of occupation.

Practically every matter which needs coordination also needs reference to the Italian Government, a matter which you will appreciate from the various problems which have been referred to yourself and your Ministers and particularly to the Inter-Ministerial Committee for reconstruction.

I am, however, issuing instructions to the Regional Commissioners to ensure coordination in administration in order that we may avoid differences of procedure in the various Regions and I hope to bring to Rome in a short time the Regional Commissioners with Italian representatives in the various fields of administration and economics in order that they may meet your Ministers and officials in your Ministries and the Heads of Sub-Commissions here to clear up any outstanding difficulties.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi,
The President of the Council of Ministers,
Italian Government,
ROME.

64

Transaltion

The president of the Council of Ministers
Minister of the Interior

n. 20283

Rome, 4 June 1945

Dear Admiral,

I have been informed that there are large stocks of textile products in North Italy; they must be used as rationally as possible.

Up to now, initiative in such matters was entrusted to the Provincial Commissioners of A.M.G., and it seems that in some provinces no orders of any kind have been issued, in others, the products have been blocked, in others still they haven't; in some provinces the block was ordered without inventory, in others an inventory has been made but there is no block; in some provinces there is free trade but exportation from the province is forbidden.

So many different regulations cause the goods to disappear and favour black market.

To avoid such serious consequences, it would be necessary for the Regional Commissioners to issue uniform regulations for blocking at once all textile products, and have an inventory made by a textile concern able to do such a work. A definite plan for rationing and allotment on a national plan might be prepared on the basis of the results given by the inventory.

Thanking you for the attention you will give to this important problem, and for whatever informations you will let me have on this subject, I remain,

Yours very truly,

S. I. Bonomi

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

e.e.

EC Dist - 7 JUNE 45

Action: Econ Sec (2)

INFO: Chief Comm

Exec Comm

63

40227cc

MEMORANDUM

The President of the Council of Ministers

n. 470

Rome, 4 June 1945

Dear Admiral,

this morning, I sent you a memorandum on the three economic and social problems concerning North Italy.

I want to bring to your attention the advisability for A.C. to establish in Milan a Commission of coordination which might give the same instructions to the various regional commissioners of A.M.G., to avoid the various regions being governed in a different and often in a discordant manner, as it often happened in South and Central Italy.

Besides this Commission, there should be an Advisory Council (which would also have its seat in Milan) composed of:

- three officials to represent the Interministerial Committee for Reconstruction (one for the Ministry of Industry, one for the Ministry of Public Works and one for the Ministry of Agriculture)
- two representatives of the C.L.N.A.I.

We may say that the economic structure of North Italy is one, and the various regions must be considered as completing each other, i.e., as the parts of the same organism. For this reason, it is necessary to have one direction only for the solving of the complex and urgent problems of the production which have such a great repercussion, also in the political and social field.

The creation of the A.C. Commission and of the Italian Advisory Council would make it possible to consider all questions from the point of view of the relations with Central and South Italy, as it is necessary gradually to start the unification of both economies which have been separated up to now.

I trust, my dear Admiral, that you will agree with the advisability of my request and take the necessary action to realize it.

Truly yours,

S. Ivanoe Bonomi

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

e.e.

Brig. Lush:

I don't think Fiske
is responsible for this!

EW S 8/6/45
CC

6 June 45
CC 1010

59

4025/21

62

HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

ES/7.01

5 June 1945

My dear Mr. Prime Minister:

I have for acknowledgment your letter of June 4.

(59) inc 'B'

I note that the Italian Government considers that Epuration regulations must be made before fixing and paying Liberation Bonuses, if considered desirable, to Parastatal and Communal employees. I shall be glad to know what Epuration regulations are proposed in this respect.

(59) inc 'C'

The views of the Italian Government with regard to Administration and Management of establishments are noted. In order that any provisions which we may prepare may be in accordance with the established policy of the Italian Government in this respect, I should be glad to receive at the earliest moment, a statement of provisions which the Italian Government consider should be applied during the interim period while detailed study is being given to this complex question. In the meantime inquiries are being made as to developments which have taken place in the north with regard to the management of industrial concerns.

Very truly yours,

Tst E. W. Stone
ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

4025/ce

3967
His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

JUN 6 RECD
EC 1010Translation

The President of the Council of Ministers

n. 470

Rome, 4 June 1945

Dear Admiral,

this morning, I sent you a memorandum on the three economic and social problems concerning North Italy.

I want to bring to your attention the advisability for A.C. to establish in Milan a Commission of coordination which might give the same instructions to the various regional commissioners of A.M.C., to avoid the various regions being governed in a different and often in a discordant manner, as it often happened in South and Central Italy.

Besides this Commission, there should be an Advisory Council (which would also have its seat in Milan) composed of:

- three officials to represent the Interministerial Committee for Reconstruction (one for the Ministry of Industry, one for the Ministry of Public Works, and one for the Ministry of Agriculture)
- two representatives of the C.L.N.A.I.

We may say that the economic structure of North Italy is one, and the various regions must be considered as completing each other, i.e., as the parts of the same organism. For this reason, it is necessary to have one direction only for the solving of the complex and urgent problems of the production which have such a great repercussion, also in the political and social field.

The creation of the A.C. Commission and of the Italian Advisory Council would make it possible to consider all questions from the point of view of the relations with Central and South Italy, as it is necessary gradually to start the unification of both economies which have been separated up to now.

I trust, my dear Admiral, that you will agree with the advisability of my request and take the necessary action to realize it.

Truly yours,

S. Ivanoe Bonomi

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

S.C.

60

4025/ce
(copy 100/ce)

See 62

RFB

Translation

The President of the Council of Ministers

Rome, 4 June 1945

Dear Admiral,

I enclose three memorandums representing the point of view of the Italian Government on the questions brought to our attention by the Allied Commission, and concerning the economy of North Italy.

Truly yours,

S. I. Bonomi

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

3935

cc: ECON. SEC. (3)
Chief Commissioner
Ex. C.

c.c.

59

See (60)
See (61)

4023/ce

TranslationEMPLOYMENT OF MANPOWER

1. Obviously, it is necessary to avoid the danger of great and sudden unemployment.
2. Therefore, Ordinance n. 3 (16 April) of the C.L.N.A.I. should be maintained in force, no later than July 31st, till, for every firm or for every industrial sector, it will have been possible to find employment somewhere else for the superfluous manpower, in agricultural works, public works, etc.
3. To this end it is necessary :
 - a) to begin at once the study of the plans to direct to other works the manpower to be dismissed, this with the collaboration of the C.L.N.A.I. and the workers organizations.
 - b) immediately to extend to North Italy the decrees of the Central Government on the reconstruction of buildings, public works, etc.
4. The Central Government is willing to finance up to July 31st the deficit of the 'Cassa Integrazione Salari' to enable it to go on functioning during this period.

S. I.B.

3454

e.c.

57

INCL 'A'

TranslationLIBERATION "BONUS"

a) For private concerns.

This 'bonus' comes from a promise made to the workers during the period of clandestine fighting to persuade them to defend the plants.

Immediately after the liberation, the 'quantum' of this liberation premium was fixed through agreements freely made between employers and workers.

Such being the case, the Italian Government thinks that the payment cannot be refused.

However, to prevent harmful repercussions on the circulation, this payment must be made by instalments, in three or four months, especially in the industrial sector.

b) For state employees and parastatal and communal employees etc.

Before fixing and paying the Liberation bonus, epuration regulations must be fixed.

S. I.B.

e.o.

3953

(59) INCL 'B'

TRANSLATIONAdministration and Management
of the Concerns

1. The decree of April 25th of the C.L.N.A.I. states that 'till further and general orders, by a law decree of the National Government' the concerns which have been socialized by Mussolini must be managed by 'Councils of national administration' (Consigli di gestione nazionale) (art. 2)

As long as these Councils will not have been elected by the workers, their functions are exercised by the 'Comitati di Liberazione Aziendali' (art. 4)

2. The six parties of the C. L. N. decided in their order of the day of Milan and Rome 'to start the transformation of the Committees of the concerns into technical and syndical organs which will prove adequate to the requirements of production and social justice'.
3. Therefore, the Government will at once study this question which includes a complex problem of a wide social, political and economic bearing.
4. It is therefore to be hoped that the regulations which A.C. means to issue for the temporary arrangements for the concerns do not prove prejudicial to the more stable and definitive solution which the Government may study and propose as soon as possible.

s. I. D.

3932

e.o.

(59) inc 'C'



*Il Presidente
del Consiglio dei Ministri*

Roma, 4 giugno 1945

Caro Ammiraglio,

Le accompagno tre pro-memoria che rappresentano
il punto di vista del Governo italiano sulle questioni sottopo-
ste dalla Commissione Alleata alla nostra attenzione e riguan-
danti l'economia dell'Alta Italia.

Cordialmente.

Benito Mussolini

3931

Al sig. Ammiraglio

Ellery W. STONE

Capo della Commissione Alleata

R O M A

(59)

IMPIEGO DELLE MAESTRANZE

1. E' evidentemente necessario impedire che si abbia d'un tratto una larga e pericolosa disoccupazione.
2. Perciò dovrebbe essere mantenuta in vigore la Ordinanza n.3 (16 aprile) del C.I.N.A.I., non oltre il 31 luglio fino a che per ciascuna azienda o per ciascun settore industriale non si sia potuto provvedere ad impiegare altrove la mano d'opera esuberante, in lavori agricoli, lavori pubblici, ecc.
3. A tale scopo occorre :
 - a) cominciare subito, chiamando a collaborare il C.I.N.A.I. e le organizzazioni operaie, lo studio dei provvedimenti per avviare ad altri lavori le maestranze da licenziare.
 - b) estendere subito all'Alta Italia, i decreti del Governo Centrale sulle ricostruzioni edilizie, sui lavori pubblici, ecc.
4. Il Governo Centrale è disposto a finanziare fino al 31 luglio il deficit della "Cassa Integrazione salari" affinché essa possa continuare a funzionare in questo periodo.

3939

che per ciascuna azienda o per ciascun settore industriale non si sia potuto provvedere ad impiegare altrove la mano d'opera esuberante, in lavori agricoli, lavori pubblici, ecc.

3. A tale scopo occorre :

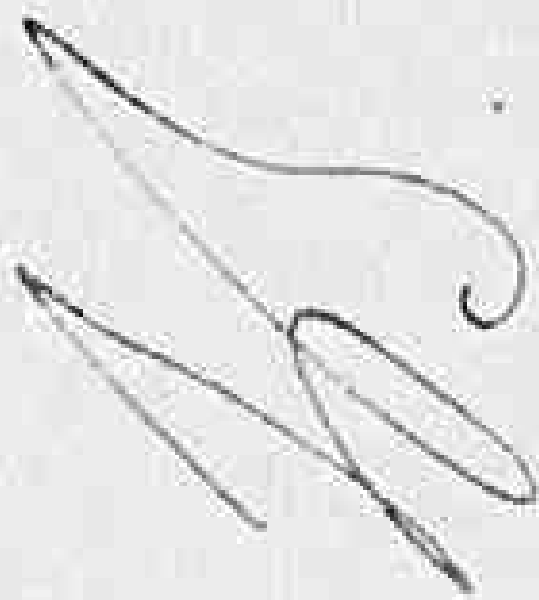
a) cominciare subito, chiamando a collaborare il C.I.N.A.I. e le organizzazioni operaie, lo studio dei provvedimenti per avviare ad altri lavori le maestranze da licenziare.

b) estendere subito all'Alta Italia, i decreti del Governo Centrale sulle ricostruzioni edilizie, sui lavori pubblici, ecc.

4. Il Governo Centrale è disposto a finanziare fino al 31 luglio il deficit della "Cassa Integrazione salari" affinché essa possa continuare a funzionare in questo periodo.

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, nel 'A'



59

"BONUS" DELLA LIBERAZIONE

a) per le aziende private.

Questo "bonus" deriva da una promessa fatta alle maestranze operaie durante il periodo della lotta clandestina per ottenere che esse difendessero gli impianti.

Subito dopo la liberazione fu stabilito, attraverso accordi liberamente stipulati fra datori di lavoro e lavoratori, il "quantum" di questo premio di liberazione.

Ciò posto, è opinione del Governo italiano che il pagamento non possa essere negato.

Per impedire però che si abbiano ripercussioni dannose sulla circolazione, tale pagamento dovrebbe essere rateizzato in tre o quattro mesi, soprattutto per il settore industriale.

b) per gli impiegati statali, parastatali, comunali ecc.

Occorre, prima di stabilire e corrispondere il premio di liberazione, che siano determinati i provvedimenti per la epurazione.

3023

che esse difendessero gli impianti.

Subito dopo la liberazione fu stabilito, attraverso accordi liberamente stipulati fra datori di lavoro e lavoratori, il "quantum" di questo premio di liberazione.

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b) per gli impiegati statali, parastatali, comunali ecc.

Occorre, prima di stabilire e corrispondere il premio di liberazione, che siano determinati i provvedimenti per la epurazione.

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[Handwritten signature]

INCL B1

(59)

AMMINISTRAZIONE E DIREZIONE DELLE AZIENDE

1. Il decreto 25 aprile del C.L.N.A.I. stabilisce che "fino a nuovo e generale regolamento con atti legislativi del Governo Nazionale" le aziende, socializzate da Mussolini, siano amministrate dai "Consigli di gestione nazionale" (art.2).

Fino a che questi Consigli non siano eletti dalle maestranze, le loro funzioni sono esercitate dai Comitati di Liberazione Aziendali" (art.4).

2. I sei partiti del C.L.N. hanno stabilito nei loro ordini del giorno di Milano e di Roma che "sia avviata la trasformazione dei Comitati aziendali in organi tecnici e sindacali che si palesino adeguati alle esigenze della produzione e della giustizia sociale".

3. Il Governo quindi studierà subito tale questione che investe un complesso problema di portata sociale, politica ed economica molto vasta.

4. ~~Il~~ ^{Il} ~~è~~ ^è desiderabile che i provvedimenti, che l'A.C. intende prendere per la sistemazione provvisoria delle Aziende, non siano tali da pregiudicare la soluzione più stabile e definitiva che il Governo potrà studiare e proporre nel più breve tempo possibile.

Tino a che questi Consigli non siano eletti dalle maestranze, le loro funzioni sono esercitate dai Comitati di Liberazione Aziendali" (art.4).

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INCL 'a'

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FOR ACTION 15 ARMY GROUP RPTD FOR INFO AFHQ G-5

8878

1 JUNE 1945

PRIORITY

RESTRICTED PD

CANCEL OUR EIGHT EIGHT SIX THREE OF THIRTY ONE MAY PD

PAREN TO FOR ACTION FIFTEENTH ARMY GROUP RPTD FOR INFO AFHQ GEORGE FIVE
SECTION FROM HQ ALCOM CITE ACECO SIGNED STONE PAREN

INSTRUCTIONS FOR MOVEMENT OF GOODS BETWEEN NORTH AND SOUTH WILL FOLLOW

Distribution:

Econ Sec
Exec Commr
CC Files

3927

4025/CC

Chief Commissioner

222

WLS
ELLEY W. STONE
Rear Admiral, USNR
Chief Commissioner

TO FO R ACTION 15 ARMY GROUP RPTD FOR INFO AFHQ G-5

8863

31 MAY 19 45

PRIORITY

RESTRICTED PD

PENDING THE INITIATION OF PHASE TWO CMA

PAREN TO FOR ACTION FIFTEEN ARMY GROUP RPTD FOR INFO AFHQ

GEORGE FIVE SECTION FROM HQ ALCOM CITE AEEO SIGNED STONE PAREN

RE MO VEMENT OF GOODS FROM NORTH TO SOUTH CMA REFER ALL

INQUIRIES FOR MOVEMENTS OF FOOD TO THE REPRESENTATIVE OF THE

FOOD SUBCOMMISSION CARE REGIONAL FOOD OFFICER IN MIL AN CMA

INQUIRIES RE THE MO VEMENT OF OTHER GOODS AND COMMODITIES

MUST BE CLEARED THROUGH DSCAO

3926

See (58)

402570

(57)

ECONOMIC SECTION

460

A.G. ANTOLINI
Acting Vice Pres.

NICHOL

MAY

E/795
MAY 15/103GB
ROUTINE

ROBBINS

O STEWART BROWN PRO ALLIED COMMISSION ROME

IN CLEAR.

AM releasing in MILAN 1200 Saturday censured by GILL -- how to merge the Financial, Industrial and Agricultural phases of north and south ITALY into one economic whole is being considered by the Allied Commission and National Committee of Liberation in sessions in MILAN.

The first such meeting was held 11 May during which chiefs of the various sub commissions of AC met with chiefs of corresponding committees of the CLNAI. Purpose of the first meeting was to exchange information as to conditions in north ITALY so that the AC representatives could have first hand data on which to base their plans.

3925 A.C. AMICINI, Acting Vice President of the Economic Section of AC, headed the AC Delegation, which has toured parts of north ITALY and learned some of the problems facing this newly liberated area. The Italian Delegation was headed by ALFREDO PIZZICINI who went under the name of LONCHI during German occupation, as President of the Central Financial Committee, and CESARE MERZAGORA, member of the Liberal Party, president of the Economic Committee.

Mr PIZZICINI stated that manufacturing plants in north ITALY are generally in operating condition but are in need of coal and raw material stocks are low. Partisan organizations were able to frustrate German plans to wreck industrial and utility

(56)

CONTINUATION PAGE 2

E/795

installations, and the speed with which Allied Armies broke enemy defenses and swept through the north was such as to cause the Germans to think more of escape or survival than property destruction.

Mr PIZZONI stated that while conditions in the north are considerably different from those in the southern part of the country, all recognize that ITALY is necessarily one people and one country, and all planning and operations must go ahead on that basis

DIST

ACTION : PH EH

INFO : A/PRESIDENT
CHIEF COMMISSIONER
EX COMMISSIONER
ECON SEC
FINANCE
FILE (2)
FLOAT

3834

56

SECRET

SECRET

Re: Pasquale Saraceno

The files of the Rome Police Department reveal the following information, as of June, 1943, regarding the subject:

Pasquale Saraceno, the son of Francesco and Ursolina Lombardo Saraceno, was born at Morbegno, Italy, on June 14, 1903. He came to Rome from Milan in September, 1933. His residence in Rome is at Via Bruxelles No. 8. The Subject is married to Giuseppina Vanoni and they have five children. He enrolled in the Partito Nazionale Fascista (Fasci di Combattimento delle Urbe) on October 29, 1932, card Number 1976623, and he is apparently faithful to the regime.

Source A furnished a copy of the report dated August 12, 1944, made by the Commission for Epuration dealing with the epuration of the I.R.I. (Institute for Industrial Reconstruction), which commission was approved by the Allied Commission and consists of the following persons:

Carlo Cracas
Pietro Costa
Rinaldo Boncivini
Enrico Ricciulli
Luigi Maravita
Onofrio Pompucci
Sergio Fortis Astenuto

3828 The report contains the following information. Saraceno, formerly employed by the Banca Commerciale Italiana and the Compagnia Fiduciaria Nazionale, joined I.R.I. on January 1, 1934. In 1937 he was receiving a salary of 64,000 lire and a bonus of 32,000 lire. On April 30, 1938, he was appointed Vice Director-Inspector General of I.R.I. In 1943, his salary was approximately 140,000 lire, with a bonus of 40,000 lire.

On November 5, 1943, at which time the transfer of the administrative offices of I.R.I. to Northern Italy had been completed, Saraceno was dismissed. At that time he received a payment of 243,000 lire. However, he was immediately given an administrative post at the Alfa Romeo Agency at Rome. Alfa Romeo was controlled by I.R.I. through stock ownership. This was a token, however, as Alfa Romeo had little or no work in Rome during the German occupation.

Saraceno, although a member of the Partito Nazionale Fascista since 1932, was not a member of the Fascist hierarchy. He promoted and intensified cultural and political relations with Germany. He actively participated in the creation and direction of various Nazi-Fascist propaganda organizations, among which were the Scambi Culturali Italo Tedeschi, Istituto

See 51, 52,
52a, 53

A

SECRET

Relazioni Culturali con l'Estero, and Deutsch-Italianische Studienstiftung. In connection with the Deutsch-Italianische Studienstiftung, Saraceno maintained close personal contact with the Nazi representatives, especially with Dr. Dussel.

Saraceno, together with the president of I.R.I., made arrangements for the principal German political and economic journalists to come to Rome, where he maintained close personal contact with them. He and Asquini, president of I.R.I., together, received a high decoration from Hitler.

Saraceno has been a professor at the Universita Cattolica del Sacro Cuore at Milan, and has also taught at the Gregorian University.

The Epuration Commission, after a study of the case, which was stigmatized in the newspaper "Il Tempo" of August 12, 1944, proposed that Saraceno be removed from I.R.I.

Source A also furnished a copy of the letter written in November, 1944, by Ruggero Grieco, Assistant High Commissioner for Epuration, to I.R.I. and the Minister of finance. In this letter Grieco states in part that Saraceno, "after the 8th of September, 1943, collaborated with the fascist Republican Government and participated in the transfer to Northern Italy of all movable assets of the I.R.I., which transfer caused incalculable damage to the national economy,.....that from depositions and testimonials, Saraceno was definitely involved in the transfer." Grieco further states that the High Commission for Epuration denounced Saraceno before the judiciary authorities on October 27, 1944.

Source A further advised that the case against Saraceno is presently in the hands of Investigating Magistrate Siniscalchi, Palace of Justice, Rome.

3822

HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

REF : LSC/910

16 April 1945

My dear Mr. Prime Minister:

It has been decided to appoint Joint Advisory Committees comprising representatives of the Italian Government, Italian industry and Italian workers to be attached to each Regional Commissioner in AMG territory for the purpose of advising on labour and industrial questions. The functions of the Regional Joint Advisory Committees are:

(1) To advise upon proposals for wage changes reaching the Regional Commissioners from negotiating bodies through Ufficio del Lavoro with the comments and recommendations of the latter.

(2) To consider and advise upon matters leading to industrial unrest and, where necessary, to take a personal part in the negotiations upon such matters.

(3) Generally to advise on questions that may be referred regarding the establishment, staffing and operation of government offices dealing with labour, such as Ufficio del Lavoro.

(4) To identify at the earliest possible moment industrial establishments which should be safe-guarded from requisition or deterioration;

(5) Similarly to identify industrial establishments which should be re-activated at the earliest possible moment in the general interests and to prevent unemployment.

It is understood that the Italian Government, industry and workers are prepared to cooperate in the selection of such Committees and I shall be grateful if you will indicate the individuals nominated by the respective interests to serve immediately on the Regional Italian Joint Advisory Committees in the regions of Toscana and Marche Umbria, and other individuals to serve, in due course, in the regions of Emilia, Liguria, Piemonte, Lombardia and Venetia. It is considered important that individuals acceptable to Northern interests should be nominated for the last named regions.

It will be understood that the appointments are entirely honorary so far as AMG is concerned, and that no salary or expenses can be paid, although every facility will be afforded for the performance of the functions suggested.

You will no doubt agree with me that the Regional Italian Joint Advisory Committees constituted as proposed can be of considerable service in the AMG territory, and I await information regarding the individuals nominated for these Committees.

Yours very truly,

/s/ Ellery W. Stone
ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

APPROVED: 14/4/45

W H Braine
W. H. BRAINE
Director
Labour Sub-Commission

54

Ref. EB/15.15

7 March 1945

My dear Minister Gronchi,

In your letter of 25 February 1945, you raise the question of whether Professor Saraceno should be accompanied by a secretary on the mission which will shortly leave for Washington.

Much as I would like to meet your wishes, I regret I am unable to agree to this proposal. Please accept my assurance that Professor Saraceno will find in Washington a whole organization willing to help him, the staff of which includes many who speak Italian.

I take it that you will as a matter of course arrange with Count Tarchiani that your Embassy in Washington will give the Italian members of the mission all possible assistance.

Yours very truly,

M. S. LUSH

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

3919

H. E. Giovanni Gronchi
Minister of Industry, Commerce and Labour
Italian Government
Rome.

53

40257/c-2

Translation

The President of the Council of Ministers
of 199

Rome, March 1949

MAR 8 1949

Dear Admiral,

After the exchange of views which took place between the Interministerial Committee for Reconstruction, and the Economic Section of A.C., I communicate to you that Dr. Ing. Enrico MATTEI, Dr. Ing. Cesare SACARDOTTI, Dr. Prof. Pasquale SARACENO, have been chosen as Italian delegates entrusted with taking to the United States the 'first aid' plan drafted by C.I.G. in collaboration with A.C.

The Italian technical delegation will have to supply the necessary explanations and collaborate with the competent Allied Authorities for the realization of the plan, according to what has been defined in the justificative reports, the enclosed schedules and the rough priority scales.

It will also be able to modify the priority order of the expedition of the requested goods, which might on the spot prove necessary, or useful for a more rapid execution of the plan itself, in relation with the situation which may be described by the Allied authorities in the United States; the Italian delegation will only establish relations with the Allied Authorities.

I remain,

Truly yours,

B. I. BONOMI

Admiral Hilary A. Stone
Chief Commissioner
Allied Commission
Rome

E.C. Dist - 8 MAR 1949

Action: E.C. Sec.

INFO: CHIEF COMINT.
EX. COMINT.

Gen. Saraceno?

e.c.

Does he still want?

B. would add him to the list

ES/hjp

27 February 1945

My dear Mr. Prime Minister:

Referring to our conversation of Saturday, 17th February, in which we discussed the personnel for the Economic Mission to the U.S., I wish to remind you of our agreement to increase the Mission by one member and to include General (Ing.) Sarracino as a member.

Yours very truly,

(SLC)

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government
Rome

cc. Ex. Com.
Dr. Camedio, Sec'y to P.M. Bonomi

3917

4025/CC

Mission to the U.S., I wish to remind you of our agreement to increase the Mission by one member and to include General (Ing.) Garrazzino as a member.

Yours very truly,

(526)

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government
Rome

3917

cc. Ex. Com.

Dr. Cimarosa, Sec'y to P.M. Bonomi

4025/44

Dr. Cimarosa

(52)

FEB 26 DECH

C.C.

MINISTRO DELL'INDUSTRIA COMMERCIO E LAVORO

Il Ministro

Rome, 25th Feb 1945.

Dear Admiral,

It has been agreed by all that three Italians should accompany the "Italian Essential Import Program" to Washington to assist in having it processed through the Military and civilian agencies.

As representative of this Ministry, I have appointed Prof. Pasquale Saraceno who has been one of the most valuable collaborators in the preparation of this program.

I think it advisable that he be accompanied by an efficient secretary with a perfect knowledge of the English language as well as of the structure of the whole program, in order to assist him and the other members of the mission.

According to my judgement, the person who would be most suitable to carry out this job would be Miss Giuliana Nardi, who has been working for several months in the "Technical Office" of my Cabinet, directly with Prof. Saraceno.

I shall feel very obliged indeed if you will grant your approval and take the action that you will deem suitable.

Sir, may I have your reactions to this proposal.

Faithfully yours,

Giovanni Gronchi
Minister of Industry
Commerce and Labour.

3916

A.

E.C. Dist - 26 FEB 45

ACTION: ECON SEC

Sec (53)

INFO: CHIEF COMM
EXEC COMM

4025/CC

Translation

The President of the Council of Ministers

10026.4.7./1.1.16

Rome, 15 February 1949

Dear Admiral,

The first grade Commission for the separation of the personnel of the 'Istituto Centrale di Statistica' decided in the meeting of December 16th to dismiss Dr. Alessandro Molinari, Director General entrusted with the reorganization of the services of the Institute.

According to art. 23 of the legislative decree of the Lieutenant of October 23rd 1944, n. 285, I have, by my decrees of January 31st, suspended this functionary from his service, entrusting the temporary regency of the Institute to Prof. Dr. Benedetto Barbera, Chief of Section, acting as Director Chief of Service of the Institute.

I remain, my dear Admiral,

Truly yours,

S. I. BONOMI

Admiral Ellery W. Stone
Chief Commissioner of the Allied Commission
R O M E

e.e.

30

4025/100

ac 470
FEB 17 1945HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

Tel : 454

16 Feb 45

Ref/5002/EC.

SUBJECT : Central Institute of Statistics.

TO : Economic Section.

Attached letter 10026.4.7./1.1.16 dated 15 Feb 45 from PM Bonomi advising the appointment of Prof. Dr. Benedetto Barberi as Regent of the above institute, is passed to you for information and preparation of acknowledgement for signature of the Chief Commissioner.

Chief Staff Officer,
To Executive Commissioner.

3914

Copy to: Civil Affairs Section.

4025/EC

(50)

EWS/dfe

CC 4025

8 January 1945

Brigadier General Edgar E. Hume, GSC
SCAO, Fifth Army
APO 464

Dear General Hume:

Supplementing my letter of 5 January which commented on the reports of U.S. Consul Grebaugh, I note that he seems to feel that UNRRA has been responsible for civilian and relief supplies which have come into Italy. I should be grateful if you would inform him that UNRRA has not brought one pound of any sort of supplies into Italy or, in fact, anywhere in the Mediterranean Theatre.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc: Chief of Staff
Colonel Densmore
CC Files

4025-100
(copy - 45-5/100)

49

FILES A

EWS/dfe

CC 4025

5 January 1945

Brigadier General Edgar E. Hume, GSC
SCAO, Fifth Army
APO 464

Dear General Hume:

Thank you for your letter of December 30th with enclosures. The proposal made by Mr. Grebaugh is not a new one and was considered by our Economic Section last Spring. Unfortunately, the great shortage in shipping tonnage, which has prevented our even establishing an adequate basic ration, does not permit the import at the moment of the particular consumer goods proposed by the Consul. However, if the shipping situation improves, we shall recommend to the Government consideration of a proposal such as he makes.

Thank you for forwarding me these reports.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc: C of S
Colonel Densmore (with reports)

A File

Dispatched 5/1/45 PM

48

*To Col. Densmore
Econ. Section
no copies
returned
per Army Supply*

4025/cc



EMBASSY OF THE
UNITED STATES OF AMERICA
Paris, France.

DEC 15 1944

December 6, 1944.

Dear Commodore Stone:

Again let me express to you my very sincere thanks for your generous and effective cooperation during our two weeks in Italy. Please extend my thanks and the thanks of each member of the Mission to the members of your staff who were so very helpful, particularly to Mr. Antolini and Colonel Murphy.

Mr. Fox and I reached Paris a couple of days ago after a short stop in Corsica and in Marseilles. Our new instructions are now here and we expect to be in Paris for at least a couple of weeks carrying them out.

With renewed appreciation and with my best wishes, I am,

Very cordially yours,

W. S. Culbertson
William S. Culbertson

Commodore Ellery Stone,
Allied Commission,
Rome, Italy.

091311

✓

A

FILES A

47

SECRET

AFHQ

S-378

1 DEC

PRIORITY

SECRET PD

REUR FOX FIVE NINE EIGHT TWO FIVE OF TWO EIGHT NOVEMBER PD

GENERAL
 PAREN TO AFHQ FOR MCNARNEY FROM HQ ALCOM FROM STONE PERSONAL PAREN

AMBASSADOR CULBERTSON STATES THAT ONLY ONE COPY OF REPORT IS AVAILABLE WHICH
 IS NOW IN POSSESSION OF AMBASSADOR KIRK PD AMBASSADOR CULBERTSON HAS REQUESTED
 AMBASSADOR KIRK TO MAKE IT AVAILABLE TO YOUR HEADQUARTERS FOR SUCH COMMENT
 AS YOU MAY CARE TO SUBMIT

31173
 Ambassador Kirk:

This message was drafted in the presence
 of Ambassador Culbertson who approved it.

E.W.S.

1 Dec 44

cc: Chief of Staff
 'A' Files

Chief Commissioner

445

SECRET

ELLERY W. STONE FILES A
 Commodore, USNR
 Chief Commissioner

291.3

146

SECRET

BWS/dfe

29 November 1944

My dear Ambassador:

44

In a signal from Allied Force Headquarters, Lieutenant General McNarney, U.S. Army, requests me to advise you that, if the report of your mission will contain comments on or recommendations with respect to any matters of present military concern, a copy of the report should be furnished AFHQ so that, if appropriate, comments may be offered to the War Department.

Yours very truly,

ELLSBY W. STONE
Commodore, USNR
Chief Commissioner

3949

cc: Economic Section, C of S, A Files

✓

The Honorable William S. Culbertson
Culbertson Mission
c/o Headquarters Allied Commission
APO 394

See

46

0913

15

Note: Freedom cable F 59825 of 28 Nov 44 is reference.

SECRET

F 59825

NOV 282208

SECRET

AFHQ SIGNED MCNARNEY

ALCOM FOR STONE

NOV 29

PRIORITY

CITE : FHGEG

ca 1022
NOV 29 11:56a**SECRET.**The Hon. William S. Culbertson

You are requested to advise Ambassador CULBERTSON that if, the report of his mission will contain comments on or recommendations with respect to any matters of present military concern, a copy of the report should be furnished this HQ so that, if appropriate, comments may be offered to the War Department.

AC DISTAction - Leon Sec (3)Info - SO 10 CHIEF
Commissioner

COS

File (2)

Front

3908

Sec 45

091.3

SO 15
Chief Commissioner 9/21/96

SECRET.

The Hon. William S. Culbertson

You are requested to advise Ambassador CULBERTSON that if, the report of his mission will contain comments on or recommendations with respect to any matters of present military concern, a copy of the report should be furnished this HQ so that, if appropriate, comments may be offered to the War Department

AC DIST

Action - Leon Sec (3)

Info - SO 10 CHIEF

COMMISSIONER

C O S

File (2)

1200T

3908

See (45)

SECRET

(45)

AS
14 NOV 1944
A. C. S.

091.3

~~CONFIDENTIAL~~S.O. To Chief
Commissioner

G-5: 040-6 1st Ind. HRT/nch
 ALLIED FORCE HEADQUARTERS, G-5 Section, APO 512, 7 Dec 44
 TO: Chief Commissioner, Allied Commission, APO 394, U.S. Army

Your attention is invited to attached letter from
 Lt.Col. J.P.B. Roes, Deputy Director, C.E.W.A., dated 5
 December 1944, 1 inclosure.

For the Asst. Chief of Staff, G-5:

H. R. Thompson
 H. R. THOMPSON,
 Captain, CAC.

1 Incl:
 a/s

13 December 1944

Chief Commissioner:

A complete set of copies of the attached
 have been made for Mr. Antolini.

L. D. Deismore
 L. D. DEISMORE
 Col, CSO, Econ Sec

(43)

~~CONFIDENTIAL~~

091.3-1

A

CONFIDENTIAL

G-5: 040-6 1st Ind. HRT/nch
ALLIED FORCE HEADQUARTERS, G-5 Section, APO 512, 7 Dec 44

TO: Chief Commissioner, Allied Commission, APO 394, U.S. Army

Your attention is invited to attached letter from
Lt.Col. J.P.B. Rees, Deputy Director, C.E.W.A., dated 5
December 1944, 1 inclosure.

For the Asst. Chief of Staff, G-5:

H. R. THOMPSON,
Captain, CAC.

1 Incl:
a/s

3916

CONFIDENTIAL

COMBINED ECONOMIC WARFARE AGENCIES

Economic Advisory Branch (Foreign Office and
Ministry of Economic Warfare (U. K.)
Foreign Economic Administration (U. S.)

(Headquarters)

A. F. H. Q., A. P. O. 512

5th December 1944.

To: Captain H.R. Thompson, G-5, A.F.H.Q.

From: C.E.W.A., A.F.H.Q.

... Referring to the attached memorandum from Mr. Ashley
Bayne dated November 20th, and your covering letter of November
23th, regarding the American staff of C.E.W.A.

organization The American personnel in C.E.W.A. have now left this
but I would point out that the paragraph in question is
meant to inform interested parties that Mr. David Lehman of the
Economic Section, Allied Commission, Rome (the senior U.S.
Foreign Economic Administration Officer in this theatre) now
has the administrative authority over the F.E.A. personnel
formerly attached to C.E.W.A. and who are remaining in this
theatre posted to other organisations.

J.P. Ross
J.P. Ross, Lt.-Col.
Deputy Director, C.E.W.A.

3915

43

CEWA
CONFIDENTIAL
HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner
 APO 394

EWS/afe

28 November 1944

Subject: Combined Economic Warfare Agencies

To: G-5 Section, Allied Force Headquarters, APO 512



1. Attention is invited to the last paragraph of the attached copy of a letter from Combined Economic Warfare Agencies dated November 20, in which reference is made to "the Foreign Economic Administration Mission with the Allied Commission, Rome".

2. This Commission has no notice of an FEA mission either with or attached to this Commission, and information is requested as to the meaning of this reference.

Ellehy W. Stone

ELLEHY W. STONE
 Commodore, USNR
 Chief Commissioner

1 Incl:

G-5: 040-6 1ST IND. HRT/iase
 ALLIED FORCE HEADQUARTERS, G-5 SECTION, A.P.O. 512, 1 December 1944
 TO: Headquarters, Combined Economic Warfare Agencies, A.F.H.Q.

1. Your attention is invited to para. 2, letter, H.Q. A.C., subject: "Combined Economic Warfare Agencies," dated 28 November 44.

2. May we please have an explanation of the meaning of para. 4 your letter, (copy attached).

For Asst. Chief of Staff, G-5:

H. R. Thompson
 H. R. THOMPSON,
 Captain, CAC.

Incl:
 as above.

43

CONFIDENTIAL

cc 988
NOV 25 RECD

COMBINED ECONOMIC WARFARE AGENCIES

(Headquarters)

A. F. H. Q. A. P. O. 512

Enemy Branch (Foreign Office and Ministry
of Economic Warfare) (U. K.)
Foreign Economic Administration (U. S.)

CONFIDENTIAL

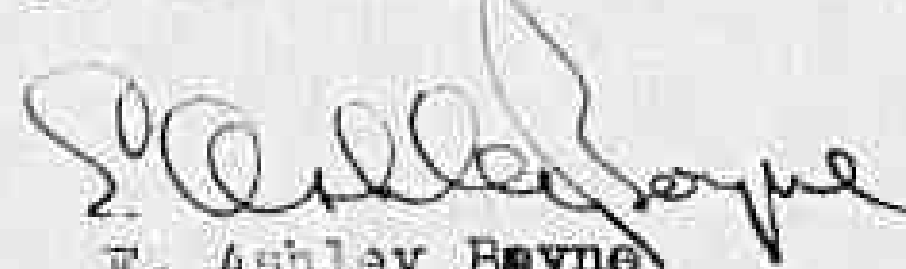
November 20, 1944

To: Adjutant General, AFHQ (INFOUR)

Subject: Combined Economic Warfare Agencies

1. Reference is made to your circular of April 28, 1944 (AG 321-1 CEWA GBI-0) and subsequent publications relating to this organization.
2. You are advised that with the concurrence of the Joint Intelligence Committee, AFHQ, and the A.C. of S., G-2, AFHQ, this organization will be dissolved by December 1st, 1944. This action is authorized by both parent agencies: the Foreign Economic Administration of the United States and the Economic Advisory Branch of the British Foreign Office and Ministry of Economic Warfare.
3. Certain American civilian personnel now members of CEWA will remain in this theatre attached to appropriate sub-sections of AFHQ, until present assignments are concluded. Certain British personnel will do likewise. These individuals should be considered from the above date of dissolution as belonging to their parent agencies and on special assignment in this theatre.
4. In the case of American personnel, administrative authorities rest in the future with the Foreign Economic Administration Mission with the Allied Commission, Rome, or with the Office of the Political Advisor, AFHQ.

3963


 E. Ashley Bayne
 Executive Officer

Distribution:

Adjutant General (3)
 Office of Political Advisor (2)
 Col. Slebo, G-2 (1)
 AFHQ, Cairo (2)
 NAJEF (1)
 American Consul General, Naples (2)
 EWD, London (2)
 FEA, Washington (4)
 EAB, London (2)
 CEWA Detachment 2, Bari (2)
 Economic Section, ACC, Rome (1)

Chief Commissioner AC (1)

43

EWS/dfc

18 November 1944

MEMORANDUM FOR: Colonel Culbertson

I am enclosing herewith the papers listed below:

1. Long Terms Armistice
2. CCS Directive for Allied Control Commission, 23 October 1943
3. AFHQ Administrative Memorandum No. 74 establishing the Allied Control Commission dated 2 November 1943
4. Memorandum re Allied Control Commission dated 29 July 1944
5. Chief Commissioner's telegram to AFHQ dated 12 September, as to future of AC
6. AFHQ telegram to Chief Commissioner dated October 30th
7. Chief Commissioner's telegram to AFHQ dated 4 November
8. Outline of essential Italian imports prepared for Messrs. Mitchell and Harris
9. Telegram from AFHQ to CCS re implementing import program
10. Telegram from CCS to SACMED instructing no change for present
11. Telegrams from U.S. State Department with respect to dollar credits, dated November 5
12. Anti-Inflation Report, and Progress Report, dated June 19 and October 24, respectively

091.5

cc: CofS

A Files

Delivered by hand of Mr. Antolini,
Economic Section.ELLERY W. STONE
Commodore, USNR
Chief Commissioner

My dear Mr. Ambassador:

I have a telegram from the Department dated October 26th instructing me to proceed to Italy after the completion of the work of my mission here. In other words the Department has constituted a Special Economic Mission for Italy similar to the missions which were organized for North Africa and for the Middle East. I am to serve as Chairman of this Mission under the general instructions, a copy of which I sent to you from Algiers. I will be an enclosing an additional copy of these instructions and also a copy of my travel instructions. I will be accompanied by Messrs. Fox, Gillis, Friedlaender, Bowman, Thompson and Woodward. Mr. Winant and possibly Mr. Miller will return direct to Washington.

It is now probable that we will conclude our work in Cairo some time between the 10th and 15th of November. A number of the members of the Mission may precede me to Italy but in any case I will be there on or before November 15th.

The telegram from the Department states that our visit to Italy has been approved for some time during November by arrangements made with the Joint Chiefs of Staff and the Theater Commanders. We are instructed to notify the appropriate military authorities at least one week in advance of our intended departure from Cairo. I am taking this matter up with the military authorities here. If any additional formalities are necessary in Italy I will be grateful if you will arrange them.

Cairo, November 1, 1944.

LEGATION OF THE
UNITED STATES OF AMERICA

C O P Y

"A" 11/1/44

091.3

- 2 -

I have not yet received detailed instructions which are being sent by fast mail. When I receive them I will transmit copies to you.

With personal regards and looking forward to seeing you, I am

Very cordially yours,

William S. Culbertson

Enclosures:

As stated above.

The Honorable
Alexander Kirk
American Ambassador,
Rome, Italy.

2000

Enclosures:
As stated above.

The Honorable
Alexander Kirk
American Ambassador,
Rome, Italy.

2010

See incs

(41)

C O P Y

MEMBERS OF THE MISSION

William S. Culbertson, Chairman

Homer S. Fox

Van Lear Woodward

John L. Gillis

William L. Friedlaender

Victor Bowman

Richard C. Thompson

Mr. Biddle of the Budget Bureau may join the

Mission coming from London.

3998

Homer S. Fox

Van Lear Woodward

John L. Gillis

William L. Friedlaender

Victor Bowman

Richard C. Thompson

3993

Mr. Biddle of the Budget Bureau may join the

Mission coming from London.

(14) INCL 'A'

C O P Y

DEPARTMENT OF STATE
Washington

In reply refer
to QFS

Dear Colonel Culbertson:

The War Department having made your services available for the purpose, you are hereby designated Chairman of a Special Mission to study questions affecting the foreign economic and commercial policies of this Government in relation to French North Africa. The Mission will be under the sponsorship of the Department of State and will comprise representatives of this Department, the Foreign Economic Administration, the Department of Commerce, and possibly the Bureau of the Budget. A list of the members of the Mission is enclosed.

The objectives of the Mission are to review on the ground the problems involved in returning trade to normal channels as rapidly as wartime conditions permit and to recommend procedures which would ensure the fullest possible participation of private business in such Government transactions as may be required in view of wartime exigencies. More specifically, it is desired that the Mission make a study of the following: (1) the possibility of increasing the procurement of goods in North Africa for export to the United States; (2) study of the procurement programs of other United Nations as they may affect North Africa; (3) review of problems involved in the resumption of trade to and from the United States through commercial channels, including the question whether such resumption is feasible under present conditions.

The War Department having made your services available for the purpose, you are hereby designated Chairman of a Special Mission to study questions affecting the foreign economic and commercial policies of this Government in relation to French North Africa. The Mission will be under the sponsorship of the Department of State and will comprise representatives of this Department, the Foreign Economic Administration, the Department of Commerce, and possibly the Bureau of the Budget. A list of the members of the Mission is enclosed.

The objectives of the Mission are to review on the ground the problems involved in returning trade to normal channels as rapidly as wartime conditions permit and to recommend procedures which would ensure the fullest possible participation of private business in such Government transactions as may be required in view of wartime exigencies. More specifically, it is desired that the Mission make a study of the following: (1) the possibility of increasing the procurement of goods in North Africa for export to the United States; (2) study of the procurement programs of other United Nations as they may affect North Africa; (3) review of problems involved in the resumption of trade to and from the United States through commercial channels, including the question whether such resumption is feasible under present conditions.

It is clearly understood that the Mission is to make any recommendations which it may consider appropriate as a result of its studies but that no changes in procedures and functions in the field are to be made by the Mission or as a result of its recommendations until specific instructions have been prepared by the appropriate authorities in Washington and duly transmitted to the field officers concerned.

It is contemplated that when the work of the Mission in North Africa is completed you will proceed to Egypt and certain other areas as Chairman of a mission to make similar surveys in those areas. In carrying out the duties indicated, the members of the Mission will be expected to confer with the diplomatic and consular representatives of

the

The Honorable
William S. Culbertson
Care of Department of State

141 1266 'B'

- 2 -

the United States in all countries visited, and by arrangement with them, with the appropriate officials of the countries visited as well as with representatives of other United Nations in those countries, and particularly those concerned with economic and commercial matters.

A separate instruction will be issued authorizing the travel necessary to carry out your duties as Chairman of this Mission.

At the suggestion of this Department, the President has approved according you the temporary personal rank of Ambassador while you are serving as Chairman of this Mission.

Sincerely yours,

/s/ E. R. Stettinius, Jr.

Acting Secretary

3867 Enclosure:

List of Members of
Special Mission.

has approved according you the temporary personal rank of Ambassador while you are serving as Chairman of this Mission.

Sincerely yours,

/s/ E. P. Stettinius, Jr.
Acting Secretary

3857 Enclosure:

List of Members of
Special Mission.

18. 720117
(41) incl 1 B1

C O P Y

August 1, 1944.

Lieutenant Colonel William S. Culbertson,

Care of Department of State,

Washington, D.C.

Sir:

Reference is made to your appointment as Chairman of the Special Mission to French North Africa with personal rank of Ambassador. You are authorized to travel to Cairo, Algiers, Ankara, Italy, the United Kingdom, and to such other places as may be necessary in order to make a study of American trade relations.

Your transportation expenses and per diem for all travel to be performed under this order are authorized, subject to the provisions of the Standardized Government Travel Regulations. You are granted a per diem at the maximum rates prescribed by Paragraph 45 of the Standardized Government Travel Regulations while traveling and while on duty at each place visited. Travel via any feasible route and means, including military aircraft, is authorized. You are authorized to carry with you fifty (50) pounds of excess baggage. You are also granted a representation allowance of \$1000, to be used as you may deem desirable to accomplish the purpose of your mission. All expenses to be incurred are chargeable to "Authorization No. 55, 1945".

This letter may be presented to officers of the American Foreign Service en route as their authority to procure for you any necessary transportation, and to pay any necessary per diem and advances on the representation

Sir:

Reference is made to your appointment as Chairman of the Special Mission to French North Africa with personal rank of Ambassador. You are authorized to travel to Cairo, Algiers, Ankara, Italy, the United Kingdom, and to such other places as may be necessary in order to make a study of American trade relations.

Your transportation expenses and per diem for all travel to be performed under this order are authorized, subject to the provisions of the Standardized Government Travel Regulations. You are granted a per diem at the maximum rates prescribed by Paragraph 45 of the Standardized Government Travel Regulations while traveling and while on duty at each place visited. Travel via any feasible route and means, including military aircraft, is authorized. You are authorized to vary with you fifty (50) pounds of excess baggage. You are also granted a representation allowance of \$1000, to be used as you may deem desirable to accomplish the purpose of your mission. All expenses to be incurred are chargeable to "Authorization No. 55, 1945".

This letter may be presented to officers of the American Foreign Service en route as their authority to procure for you any necessary transportation, and to pay you accrued per diem and advances on the representation allowance as needed by drawing separate drafts and rendering separate accounts. This letter may also be presented to all American officials en route as their authority to assist you in obtaining necessary priorities to facilitate your journey and to enable you to carry out these instructions in the most expeditious manner.

Very truly yours,

For the Secretary of State:

G. Howland Shaw
Assistant Secretary

(41) invet 'C'

0 8 5 7

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

EWS/afe

A/CC 091.3-1

13 October 1944

MEMORANDUM TO: Chief of Staff

1. The opinion is wide-spread by the Italian press and Allied diplomatic representatives that internal trade, particularly as regards the purchase and movement of food supplies, is greatly handicapped, if not almost completely blocked, by movement and trading restrictions—some Italian and some Allied.

2. It would be helpful if a concise statement of the present situation could be made up for presentation to those who criticize our administration. At the same time, attention should be given to see what further restrictions may be removed.

ELLERY W. STONE
Commodore
Acting Chief Commissioner

cc: 'A' File ✓

3395

091.3

(40)

INFORMATION

A

HEADQUARTERS
ALLIED CONTROL COMMISSION
CMT
Office of the Chief of Staff.

REF : 801/7/COS.

12 October 1944

SUBJECT : Visit of Special Economic Survey Mission.

TO : Economic Section.

1. The following information has been received from AFHQ C-5 Section :
 - " 1. The Chief of Staff of the Army has requested permission for the Special Economic Survey Mission headed by Lt. Col. William S. Culbertson to visit Italy for about 2 weeks in mid-November.
 2. The visit was approved by the Chief of Staff, this headquarters under date of 30 September 1944.
 3. Further details will be furnished as to ETA and number in party when received. "
2. We will advise you when we have further information.

355

ewf
Chief Staff Officer,
To the Chief of Staff.

091.3 Economic

(39) a

A/EC 350
 OCT 9 1944
 NLT

HEADQUARTERS
 ALLIED CONTROL COMMISSION
 GMP
 Office of the Chief of Staff.
 ++++++

998/COS.

6 October 1944

SUBJECT : Transferred File.
 Fuel for Institute of Statistics.
 TO : V.P. Economic Section.

The attached correspondence is passed to you for necessary action, and reply on behalf of the Acting Chief Commissioner.

see 14368/10026-S-3/1/1.16
 2 Oct to Stone

MSL
 Brigadier,
 Chief of Staff.

091.3-1

Copy to:
 3593 ✓ Major Quayle.

38

(NOTE: All earlier correspondence
 passed to Econ Sec.)

39

TRANSLATION

THE UNDER SECRETARY OF STATE
TO THE PRESIDENCY OF THE
COUNCIL OF MINISTERS
n. 14368/10026-5-3/1/1.16

Rome, October 2nd

Dear Admiral,

29

Thank you very much for your kind communication A/C 091.3-1, in which you tell me that you have given the necessary instructions for the Central Institute of Statistics to get the fuel it requested.

Nevertheless, from what I have heard, the amount that the competent office put at the disposal of the Institute does not correspond to the requested amount, which had already been reduced to the indispensable minimum; it is in fact 50% less than that minimum.

Thus reduced, the allotment is quite insufficient for the needs of the Institute. This has inevitable consequences on its working possibilities - which, as you well know - ought to be increased to the utmost for bringing to term some very important works.

I should be very grateful to you, dear Admiral, if you would request the competent office to send the complete allotment of requested fuel.

I remain,

Sincerely yours,

/s/

S. FENOCIA

Admiral Stone
Chief Commissioner
Allied Control Commission
R o m e

See 39

3892

Trans. E.C.

38

091.3-1

27 September 1944

MEMORANDUM FOR MAJOR QUAYLE -

With respect to your note of 15 Sep,
copy attached, the only answer we have been
able to get on this matter is reflected
in the attached report from the Public
Relations Officer.

see

(31)

Alc 091.3

15 Sept 44

T.H.D.
DENSMORE
Col., CSO

Incl - above

HQ ACC, APO 394

414 Sec'y Gen.

Rec'd 28 Sep 1944

By

File (A) RMS

091.3-1

Captain Stan

(37)

3291
this

You may care to glance at
I think there's nothing more to
be done.

Q.

PUBLIC RELATIONS BRANCH
ALLIED CONTROL COMMISSION4/4 Gen.
REC'D 28/9-1300
DFE

PRB/R20

25 Sep 44

SUBJECT: Allegation in "UNITA" dated 13 September

TO : Colonel L.D. Densmore, Sig. C., C.S.O.
Economic Section.*not held*

1. Reference your ES/60 dated 17 September 44.
2. Lieut. Colonel Munro, Executive Secretary of the Allied Publications Board, was asked to question the Editor of the "UNITA" as to the facts on which these figures had been based. His reply is attached hereto and is self-explanatory.

vehb

Lionel Fielden
LIONEL FIELDEN

Major

Public Relations Director.

3390

37

APPA

25 Sep
22

COPYHQ APO 394
14 Sec y/Gen.
Rec'd 20/9-1300
By DFE

OFFICE OF THE CENTRAL
A L L I E D P U B L I C A T I O N S B O A R D

Room 108, 62 Via Veneto
ROME

22 September 44

SUBJECT : Complaints against L'UNITA
TO : Major Lionel Fielden,
Public Relations Director,
ACC.

1. As requested by Captain Stone through you the Editor of L'UNITA, Sig. Spano, was called to this Office in connection with (a) unemployment figures published in his paper on 13 September, and (b) the anti-Polish article published 13 August.

2. With regard to (a), Sig. Spano admitted that he had no definite data but claimed that the unemployment figures quoted were correct as far as could be checked in the absence of any census. He would discover the figures given from the ACC Labour Sub-Commission and the Italian Government for eventual correction, if and as required.

3. As to (b), Sig. Spano pointed out that the article to which exception had been taken was a reprint from the Soviet review, WAR AND THE WORKING CLASS, provided from Soviet sources. If he were not being reprimanded on purely military grounds Sig. Spano expressed the right of his paper to publish comments on political affairs from authoritative and recognised Communist sources.

4. I pointed out that every endeavour was made by the Allies to differentiate between Military Censorship and political guidance. (My own case was here not only weakened but undermined on the Military Censorship grounds by the fact that it was I, and not Major Alexander, who was asked to reprove Sig. Spano.) I told him that no matter

3309

(37) APP B

- 2 -

what party or country was involved, nothing could be tolerated calculated to undermine the morale and confidence of any of the fighting forces or their supporters. Sig. Spano countered this by saying while accepting that position he would, in the light of what I said, like to present instances of where the Poles had deliberately insulted the Italian people and fighting arms.

5. While not lessening the admonition that I had made, I told him that I would forward to the proper quarters any submission which he cared to present.

6. Later on the same day (19 September), Sig. Spano telephoned this office asserting that Polish soldiers had caused a disturbance at a Communist headquarters; he complained of insults and threats against the Italians made by the Poles.

(Sgd). I.S. Munro,
Lt. Col.,
Executive Secretary.

3363 P.S. L'Unita telephoned later to say that they had checked the figures with the Casa di Lavoro of the Associazione Sindacale Italiano della Federazione del Lavoro, Piazza Esquilino, and had found them confirmed on general lines within the limits of data available.

I.S.M.

FILE UNDER NO. 321-2 Red Cross
091.3 Economics

INDEX SHEET

SYNOPSIS

Ltr A/CC 000.1-2 Stone to AFHQ G-5 23 Sept 44

Italian Technical Representatives to the US.

x-091.3 For economic talks - Quintieri & Mattioli
x-321-2 For Red Cross help - Scaretti

Incl: Ltr Memo Bonomi to Roosevelt 22 July & reply Cordell Hull to
Bonomi 19 Aug ; Also ltr Kirk to Stone re delegates.

APPENDICES: A) Paraphrase of State Dept telegrams between Lo don &
Washington on advisability of sending delegates.

B) Paraphrase of telegram from Secstate Washington.

DOCUMENT FILED UNDER NO. 000.1-2 Ital Politics

3887

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheet and then destroyed.

(36)

091-3

BIS/ajp

A/CC 091.3-1

21 September 1944

My dear Mr. Prime Minister:

(32)

This is in reference to your letter N. 14216/12410 2/1.6.1 of 15 September 1944 wherein it is suggested that there be included a "Family Questionnaire" with the schedules which are being delivered in connection with the Census of National Reconstruction that is being conducted by Statistics Central Institute.

We are in complete accord as to the purpose and necessity for the Family Questionnaire, and agree it is important that the information be made available. At the same time I must point out a difficulty in the working of the scheme as you propose it.

As you know, both your government and the Commission are anxious to have the major portion of the Census of National Reconstruction completed by 15 November. Schedules have all been printed, a portion has already been delivered and the balance is in the process of delivery. Now in order to include the Family Questionnaire it would be necessary to delay forwarding the balance of the Census of National Reconstruction schedules until the Government could prepare and print the Family Questionnaire. It is estimated that this would delay the Reconstruction Census at least two weeks.

So as to avoid this delay, would it not be possible for the Government to extract sufficient information from one of the Reconstruction schedules as it stands (schedule attached) to compile a population list at the same time as the Reconstruction information is tabulated?

The Statistics Central Institute in Rome could prepare copies of the relevant portion of the family schedule which could then be sent to each commune as its electoral roll. This work could be begun on 15 November when the basic tabulation has been compiled and finished by 20 November without interfering with the other census plan.

Though it is not suggested that a complete electoral roll will thus be obtained showing paternity, maternity, and place of birth, yet I do suggest that sufficient information might be tabulated for your needs.

In the meantime, I must point out that the process of delivering the Reconstruction schedules is going ahead daily, and for your information I enclose a complete set of the schedules and instructions which are being distributed for the census.

(35)

A/CC 091.3-1

21 September 1944

Finally I again want to assure you that we are in accord on this matter and wish to take this opportunity to thank you for the splendid attitude of the government towards the Reconstruction Census.

Sincerely yours,

MILROY W. STONE
Captain, USNR
Acting Chief Commissioner

Incls:
as above.

His Excellency Ivanoe Bonomi,
President of the Council of Ministers,
Italian Government,
Rome.

c.c. Economic Section
Administrative Section.

3365

34 304

Hq ACC Sec'y Gen.
DISPATCHED
On Time 22 Sept 1944
via _____
through _____

over

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

JAQ/ajp

A/CG 691.3

18 September 1944

Subject: Revision of Italian Census

To : Admin. Section (Att: Brigadier Upjohn)
Economic Section (Att: Mr. Antolini)

With reference to attached copy of letter No. 14216/12410 -
2 /1.6.1 from H. E. Bonomi, dated 15 September 1944, please coordinate
and prepare reply for the Acting Chief Commissioner's signature.

For the Acting Chief Commissioner:

J. A. QUAYLE
Major, R. A.
Chief Staff Officer

1 Incl:
as above.

05113

FILES (A) B

Hq	A	C	S	Secy	Genl
D					
Dist					18 Sept 1945
Via					magi
Index					over

TRANSLATION

THE PRESIDENT OF THE
COUNCIL OF MINISTERS

n. 24216/12410 - 2 / 1.6.1

Rome, 15 September 1944

HQ ACC. APO 394
232 Sec'y Gen.
Rec'd 16 Sept 1944
By DRK

Dear Captain Stone,

I want to draw your attention on the following matters:

1 - the dispositions taken about the measures which are necessary for the compilation of administrative electoral lists have made evident the necessity of an extraordinary revision of the population lists, which, because of the displacement of large masses of population caused by the war, do not correspond anymore to the census situation of the municipalities. Such a revision means gathering a few essential census particulars (name, surname, paternity, maternity, date and place of birth, civil status, place of residence..)

2 - To proceed quickly and economically, these particulars could be gathered by means of appropriate family questionnaires, prepared in agreement with the Statistical Central Institute, which would be distributed together with the census papers which will soon be made; after the compilation they would be kept by the municipalities, which could use them as a basis for the census revision.

The distribution and compilation of the family questionnaires would in no way hinder the rapidity of the census, which would take place on entirely autonomous lines during its following phases; yet it would be a great help to the municipalities for the organization of the various services.

3 - The questionnaires should be sent to the prefectures, by the same means which will be employed for the transportation of census material, so that their distribution should correspond with the census in most municipalities at least. This to avoid expenses and transportation difficulties.

4 - as for the provinces where the census papers have already been sent, the family questionnaires should be sent by means provided by the Control Commission, and this without delay, for the reasons expressed in n. 3.

5 - Considering that many provinces lack paper and equipped printing-offices, the State should have to provide the questionnaires.

Before giving the necessary instructions, I should like

FILES (A-B)

32

TRANSLATION

THE PRESIDENT OF THE
COUNCIL OF MINISTERS

n. 14216/12410 - 2 /1.6.1

Roma, 15 September 1944

HQ ACC, APO 394
232 Sec'y Gen.
Rec'd 14 Sept 1944
By _____ JKR

Dear Captain Stone,

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5 - Considering that many provinces lack paper and equipped printing-offices, the State should have to provide the questionnaires.

Before giving the necessary instructions, I should like

FILES (A-B)

to know whether you approve of n. 2, 3, 4, about the simultaneous distribution of the family questionnaires and of the census papers, and about the granting of means for forwarding them to the prefectures.

As the revision of the census material is essential for the formation of administrative electoral lists, and therefore for the reorganization of the life of the country on steady democratic basis, I trust that you will give a favourable answer to the above-mentioned requests.

Thanking you, I remain,

Yours sincerely,

/s/ I. Bonomi

ADMIRAL STONE

Allied Control Commission

R o m e

3362

Trans. E.C.

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Thanking you, I remain,

Yours sincerely,

/s/ I. Donomi

ADMIRAL STONE

Allied Control Commission

R O M E

3532

Trans. E.C.

Roma, 15 settembre 1944

HQ ACC. APO 394

232 Sec'y Gen.

Rec'd 14 Sept 1945

By

CKA

*Il Presidente
del Consiglio dei Ministri*

Caro Capitano Stone,

desidero richiamare la Sua cortese attenzione sui seguen-

ti punti:

- 1 - nella predisposizione delle misure necessarie alla compilazione delle liste elettorali amministrative si è constatata l'assoluta necessità di una revisione straordinaria dei registri di popolazione, che, a causa dello spostamento di larghe masse di popolazione in conseguenza della guerra, non rispecchiano più fedelmente la situazione anagrafica dei comuni, con palese disagio dei vari servizi comunali. Tale revisione presuppone la raccolta di alcuni dati anagrafici essenziali (nome e cognome, paternità, maternità, luogo e data di nascita, cittadinanza, stato civile, residenza ecc.).
- 2 - allo scopo di procedere rapidamente ed economicamente, la raccolta dei dati potrebbe essere effettuata per mezzo di apposite schede di famiglia, predisposte di intesa con l'Istituto Centrale di Statistica, le quali sarebbero distribuite contemporaneamente ai fogli del censimento di imminente effettuazione e conservate, dopo la compilazione, presso i comuni che, sulla base di esse, effettuerebbero la revisione anagrafica.

La distribuzione e compilazione delle schede di famiglia, mentre non intralcierebbe nè pregiudicherebbe comunque la rapidità

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Al Capitano STONE
Commissione Alleata di Controllo

R O M A

/.

del censimento, che avrebbe, nelle fasi successive, corso del tutto autonomo, gioverebbe non poco ai comuni per la sistemazione dei vari servizi.

3. - Le schede dovrebbero essere inviate alle Prefetture con gli stessi mezzi destinati al trasporto del materiale di censimento affinché la loro distribuzione possa coincidere col censimento almeno nella maggior parte dei comuni. E ciò allo scopo di evitare maggiori spese e difficoltà di trasporto.

4. - per le provincie cui fossero stati già spediti i fogli del censimento, l'invio delle schede di famiglia dovrebbe avvenire ugualmente con mezzi concessi da codesta Commissione di Controllo e nel più breve tempo possibile per le necessità prospettate sotto il n. 3.

5. - data la mancanza di carta e di tipografie attrezzate in molte provincie, alla stampa e fornitura delle schede sarebbe provveduto direttamente dallo Stato.

Prima di disporre in conformità, La prego di recare il Suo benevolo esame sulla questione e di farmi pervenire il Suo benestare su quanto proposto con i numeri 2, 3, 4 circa la contemporanea distribuzione delle schede e dei fogli di censimento nonché la concessione dei mezzi che dovrebbero assicurarne l'invio alle singole Prefetture.

Poiché la revisione del materiale anagrafico è un presupposto essenziale per la formazione delle liste elettorali amministrative, e quindi per il rinnovamento della vita del paese su salde basi democratiche, confido nel Suo personale, cortese interessamento perché le richieste di cui sopra possano trovare favorevole accoglienza.

4 - per le provincie cui fossero stati già spediti i fogli del censimento, l'invio delle schede di famiglia dovrebbe avvenire ugualmente con mezzi concessi da codesta Commissione di Controllo e nel più breve tempo possibile per le necessità prospettate sotto il n. 3.

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Con anticipati ringraziamenti e cordiali saluti,



HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

JAQ/cjp

A/CC 091.3

15 September 1944

Subject: Allegation in Rome Press

To : Economic Section

1. Your attention is called to the following extract from PRB's publication "Daily Digest of Rome Press" of 13 September 44 (Page 5):

"UNITA (Communist)

Box at top of page calling attention to the fact that there are 200,000 unemployed in Rome dying of hunger and 200,000 employed at fixed wages so low that they are living . . . on hunger."

2. With a view to deciding whether this be a serious or merely mischievous statement, it is requested that the basis of the allegation be investigated and a report made to this office at the earliest.

For the Acting Chief Commissioner:

J.A.Q.
J. A. QUAYLE
Major, R. A.
Chief Staff Officer

091.3-1

3378

(31)

OX

34210

Re A.C.C. Sec'y Gen.
DISPATCHED
Date: 15 Sept 1944
VIA <i>7mg</i>
<i>1944</i>

PUBLIC RELATIONS BRANCH
ALLIED CONTROL COMMISSION

PRB/R8

13 September 1944

Daily Digest of Rome Press.

AFTERNOON PAPERS

OSSERVATORE ROMANO

1. Another article on tragic conditions in Warsaw.
2. Laudatory comment on activities of clergy in Tuscany who have shared the hardships and trials of their flocks.

QUOTIDIANO (Independent Catholic)

1. Labor security. Ludovico Montini begins by discussing the Beveridge plan, intended to do away with want and give the worker security. But there can be no security in England as long as misery and unrest are rampant on the continent. And for Italy? Idle alike are the plans of labor leaders who found all their hopes on syndicalism and those who see in communism the new salvation. Both these factions are more concerned with political triumphs than with alleviating the condition of the masses. Perhaps then the masses, seeing the futility of these Utopias will turn again to the feet of Christ. Union of labor there must be, loyal and firm...in search of the Kingdom of God.

2. Electricity. Recommends suppression of household electrical devices which would permit a daily light ration for all.

PICOSTRUZIONE (Labor Democrat)

1. Comment on Ruini's speech at Naples. Affirms L.D.s intention of preserving democracy and opposing any kind of dictatorship. The six party union was based on the recognition by all parties of the need of renewing democracy in Italy. The leftist parties have not of course abandoned their program but they have said they will work for it in a democratic rather than a revolutionary way. The violence of the workers at the end of the last war; demonstrations, seizure of factories etc. alarmed both the bourgeois and the workers themselves and provoked the Fascist reaction. It is hoped that this time the extreme parties will have learned their lesson and will give no shadow of support to the forces. The left if it is wise will remain

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2. On conference at Quebec observation is that Italy waits in confidence and faith.

3. On the convention at Naples. Rejects Nenni's statement that the fusion with Labor Party and Social Democrat Party means the introduction of another reactionary Trojan horse (or horses) into the C.I.N. All these groups are progressive, says the writer... Remarks also that Nenni's promise of "permanent agitation" on the part of the Socialists is neither cheering nor opportune. The thing to do is to concentrate on common problems for the moment and leave individual party programs for later.

4. Calls for epuration of the "Fascist musician" Maestro Mario Labroca.

(3) APP A

2.

VOCE REPUBBLICANA (Republican)

1. Parties in review. On socialist "G.C." observes that this is a party which is honestly republican and yet it collaborates with a govt under the monarchy. Does it not realize the dangerous ambiguity of this line? As for the C.D.s they are still postponing decision: they have a right to of course but it all occurs with talk of "dynamism of all forces" and "warrior of youth" (De Gasperi's phrases) especially when everyone knows that a large part of the D.C. longs for the republic. As for Ruini he too states that the D.D.s want to return to Mazzini and hence democracy. But what does this mean in fact when the Labor Democrats are working with the King - nay, under the King. Speeches are all "very well" but this is a time for action; if all these spokesmen want a republic they must realize that the first step is to get rid of the monarchy and not preserve it by cooperating with it.

2. Comment on Churchill-Roosevelt meeting. The war being in its final stages says V.B., it is obvious that political discussions will take place. Enumerates the problems concerning Italy which will no doubt be touched upon. It is to be regretted that Stalin is not present but if some implementation of the Atlantic Charter emerges from the meeting it will be a great step forward.

3. Epuration of the press. G.A. Defelice surveys the committee with mistrust. He has no respect for Ardizzone, he wishes Bergamini hadn't spoken of avoiding "odious vendetta". For no one wants any such thing but what is wanted is a really rigorous epuration. Doubt is expressed that the Rome committee of three is even big enough to handle the job to say nothing of what their intentions may be. Let us remember that 8,000 arrests were made in Paris in the first week and that here Fascism had five times longer a life than collaborationism.

4. Opposition expressed to the creation of one big provisioning Board for Rome. This would be a great mistake and it is typically Fascist in concept. It is painful to see the Allies, sons, one would think, of democracy and free enterprise, consider this sort of solution.

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5. On seating of Deputazione Provinciale of Rome comment is that this sort of body is a mere mockery and can in no way be considered a Dep. Prov. in any real sense of the word.

MORNING PAPERS

AVANTI (Socialist)

1. Leader by Nenni, ridiculing the fears of the conservatives inspired by what was said at the Party Congress. Contrary to what is being said the Socialists did not threaten armed revolution but only violence if necessary in self-protection against reaction, which is a very different thing. Nor does he think it is attaining the 6 party accord too much if the Socialists ask for rigid epuration, provincial elections etc. or if they set forth clearly their program for the Constituent assembly. The North has yet to be heard from and plans must be made with their wishes in mind.

3.

2. Prevalence of the Christian Democrats. They are still saying neither yes nor no but AVANTI sees some signs of progress in the party's declaration. It is certain, in the opinion of AVANTI, that if the C.D.s are writing for the views of their adherents in the North the Party will declare itself republican.

3. Cartels and Trusts. Pietro Battora comments on Pres. Roosevelt's letter on cartels. Notes the President's disapproval of them but reminds its readers that this vicious system is by no means limited to Germany - as might seem to be implied in the President's letter - but is rather a phase of capitalism and can be encountered in any capitalistic country - or indeed on an international scale. Indeed the trusts are particularly well developed in America where their growth was sheltered for years behind a protectionist tariff wall.

4. Denial of charges made by Lucifero in ITALIA NUOVA (12 Sept). The provinces are not in disorder nor has any prefect asked the government for help and instructions.

5. Comment on Ruini's speech at Labor Democrat Congress. All his suggestions are archaic and the program of the party is hopelessly out of date.

6. Keep an eye on the Borsa. Notes campaign being made to have free trading in the Borsa. AVANTI is against it: it would enable Fascist profiteers to liquidate their gains and, in these days of poor transportation, communication and general crisis, it would give speculators a golden opportunity to create rumors and pile up fortunes on false markets.

7. Gas and Water. Recent events have shown convincingly that these two public utilities should not be run by private enterprise.

8. The Hotel Regina Coll. That's what it has become and de luxe at that the luxury in which the Fascists live while they await trial is shocking.

ITALIA NUOVA (action)

1. In the Party Committee. Publishes letter of Bauer, Lamalfa and Possel-Doria who resigned from the Committee because they were not satisfied with the declaration of Casanova affirming the party

placements are not in disorder nor has any precedent asked the Government for help and instructions.

5. Comment on Ruzini's speech at Labor Democrat Congress. All his suggestions are archaic and the program of the party is hopelessly out of date.

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8. The Hotel Regina Colla. That's what it has become and de luxe at that the luxury in which the Fascists live while they need a trial is shocking.

ITALY: LIBERA (Action)

1. In the Party Committee. Publishes letter of Bauer, Imbelle and Rossi-Doria who resigned from the Committee because they were not satisfied with the declaration of Cosense affirming the party to be "socialist" and "of the masses". They point out that they have no quarrel with any part of the program that calls for concrete action. They intend to remain in the party. Comment stresses this latter statement and publishes their letter as an example of the truly democratic functioning of the Action party.

2. Article on curtailing the police. Reform is urgent before any real separation is possible. The police should be autonomous, non-political and they should get better pay and treatment and be recruited with more care. Article goes into some detail on all these points.

3. Answer to Tullio Recanatelli, who in AVANTI described the action party as one believing in the predominant role of the intellectual bourgeoisie. Ridiculous, says I.I.

4. Light ration. Claims to have learned from competent sources that there will be six hours a day to all users beginning Oct. 1.

4.

5. Indignant letter from one C.B. who was called to arms - only to find that the expression is now used to mean labor battalions.

6. The Jewels of the Crown. Ironic allusion to the rescue of the Crown Jewels and honors passed out as a result of it. The new commentator, it would seem, include in their number a veteran syndicalist. Worthy of Dumas, the whole affair!

7. To Count Sforza. Why is not Senator Carlo Terlonia included in Senators to be tried?

ITALIA NUOVA (Democrat)

1. Commissioni. I.N. distinguishes between three kinds of industrial corporations; those in existence before Fascism, those growing up in the regime which answered a real economic need, those born of Fascist politics and policy. The last class may well be put in charge of special Commissioners, the first two it is dangerous to tamper with at a time so delicate in the economic life of the nation. (Enge Selvaggi)

2. Long commentary on the decision to reduce discount rate. Commentator Vincenzo Lucet finds it completely baffling and doesn't understand what the Govt. is trying to do.

3. Article on the refugees from Africa and the hard fate suffered by many in being separated from their families.

4. The Carere mill in Via Augusta has stopped operating. Many people have thus lost their jobs. But worse than this, does it mean that there is to be no more pasta?

5. Personal representative of President R. at the Vatican reports Pope has expressed his satisfaction for "the noble example" of discipline and behavior of Allied soldiers in Rome.

6. Gas. Many meters still not turned on. Why doesn't the company make provision?

POPULO (Christian Democrat)

1. Comments on resignation of Consiglio Direttivo of the Press Association. Approves and hopes for a breath of pure air in the new organization of the Association.

2. Detailed account of...

nation. (Enzo Selvaggi)

2. Long commentary on the decision to reduce discount rate. Commentator Vincenzo Lucet finds it completely baffling and doesn't understand what the govt. is trying to do.

3. Article on the refugees from Africa and the hard fate suffered by many in being separated from their families.

4. The Corere mill in Via Lucania has stopped operating. Many people have thus lost their jobs. But worse than this, does it mean that there is to be no more water?

5. Personal representative of President R. at the Vatican reports Pope has expressed his satisfaction for "the noble example" of discipline and behavior of Allied soldiers in Rome.

6. Gas. Many meters still not turned on. Why doesn't the company make provision?

POPCOLO (Christian Democrat)

1. Comments on resignation of Consiglio Direttivo of the Press Association. Approves and hopes for a breath of pure air in the new organization of the Association.

2. Detailed agrarian program, calling for turning over latifundia to co-operative committees under certain conditions. Progressive but cautious.

RISORGIMENTO LIBERALE (Liberal)

1. Vincenzo Arangio Ruiz writes on position of Italians in Egypt. The real Fascist agitators were withdrawn in the early days on the war, the few so-called fascists left are more misled than guilty. He suggests they be treated indulgently and that their fellow Italians who have verified the good will of the Allies try to take care of them.

2. Short article deploring the talk of violence and force that is now being heard, not only from unofficial sources but even in party platforms.

3. Discussion of what Churchill-Roosevelt talk may mean for Italy. It is now a month since the first allusion to Lend Lease

and nothing has come of it. It would be welcome but it should be remembered that Loruso had really means war materials more than anything else. Perhaps there is something to hope for in the UFFRA conference.

4. Bonomi too, it would seem, thinks the time has come to prepare for provincial elections. It is understood that "noting lists will be prepared according to rules laid down in the electoral law of 1949.

5. List of crimes and robberies; comment being that crime wave is growing and police are not on the job.

TEMPO (Independent)

1. Light on Sicilian separatists. Finocchiaro Aprile, Prince of Monaco and Prince Borghese are analyzed; they are reactionary forces "maneuvering to save the fat patrimony" of the wealthy. Opposed to them are such people as Matteotti, Aldisio etc. The charge is again made that contribution to the Grand are good in regions of small holdings, inadequate in regions of the latifundia. (Glo.)

UNITA' (Communist)

1. Box at top of page calling attention to the fact that there are 200,000 unemployed in Rome during of hunger and 200,000 employed at fixed wages so low that they are living... on hunger.

2. V. Spano writes to express satisfaction with the labor program of the D.C. party. The points of difference between their aims and the communists are very minor and it seems likely that the parties can work together.

3. Justice is asked for the slave croppers in Puglia where they are being taken advantage of by the large landowners, according to U.

4. Description of revolting conditions in which refugees are housed in Rome. These are people coming from the North and supposed to be on their way south. Actually they have to wait months and in conditions which are filthy and unsanitary, without sufficient food.

5. Why is prof. Castellani, noted Fascist, still director of

reactionary forces "manoeuvring to save the fat patrimonies" of the wealthy. Opposed to them are such people as Mattearella, Altasio etc. The charge is again side that contribution to the Grand are good in regions of small holdings, inadequate in regions of the latifundia. (Gic.)

UNITA' (Communist)

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2. V. Spino writes to express satisfaction with the labor program of the D.C. party. The points of difference between their aims and the communists are very minor and it seems likely that the parties can work together.
3. Justice is asked for the share owners in Puglia where they are being taken advantage of by the large landowners, according to U.
4. Description of revolting conditions in which refugees are housed in Rome. There are people coming from the North and supposed to be on their way south. Actually they have to wait months and in conditions which are filthy and unsanitary, without sufficient food.
5. Why is prof. Castellani, noted Fascist, still director of clinic of tropical diseases? Why is the engineer Franco Mariotti still at large? He was the inventor of the radio device that prevented hearing Radio London... Is it true that Prince Boncompagni has given orders that only half his estate at Fierano be planted, thereby reducing the contribution to the Grand?

GENERAL: Churchill-Roosevelt talk... Meeting of committee of Ministers on evacuation... Resignation of Consiglio of Press Association... Two ACC announcements: end of Summer time and warning of bogus U.S. Industrial organization.

EWS/ajp

A/CC 091.3-1

8 September 1944

Dear Avv. Fenoaltea:

25

This is in reference to your letter No. 12706/10026-5
1/1/16, dated 1 September 1944, concerning fuel requirements for the
Diesel generators located at the Istituto Centrale di Statistica.

This matter has received special attention and the neces-
sary action has been taken to insure the supply of fuel required.

Yours very truly,

MILERY W. STONE
Captain, USNR
Acting Chief Commissioner

3876 His Excellency Avv. Sergio Fenoaltea,
Undersecretary of State for the
Presidency of the Council of Ministers,
Italian Government,
Rome.

See 38

(Drafted by Col. G. D. Murphey - Economic Section)

c.c. Economic Section.

543 735

Hq AGC	Sec'y Gen.
DISPATCHED	
Date	8 Sep 9 1944
Via	175
Initials	10PR

FILES (A-B)

29

FILE UNDER NO. 091.3-1 - ECONOMICS

**INDEX SHEET
SYNOPSIS**

Ltr Capt Stone 091.1 of 7 Sept 44 to Bonomi.

Ministry of Foreign Trade functions re Imports & Exports &
then Foreign Exchange.

DOCUMENT FILED UNDER NO. 091.1 - ITALIAN GOVERNMENT

3875

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheet and then destroyed.

28

EWS/ejp

Office of the Acting Chief Commissioner

Regulation & Control of Prices

A/CC 091.3

Vice President, Economic Section

6 Sept

4

1. Reference is made to attached N. 10398/2 1.1.2, 4 Sept 44, from H. E. Bonomi. This is in reply to A/CC 091.3 of 31 Aug 44 drafted by your section.

2. Forwarded to your section for appropriate action.

Stone.

1 Incl:
as in para 1 above.

3874

FILES

3874

Hq ACC - Sec'y Gen.
DISPATCHED
Date Time 6 Sept 1944
VIA Mayr
Incls Orr

27
6 Sept

091.3-1

TRANSLATION

HO 456, APO 394
39 Sec'y Gen.
Rec'd 5 Sep 41, C. 34
By BRR

THE PRESIDENT OF THE
COUNCIL OF MINISTERS

Rome, 4 September 1941

n. 10398/2 1.1.2

Dear Admiral Stone,

Fully convinced of the necessity of an intervention of the Government in the question of prices, to regulate and control them, I had decided to institute an interministerial Committee, when I received your letter A/C 391.3 of August 31, dealing with the same subject.

Therefore I will simply give you the names of the members of the Committee, which is composed of Dr. Giuseppe Saragat, Minister without portfolio, of the titulars of the four offices more directly concerned with this question, ie, The Minister advocate Marcello Soleri for the Treasury, the Minister advocate Fausto Gullo for Agriculture, the Minister advocate Gerolamo for Communications, the Minister prof. Giovanni Gronchi, for Industry, Commerce and Work, and also of two experts: ex. Off. Prof. Alessandro Molinari, Director General, in charge of the re-organization of the Central Institute of Statistics, and advocate Enzo Storoni, I appointed comm. Dr. Antonio Foglietti, superior Inspector of the Department of Industry, Commerce and Work, Secretary of this Committee.

The secretary of the Committee will immediately establish contacts with the offices of the A.C.C.

Sincerely Yours,

/s/ I. Bonomi

Admiral Ellery. W. Stone
Chief Commissioner
Allied Control Commission

R o m e

Trans. E.C.

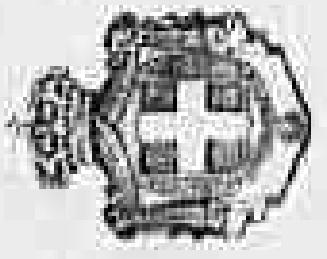
4 Sept.

0893

785015

Roma, 4 settembre 1944

NO 41. C. APO 394
39 SEC. Y. Gen.
Rec'd 2 Sept 1944
BY _____



*Il Presidente
del Consiglio dei Ministri*

Mio caro Ammiraglio Stone,

pienamente convinto della necessità di un intervento governativo in materia di prezzi per stabilirne la regolamentazione e il controllo, avevo deciso la istituzione di un Comitato interministeriale, quando mi è giunta la gradita Sua A/CC OSI.3 del 31 agosto u.s. relativa allo stesso oggetto.

Non mi resta quindi che comunicarle i nomi dei membri del Comitato, composto del Ministro senza portafoglio dr. Giuseppe Saragat, dei titolari dei quattro dicasteri più direttamente interessati, cioè del Ministro avv. Marcello Soleri per il Tesoro, del Ministro avv. Fausto Gullo per l'Agricoltura, del Ministro avv. Francesco Cerabona per le Comunicazioni, del Ministro prof. Giovanni Gronchi per l'Industria, il Commercio e il Lavoro, nonché da due esperti: il gr.uff. prof. Alessandro Molinari, Direttore Generale incaricato della riorganizzazione provvisoria dell'Istituto Centrale di Statistica, e lo avv. Enzo Storoni. A Segretario di detto Comitato ho scelto il comm.

3372

m-10398/2
1-1-10

regolamentazione e il controllo, avevo deciso la istituzione di un Comitato interministeriale, quando mi è giunta la gradita Sua A/CC del 31 agosto n.s. relativa allo stesso oggetto.

Non mi resta quindi che comunicarle i nomi dei membri del Comitato, composto dal Ministro senza portafoglio dr. Giuseppe Saragat, dei titolari dei quattro dicasteri più direttamente interessati, cioè dal Ministro avv. Marcello Soleri per il Tesoro, dal Ministro avv. Fausto Gallo per l'Agricoltura, dal Ministro avv. Francesco Cerabona per le Comunicazioni, dal Ministro prof. Giovanni Gronchi per l'Industria, il Commercio e il Lavoro, nonché da due esperti: il gr.uff. prof. Alessandro Molinari, Direttore Generale incaricato della riorganizzazione provvisoria dell'Istituto Centrale di Statistica, e lo avv. Enzo Storoni. A Segretario di detto Comitato ho scelto il con. dr. Antonio Foglietti, Ispettore superiore del Ministero dell'Industria, il Commercio e il Lavoro.

All'Ammiraglio
Ellery W. STONE
I. I. Presidente della Commissione
Alcanta di Controllo

R O M A

./.

5372

Il segretario del Comitato si metterà immediatamente in
contatto con i competenti uffici dell'A.C.C.

Le porgo i miei cordiali saluti

W. J. J. J.

EWS/ajp

Office of the Acting Chief Commissioner

Fuel for Central Institute of
StatisticsEconomic Section

091.3-1

4 Sept

4

1. Reference attached letter from Undersecretary of State, Council of Minister, No. 12706/10026-5 1/1.16, dated 1 Sept 44, subject as above.

2. Forwarded to your section for preparation of acknowledgement an appropriate action.

1 Incl:
as in para 1 above.

Stone.

Hq ACC Soc'y Gen.

DISPATCHED

5 Sept 0930

via

Mngt.

1000.

FILES

08 for

TRANSLATION

THE PRESIDENCE OF THE
COUNCIL OF MINISTERS
The Under Secretary of State
N. 12706/19325-5 1/1.16

A 141
4 SEP 1944
Rome, 1 September 1944

12
HQ ACC, APO 394
987 Sec'y Gen.
Rec'd 3 SEP 1944
By KMR

Dear Admiral,

As you well know, the Central Institute of Statistics is doing a complex work for the compilation of a statistic schedule of the present economic situation of Italy. In your letter A/C 091.3 you observed the importance and urgency of such a work.

Considering this, I ask you, my dear Admiral, to take the necessary steps, so that the Institute could be rapidly supplied with the fuel necessary for the functioning of Diesel generators, which it has to use, because of the lack of electric power.

The functioning of these sets is obviously very necessary, because an important part of the machinery of the Institute works electrically.

I enclose a note indicating the quantity of fuel which are monthly needed.

Thanking you for what you will be kind enough to do, I remain,

Yours truly

/s/

Admiral ELLERY W. STONE
Acting Chief Commissioner
Allied Control Commission

R O M E

3870
Trans E.C.
25
1 kept

091.3
x-1-00-1-1043
FILES
For



Presidenza del Consiglio dei Ministri

Il Sottosegretario di Stato

Roma, 1 settembre 1944

HQ ACC. APO 394
987 Sec'y Gen.
Rec'd 3 Sept 1944
By _____ PR2

Caro Ammiraglio,

Come Le è noto, l'Istituto Centrale di Statistica sta svolgendo un complesso lavoro per la compilazione di un quadro statistico dell'attuale situazione economica italiana. Di tale lavoro, con lettera A/CC 091.3, Ella giustamente rilevava l'importanza e la estrema urgenza.

Anche in considerazione di ciò, mi rivolgo al Suo cortese interessamento, caro Ammiraglio, perchè sia concessa all'Istituto con la opportuna sollecitudine la dotazione di combustibile necessaria al funzionamento di un gruppo di generatori Diesel, di cui, in mancanza di energia elettrica, esso è costretto a far uso.

Il funzionamento di tali apparecchi costituisce, com'è evidente, una vera necessità, anche per il fatto che non piccola parte dell'attrezzatura dell'Istituto funziona elettricamente.

Le accludo un appunto in cui sono indicati i quantitativi di combustibile mensilmente occorrenti.

Grazie di quanto vorrà fare al riguardo.

Molto cordialmente.

hms
Sen. J. C. Stone

Ammiraglio ELLERY W. STONE
ff. Presidente della Commissione
Alleata di Controllo.

R O M A

091.3-1

3308

25

Dotazione mensile di combustibile necessaria al funzionamento dei motori Diesel installati presso l'Istituto Centrale di Statistica:

- Nafta (densità 880)	Q.li	40
- Olio Romsa c/D2	"	2
- Olio fluido	Kg.	40
- Olio extra denso	"	40
- Petrolio	lt.	40

3808

Amount of fuel needed monthly needed for the functioning of the
Diesel engines in the Central Institute of Statistics:

Naphta (density 800)	q.ls	40
Romse oil c/D ²	"	2
Fluid oil	Kg.	40
Extra dense oil	"	40
petroleum	lt.	40

3867

(25) INCL

A/CC 091.3

EWS/mrh

31 August 1944

My dear Mr. Prime Minister:

1. Extreme difficulty is being experienced with contractors for the supply of various commodities and materials, as most of them state that they are unable to anticipate what prices they will have to pay for the materials essential to the manufacture of articles in question. There appears to be very little control of prices on a uniform policy and it is extremely difficult for any definite policy to be pursued unless all prices are considered and a level fixed over a definite date, say 9 September 1943.

2. There is an urgent need to set up an inter-Ministerial Committee as an interim measure, pending your final decision to establish a price administration. This Committee to work with the Economic Section of the ACC so that a definite price policy may be determined in the forward area under AMG control and also the territories under the jurisdiction of the Italian Government.

3. These measures are vital in order to stabilize the economy and avoid the dangerous upwards spiral which would have fatal consequences on the future economy of the country.

4. We would therefore request that this inter-Ministerial Committee be set up immediately and that a meeting of same be convened not later than Saturday, September 2nd, with the Economic Section. The Allied Forces are urging this Commission for a definite statement of policy by September 6th.

Yours very truly,

Hq ACC Sec'y Gen.
DISPATCHED
Date 10/3/44
via *Handwritten*
Initials *41*

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government

Prepared by:

A. G. Antolini, Executive Director
Economic Section

24

cc Econ Sec.

31 Aug

091.3
X-091.1
X-004.04
X-100-2
Economic Section
Inter-Ministerial Committee

FILES A-B
\$50

FILE UNDER NO.

091.3

091.3

INDEX SHEET

SYNOPSIS

Letter A/CC 091.3 from Stone to VP Econ Sec dtd 29 August 44
cc. Pol Sec
re Italian Exports: enclosed transmitted for action.

ENCLOSURES: 1) Ltr G-5 AFHQ Spofford of 22 Aug. subj Italian Export,
enclosing in turn:

2) Memoire "Principles by which the Allied Control
Commission should be guided in Exercising Supervision and Control over
the Resuscitation of Italian Export Trade."

Ref: Approval of Econ Sub-Committee of the Political Committee to your
proposal for creation of a separate ministry of supply in the Ital Govt
(see Col. Spofford's letter, para 1, herewith). Several memoranda were
also discussed having to do with Ital Foreign Trade.

DOCUMENT FILED UNDER NO.

091.1 Ital Govt

NOTE: Copy to Political Section

~~No copies of this MEMOIRE were retained for file in CG.~~

RL

091.3

3865

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication
and from whom received and synopsis sufficient to identify the papers. When these
index sheets become numerous under a subject they will be entered on te consolidated
index sheets and then destroyed.

091.3

29 Aug

FILE UNDER NO. ~~091.3-1~~ Economics
040 Labour

INDEX SHEET SYNOPSIS

Ltr 28 Aug ES/5 Gen O'Dwyer to Hq AAI Local Resources Board

Chairman of Price Committee accepted, Col. Evans to fill post.

Central Price Committee

DOCUMENT FILED UNDER NO. 004.04 Industrial Mobilization

63842

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on to consolidated index sheets and then destroyed.

28 Aug

091.3-1

FILE UNDER NO. 091.3 Economics

INDEX SHEET SYNOPSIS

Letter A/CC 091.1 dtd 28 Aug 44 fr Stone to VI Econ Sec
re: Creation of Ministry of Commerce (or Ministry of Supply)

ENCLOSURES: 1) Ltr G-5 AFHQ Spofford dtd 23 Aug, enclosing,

2) ESC (44) 6 concerning proposal to recommend to
Ital Govt formation of a Ministry of Supply; this proposal was
approved and you were so informed by F 30997 of 9 Aug

3) ESC (44) 7 Several memoranda dealing with problems
connected with Italy's foreign trade.

Note: Copies of Enclosures 2 & 3 not kept by SG for files.

DOCUMENT FILED UNDER NO. 091.1 Ital Govt

3363

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheets and then destroyed.

28 Aug

091.3 Economics

OFFICE OF THE BRITISH HIGH COMMISSIONER IN ITALY.

Via-Agostino-de-Petris,

NAPLES. ROME.

322/7/44

28th August, 1944.

A 51
30 AUG 1944HQ ACC. NO. 34
28227 Aug 1944
ERR.

My dear Acting Chief Commissioner,

I have just received your letter A/CC 091.3 of the 26th August, in which you speak of the arrangement being made by General O'Dwyer, at your suggestion, by which Mr. Nosworthy will be invited to attend the Staff Conferences of your Economic Section.

2. Thank you for your kindness in meeting my proposal so promptly. It will be a valuable opportunity for Mr. Nosworthy and I appreciate your ready co-operation.

Believe me

Yr. very sincerely

D. J. W. Stone

Captain Ellery W. Stone, USNR,
Acting Chief Commissioner,
Allied Control Commission,
ROME.

3802

091.3 Economics

2

A/CC

20

FILE UNDER NO. 091.3 - ECONOMICS

INDEX SHEET
SYNOPSIS

Ltr Capt Stone A/CC 004.04 of 28 Aug 44 to Bonomi.

Appointment State Councillor Leopoldi Piccardi as Commissioner
for I.R.I. meets full approval AOC.

DOCUMENT FILED UNDER NO. 004.04 - INDUSTRIAL MOBILIZATION

091.3

3861

INSTRUCTIONS - Under *Synopsis* make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheets and then destroyed.

(19)

KMS/hjp

Acting Chief Commissioner

Central Institute of Statistics

A/CC 091.3

Vice President, Economic Section,

26 August

4

1. Reference attached letter N. 10026 - E/1-1-16, from H.E. Bonomi, dated 22 August, which is in reply to ES/7A - A/CC 091.3 of 15 August, drafted by your Section, relative to Istituto Centrale di Statistica.

2. Referred to your section for appropriate action.

MELBY W. STONE
Captain, USNR
Acting Chief Commissioner

1 Incl:
in para 1 above

3860

FILED

M3 A/C Sec'y Gen.
DISPATCHED
Date: 26 Aug 1945
Via
MCR

EWS/arr

A/cc 091.3

26 August 1944

My dear Sir Noel:

This is relative to your letter 322/3/44 of 16 August. In accordance with our conversation, I spoke to General O'Dwyer, Vice President of the Economic Section, and suggested that he arrange for close cooperation between his section and Mr. Nosworthy of your Staff and Mr. Livengood of Ambassador Kirk's Office.

I have been informed that an invitation to attend the Economic Section Staff conferences held at 1200 hours on Monday of each week has been extended to Mr. Nosworthy and Mr. Livengood. These gentlemen will be given the maximum facilities for investigating any subject in which they have a particular interest.

We appreciate the opportunity to work with representatives of yours and Mr. Kirk's offices.

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

cc: Alexander Kirk

Sir Noel Charles, Bt., K.C.M.G.
British High Commissioner in Italy,
British Embassy,
84 Via Venti Settembre,
Rome.

3259

091.3
E-091.33

FILES A-B

26 Aug 1130

Hand
EWS

ES/20 1st Ind.
ECONOMIC SECTION, HQ. A.C.C. 24 Aug 44.

GMS/iab

HQ ACC, APO 394

202 Sec'y Gen.

Rec'd 25 Aug 1945

TO: Acting Chief Commissioner.

An invitation to attend the Economic Section's Staff conferences held at 1200 hrs on Monday of each week has been extended to Mr. Nosworthy and Mr. Charles Livongood who will be given the maximum facilities for investigating any subject in which they have a particular interest.


A. G. ANTOLINI,
Executive Director
Economic Section.

see

17

3838

(17) APP A

FILE UNDER NO. 091.3 - ECONOMICS

INDEX SHEET SYNOPSIS

Ltr Bonani 24 Aug 44 to Capt Stone.

IRI is so important that it cannot be entrusted to one Minister only because it deals with such vital interests of the nation. Treasury, Finance & Industry.

DOCUMENT FILED UNDER NO. 004.02 - INDUSTRIAL MOBILIZATION

3857

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheets and then destroyed.

Pa

TRANSLATION

THE PRESIDENT OF THE
COUNCIL OF MINISTERS

N. 10026 - 8/1-1-16

HQ ACC/ED 194
8/11/44
Rec'd 25 Aug 1944
By DRR

A 20
26 AUG 1944

12

Rome, 22 August 1944

Dear Admiral Stone,

I answer your letter Es/7A-ACC 091.3 of August 15 last.

I entirely agree with you on the necessity of preparing as soon as possible a statistical schedule of the economic situation of Italy, which would enable us to make our plans for the reorganization and resuming of national life with more precision.

Therefore I have given the necessary instructions so that the Central Institute of Statistics will get the swiftest and most complete help from all the institutions interested in the initiative you encourage.

Thank you for your interest.

Yours truly

/s/ I. Bonomi

Admiral ELLERY W. STONE
Chief Commissioner of the
Allied Central Commission

R o m e

3936

Trans. E.C.

16

091.3
Es/7A-ACC
1944
File A 1 B
PDR

10026-8
1-1-16IL PRESIDENTE
DEL CONSIGLIO DEI MINISTRI

Roma, 22 agosto 1944

091.3

HQ ACC, APO 324
811 Sec'y Gen.
Rec'd 25 Aug 1944
By ERR

Mio caro Ammiraglio Stone,

rispondo alla Sua lettera Es/7A-ACC
091.3 del 15 agosto u.s.

Condivido il Suo punto di vista sulla
necessità di addivenire al più presto alla
compilazione di un quadro statistico dell'at-
tuale situazione economica italiana, che per-
metta di formulare con la maggiore esattezza
i piani per la ricostruzione e la ripresa
della vita nazionale.

Ho pertanto dato disposizioni perchè sia
assicurato all'Istituto Centrale di Statisti-
ca il più completo e sollecito appoggio di
tutti gli enti interessati all'iniziativa da
Lei prospettata.

La ringrazio molto del Suo cortese inte-
ressamento e Le invio i miei migliori saluti

Ammiraglio ELLERY W. STONE
ff. Presidente della Commissione
Alleata di Controllo

R O M A

FILE UNDER NO.

091.1 Ital Govt

/ 091.3 Econ

INDEX SHEET
SYNOPSIS

Ltr ES/7A 22 Aug fr O'Dwyer to Stone

Representation to the Ital Govt

Resume of effectiveness of Italy's social security system.
Govt committees so far established have not got general overhauling
functions: just uniformizing of the laws.

New committee is needed.

DOCUMENT FILED UNDER NO. 000.1-2 Ital Politics.

091.3

13

3874/5 b

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheets and then destroyed.

22 Aug

AFHQ

ACC MAIN

2078

22 AUG

RESTRICTED

PRIORITY

COMMERCE S/C

A 154

- 5 SEP 1944

CITRUS FRUITS PD PAREN TO AFHQ FOR GEORGE FIVE SECTION FROM AGO
MAIN PAREN PRESENT DEPLETED STAFF UNABLE TO COPE WITH EXPORT
TRADE CITRUS FRUITS PD REQUESTED THAT MINISTRY OF FOOD LONDON
BE ASKED TO SEND UP TO SIX
REPRESENTATIVES TO SICILY AT EARLIEST POSSIBLE MOMENT PD SEYMOUR
CONCURS AND EXPECTS RETURN UNCLE KING IN ABOUT ONE WEEK

MR. ANTULINI-
Pls. c. me.
STONE
7/2

291.3
X-400-1
1/2
3

Copy. to:

Mr. Seymour

L.T. MONTANT, Jr.,
1st Lt. AGD.
Adjutant

FILED A-B

PD

(15) a

22 Aug

Acting Chief Commissioner

Coordination of Economic Activities

Economic Section, Hq ACC

21 August

4

1. In accordance with conversation at VP's meeting this morning, attached is letter 322/3/44 of 16 August from Office of the British High Commissioner in Italy relative to Mr. Nosworthy.

2. It was agreed that your section would contact Mr. Nosworthy and Mr. Livengood and arrange for cooperation with your Section rather than to have them attend VP's meetings.

Stone

1000

3852

3

15

Hq ACC Sec'y Gen.
DISPATCHED
DATE-TIME 22 Aug 1734
via Map.
notes BKA

091.3
8-091.33

OFFICE OF THE BRITISH HIGH COMMISSIONER IN ITALY,

~~Via Agostino de Pretis,~~

NAPLES- ROME.

322/3/144

16th August, 1944.

Dear Deputy Chief-Commissioner,

Mr. Nosworthy, who as you know, has been reappointed to Rome with the rank of Minister to organise the economic wing of this Embassy, has been speaking to me of his wish to co-operate more closely than has hitherto been possible with the economic commissions of the Allied Control Commission. Such co-operation at the present time would be of very great long term value to him looking forward to the return of the country to normal conditions. Possibly his knowledge of pre-war Italy might on occasion be useful to some of your officers dealing with current problems.

2. I myself am in full agreement with his suggestion, and I would ask you to consider it sympathetically. How a start might best be made I must leave to you. As a concrete suggestion which may or may not be feasible, would it be possible for him to attend as an observer at the meetings of your Vice-President's Committee?

3. Mr. Nosworthy has always worked on intimate terms with his American colleague, Mr. Charles Livengood, who also was on service at Rome before the war, and any invitation extended to Mr. Nosworthy would presumably be extended to Mr. Livengood at the same time.

3851

*Yours very sincerely**Godfray*

Captain Ellery Stone, USN,
Deputy Chief Commissioner,
Allied Control Commission,
Rome.

FILE UNDER NO. *091.3 Economics*

INDEX SHEET
SYNOPSIS

Memo 21 Aug from Stone to Econ Section,

Legislative Decree on Constitution of Regional Building
Bodies for the Most urgent repairs & Construction Works.

INCLOSURE: Ltr 1/285 of 19 Aug from Ministry of For Affairs
and translation of proposed legislative decree on the constitution of
regional bodies etc.

For appropriate action and coordination with Admin Sec

DOCUMENT FILED UNDER NO.

004.04 Industrial Mobilization

3850

14

INSTRUCTIONS - Under "Synopsis" make brief entry showing date of communication
and from whom received and synopsis sufficient to identify the papers. When these
index sheets become numerous under a subject they will be entered on the consolidated
index sheets and then destroyed.

21 Aug

091.3

FILE UNDER NO. 091.3

INDEX SHEET

SYNOPSIS

Letter A/CC 000.1 From Stone to Vice Pres Econ Section

20 Aug 44

"REPRESENTATION TO THE ITALIAN GOVERNMENT"

Appendix:

Ltr ES/7A 16 August fr VP Econ Sec to Act Chief Comm, same subj

Points Covered:

Gen O'Dwyer's letter (ES/7A)

1. Very large number of unemployed in Italy today.
2. Supplies of food and clothing are inadequate for them, and their econ sit is worse in view of coming winter. Inadequate housing.
3. Upon termination of war need of fabricated supplies will end, resulting in more unemployment. Lot of worker will be even worse.
4. In this light it is recommended (by Gen O'Dwyer) that Ital Govt be urged to establish a committee charged with investigating pos-

DOCUMENT FILED UNDER NO.

000.1 Ital Politics

5. Also urged that Ital Govt prepare an over-all rehabilitation program.

Capt Stone's letter

1. Agree to basis for action, re impoverished condition of unemployed
2. Please give us info on Italy's extensive social security system. Should it be overhauled and strengthened? Suggestions?
3. Do you feel rehabilitation committee of 5 Aug should be redone?
4. Am in accord that this is an ACO responsibility.

38/9

INSTRUCTIONS - Under "Synopsis" make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheets and then destroyed.

20 Aug

SECRET

COPY

REPLY FROM THE HONORABLE CORDELL HULL,
SECRETARY OF STATE, RE THE MEMORANDUM
OF JULY 22 FROM HIS EXCELLENCY IVANOE
B. MONI, PRESIDENT OF THE COUNCIL OF
MINISTERS

Thank you for your memorandum of July 22, delivered by Mr. Heber, containing your views on the various political and economic problems confronting your country. It will be helpful to those of us here giving attention to such problems. I have given it careful thought.

With respect to the Armistice terms, you are fully aware that in their application by the Allied Governments they are being used for the sole purpose of furthering the prosecution of the war against Germany, whose total defeat is the primary objective of all of us. Should the Italian Government have specific proposals to make with regard to their amendment, the United States Government would be glad to receive them. The de jure position of Italy with respect to the terms of the Armistice seems to me to be secondary to the de facto relations with the United Nations which your country is daily creating by its increasing contribution to the successful military campaign in Italy. When final victory over our enemies has been achieved you may be sure that the contribution of the new Italy will not be ignored.

Your country's desire to participate actively in the struggle against Germany is appreciated and understood. You and your Chiefs of Staff realize, of course, that there are practical limitations with respect to equipping and supplying a large armed force. Sympathetic consideration will continue to be given, within the limit of military requirements and supply possibilities, to increasing the active military participation of the Italian Armed Forces in the present campaign. As you are aware a definite proposal to this end is now under study.

I also have every sympathy with your desire that Italy be permitted to participate in the various international organizations, conferences and ideas whose success must ultimately depend, of course, on the contributions of all free and peace-loving nations. You are keenly aware, I am sure, that the crimes of the Fascist Government committed in the name of Italy against many of the United Nations will require patience, understanding, and hard work to overcome. You may count, however, on the sympathy and support of this Government in any endeavors and aspirations in this direction. This Government would be prepared to resolve in an unofficial capacity a technical representative

but to the successful military campaign in Italy. When final victory over our enemies has been achieved you may be sure that the contribution of the new Italy will not be ignored.

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Italy's economic position has been the subject of constant and careful study by this Government and its Allies ever since the beginning of the liberation of Italian territory. As the military campaign moves further north and the military interest in the more remote liberated areas diminishes, this Government has been giving serious attention to ways and means of financing and improving Italy's imports for civilian needs. For various reasons, principally the limitations placed on lend-lease funds with respect to civilian supply and rehabilitation, it is not practical to consider lend-lease aid as a solution to Italy's present economic problems. It is hoped, however, that some satisfactory formula will be evolved in the near future.

0 9 2 1

SECRET

I am glad to have your views concerning the functions of the Allied Control Commission and its relationship to Italian life. Until our armed forces, and those fighting with them, have achieved victory over the Germans, it is essential that the Allied Theater Commander retain the authority which he exercises through the Allied Control Commission to prosecute the war to a successful conclusion. The present composition of the Allied Control Commission is, however, being studied by the Allied Governments in the light of increasing civilian problems confronting the Italian Government and the Allied Control Commission. The desire of the Allied Governments to return to Italian administration liberated areas as soon as military conditions permit is manifested in the recent restoration to the Italian Government of seven provinces in Central Italy including the capital of the country.

It is a matter of record that Italian citizens residing in this country were relieved of the application of enemy-alien regulations as early as October 1942 and, except for a handful of persons of doubtful loyalty, they have since enjoyed liberty of movement within the country and freedom of opportunity to earn their livelihood. This Government has in no instance discouraged other nations having an Italian population from following a similar course.

This Government welcomes the expression of the course which the new democratic Italy has set for itself and your assurances of the part it will undertake in the reconstruction of Europe and a stable and ordered world. This is, of course, in harmony with the aims of this country and in the fulfillment of these aims Italy may be assured of the collaboration and the friendship of the United States of America.

August 19, 1944.

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August 19, 1944.

33-7

-2 -

SECRET

EWS/dfe

ES/7A
A/CC 091.3

15 August 1944

My dear Mr. Prime Minister:

There is an urgent need, as Your Excellency is well aware, for the preparation of an accurate picture of the present economic situation of Italy. This information is a prime necessity both for the Italian government and for us to ensure that economic policy for Italy can be properly formulated.

In our opinion, the organization which is best fitted to provide this necessary information is the Istituto Centrale di Statistica, which is directly under the Presidency of the Council.

We are prepared to give every facility and assistance in the way of transport, communications, permits, etc., to the Istituto to help in this work. From your side, the Istituto will require full authority and powers from you to call upon the national ministries and provincial and local authorities for the use, loan, or transfer of personnel and for full cooperation in providing requested data.

This work, in our judgment, should have the highest priority in order that precious time not be wasted. We should like to have an adequate report on the present economic condition of Italy and of the Italian people prepared by the Istituto for not later than 15 September 1944. By 15 September we should have sufficient information to have a good working basis for policy. The work, of course, should continue after 15 September to fill in the gaps, to keep the report up to date and to make a more definitive job.

We believe that the initial task can be finished by 15 September, but this can be done only by giving the director of the Istituto complete backing and assistance in this important work. Our share of this we are prepared to assume.

Lieutenant E. J. Hicks, USCGR, has been chosen by the Economic Section, ACC, to work with the Istituto on this proposed project. Captain Andrew Kassarck of General O'Dwyer's staff is available to discuss the project generally.

We trust that you will agree to this suggestion as it is in the best interests of Italy. We fully appreciate your cooperation.

Hq ACC - Sec'y Gen.

Yours very truly,

DISPATCHED

Date: 16 AUG 1944

By: [Signature] 1000

12
Via Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government

cc: Econ. Sec.

ELIERY W. STONE

Captain, USNR

Acting Chief Commissioner

Files [Signature]

AKC 091.3

Capt Stone:-

would appreciate
your support in this
proposal.

MAY 1944

Suff' 47

Send copy to Con. Sec.

3815

HQ ACC, APO 324

634 City Gen.

For 15 Aug 1430

By

JTB

Secy General
9792

HEADQUARTERS
REGION 3, ALLIED CONTROL COMMISSION
APO 394, U. S. ARMY

A 2183
15 AUG 1944

12 August 1944

SUBJECT: Cost of Living Studies.

HQ ACC, APO 394

610 Sec'y Gen.

Rec'd *14 Aug 0905*

By *RRR*

TO : Office of the Secretary General
Headquarters A. C. C.
APO 394 - U.S. ARMY.

1. We refer to our letter of 21 July with reference to cost of living studies made in Region 3.

2. Enclosed are nine copies of "Economic Fact and Factors" for the months of June and July 1944, published by the Economic and Supply Division, Region 3, A. C. C.

3. Please sign the enclosed receipts and returning them to us as soon as possible.

091.3

A. B. Arnoldy

A. B. ARNOLDY
1st. Lt., AUS. Spec. Res.
Price Investigation Office
Economics & Supply
Region 3.

3844

ABA/cv

cc: *Maj. Thompson, Economic Section*
together with all inclosures.
14 Aug 44.
S.H.

(11)

files (A-137) 700

FILE UNDER NO. 091.3 - ECONOMICS

INDEX SHEET
SYNOPSIS

AFHQ Political Adviser US
Ltr Murphy 655 of 7 Aug 44 to Secretary of State, Washington.

Psychological Warfare Sub-Committee of Supreme Allied Commander's
Political Committee.

DOCUMENT FILED UNDER NO. 000.7 - PUBLICITY &
PUBLIC PRESS

3843

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10a

RESTRICTED

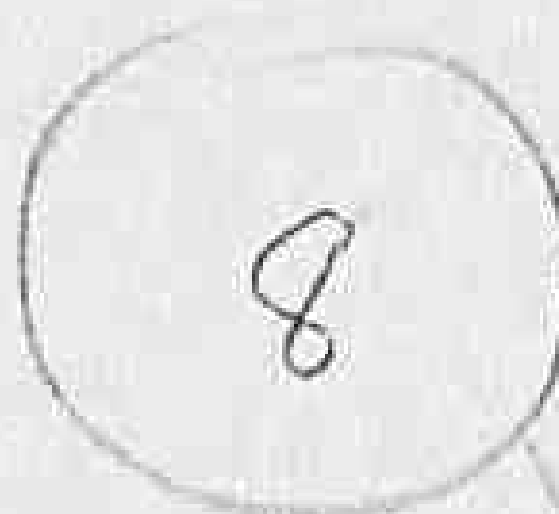
A 2085
10 AUG 1944

FOWIT

ACC HQ

1514

AUG 08



RESTRICTED

PRIORITY

SECRETARY GENERAL

REPORT CALLED FOR BY YOUR LETTER FOWIT NINE ONE THREE DATED TWO SEVEN JULY WILL BE
FORWARDED TODAY TO PAREN TO FOWIT FROM ACC HQ SIGNED STONE PAREN YOUR UNNUMBERED
MESSAGE OF FOUR AUGUST REFERS

091.3
A-041.33

3812

10

Hq ACC	Sec'y Gen.
DISPATCHED	
Date-Time	6 Aug 1500
Via	Msgs to Sec'y
Initials	W.R.R.

L. T. MONTANT, Jr., 1st Lt., A.G.D., Adjutant
FRANK J. SLAUGHTER, Capt, AGD, Dep Secy Gen

file (ATB) / #20

EWS/dfe

A/CC 091.3

8 August 1944

Subject: Control of Hemp

To: Flag Officer, Western Italy

8

1. With reference to FOWIT 913 of July 27th as to the control of hemp and hemp products, the position as enumerated therein is from a legal point of view accurate.

2. However, in anticipation of the situation that would arise on the hand over of Region III to the Italian Government, a draft decree to be issued by the Italian Government has already been prepared by this Commission and submitted to the Italian Government for their approval and prompt publication and an English copy thereof is attached herewith for your information.

3. I am informed that final agreement on its provisions has been reached at a meeting held August 2nd between representatives of the Italian Ministries concerned and of the Industry Sub-Commission.

4. The proposed Italian organization therein set up will be advised by the appropriate officers of this Commission both as to policy in production and as to executive action to be taken to prevent contraband sales or other malpractices.

5. It must be realized that the policy of transfer of territory from Allied Military Government Control to Italian Governmental Control must necessitate some relaxation of the close supervision which has proved so effective in the past. Moreover the probability of the speedy liberation of the large hemp growing districts of Bologna and Ferrara and the acute shortage of personnel within the Commission would of themselves render such careful supervision as has been our practice in the past no longer practicable.

6. If, in the event, it is found that any marked falling off occurs in the quality or quantity of the hemp products produced for Allied use under an Italian administration, there seems to be two possible alternative courses of action:

- a. to requisition all factories and raw materials, and then to run the factories under direct "service" control, or,
- b. to place the Italian organization under direct Allied Military Control.

9

Filed [Signature] 11/7/44

A/CC 091.3, 8 Aug 44, (continued):

The former method would involve a large staff but the latter could be carried out by one or two expert officers with appropriate Italian civilian assistance.

7. As no doubt you are aware, attached to this Commission is a representative of the British Ministry of Supply who is resident at Naples and who has the necessary technical qualifications to ensure the quality of the products being maintained.

8. It is not proposed to apply either of the policies enumerated in para 6 above unless there is found to be a decrease in volume of production or a large increase in contraband activities under Italian Governmental Control.

9. I feel that the successful restoration to useful controlled productivity during the last six months has been one of the more successful of this Commission's activities and I can assure you that the importance of this industry to the Allied war effort has long been appreciated by this Headquarters.

ELLERY W. STONE
Captain, USN
Acting Chief Commissioner

1 Encl: English copy
of draft decree

cc: RC, Region III (Attention: E & S Div)
Sec'y, AFLM (I) Board
Naval Sub-Commission
Industry Sub-Commission (2)

3840

Hq. ACC	Sec'y Gen.
DISPATCHED	
Date	9 Aug 1944
Via	msg. 9 116
Initials	2988

DRAFT OF A R.D.L. FOR THE
INSTITUTION OF THE ASSOCIAZIONE NAZIONALE CANAPA

Whereas in reference to the following previous legislation:

Art.18 of Act Nr.129 of the 19th. January 1939,

R.D.L. Nr.213 of the 30th. October 1943,

Act nr.987 of the 16th. June 1931 with provisions for the protection of
cultivated plants and agrarian products against natural foes,

R.D.L. Nr.85 of the 2nd. January 1936 and R.D.L.279 of the 3rd. February 1936

o on the discipline of the hemp market and commerce thereof.

R.D.L. Nr.1955 of the 8th. November 1936 on the discipline and utilization of
hemp,

The Inter-Ministerial Decree of 22nd. December 1934 which constituted the
Federazione Nazionale dei Consorzi for the protection of the cultivation
of hemp.

Act Nr.566 of the 18th. May 1943 on the re-organisation of the Enti Economici
dell'Agricoltura,

R.D.L. Nr.969 of the 17th. August 1941 in the Institution of the Ente Nazionale
Esportazione Canapa,

3539 The Decree of the Head of the Government dated 15th. May 1944 which provided
for the appointment of a Commissioner for the Associazione Nazionale tra
gli Enti Economici dell'Agricoltura and of their respective Enti Economici
comprised in the above named Association within the liberated territories,
AND IN VIEW OF the conditions of emergency arising from the present state
of war,

9

- 2 -

IN CONSULTATION with the Council of Ministers,
ON THE PROPOSAL of the Secretary of State for Industry
IT IS HEREBY DECREED AS FOLLOWS :

Art. 1

The Associazione Nazionale Canapa is hereby instituted, for the purpose of ensuring economic protection to the production of hemp and other vegetable textile fibres, the discipline and improvement of production, industrial and commercial activity connected therewith and whatever else may be deemed necessary in the interest of production, transformation, utilisation and commerce of such products.

Art. 2nd.

The Associazione Nazionale Canapa has a public legal status and exercises its activity under the supervision and control of the Minister of Industry.

Art. 3rd.

The Associazione Nazionale Canapa substitutes, to all effects, the Ente Economico delle Fibre Tessili in whatever concerns hemp or other vegetable textile fibres.

3538 The Associazione Nazionale Canapa is therefore invested with the powers, duties, rights and faculties previously conferred by existing legislation to the Federcanapa, to the Sector for hemp, linen and sundry fibres and to the Ente Economico delle Fibre Tessili. The powers and duties assumed by the Commissioner of the Ente Economico delle Fibre Tessili for the liberated territories are hereby transferred to the Commissioner of the Associazione Nazionale Canapa whose appointment is provided for hereinafter under Art. 7.

- 3 -

Art. 4.

That part of Estate of the Ente Economico delle Fibre Tessili which originates from the activities carried out in the Sector of hemp and other vegetable textile fibres by the Enti indicated in the second paragraph of Art. 3. hereinbefore set out, together with that part of the Estate which concerns the management of the "AMMASSI", are by right transferred to the Associazione Nazionale Canapa.

The Associazione Nazionale Canapa assumes the temporary administration of the Ente Economico delle Fibre Tessili for the specific purpose of ascertaining the assets, liabilities, rights and obligations howsoever appertaining to the Ente Economico delle Fibre Tessili, having regard to the branch of production from which the same derive, and will draw up a plan for the due assessment of the same. The Minister of Supply will determine by special decree the time limit within which the assessment plan above referred to is to be submitted for the approval, and the procedure to be followed for the transfer of the Estate to whomsoever has rightful title to the property.

Art. 5.

The powers and duties attributed to the Ente Nazionale Esportazione Canapa are hereby conferred to the Associazione Nazionale Canapa. Moreover the Estate rights and obligations of the Ente Nazionale Canapa are, by right, hereby transferred to the Associazione Nazionale Canapa which will keep a separate administration and for the purpose will open a special set of accounts.

Art. 6.

The Associazione Nazionale Canapa disposes of the whole of the product delivered to the warehouse of the hemp "Ammassi".

Any and whatsoever transaction relating to the purchase or sale, delivery, consignment or transport of hemp and/or hemp tow in its raw and/or semi-manufactured

- 4 -

state cannot be effected except through or with the consent of the Associazione Nazionale Canapa.

The foregoing provision applies also to goods of whatever kind manufactured with hemp and produced by national industries.

Art. 7.

On the proposal of the Minister of Industry, a Commissioner will be appointed for the temporary management and administration of the Associazione Nazionale Canapa.

Within the time limit fixed by the decree which provides for the appointment of the Commissioner, the Commissioner will compile the Statute and internal regulations of the Associazione Nazionale Canapa which will provide for the establishment of the Head Office, the organs and relative attributions, the objects and functions of the Associazione; furthermore, the aforementioned instruments will determine the manner of the Associazione's functioning, the system of control to be adopted, and will deal with any other matter that will be deemed necessary to make provision for.

In carrying out the task mentioned in the paragraph immediately preceding and in the temporary management and administration of the Associazione Nazionale Canapa the Commissioner will be assisted by a committee composed of an equal number of representatives of agricultural and industrial hemp interests chosen by the organs of the respective categories and ratified by the Ministers interested.

3806 The Statute will become operative immediately it is approved by the Minister of Supply.

Art. 8.

The Associazione Nazionale Canapa is authorized to institute regional or provincial executive offices wherever it is rendered necessary by the exigencies of its activities.

- 5 -

A committee composed of representatives of the categories interested in the activity of the Associazione will be formed at each of the aforementioned local offices. The committee will afford the local office technical assistance and will work in an advisory capacity. The manner of appointment and the functions of such committee will be determined by the Associazione's statute.

Art. 9.

Any matter which is not provided for in the present decree and does not contrast with the provisions of the same, will continue to be governed by the legislation and regulations previously enacted which are still in force.

On the proposal of the Minister of Industry a subsequent decree will make provision for supplementary rules and regulations for the application of the present decree.

Art. 10.

The present decree will become operative on the day following its publication in the Gazzetta Ufficiale of the Kingdom-special series. It will be submitted to Parliament for its conversion into an Act of the State and to that end the competent Minister is authorized to submit a draft of the proposed Act.

Whosoever is concerned is hereby commanded to observe the provisions of the present decree and to enforce the observation thereof as an Act of the State.

RESTRICTED

ALLIED CONTROL COMMISSION

INCOMING MESSAGE

A 2093 2459
10 AUG 1944
SEC GEN

HQ ACC, APO 394

420 Sec'y Gen.

Rec'd 6 Aug 10-00

By RRR

TO: CHIEF COMMISSIONER ACC

SIGNAL MESSAGE CENTER No: 48/06

FROM: FOWIT

CLASSIFICATION: RESTRICTED

REFERENCE No:

PRECEDENCE: Not Referred

DATE AND TIME OF ORIGIN: AUG 041605B OFFICE OF ORIGIN:

8
REFERENCE MY LETTER FOWIT 913 DATED 27TH JULY. REQUEST THE
RE-CONTROL OF HEMP. REQUEST THIS MAY BE TREATED AS VERY URGENT AND A
REPLY IS MADE AT AN EARLY DATE.

ACTION

COPY TO ACC ROOM BY HAND

ACC DIST

ACTION - Sec Gen 2
INFO - A/CC
ECON SEC
IND SC
FILE 2
FLOAT

HEADQUARTERS

6 AUG 1944

A. C. C.

Col O' Sawyer + Col. Upjohn

Subject letter was
sent to you on 31 July
with note by Acting Chief
Comm's - "Ple handle".

3334

P.R.

041.3
13 041.33

plus A.H. 70

DATE and Time of RECEIPT AUG 061400B

Distribution:

RESTRICTED

(34)

HO ACC, APO 394

291 Sec'y Gen.

Rec'd 29 July 1944

Office of Flag Officer,

Western Italy,

Naples.

27th July, 1944.

No. POINT 913.

CHIEF COMMISSIONER,

ALLIED CONTROL COMMISSION.

(Copies to:- Regional Commissioner, Allied Control Commission, Region III,

Naval Sub-Commission, Allied Control Commission,

Secretary, Allied Forces Local Resources (Italian) Board.)

CONTROL OF HEMP

It is understood that the recent extension of King's Italy may have serious repercussions on the full exploitation of local resources in the interests of the war effort. It is difficult to assess the full implications of this transfer but it is understood that in the case of hemp products the position is as follows:-

2. Up to the night of 19/20 July the following controls were in force:-
 - (a) By Regional order all existing Italian laws were kept in force but in addition manufactured products were included in the order. The Ente Fibre Tessili was re-named Amasso Regionale Canapa and made the medium for carrying out the control, working directly under an Allied Control Commission Officer.
 - (b) All raw hemp and stocks of manufactured yarns and material were bought by the Amasso Regionale Canapa.
 - (c) Raw material was issued to factories to work up into the specific items required by the armed forces and Allied Control Commission. Cost of production was paid to the factories and the hemp remained the property of the Amasso Regionale Canapa.
 - (d) All movements of hemp of any kind were prohibited without the permission of the Amasso Regionale Canapa.

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(d) All movements of hemp of any kind were prohibited without the permission of the Amasso Regionale Canapa.

(e) Finished products (included treated hemp for export) were pooled from all factories and made available to the Allied Forces Local Resources (Italian) Board who controlled its distribution.

3. On the night of 19/20 July at 0001 hours all Allied Control Commission Regional orders regarding the control of hemp lapsed in the Naples Province except in Naples city, which continues under Allied Military Government.

4. Previous to this date an instruction from Allied Control Commission was issued to the Minister of Agriculture to liquidate all fascist organisations including the various "Entes" of which the Ente Fibre Tessili was one. The Ente Fibre Tessili in the past controlled all the new hemp in Italy but had no control over manufactured products.

5. There is an Italian law still in force which requires all hemp producers to declare and deliver their hemp to the Amasso Regionale Canapa, but as this organisation is in the process of liquidation (at least on paper - no actual liquidation has yet started) it would seem to be a difficult law to enforce.

File in [signature] all orders.....

3803

091.3
8 - 091.33

(8)

31/8/45

CONTROL OF HEMP

(Flag Officer, Western Italy's No. FOWIT 913 dated 27th July, 1944.)

Page 2.

6. All orders issued by Allied Control Commission Region III relating to movements of hemp, declarations of manufactured and raw hemp etc., have now lapsed. It would appear (and this has been confirmed by the legal department of Region III) that direct control has now been lost of manufactured hempen articles. Furthermore under these circumstances unless very close co-operation is received from the Italian authorities, control over the raw material has also lapsed.

7. To illustrate the present position it would appear that Hemp Control Officers in this area do not now have the power to stop carts suspected of carrying "contraband" hemp but can only point out to a "carabinieri" that the cart is strongly suspected of illegal traffic and that it is his duty to arrest it: such traffic has already become rife in the last 48 hours.

Under these conditions it is obviously impossible for Hemp Control Officers to be able to guarantee the supply of rope, canvas, etc., for the use of the armed forces or for export to the United Kingdom.

8. These difficulties as regards hemp would appear to arise largely from the fact that factories, etc., have never been requisitioned and that the Italian organisation has been utilised owing to adequate trained Allied manpower not being available. Furthermore, the Italian laws still in force are understood to be insufficient to maintain full control.

9. It is not known whether any other industries are similarly affected but the full utilisation of the hemp industry for the Allied war effort is considered a matter of prime importance. The whole question is highly complicated and dependent on Italian laws requiring legal experts. In view of the strong interest that the Royal Navy has in the finished products and the extent to which they are also required by the other armed forces, it is requested that the matter may be fully explored and set on a satisfactory basis at the earliest possible date.

3832

CAPORE

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8. These difficulties as regards hemp would appear to arise largely from the fact that factories, etc., have never been requisitioned and that the Italian organisation has been utilised owing to adequate trained Allied manpower not being available. Furthermore, the Italian laws still in force are understood to be insufficient to maintain full control.

9. It is not known whether any other industries are similarly affected but the full utilisation of the hemp industry for the Allied war effort is considered a matter of prime importance. The whole question is highly complicated and dependent on Italian laws requiring legal experts. In view of the strong interest that the Royal Navy has in the finished products and the extent to which they are also required by the other armed forces, it is requested that the matter may be fully explored and set on a satisfactory basis at the earliest possible date.

C. Appun
for REAR ADMIRAL
(Absent on Duty)

DIST

2 - Industry Sub Comm
2 - (A) 4-B Files

ADJ
 ADDRESS (ACTION) AAI (INFO) AAI/(INFO)

ADD MAIN

826

A 1841

2 - 11/19/50

22 July

RECEIVED

PRIORITY

Executive Commissioner

PERSONAL FOR RECORD FROM LASH TO BUREAU TO THROUGHOUT FOR AAI AND AAI/ADJ
 FOR GRANTS FIVE PER TWO FROM AAI/ADJ BUREAU TO DISSEMINATE YOUR SIX ZERO ZERO
 SEVEN ZERO CHARTER AIN ONE FIVE OF ONE FOUR JULY AND PRESENT TO THIS HEADQUARTERS
 SEVEN TWO NINE THREE OF NINE JULY TO BUREAU WAS SUBMITTED AT AAI NOTHING IN HOME
 SHOWING HIGHER COLLECTIVE CONTRACT INTERNS AND HIGHER COSTS OF LIVING IN BUREAU THAN
 HAPLES WHICH WOULD INDICATE THAT HAPLES RATE IS NOT AFFORDABLE TO MAKE TO
 DIFFERENCE IN RATE BUREAU YOUR QUESTION DOC(BUREAU IS TWENTY PER CENT HIGHER IN
 RATE OVER HAPLES TO YOUR QUESTIONS AIN/ADJ AND BUREAU ONE PERCENT RATE PER CENT
 LOWER THAN GERMAN ARMY AIN/ADJ LATER ONE BUREAU ONE PERCENT RATE PER CENT AND MORE
 PER TWO GRANTS TO COLLECTIVE CONTRACT INTERNS IN HOME TWENTY PER CENT AND MORE
 THAN TWO IN HAPLES TO NO HIGHER INFORMATION AVAILABLE REGARDING QUESTION
 CHARTER TO PRESENT SOME NATION ISSUE OF TWO ZERO ZERO GRANTS WITH HIGHER
 INCREASE TO THREE ZERO ZERO GRANTS DOES MEAN HIGHER STANDARD OF LIVING AND LIVING
 DEMAND FOR INCREASED WAGES TO FURTHER COST OF LIVING DATA IS BEING PREPARED FOR
 AAI FOR POSSIBLE RECOMMENDATION OF THE PROPOSED PERCENT INCREASE

3-5-51

091.2

CHARLIE ZERO CHARLIE AMEN ONE FIVE OF ONE FOUR JULY AND FURTHER TO THIS BECAUSE THE
 STATES TWO HUNDRED THREE OF NINE JULY PD DATA WAS SUBMITTED AT AAT MEETING IN HOME
 SENDING HIGHER COLLECTIVE CONTRACT LEVELS AND HIGHER COSTS OF LIVING IN HOME THAN
 NAMES WHICH WOULD INDICATE THAT NAMES RATE IS NOT AFFORDABLE TO NAMES PD
 INTERESTS IN DATA NAMES YOUR QUESTION NO. (NAME) IS TWENTY PER CENT HIGHER IN
 HOME OVER NAMES PD YOUR QUESTIONS NAME AND NAME CMA POSITION NAMES THE PER CENT
 LOWER THAN CMA AMEN RATE WHICH LATTER CMA. HOWEVER CMA WAS AUGMENTED BY LANCE
 FREE GOOD GRANTS PD COLLECTIVE CONTRACT LEVELS IN HOME TWENTY PER CENT AND NAMES
 THAN TIME IN NAMES PD NO AVAILABLE INFORMATION AVAILABLE REGARDING QUESTION

CHARLIE PD PRESENT NAME RATION ISSUE OF TWO ZERO ZERO GRAMS WITH POSSIBLE

INCREASE TO THREE ZERO ZERO GRAMS DOES MEAN HIGHER STANDARD OF LIVING AND LIVES

BEHIND FOR INCREASED NAMES PD FURTHER COST OF LIVING DATA IS BEING PREPARED FOR

AAT FOR POSSIBLE RECONSIDERATION OF THE PROPOSED HOME WAGE INCREASE

J. T. HORTON, JR.,
 1st Lieut, AMB.,
 ADJUTANT.

Copy to: Moon Sec.

(7)

826
 22 Feb 44

051W

HEADQUARTERS
REGION 3, ALLIED CONTROL COMMISSION
APO 394, U.S. ARMY

17-1823
25 JUL 1944

21 July 1944

SUBJECT: Cost of Living Studies.

TO : Office of the Secretary General,
Headquarters A.C.C.
APO 394, U. S. Army.

1. In accordance with instructions recieved from Col. John W. Chapman, we enclose nine (9) copies of "Economic Facts and Factors", a monthly bulletin covering the months of March, April and May 1944, and published by the Economics and Supply Division, Region 3, A.C.C.

2. The June issue is not yet completed and as soon as it is finished a like number of copies will be sent to your office.

/s/ A. B. Arnoldy
/t/ A. B. ARNOLDY
1st. Lt. AUS, Spec. Res.
Price Investigation Office
Economics & Supply
Region 3.

ABA/cv
ENC. (18)

3830

(C O P Y)

c.c. Major Thompson, Economic Section, with all copies of inclosures.

Files (A) B

21 Jul 44

091.3 Economics

Files (A) - B

R&D/cfo

SG 100.

15 July 1944

subject: Cost of Living Index

15 JUL 1944

To: Regional Commissioner, Region III

Reference your letters R/1028 CP:TT of 22 May and R/4224 of 1 July, subject as above, I am directed by the Acting Chief Commissioner to request that nine (9) copies of this "Cost of Living Index" be forwarded to this office.

ROBERT E. DOE
Major, A.G.D.
Secretary General

Copy to: Economic Section

3325

(Copies to be given to
Major Thompson, Economic
Section when they come
in)

(5)

SG 100
15 Jul 44

Surrendered to 20 Jul 44
mhp

File
mhp

15 JUL 1944

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Secretary General
APO 394

RED/afe

SG 100.

14 July 1944

MEMORANDUM TO: Economic Section

SUBJECT: Region III Cost of Living Index

1. The Acting Chief Commissioner has approved the suggested distribution shown on your memorandum of 8 July (flagged "B") on the attached file.

2. Caution is to be used, however, to see that this material does not get into the hands of the Italians.

ROBERT E. DOE
Major, A.G.D.
Secretary General

091.3

3328

(4)

SG 100
14 Jul 44

F.L.G./H

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Secretary General
APO 394

AJC/dfe

SG 100.

8 July 1944

MEMORANDUM TO: Captain Stone

1. The attached papers (flagged "A") were brought to me by Economic Section, who asked if I could obtain a copy of the "Cost of Living Index."
2. The papers themselves did not seem to throw much light on the subject, and Colonel Monfort, to whom Colonel Poletti's letter of 22 May was addressed, knows nothing about it.
3. I have discussed the matter with Region III, who inform me that Colonel Poletti was instructed by the Chief Commissioner that he personally would authorize distribution and that no distribution was to be made without his (i.e. Chief Commissioner's) personal authority.
4. I transmitted this information to Economic Section, who have sent down a suggested distribution (flagged "B") on behalf of the whole Commission. In view of the Chief Commissioner's verbal instructions, Region III will make no issues until they receive written instructions direct from you. Region III feel that the Chief Commissioner intended this to be treated as "SECRET" although the document is not so marked.
5. A copy of the document in question (flagged "C") is attached.
6. I have promised Economic Section that all the enclosures will be returned to them.

A. J. Collins

A. J. COLLINS
Captain, R.E.
Assistant Secretary General

cc: Major Thompson,
Economic Section

4 APP A

SG 100

8 Jul 44

OK for
quoting to have the
info be taken care of

-1-

CONFIDENTIAL

CR. 1477

6299

OFFICE OF ECONOMIC SERVICES
ALLIED ARMS IN ITALY
APO 777, U.S. ARMY
R & A BRANCH

2 JUN 1944

SUBJECT : Document

TO : Mr. William L. LUTHER, Director, R & A Washington

034 1049
10 JUN 1944

1. Document "First part of a report on economic conditions in German occupied Italy", 30 May 1944, (Confidential); prepared by 1st Lt. Richard V. BURNS.

Richard V. BURNS
1st Lt. AUS
Act. Exec. Officer

041.3

Distribution

- 1 to Mr. Langer for Mr. Stobbs.
 - 1 to Mr. Murray G-2
 - 1 to Major RINGEL, AGO Information Division
 - 1 to Mr. Wadleigh, AGO Economic sub-Commission
 - 1 to Mr. Cooke, AGO
 - 1 to Major BARRICELLI, Intelligence Chief, OSS R.
- Files

3326

RECEIVED BY INFO DIV ACC
Date _____ Time _____
File _____ Info _____

CONFIDENTIAL

2 June 44

-2-

OFFICE OF STRATEGIC SERVICES
ALLIED ARMIES IN ITALY
NO 777, U.S. ARMY
R.A. A. BANCHE

30 May 1944

SUBJECT: First part of a report on economic conditions
in German occupied Italy.

TO : Mr. William L. LAMONT, Director, A.S.S. Washington

1. Bread and Pasta Rations.

As of 20 April, the Ministry of Agriculture and Forestry announced that the daily bread ration of the normal urban consumer would be increased by 50 grams, so that the prevailing rations are as follows:

	<u>DAILY RATION (GRAMS)</u>
Normal Consumer	200
Children 2-15	275
Light workers	375
Heavy workers	475
Very Heavy workers	575

At the same time it was announced that the basic pasta ration would be augmented from 2 to 3 kilograms a month (i.e., 40 grams a day) of pasta or rice.

The Ministry made a special concession to farm workers. Instead of receiving a ration card for all foodstuffs, they would be permitted to retain 32 kilograms of wheat for themselves and 20 kilograms for each member of their families for May and June. This would amount, for a family of five, to a daily ration of 440 grams per person.

Obviously the rural population will secure its rations, if not more, but the evidence suggests that in urban centers the rations actually available are considerably less than those officially fixed.

3825

RECEIVED BY INER DIV. ACC

Date _____ Time _____
File _____ Info _____

- 3 -

ITEM	AMOUNT	REMARKS/Source	DATE
Rice	150	Irregularly distributed	May
Pine	150		
	250	No distribution	May
	300		
Pine	75		May
Opoli (oil)	150		April
Okuma	150		March

Several articles that appear to be somewhat less in quantity than in liberated Italy, where the city ration is roughly 200 and that permitted farmers about 350 grams.

2. Other food articles.

Other foodstuffs--meat, vegetables, sugar--appear to be more generally available in the free markets of urban centers than in the same in southern Italy. For Bologna it was reported in February that one could buy everything he wished to eat by holding out the proper card. In March the German hospital of having not only supplied him with sufficient meat but of having secured a more abundant supply of vegetables that had been available for several years.

It seems likely, of course, that in towns near the fighting zone, distribution of commodities other than bread would have been most irregular. Bologna has had only one ration of meat and only one of sugar. At Trieste, on the other hand, distribution appears to have been regular and severely controlled. Excessively expensive, scarce items are those normally imported in quantity from the north. Salt has had to be rationed at 500 grams a person per month, tobacco at 50 grams a week, the latter being sold only to those over 18 years of age. Olive oil and fruit are rare. It goes without saying that, in the country-side, there is a relative abundance of most staple foodstuffs.

3. The development of black market prices.

The following table is meant to give a general indication of the development, during 1943, of black market prices in that part of Italy now controlled by the Germans and in the Neapolitan area. The comparison can only be tentative, inasmuch as the evidence is very difficult to ascertain. The figures for occupied Italy are averages covering the urban cities of that area on a particular day and come from a source interested in presenting the situation in the north in a favorable light. The Neapolitan figures, on the other hand, are monthly averages. The official prices are those for German-controlled Italy. Prices are in lire and, unless otherwise indicated, per kilogram.

-4-

Monthly averages Neapolitan area I-64	110 235	190	200 43
Price averages for corn occupied Italy 31-I-64	30 40	100/200 55	9
Monthly averages Neapolitan area VIII-63	17.5	20	35 7
Price averages Italy now in German hands 31-VIII-63	2.28	2.2	7
Monthly averages Neapolitan area I-63	15 17	2	20 2.20
Price averages for Italy now in German hands 31-I-63	18 20	19 45	6
Legal prices	2.60 3.10	15.00 24	2
Commodity	bread pasta olive oil (litre) dry beans whole chicken other		

3843

(3)

- 5 -

The table would indicate that in January 1943, black market prices in what is now German-occupied Italy were somewhat higher than those obtaining in the Naples area, but at the time of the invasion this situation had reversed itself, prices in northern Italy being somewhat lower than those in Naples and that, finally, by the first of this year black market prices in Naples were roughly three times those in German Italy. These anomalies are, of course, born out by the fact that northern and central Italy have remained a part of the European main economy and had not been subjected to the economic war policy. Southern Italy, on the other hand, was not only largely cut out of a larger economic circle but to a considerable extent became an isolated economy.

6. Comparison of black market prices in Naples and Rome.

The statistics available for these recent prices are fairly more satisfactory. Prices at Rome and Naples, the two most difficult alimentary problems on either side of the line, are available only for different time periods. Prices are in lire, and, unless otherwise indicated, per kilogram.

Commodity	Naples prices as of early 1943	Rome prices as of 31- 1943	Naples prices as of early 1943
Bread	132	15-30	120-160
Pasta	138	50-90	250-400
Flour		15-20	180-300
Potatoes	35	18	40-60
Beans	187	40-120	175-250
Meat	190-295	130-250	300-350
Fish		100-200	150-400
Milk (liter)	25	30-40	30
Cheese	350	140-350	
Eggs (each)	20	12-15	15
Olive oil (liter)	190	400	250-300
Pots	300	400	
Dried Fruit		30-40	50-100
Apples	20	250	
Salt		90-140	15-30
382 Sugar	250	300-400	220-400
382 Coffee		1200	300-1500

Thus the black market price level in Rome would appear to be roughly 10-15 per cent lower than that at Naples. It should be noted that only for five commodities—milk, olive oil, pots, apples and salt—are the Roman prices higher, and that in the case of bread and pasta they are noticeably lower. The only way prices available for Rome, however, indicate that the price of bread had advanced to 45 lire the kilo and that of olive oil to 750 lire the kilo.

3

- 6 -

3. Comparison of prices in Rome with those prevailing
elsewhere in Southern Italy.

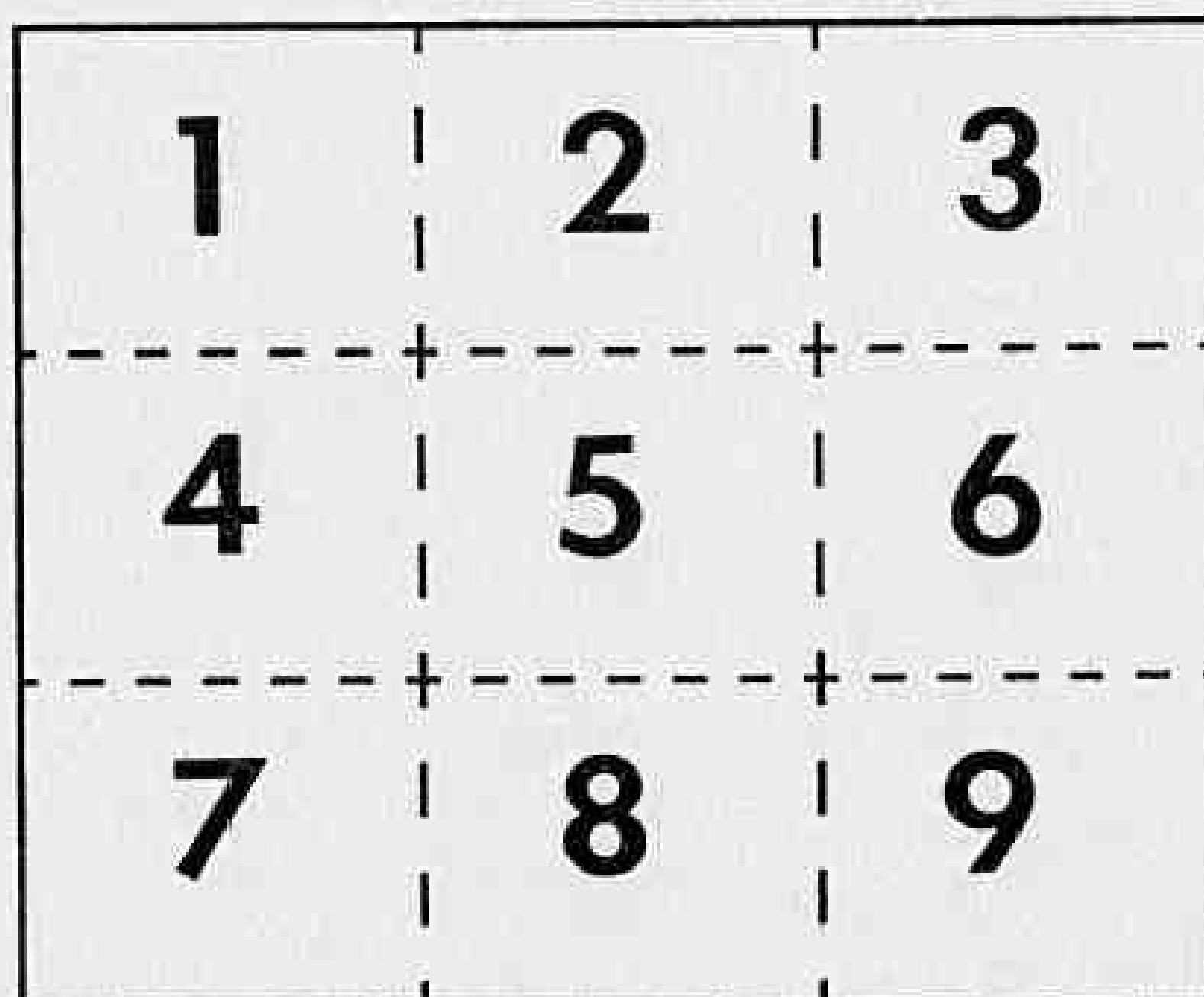
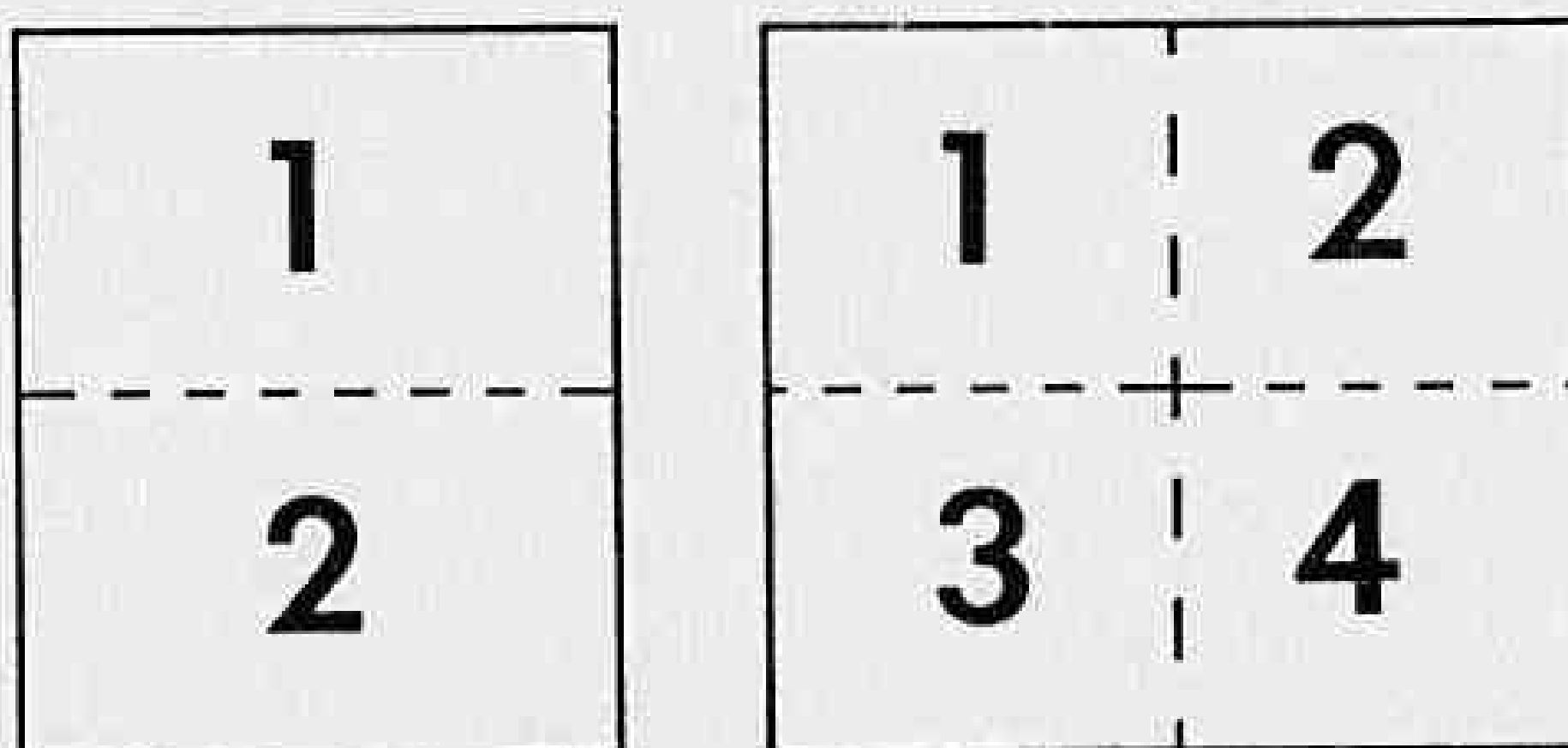
Price data for Southern Italy outside Rome are extremely scattered and of varying dates and even cover different types of economic areas. The following table represents an attempt to piece together information from cities, towns, provinces, and regions in order to substantiate some broad generalizations. Where available, prices from places in Southern Italy other than Naples are also indicated. The names of the provinces in parentheses which follow each price indicates the month for which the price was quoted. Prices are in lire and, unless otherwise indicated, per kilo.

3821

(3)

MAPS AND CHARTS TOO LARGE TO FILM
ON ONE EXPOSURE ARE FILMED CLOCKWISE
BEGINNING IN THE UPPER LEFT CORNER,
LEFT TO RIGHT, AND TOP TO BOTTOM.

SEE DIAGRAMS BELOW.



PLACE	BREAD	FLOUR	POTATOES	BEANS	BUTTER	MILK	
CHOS	45(V)	100(IV)	18(III)	40-120(III)	500(III)	30-40(III)	1/2
ELAH	25(III)	40(II)			300(III)		
OLUCHA	90-95(II)	100-115(II)					2
SHOVA	30-35(I)						60
TUG	400(III)						
MURIN		20-25(II)					
SHIETI	100-140(II)	200(III)					
SHILONGA		80-90(III)	16-20(III)	60-100(III)			80

	BUTTER	MILK	CHEESE	EGGS	MEAT	OLIVE OIL	SALT
(I)	500(III)	30-40(III)	140-350(III)	12-15(III)	130-300(III)	750(V)	30-140(III)
	300(III)			6-8(II)	100-125(III)	120-30(III)	
			250(II)		200-210(II)		
			60-70(I)		17-14(I)		
					40-50(II)	100-200(II)	
					70-100(IV)	200-300(III)	
(III)			80(III)	13(III)	80-120(III)	250-400(III)	150(III)

MURIN		20-25(II)				
MIRNI	100-140(II)	200(III)				
REMOVA		80-90(III)	15-20(III)	60-100(III)		
CANTAVICCHIO				17-20(III)		
ASQUERI	20(III)	30(IV)	13(III)	12(IV)	6-7(IV)	1
NARONE		6-8(III)				2
TURCHI					100(III)	5(III)
P. RULLI					100(III)	15
58-9						
BAN SEVERO	30(V)	35(V)	30(V)	40(V)		
LOXXE						10-12(V)
BALERNO						30(V)

MILIN		20-25(II)				
MILISI	100-140(II)	200(III)				
SILICIA		80-90(III)	16-20(III)	60-100(III)		
CASSELVOCCHIO				17-20(III)		
BRUGNOLI	20(III)	30(IV)	13(III)	12(IV)	6-7(IV)	1
MANCHE		6-8(III)				8
TURBANY					100(III)	5(III)
P. RIVOLI					100(III)	12
38-4 SAN SEVERO	30(V)	35(V)	30(V)	40(V)		
LINCE						10-12(V)
SALERNO						30(V)

			40-50(II)	100-200(II)	
			70-100(IV)	200-300(III)	
	80(III)	13(III)	80-120(III)	250-400(III)	150(III)
				270-300(III)	60-100(III)
6-7(IV)	120(III)	6-15(IV)	70-100(IV)	150-200(III)	90-140(III)
	800-100(III)	3-4(III)	25-30(IV)		
100(III)	5(III)	30-35(III)	40-50(III)	200(III)	50(IV)
100(III)	150(III)		80-100(III)		
		15(V)	50(V)	90(V)	
10-12(V)	140(V)	14-15(V)		30-40(V)	
30(V)	75(V)	20(V)		140(V)	

- 7 -

Study of these figures would suggest the conclusion that prices in Bologna and Pavia and in smaller cities near the front are in the range of the Roman level. The figures also suggest that prices in other large cities, such as Milan, Genova, and Turin, and in towns yet removed from the fighting, are considerably lower than those in Rome. The price level in Grosseto in March was reported as half that obtaining in Naples. Comparison of 22 11 feedstuff prices indicates that March prices are roughly 2 1/2 times higher than those prevailing in Milan and approximately three times those in the Abruzzi, which later are higher than those prevailing in the Marche. From these last two regions other reports confirm that there is a relative abundance of food, as also appears to be true of Friuli, Istria, and Venice in general.

6. Clothing.

In general, the clothing situation in northern Italy appears to be poor. Textiles are difficult to obtain and progressively worse in quality. Underclothing is rationed and shoes as well as most clothing are unobtainable on the free market. Whole sales are not to be had; repairs are made with pieces taken from discarded shoes. Clothing prices as of 31 March were as follows:

<u>COMMODITY</u>	<u>ROME</u>	<u>PARMA</u>	<u>TURIN</u>	<u>MIAN</u>
Raincoats	2000-3000	1200-1300		
Wool suit	3000	2000	5000	
Ordinary suit				200
Silk tie	80-100			
Men's socks	30-50			
Wool stockings				
(women's)	200-300		300	
Military shoes	1500-2000			
Women's shoes	1300-3000			
Men's shoes	3000			
Re-coling	300	300		
Leather (kg)		350-400		
Linon sheets (meter)	1000			
Clipped wool (kg)		300		
Woolen yarn (kg)	1000-1500	250		
Pure parachute silk				
(meter)	500-600			
Autarkic cloth (meter)	300-350	150		
Rayon covers (meter)	300-350			
Wool stockings				
(500 yds each)	60-100			

3318 A report from Turin dated February suggests that clothing prices there are lower, a man's suit costing, at that time, 1000 lire, and a pair of leather shoes 800-1200 lire. Comparable statistics for liberated Italy are unfortunately not available.

7. Food control: German policy.

German policy varies with the military significance of the area concerned. In Rome and the regions close to the front German agricultural

(3)

- 3 -

officials have been attached to the armed forces and these have complete control over Italian food allocations. It is reported that in these regions supervision of distribution is extremely strict, though this does not prevent the buying of front-line towns, which, for example, by the French, nevertheless, where the armistice has been signed. In fact, the legal position is so strictly controlled, whereas there food considerations have been left in the hands of the distribution board to be irregular. This feature is probably more deeply ingrained in the public mind than the initial differences could suggest, since the Germans have adopted a policy of making the Italian authorities take the situation in hand and intervening openly when concessions have to be made. Provincial prefects tend to cooperate with the local or sub-provincial and to disregard the orders of the Federal central government. It does seem to be true that the Germans have brought in small quantities of wheat to relieve critical shortages in the large cities, especially Rome. Up to 31 January 15,000 tons of wheat were brought in and distributed by the German command. The increase in wheat supplies announced on 3 April by the Ministry of Agriculture and Forestry was officially explained as partly the result of trade agreements with Berlin. That such imports represent a net gain for Germany is not at all clear, since in the areas north of Rome the Germans are requisitioning grain as well as other foodstuffs. In some places where the Germans have not received their ration, they have appropriated wheat and exchanged it with the local population for other foods. In other areas grain is bought by the Germans from the distributing agencies at the local price and then sold on the black market. In Rome the carrying authorities often require farmers to hand over a certain portion of their livestock on the ground that the meat is required for the Italian troops stationed in the city.

8. Public Kitchens.

A significant recent development in food distribution has been the establishment of public kitchens in some of the larger cities. These are served to the poorer elements on the basis of legal entitlement - many in Rome are entitled to a ration card which is issued for this purpose. These cards are issued, as at present, by the local authorities administered by the National Council of Administration for relief and feeding 15,000 people. This figure is probably not outside the mark for the 15 public kitchens which were serving 11,750 meals a day. The idea has also been adopted in other cities, where existing feeding centers were to be maintained to provide for the population of Rome. The aim is to have their own kitchens. The families of the workers were also to be fed and the food could be cooked at the center or carried home. This development, which is part of the deal with the refugee problem, will also contribute to feeding the poor.

9. The refugee problem.

The problem of displaced persons has reached serious proportions in particular Italy and contributes greatly to the urgency of the food situation. The problem will grow in proportion as the Allies move northward. At present, the number of refugees is estimated at 500,000, this figure from the fact that a large part of the normal population of 1 1/2 million is unemployed. The number of refugees will be augmented if the capital is made an open city. Further legislation has been published and efforts have been made to provide

- 9 -

North-bound transportation for civilians. That this is inadequate is shown by the fact that crowds of several thousand persons have collected on the outskirts in an attempt to hitch-hike their way north. Fascist sources assert that now for the first time migration exceeds immigration. Food imports into the city have had to be increased considerably, from 2100 quintals of wheat a day to 3200, not to speak of a daily require out of 365 head of cattle and 87,000 sheep. The situation is further complicated by the fact that for months there has been a serious shortage of gas, electricity, and water, and that venereal disease is widespread. Social administrative measures have had to be adopted. On 9 May the appointment of a High Commissioner for Rome was announced. The new official will have the cabinet rank of undersecretary in the Ministry of the Interior so that the city will be under the direct control of the Fascist government. The police is not popular in Rome however. The population of Rome has increased from 23,000 to 45,000, and the Germans have evacuated the Civitavecchia region and have ordered the civilian population out of Civitavecchia, Anagnina, Cerveteri, Ladispoli, Ostia, Lido di Ostia and other places.

10. Police measures.

Police measures include the closing of all so-called luxury restaurants, the use of heavier penalties against violators, and in some instances at least, surveillance of roads. In late April the Ministry of the Interior ordered that all luxury restaurants, including those connected with hotels of the first class, were to be closed. The measure was apparently dictated in part by political considerations, since the order threatened other establishments with closure if the behaviour of their patrons was not satisfactory to the police. Another law became increasingly severe. Since also reached 500,000 lire (value fluctuations of Berlin, London, and New York) reports followed that for illicit smuggling. It was the special military tribunal concerned that was to death for having been sentenced in the history of 1 million Italian lire. It was the contraband transport on the roads in Rome was set by daily rules and the confiscation of contraband. These, and other goods as required, were distributed gratis to the population of the poorer quarters. In March, however, existing imports restriction were modified to permit private individuals to bring foodstuffs into the city by bicycle, cart, and donkey. Since the truck columns which bring in the city's food supply carry only the minimum required for official distribution, this would suggest an effort to create a greater availability of goods on the black market. In this connection, it was reported from Rome in March that the official price of eggs had been raised to a lire each - in contrast with the black market price of 100 lire. The report states that this change caused a rise in the "unofficial" price.

3316

3316

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CIRCULATION SLIP
(please pass quickly)

Date

26 May

From: - Information Division, AGC

To:

: Seen &
: Initialed
: by

: Chief Commissioner

: ~~Deputy Chief Commissioner~~

: V. Pres. Admin. Section

: V. Pres. Economic Section

: Executive Commissioner

: Deputy Executive Commissioner

: Directors political section

: Security Branch

: Public Relations Officer

: Sub Commission

: Region

38.3

SEE:

FOR: - Information and return
A. appropriate actionREMARKS

2

26 May 48 JOHN V. HINKEL
Major, A S

OFFICE OF STRATEGIC SERVICES
 NAILED DOWN IN ITALY
 MSG 777, U.S. ARMY
 A & A BRANCH

Deputy Chief
 Communications

1452

13 May 1944

DSM 977
 3 JUN 1944

SUBJECT: Economic Situation in Liberated Italy

TO: Mr. William L. LORRIS, Director, A. & A. Washington

1. Herewith, the economic situation in liberated Italy prepared by Lt. Richard V. BURKE.

Henry L. ROBERTS
 Maj. U.S.A.
 Executive Officer

Distribution as follows:

- (original) 1 copy to Major BURKE for Lenger
 1 copy to Major BURKE for Mr. STERLING
 1 copy to Major BURKE for Mr. Brew Printon (A. & A. London)
 1 copy to Lt. H.C. GALLAGHER for Lt. Col. TUCKER
 1 copy to Major BURKE, Information Section, AGO
 3 copies to files.

7 more copies were made by Information Division, Hq. A.C.C. and incorporated in the Central Reference Library, Hq. A.C.C.

091,3
 Economics

3814

2

13794441

RECEIVED
 COMMUNICATIONS
 SECTION
 13 JUN 1944

file/700

OFFICE OF ECONOMIC SECTION
ALLIED ARMY IN ITALY
APO 777, S.E. AREA
R & A BRANCH

WEEKLY Food Ration Situation in Liberated Italy

DATE : 14 May 1944

1. Food Rations: The following table gives the rations, calculated on a daily basis, allotted to each individual in the province of Naples as of May, 1944. The table also gives official prices and, for purposes of comparison, the black market prices.

Commodity	Official ration (grams)	Official price (Lira/kg)	Black market price (Lira) kg
Bread or flour or bread & pasta	200 100 150-200	3.60 40	120-150 120-200 20-400
Timed meat (with or with- out vegetables).	13+		
Olive oil	26, decaliters	50	250-300
Dried veg- etables.	13+	50	
Soap powder	8+	50	
Shoe	6+		
Charcoal	3-5	6	16

In region III (Naples, Avellino, Benevento), it was decreed in April that, in addition to those rations, heavy and very heavy workers would receive 75 grams of bread per day, 210 grams of dehydrated soup and 700 grams of pasta per week. Farm laborers were not included in the heavy worker category by the decree. The official rations in other provinces are not significantly higher than those in Naples. An official report, made in March,

shows that the standard ration for the Province of Naples amounted to 615 calories a day, or less than a third of that needed by the body at rest, and under half the calorific value of the ration issued by the Germans during the last period of occupation.

2. Black market food prices: In order to live, therefore, every family with the means to do so must have resorted to the black market for the larger part of its food supply. Because of the severe restrictions placed on civilian traffic, black market prices for food vary widely from region to region, reaching their highest levels in urban centers. This situation is illustrated in the following table. Prices are in lire per kilo, except where otherwise indicated.

<u>Quantity</u>	<u>Price</u>	<u>Quantity</u>	<u>Price</u>	<u>Quantity</u>
Bread	12-150		30	
Flour	180-200		35	
Wheat	250-400		40	
Barley	300-350		90	
Fish	150-400	250	30	100-250
Olive oil	250-260	140	90	3-40
Potatoes	40-50		30	
Beans	175-250		40	
Chickens	150-200		60	
Cauliflower	12-15	8		4-5
Dried figs	90-100	60		25-30
Milk (liter)	30	30		10-12
Milk products (butter)	360	75		140
Eggs (each)	15	20	13	16-18
Sugar	220-400			
Salt	15-40			
Wine (liter)	36-50		15	
Coffee	900-1,500			

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It is calculated that the cost of one black market meal for a family of five living in the Province of Naples is about 400 lire.

3. Clothing and Housing: The cost of clothing and housing is also exceedingly high. Nearly all clothing stores were destroyed in the course of military operations. Prices in the Naples area are as follows:

<u>Commodity</u>	<u>Price in lire</u>
Suit	4,000 - 6,000
Shirts	1,000
Men's shoes	1,500
Socks	150

Rents have risen less precipitously; rentals in the Naples area, where there is a housing shortage owing to destruction and requisitioning, are as follows:

<u>Apartment</u>	<u>Rent in lire per month</u>
2 rooms	200-300
4 rooms	400-500 with bath 800
6 rooms	600-700 with bath 1,500

4. The Rise in the Cost of Living: It is calculated that, in comparison with the pre-war period, the cost of living, as black market purchases are taken into account, has risen 500-1,000 per cent, the higher figure applying to urban centers. Rentals have risen only 200 or 300 per cent over pre-war levels, but clothing costs have jumped 1,000 -1,500 per cent since 1942, and index figures based on the black market prices of eight essential foodstuffs, taking 1 January 1943 as 100, reached 131 by 31 August 1943, 490 by 15 February 1944, and 621 by 31 March. In January 1943 these eight prices represented a 355 per cent increase over the official prices.

5. Wages and Salaries: Wages, which are adversely affected by widespread unemployment, have undergone only limited increases. Unskilled workers are paid 50 lire a day, skilled laborers 70-80 lire a day, which represents an increase of 100 per cent in relation to pre-war wages.

Unemployed workers entitled to unemployment compensation under Italian law receive benefits at the pre-invasion rates. The newly reformed labor organizations have sought to suggest wages but have met with stiff opposition from Italian authorities, who consider that if wages start upward, any chance of stopping the inflationary

tide will have been lost. The agricultural is better paid than the industrial worker, owing partly to a scarcity of workers in some areas. In Bergamo and Brescia farm workers receive 100-150 lire a day. The base pay of Italian soldiers, sailors, and aviators was increased in March almost five-fold; the basic rate for a private is now 5 instead of 1.05 lire a day. Salaries appear to have shown an even greater elasticity. The monthly stipends in lire received by the employees of an electric company and a bank are shown below. These of the electric company include allowances for a family composed of a wife and 3 children.

<u>TYPE OF EMPLOYEE</u>	<u>Society's Contribution to Pension</u>	<u>Basic Allowance</u>
Directors	6,000	
Employees, 1st category	5,496	5,496
Employees, 2nd category	3,543	2,550
Employees, 3rd category	2,629	2,579
or	2,183	1,000
Salaries		700

In November 45 authorized an increase in the wages of government employees in Italy on a graduated basis amounting to 75 per cent on the first 1,000 lire per month, 50 per cent on the second 1,000, 30 per cent on the third, 20 per cent on the fourth, and 10 per cent on the fifth. Private employees were authorized to increase wages on the basis of this formula, and apparently many have done so.

6. Consequences of the Disparity Between Income and the Cost of Living: The effects of the disparity revealed in the preceding paragraphs vary with the social class involved. In general, the lower and middle classes of the urban centers are most severely affected. The poorest class of the population of Naples is not far from starvation. This situation is somewhat alleviated by the fact that the Allied armies are the largest employers of manual and industrial labor and that their civilian help is generally given some kind of hot meal at noon. The average middle class family is somewhat better off, though their fixed incomes are generally insufficient to satisfy the essential requirements in housing and clothing even if sufficient for food. Of the city population, only the wealthy have a satisfactory diet. On the other hand the rural population, which constitutes 70 per cent of the total, fares much better, as illustrated by the black market prices listed in paragraph 2. The peasantry is always able to hold on to a minimal food supply. In the provinces the chief sufferers are refugees from the north, especially where relief organizations have not functioned well.

side will have been lost. The agricultural is better paid than the industrial worker, owing partly to a scarcity of workers in some areas. In Campania and Apulia farm workers receive 100-150 lire a day. The base pay of Italian soldiers, sailors, and aviators was increased in March almost five-fold; the basic rate for a private is now 5 instead of 1.05 lire a day. Soldiers appear to have shown an even greater insensitivity. The monthly stipends in lire received by the employees of an electric company and a bank are shown below. Those of the electric company include allowances for a family composed of a wife and 3 children.

<u>Nome di</u> <u>Impiegato</u>	<u>Importo</u> <u>mensuale</u>	<u>Importo di</u> <u>famiglia</u>
Director	6,205	
Employee, 1st category	5,496	4,450
Employee, 2nd category	5,540	2,650
Employee, 3rd category	2,539	2,179
or	2,163	1,000
Unions		700

In November 45 authorized an increase in the wages of government employees in Italy on a graduated basis according to 70 per cent on the first 1,000 lire per month, 50 per cent on the second 1,000, 30 per cent on the third, 20 per cent on the fourth, and 10 per cent on the fifth. Private employers were authorized to increase wages on the basis of this formula, and apparently many have done so.

6. Consequences of the disparity between wages and the cost of living: The effects of the disparity revealed in the preceding paragraphs vary with the social class involved. In general, the lower and middle classes of the urban centers are most severely affected. The poorest class of the population of Naples is not far from starvation. This situation is somewhat alleviated by the fact that the Allied armies are the largest employers of manual and industrial labor and that their civilian help is generally given some kind of hot food at noon. The average middle class family is somewhat better off, though their fixed incomes are generally less fitted to satisfy the essential requirements in housing and clothing even if sufficient for food. Of the city population, only the wealthy have a satisfactory diet. As the other half the rural population, which constitutes 70 per cent of the total, fares much better, as illustrated by the black market prices listed in paragraph 2. The peasantry is always able to hold on to a minimum food supply. In the provinces the chief sufferings are refugees from the north, especially where relief organizations have not functioned well.

7. AF and the Black Market: The upward spiral of prices remains unchecked. While undergoing a steady rise during the first six months of 1943, prices have soared with much greater rapidity since the Allied occupation. Obviously the basic cause of this situation is the scarcity of consumers' goods. Scarcity of foodstuffs, declining harvests, the ravages of war, the breakdown of regional interdependence by the expropriation of southern food for northern Italy, and the difficult transportation situation in liberated territory have reduced consumers' goods production below the minimum requirements of the population.

The means of the disposal of AF for coping with the situation are slender. The most important is the importation of the necessary goods. It is a fact that all the flour, sugar, jam, and canned foods now distributed in Region III, together with all gasoline and coal available in liberated Italy for civilian use, have been imported. Without these imports, collapse would be imminent. At the same time, imports are not as plentiful in quantity to arrest the inflationary movement.

In addition to imports, AF continues its efforts to control prices by police measures. Price ceilings, orders for the affixing of price tags to all articles offered for sale, the placing of shops which overcharge Allied personnel out of bounds, the establishment of special markets for the sale of fish, and the formation of volunteer civilian squads for reporting violations of all these regulations are some of the more important measures which AF has taken. It is doubtful if they will have effective results so long as the population continues to turn to the black market in order to live. It should be added that the sale of large quantities of goods to black marketers by American troops, especially negro soldiers and the corruption prevailing among Italian law enforcement authorities there are some 200,000 forged ration cards in the city of Naples alone - all factors against the success of AF's efforts.

8. Money: The currency situation has also contributed importantly to the inflationary tendency. The circulation in liberated Italy of notes issued by the Bank of Italy is 300 per cent greater than in the pre-war period and has reached according to an Italian source, a total of 30 billion lire. Superimposed on this is an unknown but very sizeable issue of 4 lire, a pure fiat currency. Gold and silver coins and the pounds, issued during the first stage of the invasion, are being replaced with 10 lire. Less important are American dollars and British pounds which are sought chiefly as a means of investment. 10 lire are expended through several channels. Allied personnel are paid in this currency and as of 30 November 1943 had received 8.4 billion lire. The purchasing power of Allied troops is relatively poor and, and is subject to few limitations. Expressed in lire, the pay of an American private is equal to that of a better-paid Italian civil-service employee. It is significant that in Berlin, where there is no army of occupation, the price level is less than half that prevailing elsewhere in occupied Italy. Another portion of the military expenditure of 10 lire is attributed to the hire of local labor. There were also the advances made to commercial and

provincial governments to get the Italian administrative machines moving once again. Furthermore such expenses are continuing. Most of the local government units normally had deficits which were financed by the national government, which at present is unable to assume this burden. The collections were disturbed to such an extent that it was estimated that in April they were about 50 per cent of normal. The central government itself has a monthly deficit of about 50 per cent of normal. The central government itself has a monthly deficit of about 1 billion lire which is advanced by the Allied authorities. In contrast, the ordinary receipts of the issuing authorities, from collections reported for civilian requisition and as the result of the deposits of Italian banks with the Allies, are negligible. The fraction of the huge volume of currency thus put in circulation has been and will be absorbed off by the redemption of the bonds, the redemption of the payments of interest on the national debt and the issuance of new bonds, the stabilization of the taxation system, and efforts at price control. But these measures are only palliatives.

Other factors leading for inflation are the formation of new currents of demand with the development of groups socially favored by inflation, the weakening of the stimulus to save by the constant decline in the value of money, and the want of reasonable investment opportunities.

9. The Dollar Value of the Lire: There is also the inflationary effect of the exchange rate of 100 lire to the dollar and 400 lire to the pound. There was no free exchange in the lire at the time of the invasion, though the black market in lire was quoting American dollars and dollars at 15-20 lire. To the country at large the rate of 100 lire to the dollar came as a surprise and shock, resulting, in the popular estimation, the value of the lire by 3/4 and thus undermining confidence in the lire. It is pointed out that if the dollar value of the lire were increased, the money forces would still be able to obtain the same goods and services with considerably less inflationary effect, and that the change effected in North Africa in the official rate of exchange had a salutary effect. The Italian government has in fact maintained that the present exchange rate is the principal cause of inflation and has officially requested that the dollar value of the lire be increased. The request was refused, on the grounds that the Italian government deficit was the true cause of the inflationary movement.

10. Opinion as to the Future of the Lire: There is a widespread feeling that the lire is already ruined, that still further inflation is inevitable, and that only Allied financial assistance can save Italian currency from collapse. These fears have additional justification in the fact that the Germans have the Italian process, together with large stocks of papers and are putting them to full use, so that the territory yet to be occupied may well be flooded with Italian lire.

11. Finance: Financial operations are lethargic. Banking is limited to some activity in current accounts and occasional speculative ventures in the stock market. There is a marked and continuing rise in deposits, owing to industrial stagnation together with the profits of black market activities.

The stock market is inactive, though in late April and early May the price of state bonds rose somewhat. The black market in gold and foreign currency has achieved some importance, though quotations have dropped since the announcement of a 10 percent devaluation and after the arrival of 50 kg. of gold from Italy. Prices are in lire.

commodity	March	15-April	21-April
sterling	480	500	500-520
pounds	135	310	165-175
gold the gram	320	320	350

The quantity of gold in private hands in liberated Italy amounts to 5-6 billion lire.

12. ~~Railways~~: Since liberation, together with the military necessities of the Allied forces, have reduced civilian train operation to an irregular trickle. The retreating Germans blew up bridges, tunnels, substations, and power plants, whereas Allied air attacks badly damaged the freight yards. The military railway service had repaired all essential military lines by 22 April, except the privately owned railway between Salerno and Benevento and between Velletri and Anagnina, and except for one break in the west coast line north of Reggio Calabria which it was planned to have repaired by 10 May. Present traffic is almost exclusively military. Rolling stock is in a dilapidated condition and traffic is very heavy. In the first week of February more than 2,600 trains were run over the Italian railway system, an all time record. Some civilian passenger traffic is permitted, and recently vital civilian freight began to be loaded on military trains. The sub-urban railways serving Naples and vicinity have begun to operate during rush hours.

13. ~~Roads~~: In this case also the Germans destroyed most of the critical bridges. The Allied forces have put up substitute bridges so that most of the main highways are now open. Much has had to be done in the way of improvement. In Italy the roads had no maintenance whatever for two or three years before the invasion. As of March, a total of 352-4,000 km. of highway in liberated Italy had been improved and 22 contracts having a total value of 42 million lire had been let. Further 11 projects are under consideration in the same areas.

387 But the real difficulty is the scarcity of trucks, passenger cars, and draft animals available for civilian use. The Germans removed many vehicles, but of those which remained were requisitioned by the Allied forces, and part of the remainder appeared on the black market in the shape of parts. The government of occupation has made available 550 2 1/2 ton trucks to Italian Mutilage Organisms, and the 1901 General Transport Coy. (Italian) is operating, under British control, in the forward areas. In the province of Salerno the royal government has blocked all trucks capable of carrying 10 quintals or more and placed them at the disposal of the local food section for 10 days of each month.

It seems doubtful that such measures will materialize after the situation. Until recently truck owners demanded a price of 7-8 lire per quintal per km., while passengers paid 60-700 lire for a trip of 250-300 km. Early in May section III-46 established a list of maximum traffic rates for truck transportation.

14. Shipping Service:

Coastal shipping was a vital factor in Italian transportation prior to the war. But vessels were sunk as the result of military operations. Of the remainder, all of 500 tons or more have been requisitioned by the Allied forces. Only small boats are available, but there is a shortage of sail cloth and fishermen are in need of help. The salvage of sunken ships has been made a responsibility of the white cross ministry and work is to be begun on the raising of two salvage craft in Sicily harbor.

15. Effects of the Transportation Situation: The difficulties confronting civilian transportation constitute one of the major causes of the inflationary movement. In fact, the economy of liberated Italy has been fragmented into a number of individual regional economies. Comparison with a centralized agricultural production and themselves with an accumulation of these products, while in other centers these same commodities command high prices on the black market, prices which cannot constitute an incentive to increased production. Some instances exist in Puglia for wheat, Puglia for olive oil and wine, Sicily for wine and citrus fruits, Lombardy for milk products, and Bari for salt. The worst at present is in Puglia, where the stock of 150,000 tons of salt, enough to cover the consumption requirements of liberated Italy for a year, is hoarded in a situation illustrated by the fact that the merchants from the Puglia area carry 20-25 kg. of wheat on their backs to Naples, 150 km. distant, in order to sell it on the black market there.

16. Communications: As of 22 April, civilian telephone service had been restored to approximately 1% of its original capacity. Postal service was officially restored on 20 March. Domestic telegraph service was opened for all of liberated Italy except front line areas on 22 April. During recent weeks the postal authority has been opened to Italian in service for Americans of Italian extraction to send regular communications to friends and relatives, beginning at the first with Italy, and one for most of liberated Italy.

17. Damage to Agriculture: Plantings were reduced in the areas of greatest military activity by 40 to 60%, while in some more vicinities and olive groves have been so damaged as to reduce their output by an estimated 20-30 per cent. It is calculated that in Campania 20 per cent of rural buildings have been damaged, and in parts of Sicily and the Abruzzi the percentage is also substantial. In some regions the destruction of irrigation and drainage works has been serious. The crippling of processing plants means an outlet for important farm products. The forest resources of the country are being depleted by the requirements of the Allied troops for fuel and timber for bridge and other construction.

18. Fertilizer Deficiencies: There is almost a complete dearth of fertilizer, chemical as well as organic, and of insecticides. Such stocks as existed were looted by the enemy during the invasion. Recently, fertilizers have been quoted at 5,000-5,500 lire the quintal, lead arsenate at 2,500, and sulphur at 1,800. The minimum requirements for the recovery of the land alone are 25,000 quintals of superphosphate, 30,000 quintals of ammonium sulphate, 100,000 quintals of nitrate, 45,000 quintals of potassic fertilizers, 10,000 quintals of copper sulphate, and 75,000 quintals of sulphur. It would thus be a considerable part of these requirements but these limits, after repair and reconstruction work is completed, will be able to produce only 10-20% of their output.

19. Seed Deficiencies: There is a marked deficiency of selected seeds of all kinds. All seed stocks have been looted and all attempts to assist seed farmers to cover what they may fit their production programs into future warlike needs. About 30,000 tons of imported seed potatoes were distributed in March. If this amount is feared that only from a third to one half were actually used for planting, the remainder reaching the black market.

20. Livestock Deficiencies: There has been a notable decline in the number of livestock, both as the result of human depredations and of ill-treatment for black market sale. Meat on the hoof commands 150-200 lire the kg. on the black market. In some regions the decline has been as high as 50 per cent of the pre-occupation stock of cattle, pigs, and horses.

21. Administrative Difficulties: The virtual collapse of the central system has also affected agriculture adversely. The failure of central control, the difficulties of transport, the wide gap between the prices offered by the peasant and those available on the black market resulted in the delivery of only a small proportion of output to the government. In 1945 under fascism, the proportion of the total crop assigned was 10 per cent in Sicily, 17 per cent in the territory south of Salerno, and 8 per cent in Apulia. Recently a series of decrees replaced the peasant with a new and simpler system of collection, officially called Il Piano di Riscatto. The producers will be represented on the advisory committee set up to collaborate with the public officials responsible for the collection of grain and a higher price for grain will be established. It is hoped that the new machinery will be able to collect 15 per cent of the total production.

22. Harvest Outlook: An estimate, made by an Italian source at the end of March, predicted that the harvest would be 30-50% below normal. In Calabria, planting was late and in Apulia, except for Taranto where reports are very favorable, the rains were necessary a second planting which could not be effected for want of seed. The head of the Economic Administration of the ASR declared at the beginning of May that 100,000 tons of wheat had been brought in each month, and that there imports would have to be continued in May and June, after which the harvest would provide for the needs of the area, during the remainder of the year. In addition to flour, it was intended to export 257,355 tons of other foodstuffs in the first six months of 1946. It should be added that night fishing has commenced in southern Italy and on the west and southern third of the east coasts of Sicily.

Fishing in Italian waters has been permitted for some time.

23. Shipping: During the month of March shipment of agricultural products to the United Kingdom comprised 4,564 tons of citrus fruits and derivatives, 1,009 tons of olive pits, and 47 tons of mustard seed. There were no exports of agricultural products to other countries.

24. The Machine Industry: With the exception of the establishments along the Adriatic coast and those of Genoa, the industry of northern Italy has been seriously damaged, partly as the result of aerial attacks, but mainly through systematic destruction by the Germans. Additional equipment has been damaged by the sweeping troops, who have removed critical machines and parts in considerable numbers. It is estimated that the capacity of the industry of the Reggion area has been reduced by 60 or 70 per cent and that of others to a degree in even greater extent.

25. Electric Power: The condition of the power plants and substations of the Emilia-Romagna Region in Allied hands at the end of February is shown by the following table:

<u>Conditions</u>	<u>Power Stations</u>	<u>Substations</u>
Out of action	2	4
Partially destroyed but operating to a limited extent	3	4
Working at full capacity	$\frac{1}{5}$	$\frac{1}{5}$

Power lines were either again in operation or being repaired. A royal decree of 1 March limited the use of electricity for industrial, public, and private illumination to 50 per cent of the monthly consumption of 1942, forbade the use of electricity for the illumination of signs and for household purposes, except cooking in cases where gas was not available, and limited consumption by theatres and movies for purposes other than illumination to 75 per cent of the monthly consumption in 1942.

26. Difficulties of reactivating industry: The difficulties in the way of any considerable industrial revival are formidable. Many of the factories which are in condition to operate have Allied troops. Many of the machines and parts must be imported from the United States or Britain. In March the AOK, with a view to repair work, made requisitions which required the shipment of 405,000 long tons.

The steel works at Legnano and Vercelli have been so badly damaged that the production of steel in any quantity during the war appears impossible, though certain essential installations have been put into operation. Coal must be imported, in part to cover the loss of electric power. This loss is due not only to damage to plants in liberated territory, but also to the fact that about 50 per cent of the power requirements of liberated Italy is normally supplied by plants still in German hands. Some raw materials must also be brought in. Recent production has been

began at Salerno, Taranto, Barietta, and Naples on Allied account and with fuel mostly supplied by the Allies. The most critical plants for the production of fertilizers and commercial acids at Brindisi, Taranto, and Taranto are virtually shut down for want of raw materials, which have to be imported. Textile factories at Savigno, Bari, Salerno, Naples, Taranto and Agri, are working on Italian stocks which will be exhausted by mid-summer. Clothing factories are producing jeans for the occupying troops with sugar supplied by the Allies. The tanning industry is seriously handicapped by a shortage of heavy leather and of tanning materials. Work in the animal skins which employ some 7,000 workers, has continued, but want of explosives and pit props has resulted in decreased production. Export of the other hand, increased during war by a total of 1,470 tons. The production of binder twine is inadequate to meet the rising demand.

With industry, as with agriculture, the essential requirement is the execution of a policy of selective rehabilitation. Unless the country is given the means to restore its own production of vital commodities, the imports now necessary to prevent widespread starvation will have to be continued and even increased. Greater emphasis on the importation of capital goods and raw materials would appear to be a pressing Allied interest.

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C O P Y

Ref. CC/G/45.DS # 188
25 FEB 1944

FHM/rj

11th. February, 1944.

MEMORANDUM:

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

Reference your MGS 091.33 of 31st. January.

I have forwarded the letter from the Chief of Staff
to Signor Prunes.NOEL MASON MACFARLANE,
Lieutenant-General,
Chief Commissioner.

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C O P Y

cc/g/45-
11 Feb 44

25 FEB 1944

Q. M. C. Form 353 (Old No. 400)
Revised July 26, 1918

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Deputy Chief Commissioner

Incoming Cables

21 April 1944

