

0028

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

785015

ACC

10000/136/417

0000/136/417

ECONOMIC SECTION REPORTS
MAR. 1944 - MAY 1946

MAY 21 1946

Ref : 188/29/30

21 May 1946.

SUBJECT: Agricultural Production.

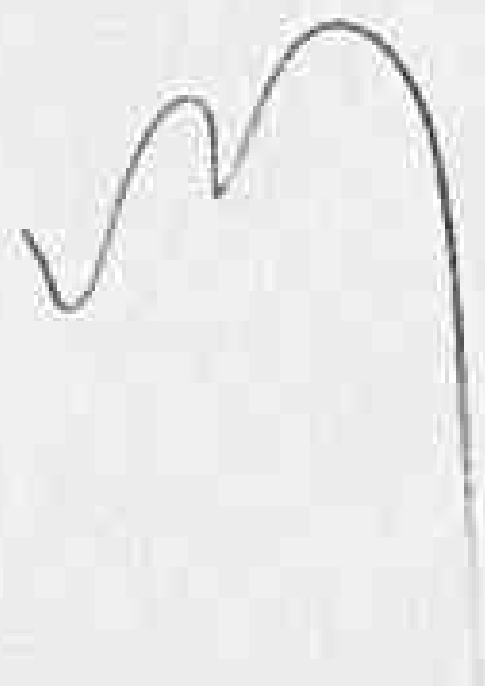
TO : C.L.O. Naples Liaison Group.

1. Reference your letter NLD/3/372 dated 3 May 46 regarding agricultural production in Southern Italy.

2. The following comments are made by the Agricultural officer this HQ regarding your statement that grain production in the Province of Catanzaro could be greatly increased by converting the area now in vineyards to the production of cereal crops:

- (a) Cereal crops, principally wheat are now planted on a large portion of the present vineyard and orchard area, being sown between the grape vines and the olive and fruit trees, hence the elimination of the vineyard would result in only a slight increase in the wheat acreage.
- (b) 86% of the farms of Catanzaro Province are 5 hectares or less in area; consequently it is necessary that the entire productive area be planted with crops which have a high monetary value per acre, to insure a subsistence level of living for the farmer and his family. Wheat ordinarily is one of the lowest income crops per acre; 5 hectares of wheat would, at normal prices, provide far too little income, necessitating a huge programme of public relief for the farmers of Catanzaro Province.
- (c) The topography of Catanzaro is very rough, varying from steeply rolling to very mountainous, yet in 1938 96.8% of the total area was classed as "productive" of which 41.6% was used for cereal crops, either alone or in combination with vineyards and orchards. The tillage of such a high slope indicates that many very steep slopes are cultivated, with the result that an enormous amount of erosion occurs.

1204



- 2 -

- (d) In view of the a/m facts good farming practices would favour growing very much less rather than more grain in all of Calabria, but especially in Catanzaro which is more mountainous than Cosenza or Reggio.
- (e) The yield of wheat predicted by the Prefect of Catanzaro is believed to be too conservative as it is considerably below the ten year average for that Province, but is approximately the figure used by the Istituto Centrale di Statistica del Regno d'Italia in estimating the wheat production of Italy for 1946. However, crop conditions have improved noticeably since the original estimate was made and a considerably higher production is now expected in practically every province.
- (f) The following are the average wheat yields of Catanzaro Province:

	<u>CATANZARO</u>	<u>COSENZA</u>	<u>REGGIO</u>
Average 1923-28	9.7	8.5	5.5
" 1929	14.6	12.2	8.6
" 1936	9.2	10.9	5.8
" 1937	11.8	11.5	7.0
" 1938	14.9	12.8	6.5
" 1944	9.4	8.0	5.2
" 1945	7.6	4.4	4.5

BY COMMAND OF REAR ADMIRAL STONE:

M. S. LUSH

Brigadier
Executive Commissioner

1203

Copy to: Food & Agricultural S/G.

SECRETSECRET

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
FINANCE BRANCH
APO 394

13071/P

1 April 1946

SUBJECT : Monthly Report for March 1946
TO : Chief Commissioner.

Herewith for your information, is copy of the Monthly
Report of the Finance Branch, Economic Section for March 1946.

BEL Timmons
B.E.L. TIMMONS, Lt. Col.
Director, Finance Branch
Economic Section.

Encl.

1202

SECRETSECRET

HEADQUARTERS ALLIED COMMISSION

APO 304

ECONOMIC SECTION

FINANCE BRANCH

Ref: No. 13071/P

21 March, 1946

REPORT ON THE FINANCE BRANCH,
HQ ALLIED, FOR MARCH, 1946.

Lt. Col. H.E.L. TIZOWS - Director and Chief Financial
Adviser to the Chief Commissioner

MAJOR FINANCIAL DEVELOPMENTS

A. Reorganization of Economic Section

1. On 1 March, 1946, a final separation was effected between AECOM and U.N.R.R.A., and Economic Section ceased to participate in the civilian supply operations, which had been U.N.R.R.A.'s responsibility since January 1, 1946.
2. Upon this reduction of functions, the Economic Section was reorganized, the Finance Sub-Commission becoming the Finance Branch. The Director of Finance Branch assumed in addition duties as Deputy Vice-President, Economic Section.

B. Currency Agreement Under PAN 583

1. The final phase in the implementation of the Currency Agreement began on 15 March, 1946, which was the date fixed for the Allied Powers to shift over from the use of new

A. Reorganization of Economic Section

1. On 1 March, 1946, a final separation was effected between AECOM and W.N.R.A.A., and Economic Section ceased to participate in the civilian supply operations, which had been W.N.R.A.A.'s responsibility since January 1, 1946.
2. Upon this reduction of functions, the Economic Section was reorganized, the Finance Sub-Commission becoming the Finance Branch. The Director of Finance Branch assumed in addition duties as Deputy Vice-President, Economic Section.

B. Currency Agreement Under PAN 583

1. The final phase in the implementation of the Currency Agreement began on 15 March, 1946, which was the date fixed for the Allied Forces to shift over from the use of new Lira to the use of Metropolitan Lira. The Banca d'Italia supplied the required amounts and denominations of Metropolitan Lira, and the operation has proceeded smoothly.

1201

2. With reference to the letter from the Banca d'Italia, dated 5 February, 1946, on the Currency Agreement (reproduced at Appendix "A" to the Report of Finance Sub-Commission for February, 1946), and to paragraphs 2 (a) and 3 (a) of Finance Sub-Commission's reply (also reproduced in Appendix "A" to the February Report), the following information was received from CCG and transmitted to the Banca d'Italia:

(a) Total of All Lire printed.

- (1) Allied Military Lire currency printed stocks on hand in sheet form with first press operation only. Completed are:

92,106,316	notes 1 lire denomination
3,757,392	notes 2 lire
126,912	notes 5 lire

1.245.744 notes 10 lire
 745.592 notes 50 lire
 1.387.260 notes 100 lire
 330.832 notes 500 lire
 21.544 notes 1000 lire.

(ii) In addition overprinted stocks on hand with notes denominated but numbered are:

32.510.000 notes 100 lire denomination
 21.208.704 notes 2 lire
 7.318.340 notes 5 lire
 1.506.928 notes 10 lire
 2.501.756 notes 50 lire
 9.815.020 notes 100 lire
 2.362.456 notes 500 lire
 3.364.592 notes 1000 lire.

All above figures also include amount of currency spoiled and mutilated in process.

(iii) Amount of Lire shipped was:

82.240.000 notes 1 lire denomination
 73.752.000 notes 2 lire
 134.876.000 notes 5 lire
 135.872.000 notes 10 lire
 143.632.000 notes 50 lire
 260.000.000 notes 100 lire
 67.790.000 notes 500 lire
 73.300.000 notes 1000 lire.

This equals a grand total of L. 142,643,024.000 and reconciled with Allied Financial Agency figures as follows:-

As per statement of AFA w/c	L. 141,187,392.000 (1)	
lost at sea	720,960.000 (2)	
lost in air crash	534,632.000 (")	See note
filtered on ship	40,000 (")	
	L. 142,643,024.000	

Note: (1) Gross figure - not after adjustment of shortages and/or overages.

(2) These three items not taken on to AFA's books as

82,240,000 notes 1 lire denomination
 73,732,000 notes 2 lire
 134,976,000 notes 5 lire
 135,872,000 notes 10 lire
 143,622,000 notes 50 lire
 260,000,000 notes 100 lire
 67,790,000 notes 500 lire
 73,300,000 notes 1000 lire.

This equals a grand total of L. 142,643,024,000 and reconciles with Allied Financial Agency figures as follows:-

As per statement of AFK a/c	L. 141,387,392,200 (1)	
Lost at sea	720,960,000 (2)	
Lost in air crash	534,632,000 (")	See note
Filler on ship	40,000,000 (")	
	L. 142,643,024,000	

Note: (1) gross figure - not after adjustment of shortages and/or overages.

(2) These three items not taken on to AFK's books as not received in Italy although shipped from USA.

(b) Amount of Lire on hand boxed and available for shipment is 2,580,000 notes 2 lire denomination, representing 151 boxes printed in excess of amount ordered, and amounts ordered but not requested for shipment are:

59,962,000 notes 5 lire denomination in 937 boxes
 16,000 notes 10 lire representing odd quantities
 16,305,000 notes 50 lire denomination in 509 boxes.

(c) Last printing of AL Lire was completed 26 February, 1945.

3. AFHC requested CCS, in MAT 1000, to hold temporarily the unshipped AL lire notes pending determination over an initial period of operation of the Banca d'Italia's obligations to provide all currency requirements of the Allied Forces.

4. The only open question under the Currency Agreement is the request of the Banca d'Italia to have the printing of the printing and transport cost of any AM lire utilized under the Currency Agreement borne as of 15 March, 1946, rather than 1 February, 1946. This request was conveyed to CCS in MAT 1002 of 28 February, 1946, to which no reply has been received. Allied Financial Agency reported to AFHQ that the issue of AM lire to the Allied Forces in the period 1 February - 28 February, (inclusive) amounted to 746 2/8 boxes which when billed at £ 114.89 per box, entitles a charge of £ 85,497.91 (MAT 720 refers). Advice is being requested by AFA from C-5, AFHQ, as to whether the bill for February should be submitted now to the Banca d'Italia or withheld pending a reply to MAT 1002.

O. Italian Exchange Rates

1. The Minister of the Treasury decided to modify, as from 3 March, 1946, the Danish crown rate of exchange, which has now been fixed at 20.8505 lire equal 1 Danish crown.
2. During March the Council of Ministers announced the adoption of a new foreign exchange policy whereby 50 % of current foreign exchange receipts will be left at the free disposition of the exporter. Exporters may use such amounts for the purchase of goods abroad or may sell their exchange to other Italian importers. Two general restrictions have been announced:
 - (a) the commodities that can be purchased with the retained exchange will be limited to a list to be published.
 - (b) the retained exchange must be utilized within a given time-period.

1. The Minister of the Treasury decided to notify, as from 3 March, 1944, the British crown rate of exchange, which has now been fixed at 20,8905 lire equal 1 British crown.

2. During March the Council of Ministers announced the adoption of a new foreign exchange policy whereby 50 % of current foreign exchange receipts will be left at the free disposition of the exporter. Exporters may use such amounts for the purchase of goods abroad or may sell their exchange to other Italian importers. New general restrictions have been announced:

- (a) the commodities that can be purchased with the retained exchange will be limited to a list to be published.
- (b) the retained exchange must be utilized within a given time-period.

Detailed comment on the proposal must await examination of the relative losses, which has not yet been published.

3. Issues of Currency to National Delegations on ALCOM

1. The Soviet Representative on ALCOM had, for the 4th quarter of 1944 and the 1st, 2nd, 3rd, and 4th quarters of 1945, drawn a maximum amount of 7,500,000 lire per quarter. Para. 3 of TAC 787 dated 30 October, 1945, instructed that these advances should continue on the same basis as heretofore.

2. For the first quarter of 1945 the Soviet Representative requested the amount of 25,000,000 lire. Only 7,500,000 lire was made available to the Soviet Representative and his request for an additional 17,500,000 lire was referred to J-5, AFHQ, and by them to GCS in MAT 974. Later, at the time the military rate of exchange was altered, the Soviet Representative requested an additional 9,375,000 lire (i.e., 125 % of 7,500,000 lire).

3. CCS replied to MAI 974, approving the position taken by ALCOM, and directing that the Soviet Representative be informed that quarterly advances to the National Delegations to the Allied Commission will be limited to amounts not in excess of the maximum quarterly amounts previously drawn by the USSR Delegation. It is the agreed policy of the United States and United Kingdom Governments to moderate the burden of the Armistice Terms and it is not possible to issue lire in unrestricted amounts in view of the US/UK concern for the Italian economy. For this reason, Allied Commission expenditure which is ultimately chargeable to the Italian Government must be restricted to the minimum necessary for the personal expenditures of the individuals concerned. This will be estimated on a uniform basis and at a reasonable and generous rate per head, but drawings will be limited to the maximum previous drawings over a period of time, as set out above. ALCOM was also directed to explain to the Soviet Representative that under the terms of the Currency Agreement recently concluded with the Italian Government, the latter is responsible for the issue of all Italian currency including currency required by the Allies. Should his Delegation require amounts of currency over and above the amounts which the Allied Commission is authorized to supply, he should utilize the normal banking remittance channels which were especially authorized for his benefit. Alternatively, he could approach the Italian Ministry of the Treasury direct for any further currency he might need over the amounts supplied to him by ALCOM. It was also stated to the Soviet Representative for his information that the expenses of the National Delegations to the Advisory Council for Italy are not chargeable to the Italian Government under the Armistice, since the Advisory Council for Italy was not set up under the Armistice Terms, but under the Moscow Declaration of October, 1943.

E. Allied Financial Agency.

for the personal expenditures of the individuals concerned. This will be estimated on a uniform basis and at a reasonable and generous rate per head, but drawings will be limited to the maximum previous drawings over a period of time, as set out above. ALGOM was also directed to explain to the Soviet Representative that under the terms of the Currency Agreement recently concluded with the Italian Government, the latter is responsible for the issue of all Italian currency including currency required by the Allies. Should his Delegation require amounts of currency over and above the amounts which the Allied Commission is authorized to supply, he should utilize the normal banking remittance channels which were especially authorized for his benefit. Alternatively, he could approach the Italian Ministry of the Treasury direct for any further currency he might need over the amounts supplied to him by ALGOM. It was also stated to the Soviet Representative for his information that the expenses of the National Delegations to the Advisory Council for Italy are not chargeable to the Italian Government under the Armistice, since the Advisory Council for Italy was not set up under the Armistice Terms, but under the Moscow Declaration of October, 1943.

2. Allied Financial Agency.

1. The transfer of the Allied Financial Agency to G-5, AFHQ, is awaiting only War Office approval of the T/E. The U.S. T/E has been approved. Beginning with the month of March AFA will render its own reports direct to AFHQ.

2. AFA's chief remaining task is to set up a channel for the supply of currency by the Banca d'Italia to the Allied Forces and to complete the AFA accounts.

3. There are three major policy questions which remain to be decided with regard to the work of AFA. These are:

- (a) the disposition of the AFA accounts, including the sequestered enemy State and Army funds - our detailed recommendations were submitted to GDS in our memorandum 13002/T of 3 October, 1945, in which G-5, AFHQ, concurred. No reply has yet been received.

(b) the disposition of the gold taken into A2's custody at La Portosa, Italy, in May, 1945 - the various memoranda, prepared by the Banca d'Italia in support of its claim to this gold were forwarded by me to G-5, AFHQ, and by G-5 to CCS. We were advised by G-5 on 21 February, 1945, that CCS had attained no decision on the disposition of the gold had not been reached.

(c) the disposition of the sequestered non-life property (Foreign currencies, coins, etc.) - instructions were requested from CCS as to the disposition of their property in MAT 784 of 26 June, 1945. CCS replied in MAT 655 of 8 August, 1945, that no decision had been reached.

D. Reorientation of Allied Financial Policy toward Italy

1. A reply was received in March from AFHQ in reply to the Chief Commissioner's letter - 11018/3 of 15 January, 1945, on the above subject (Text of letter appears in January report).

2. AFHQ stated that in their view the AFHQ recommendation for the reorientation of Allied financial policy toward Italy in one which should be placed before the Allied Governments through Embassy channels rather than presented to CCS by SA31ED. This statement by AFHQ was brought to the attention of the U.S. and British Ambassadors by the Chief Commissioner with the request that, if they were in agreement with the recommendation, he should be grateful if they could bring it to the attention of their Governments.

E. Financial Treatment of Captured Enemy Material

1. In MAT 862 of 4 August, 1945, a policy decision was reported of CCS on the financial treatment of captured enemy material of Italian and German origin being released to the

1. A reply was received in March from AFHQ in reply to the Chief Commissioner's letter - 11018/3 of 15 January, 1945, on the above subject. Text of letter appears in January report.

2. AFHQ stated that in their view the AFHQ recommendation for the reorientation of Italian financial policy toward Italy in one which should be placed before the Allied governments through Embassy channels rather than presented to CCS by CACIEB. This statement by AFHQ was brought to the attention of the U.S. and British Ambassadors by the Chief Commissioner with the request that, if they were in agreement with the recommendation, he should be grateful if they would bring it to the attention of their Governments.

3. Financial Treatment of Captured Enemy Material

1. In MAT 862 of 4 August, 1945, a policy decision was suggested of CCS on the financial treatment of captured enemy material of Italian and German origin being released to the Italian Government against receipt. AFHQ recommended in MAT 862 that no charge be made, in view of original Italian ownership in many cases and in view of Italy's inability to pay in foreign exchange.

2. CCS replied to MAT 862 in TAF 702 of 3 March, 1946, stating that approval was given to the recommendation that no charge be made for captured or surrendered German war material of Italian origin. CCS directed, however, that in the case of captured German war material of German origin released to the Italian Government, the Italian Government should be informed that future settlement may be required for such material.

4. Remaining Controls and Functions under TAF 503, TAF 701, and TAF 702

1. TAF 503 has now been completely implemented. However, there are certain controls and restrictions imposed on the

Italian Government by the CCS directive, which still remain in force. These are:

- (a) an obligation on the part of the Italian Government to maintain an effective foreign exchange control, and to adopt measures in support of the international economic objectives of the Allied Governments. (para. 2 A and F of PAM 583).
- (b) an obligation on the part of the Italian Government to render fortnightly reports of all foreign exchange transactions (para. 2 of PAM 583)
- (c) a restriction against direct remittances from neutral countries to Italy (para. 5 of PAM 583)
- (d) a restriction requiring prior CCS approval of all repayments of foreign debts which arose before 8 September, 1943 (para. 3 of PAM 583).
- (e) The Allied Commission is obligated, by para. 7 of PAM 583, to report to CCS any Italian Government financial policies which may be prejudicial to Allied interests.

2. In our view the following classification of these functions should be made:

- (a) the supervision of para. 2 A and F of PAM 583 should wholly pass to the US/UK Embassies, upon which the primary responsibility was placed by PAM 583.
- (b) it has been recommended to G-5, AFHQ, that the reports required by para. 2 of PAM 583 now be discontinued, as it is felt that the foreign exchange policy of the Italian Government can be adequately followed without detailed reports.
- (c) it has already been recommended to CCS that the remittance restriction described in para. 5 (c) be lifted (see MAT 256 of 27 November, 1945, to which no reply has been received).
- (d) it has been recommended to CCS that the supervision of the debt repayment restriction be transferred

PAN 583, to report to CCS any Italian Government financial policies which may be prejudicial to Allied interests.

2. In our view the following classification of these functions should be made:

- (a) the supervision of para. 2 A and B of PAN 583 should wholly pass to the US/UK Embassies, upon which the primary responsibility was placed by PAN 583.
- (b) it has been recommended to G-5, ARHQ, that the reports required by para. 2 of PAN 583 now be discontinued, as it is felt that the foreign exchange policy of the Italian Government can be adequately followed without detailed reports.
- (c) it has already been recommended to CCS that the remittance restriction described in para. 1 (a) be lifted (see MAT 956 of 27 November, 1945, to which no reply has been received).
- (d) it has been recommended to CCS that the supervision of the debt repayment restriction be transferred to the US/UK Embassies (see MAT 964 of 11 December, 1945, to which no reply has been received).
- (e) It has been recommended to G-5, ARHQ, that the financial reporting function laid down in para. 7 of PAN 583 be transferred to the US/UK Embassies.

3. There are two other specifically financial functions imposed by CCS directives. These are:

- (a) the reporting of exchange rate changes (MAT 731) It has been recommended that this function pass to the US/UK Embassies.
- (b) supervision of the restriction against the sending of transactional commercial and financial correspondence from Italy to the "enemy world" (defined

0045

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

785015

- 7 -

1198

23 FEB 46

A

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

Ref: 4802/EC.

23 February 46.

SUBJECT: Food Situation.

TO : VP, Economic Section.

1. At the Supreme Allied Commander's Conference on 14 February 46 the Acting Chief Commissioner drew the attention of the Supreme Allied Commander to the gravity of the food situation in ITALY. The Supreme Allied Commander directed that this matter should be reviewed at each of his future Conferences.

2. I am directed by the Executive Commissioner to say he wishes you to prepare a review of the food situation, to be submitted to the Executive Commissioner's Meeting on Tuesday of each week.

N. W. HIND-SMITH

Chief Staff Officer,
To the Executive Commissioner.

4802/EC

1197

RHS

Ext. 761

RH/au

HEADQUARTERS ALLIED COMMISSION
APO 394
FOOD & AGRICULTURE SUB-COMMISSION

SEE 15 FEB

11-3/FOOD

18 February 1946

SUBJECT: Ten day Cereal Stock Report

TO : AFHQ G-5
HQ, AMG 13 Corps
US Embassy
British Embassy
UNRRA, Washington
UNRRA, NYC
UNRRA Italian Mission (Attn: Chief of Mission)
UNRRA Italian Mission, Deputy Chief of Mission
Bureau of Requirements & Distribution
Bureau of Finance & Administration
Bureau of Relief Service
Sub-Bureau of Supply (Attn: S.S.C.)
Requisition Branch
Internal Transport Div
Ports & Shipping Div

1. Herewith cereal stock report for all Italy showing position as at 10 Feb 1946.

2. All figures included in this report are based upon latest returns from the regions concerned and have been agreed with the appropriate departments of the Italian Government.

For the Chief Commissioner :

T.J. LEGG
Director

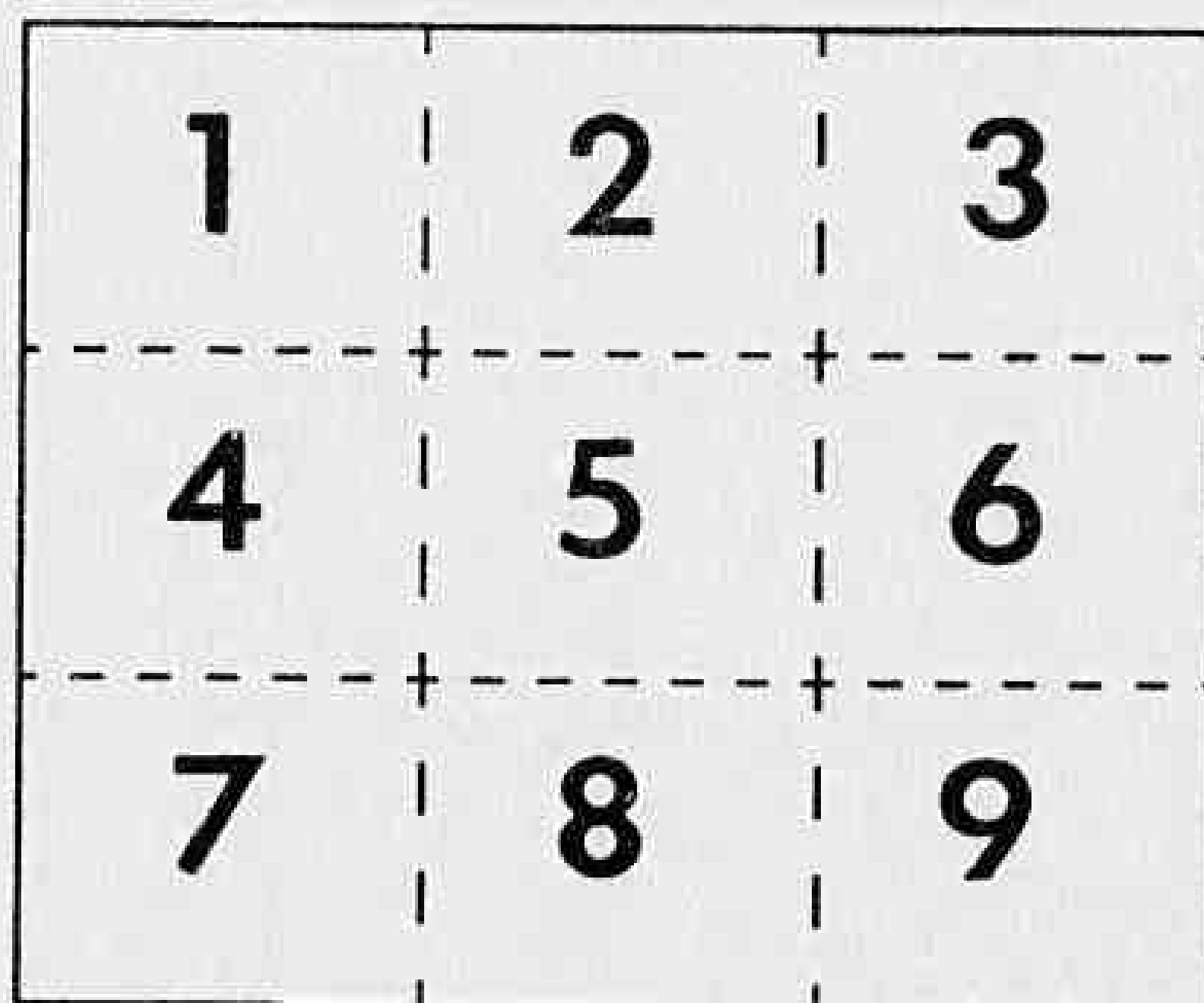
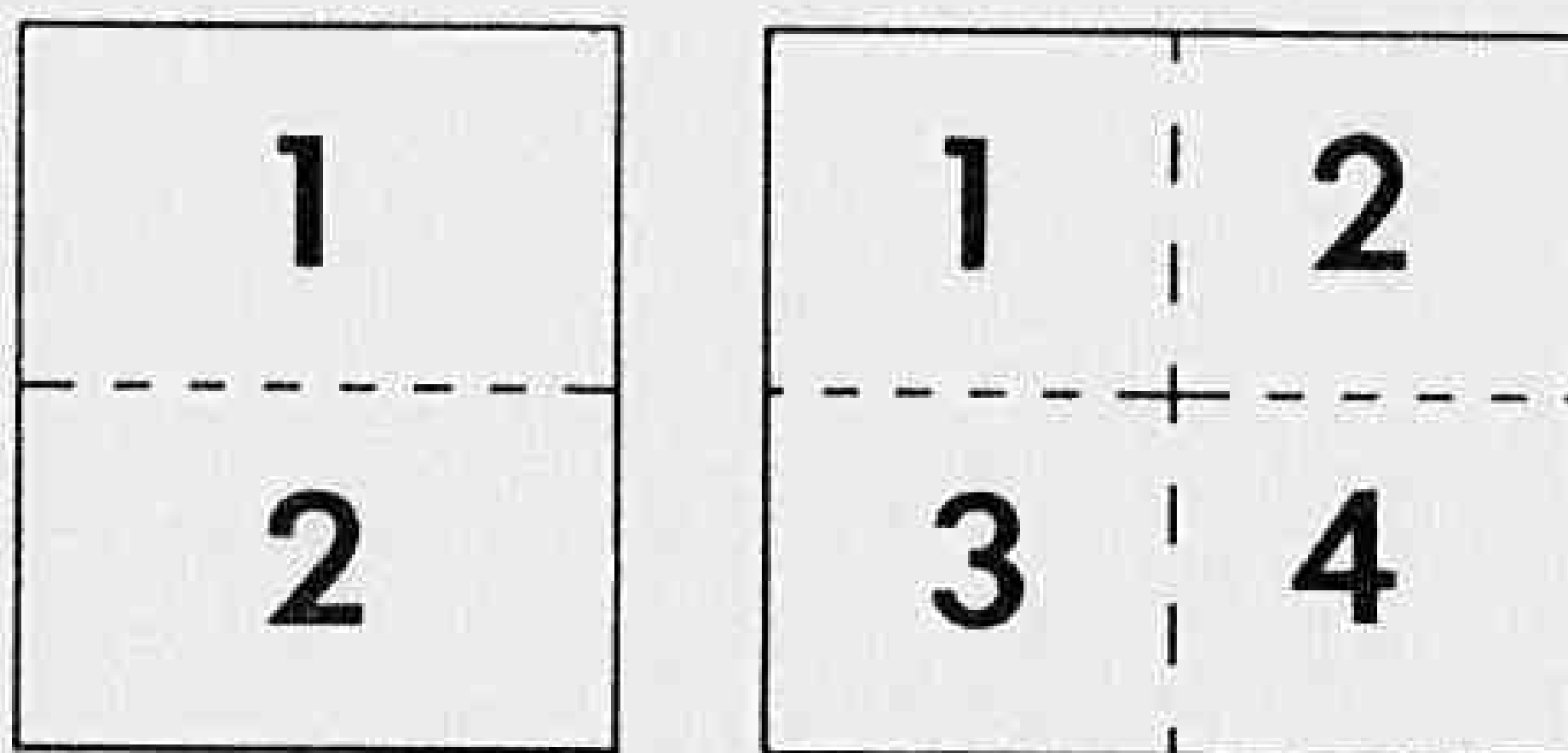
1196

Copy to: Chief Commissioner, AC ✓
Executive Commissioner, AC
Economic Section (Attn: Acting Vice-President)
" " Requisition Branch
Transportation & Shipping S/C
Interministerial Committee of Reconstruction
Alto Commissariato dell'Alimentazione
Ital Government UNRRA Delegation (Attn: Dr. Montini)

4057/100

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.



119

Compartment and Region	Actual stocks in Warehouses as at 1 January 1946		Amassed during 1 to 31 Jan.46	Allocations of actual arrivals to 10 Feb 1946	Program Transfer From
	Indigenous	Imported			
PIEMONTE	12,860	3,341	2,250	15,922	5,254
LIGURIA	126	4,882	3	17,476	
LOMBARDIA	16,950	2,868	5,541	32,183	
VENETO	18,705	2,203	7,533	17,686	
VENEZIA GIULIA	132	4,000	94	2,000	
EMILIA	29,502	-	5,029	4,000	
TOTAL NORTH ITALY	78,275	17,294	20,450	89,267	5,254
TOSCANA	23,632	1,635	1,755	5,869	-
MARCHE	44,512	-	907	-	7,011
UMBRIA	25,662	-	421	-	4,650
LAZIO	5,851	-	411	19,746	-
ABRUZZI & MOLISE	12,116	-	317	8,714	-
CAMPANIA	2,156	658	410	40,109	-
FUGLIE	1,366	1,352	119	27,752	-
LUCANIA	4,556	-	6	1,092	-
CALABRIA	4,200	1,630	75	18,870	-
SICILIA	2,641	718	526	46,119	-
SARDEGNA	3,729	-	319	12,131	-
TOTAL NORTH ITALY	130,421	5,993	9,227	180,402	11,661
TOTAL ALL ITALY	208,696	23,287	25,747	269,669	16,915

(a) Based on reduced rations during January (explained in 31 January Report) and the first ten days of February, as in footnote (b) below.

(1) Effective 1 February the reduced ration was unified by establishing a 500 grams Italy.

Rome 16 Feb 1946

N. DAY ITALIAN CEREAL

(All in terms of STOCKS REPORT (Excluding rice)
(as of 10 Feb 1946 and in Metric tons)
February 1946)

Regional February 1946 To	Total availability	Minimum Requirement 1 Jan - 30 Feb 1946. (a)	Estimated stocks as at 10 Feb 1946	February Reduced Daily requirement (b)	Stocks w/ last for (No of days) After 10 Feb
3,438	37,811	24,723	13,088	603	22
-	17,233	12,915	4,318	315	14
,678	62,220	49,692	12,528	1,212	10
	46,127	29,110	17,017	710	24
	6,220	5,863	363	143	3
	38,531	16,400	22,131	400	55
8,116	108,148	138,703	69,445	3,383	21
1,550	34,442	21,399	13,043	562	23
-	38,403	9,144	29,264	189	155
-	1,463	4,762	16,701	34	170
6,200	32,208	23,804	8,404	632	13
1,049	22,196	8,525	13,671	217	63
-	43,333	27,683	15,650	744	21
-	30,589	22,357	8,232	602	14
-	5,654	2,900	2,754	73	38
-	24,775	13,878	10,897	371	29
-	50,004	30,654	19,350	821	24
-	16,419	8,408	7,771	227	34
8,799	319,251	173,514	145,737	4,536	32
16,915	527,399	312,217	215,182	7,919	27

Minestra issue throughout

ated as at 1946	February Reduced Daily requirement (b)	Stocks will last for (No of days) After 10 Feb	UNTIL	REMARKS
38	603	22	4 Mar	(Partly subsided on temporary Flour loan ex US Zone Austria stocks at Genoa.
18	315	14	24 Feb	
28	1,212	10	20 Feb	
27	710	24	6 Mar	
53	143	3	13 Feb	
31	400	55	6 Apr	This report is in hands of military and bakers.
45	3,383	21	3 Mar	
43	562	23	5 Mar	
64	159	155	15 July	
01	93	170	July	
04	632	13	23 Feb	
71	217	63	14 April	
50	744	21	3 Mar	
32	602	14	24 Feb	
54	73	38	20 Mar	
97	371	29	11 Mar	
50	821	24	6 Mar	
71	227	34	16 Mar	
37	4,536	32	14 Mar	
82	7,919	27	9 Mar	

This report is in hands of military and bakers.

AMERICAN ARMY COMMISSION
ECONOMIC SECTION

EE/ab

Tel: 390

14 February 1946

Ref: ES/1.22

SUBJECT: Final Reports of Sub-Commissions

TO : See Distribution Below

1. Before the Sub-Commissions of the Economic Section wind up their activities, it is desired that a final report of each Sub-Commission be written, for submission to the Executive Commissioner and the Chief Commissioner, to higher authority, and possibly for public release.

2. This report should not be a summary of all the facts in all the monthly reports of the sub-commission, although those monthly reports would be an excellent source of reminiscence for this purpose. Rather, the final report (not to exceed five single-spaced pages in length) should attempt to examine critically:

- (a) The problems with which the sub-commission was faced at its inception.
- (b) The changing nature of that problem during the last two and a half years.
- (c) The activities of the sub-commission in solving the problems.
- (d) The lessons for future civil affairs or relief and rehabilitation operations to be drawn from A.C.'s experience in the field which the sub-commission has covered.

1193

3. Drafts of these final reports should be submitted to my office not later than 7 March 1946.

4. The type of job that is required in this connection does not, in my opinion, permit a very substantial amount of delegation to junior officers or late arrivals in the operation. Each director, and his immediate associates, should take it as a personal responsibility to distill into this form their experience of the past in this operation and their feelings about how it might have been done differently, if we had to do it over again.

Harlan Cleveland
HARLAN CLEVELAND
Acting Vice President

4057/2

10.09

HEADQUARTERS ALLIED COMMISSION
 194
 FOOD & AGRICULTURE SUB-COMMISSION

21-2/FOOD

6 February 1946

SUBJECT: Ten day cereal Stock Report

TO : AFHQ, G-5
 HQ AND 13 Corps
 US Embassy
 British Embassy
 UNRRA, Washington
 UNRRA, ERO
 UNRRA, Italian Mission (Attn: Chief of Mission)
 UNRRA Italian Mission, Deputy Chief of Mission
 Bureau of Requirements and Distribution
 Bureau of Finance & Admin
 Bureau of Relief Service
 Sub-Bureau of Supply
 Requisition Branch
 Internal Transport Div
 Port & Shipping Div

1. Herewith cereal stock report for all Italy, showing position as at 31 Jan 1946.

2. All figures included in this report are based upon latest returns from the regions concerned and have been agreed with the appropriate departments of the Italian Government.

For the Chief Commissioner :

1192

[Signature]
 W.J. LEOG
 Director

Copy to: Chief Commissioner, AG
 Executive Commissioner, AG
 Economic Section (Attn: Acting Vice-President)
 Economic Section - Supply Group
 " " - Requisition Branch
 Transportation & Shipping S/C
 Interministerial Committee of Reconstruction
 Alto Commissariato dell'Alimentazione
 Ital Government UNRRA Delegation (Attn: Dr. Montini)

44057/100

[Signature]

ADMINISTRATIVE AND GENERAL
EXHIBIT SECTION

HC/uc

14 February 1946

Tel: 500

Ref: 25/1.22

SUBJECT: Final Reports of Sub-Commissions

TO : See Distribution Below

1. Before the Sub-Commissions of the Executive Section wind up their activities, it is desired that a final report of each Sub-Commission be written, for submission to the Executive Commissioner and the Chief Commissioner, to higher authority, and possibly for public release.

2. This report should not be a summary of all the facts in all the monthly reports of the sub-commission, although those monthly reports would be an excellent source of reminiscence for this purpose. Rather, the final report (not to exceed five single-spaced pages in length) should attempt to examine critically:

- (a) The problems with which the sub-commission was faced at its inception.
- (b) The changing nature of that problem during the last two and a half years.
- (c) The activities of the sub-commission in solving the problems.
- (d) The lessons for future civil affairs or relief and rehabilitation operations to be drawn from A.G.'s experience in the field which the sub-commission has covered.

3. Drafts of these final reports should be submitted to my office not later than 7 March 1946.

4. The type of job that is required in this connection does not, in my opinion, permit a very substantial amount of delegation to junior officers or late arrivals in the operation. Each director, and his immediate associates, should take it as a personal responsibility to distill into this form their experience of the past in this operation and their feelings about how it might have been done differently, if we had to do it over again.

Harlan Cleveland
HARLAN CLEVELAND
Acting Vice President

4057/2

1193

Distribution

For Action: Chief, Supply Group (5)
Director, Food & Agriculture S/C (5)
Transportation S/C (5)
Industry & Utilities S/C (5)
Labor S/C (2)
Commerce S/C (2)
Finance S/C (3)

J103

For Information: Chief Commissioner
Executive Commissioner
Civil Affairs Section
A.C. Archives

10.99

HEADQUARTERS ALLIED COMMISSION
A.O. 394
FOOD & AGRICULTURE SUB-COMMISSION

21-2/FOOD

6 February 1946

SUBJECT: Ten day cereal Stock Report

TO : AFHQ, G-3
HQ ABC 13 Corps
US Embassy
British Embassy
UNRRA, Washington
UNRRA, HQ
UNRRA, Italian Mission (Attn: Chief of Mission)
UNRRA Italian Mission, Deputy Chief of Mission
Bureau of Requirements and Distribution
Bureau of Finance & Admin
Bureau of Relief Service
Sub-Bureau of Supply
Requisition Branch
Internal Transport Div
Port & Shipping Div

1. Herewith cereal stock report for all Italy, showing position as at 31 Jan 1946.

2. All figures included in this report are based upon latest returns from the regions concerned and have been agreed with the appropriate departments of the Italian Government.

For the Chief Commissioner :

1192

W.J. Lodge
W.J. LODGE
Director

Copy to: Chief Commissioner, AG
Executive Commissioner, AG
Economic Section (Attn: Acting Vice-President)
Economic Section - Supply Group
" " - Requisition Branch
Transportation & Shipping S/O
Interministerial Committee of Reconstruction
Alto Commissariato dell'Alimentazione
Ital Government UNRRA Delegation (Attn: Dr. Montini)

Compartment and Region	Actual Stocks in warehouses as at 1 January 1946		(a) Amassed during 1- 23 January 46	Allocations arrivals to
	Indigenous	Imported		
PIEMONTE	12,860	3,341	1,860	8,719
LIGURIA	128	4,882	2	10,273
LOMBARDIA	16,950	2,868	3,756	24,504
VENETO	18,705	2,203	5,390	13,468
VENEZIA GIULIA	132	4,000	83	1,000
EMILIA	29,502	-	3,484	3,000
TOTAL NORTH ITALY	78,275	17,294	14,575	60,964
TOSCANA	23,632	1,635	1,457	5,859
MARCHE	44,512	-	705	-
UMBRIA	25,662	-	269	-
LAZIO	5,851	-	281	17,106
ABRUZZI & MOLISE	12,116	-	212	4,396
CAMPANIA	2,156	658	323	27,500
PUGLIE	1,366	1,352	86	24,252
LUCANIA	4,556	-	6	765
CALABRIA	4,200	1,630	72	14,113
SICILIA	2,641	718	412	24,627
SARDEGNA	3,729	-	317	12,131
TOTAL SOUTH ITALY	130,421	5,993	4,140	130,759
TOTAL ALL ITALY	208,696	23,287	18,715	191,723

Rome
5 February

(a) Collections listed herein are smaller than the amounts shown in previous 10 days as the minor grains during December 1945 were erroneously included in the report date.

(b) Reduced ration required 55,687 tons less than the minimum requirement (namely ration and 2,000 gram monthly "galletti da minestra" ration).

1199) Effective 1 February the reduced ration was unified by establishing a 500 gram ration in Italy.

EN DAY ITALIAN CEREAL SITUATION REPORT (Excluding rice)
(All in terms of wheat and in metric tons)

(as of 31 Jan. 1946)

Programmed Interregional Transfers until 31 Jan 46		Total availability	January reduced maintenance requirement (b)	Estimated Stocks as at 31 Jan.	February reduced requirement
From	TO				
-	3,438	30,218	18,693	11,525	603
5,254	-	10,029	9,765	264	315
-	4,678	52,756	37,572	15,184	1,212
-	-	39,765	22,010	17,756	710
-	-	5,215	4,433	782	143
-	-	35,986	12,400	23,586	400
5,254	8,116	173,970	104,873	69,097	3,383
-	1,550	34,143	15,779	18,364	562
7,011	-	38,206	7,254	30,952	189
4,650	-	21,281	3,782	17,499	95
-	6,200	29,438	17,484	11,954	632
-	1,049	17,773	6,355	11,418	217
-	-	30,637	20,243	10,394	744
-	-	27,056	16,337	10,719	602
-	-	5,327	2,170	3,157	7
-	-	20,025	10,168	9,847	37
-	-	28,398	22,444	5,954	82
-	-	16,177	6,138	10,039	22
11,661	8,799	258,451	128,121	140,297	4,531
16,915	16,915	442,421	233,027 (b)	209,394	7,911

for reason that collection of
1946.
) to maintain 200 grain daily bread
"di sinistra" issue throughout

Estimated Stocks as at 31 Jan.	February reduced daily requirement (c)	Stocks will last for (No. of days)	UNTIL	REMARKS
11,525	603	19	19 Feb	Partly subsisted on a temporary flour loan ex US Zone Austria stocks at Genoa).
264	315	1	1 Feb	
15,184	1,212	12	12 Feb	
17,756	710	25	25 Feb	
782	143	5	5 Feb	
23,586	400	59	31 Mar	
69,097	3,383	20	20 Feb	This report excludes working stocks (average 7-10 days) in hands of millers and bakers.
18,364	562	33	5 Mar	
30,952	189	164	14 July	
17,499	98	178	28 July	
11,954	632	19	19 Feb	
11,418	217	53	25 Mar	
10,394	744	14	14 Feb	
10,719	602	18	18 Feb	
3,157	73	43	15 Mar	
9,847	371	26	26 Feb	
5,954	821	7	7 Feb	
10,039	227	44	16 Mar	
140,297	4,536	31	3 Mar	
209,394	7,919 (c)	26	26 Feb	

Estimated stocks as at 31 Jan.	February reduced daily requirement (c)	Stocks will last for (No. of days)	UNTIL	REMARKS
11,525	603	19	19 Feb	Partly subsisted on a temporary flour loan ex US Zone Austria stocks at Genoa).
264	315	1	1 Feb	
15,184	1,212	12	12 Feb	
17,756	710	25	25 Feb	
782	143	5	5 Feb	
23,586	400	59	31 Mar	
69,097	3,353	20	20 Feb	
18,364	532	33	5 Mar	
30,952	189	164	14 July	
17,499	98	178	28 July	
11,954	632	19	19 Feb	This report excludes working stocks (average 7-10 days) in hands of millers and bakers.
11,418	217	53	25 Mar	
10,394	744	14	14 Feb	
10,729	602	18	18 Feb	
3,157	73	43	15 Mar	
9,847	371	26	26 Feb	
5,954	821	7	7 Feb	
10,039	227	44	16 Mar	
40,297	4,536	31	3 Mar	
209,394	7,919 (c)	26	26 Feb	

RESTRICTEDRESTRICTED

MEMORANDUM ALLIED COMMISSION

TOC ACHRONAL 143 : 23 January 1946

TO : Combined Civil Affairs Committee
 (for Combined Liberated Areas Committee)
 50-500 Pentagon Building
 Washington, D.C. (15 cys)

SUBJECT : 2006 etec Report

REMIT OF : 101 1436 and 140 1208

1. Attached are Appendices "A" and "B", Appendix "A" represents corals received, issued and on hand in December 1945. Appendix "B" represents imported miscellaneous commodities received, issued and on hand in December 1945.

For the Chief Commissioner:

Enclosure:

Appendix "A" and "B"

Distribution:

The Directorate of Civil Affairs
 War Office, Whitehall, London S.W.1.
 ACHQ - G-5 410 512
 Mr. Embassy, Rome
 Mr. Embassy, Rome

(4 cys)
 (5 cys)
 (10 cys)
 (10 cys)

Allied Commission:

Economic Section
 Chief Commissioner

1184

(8 cys)
 (8 cys)

ERHAN CHAMBERLAIN
 Acting Vice-President
 Economic Section

4057/80

4054/20

MARLAN CHURCHLAND
Acting Vice-President
Economic Section

(4 cys)
(5 cys)
(10 cys)
(10 cys)

(2 cys)
(8 cys)
(8 cys)

(2 cys)
(8 cys)

For the Chief Commissioner:

Enclosures:
Appendix "A" and "B"

Distribution:

The Directorate of Civil Affairs
War Office, Whitehall, London S.W.1.
AMHQ - C-5 AIO 512
Mr. Embassy, Rome
Mr. Embassy, Rome

Allied Commission:
Economic Section
Chief Commissioner
Food & Agriculture S/C

1189

UNHQ - Washington
UNHQ - London

represents cereals received, issued and on hand in 1945.
Appendix "B" represents imported miscellaneous commodities received,
issued and on hand in 1945.

APPENDIX "A"CEREAL STOCK POSITION DECEMBER 1945
(excluding rice)

(All in metric tons)

	Stock as per estimate as at 1 Dec	Actual stock as at 1 Dec (1)	Actual arrivals in Dec	Arriving in Dec	TOTAL	Actual issues in Dec
NORTH ITALY	173,808	152,810	26,437	24,550	203,797	10
SOUTH ITALY	211,154	201,705	82,318	6,458	290,484	15
ALL ITALY	384,962	354,515	108,755	31,008	494,281	26

NOTE :

- (1) Actual stock differs from estimated stock owing to (a) quantities (b) return from all provinces still not to hand in respect of barley (c) incomplete information at date of estimate of total arrivals from all provinces.
- (2) This figure is, this month, the actual quantity issued from warehouses for consumption. Owing to scant availability of indigenous cereals and many provinces local action had to be taken in December to suspend issues were less in December than in November.

CEREAL STOCK POSITION 31 DEC 1945

(excluding rice)

(All in metric tons)

Actual arrivals in Dec	Amassing in Dec	TOTAL	Actually issued to mills, wholesalers etc. in Dec	Actual stock on hand at 31 Dec 45	Will last for days	UNTIL
26,437	24,550	203,797	103,228	95,569	24	24 Jan.
92,319	6,458	290,484	154,069	136,415	24	24 Jan.
108,755	31,008	494,281	252,297	231,984	24	24 Jan.

Estimated stock owing to (a) quantities in transit at date of return, still not to hand in respect of barley as well as wheat, (b) date of estimate of total arrivals for month of November.

the actual quantity issued from warehouse to mills, etc, for December availability of indigenous cereals and late arrival of imported grain, is expected to be taken in December to suspend the pasta ration. Hence the total ration in November.

APPENDIX "B"

MISCELLANEOUS IMPORTED COMMODITIES STOCK
POSITION

DECEMBER 1945

(All in metric tons)

COMMODITY	Estimated stock as at 1 Dec 1945	Actual stock as at 1 Dec 1945	Estimated extra Med arrivals in Dec	TOTAL	Estimated issues ex C&P Whse to whole-salers during Dec	Entered stock on hand as at 31 Dec 1945
SOUP	17,364	21,157	-	21,157	2,708	18,449
MILK POWD. (1)	24,190	27,429	-	27,429	5,481	21,948
MEAT (2)	8,121	8,161	-	8,161	1,697	6,464
VEG DRIED	21,550	20,960	-	20,960	3,464	17,496
SUGAR	24,489	26,065 (3)	-	26,065 (3)	10,357	15,708
SOAP	2,780	3,708	-	3,708	-	-
FATS	1,089	1,999	1,363	3,362	3,895	-
EGGS DRIED	3,142	3,463	-	3,463	1,731 (4)	1,732
COFFEE	227	553	-	553	255 (5)	303

(1) Including milk Evap. in terms of Milk Powd.

(2) Including Fish.

(3) This figure includes 4000 tons on hand at Naples Warehouse for Jam-making.

(4) Special allocation for December.

(5) Special allocation for Christmas.

1188

FOCUS IMPORTED COMMODITIES STOCK
POSITION

DECEMBER 1945

(All in metric tons)

Estimated M&M Med Privels Dec	TOTAL	Estimated issues ex CAF Whse to whole- salers du- ring Dec	Estimated stock on hand as at 31 Dec 1945	Actual monthly Maint require- ment	Will last for days as follows on existing ration scales	UNTIL
-	21,157	2,708	18,449	2708	204	22 July
-	27,429	5,481	21,948	5481	120	31 March
-	6,161	1,697	6,464	1697	114	24 Apr
-	20,960	3,464	17,496	3464	151	31 May
-	26,065(3)	10,357	15,708	10357	33	2 Feb
-	3,708					
1,363	3,362	3,895		3895		
-	3,463	1,731 (4)	1,732			
-	553	255 (5)	303			

Milk Powd.

and at Naples Warehouses for Jam-making

Tel: 489081

HF/ek JAN 28 1946

HEADQUARTERS ALLIED COMMISSION
APO 394
FOOD & AGRICULTURE SUB-COMMISSION

12-2/Feed

January 25, 1946

SUBJECT: Ten Days Cereal Stock Report

TO : AFHQ, G-5
HQ AMG, 13 Corps
US Embassy
British Embassy
UNRRA, Washington
UNRRA, ERC.
UNRRA Italian Mission (Attn: Chief of Mission)
UNRRA Italian Mission: Deputy Chiefs of Mission
Bureau of Requirements & Distribution
Bureau of Finance & Administration
Bureau of Relief Service
Sub-Bureau of Supply
Requisition Branch
Internal Transport Division
Port & Shipping Division

1. Herewith cereal stock report for all Italy, covering the period 11 - 20 January 1946. Similar stock reports will be forwarded in future to cover the ten day periods ending 1, 10 and last day of each month.

2. These stock reports are intended to summarize as clearly as possible for all concerned the actual cereal position in Italy every ten days. All figures included in the reports are based upon latest returns from the regions concerned and have been agreed with the appropriate departments of the Italian Government.

For the Chief Commissioner:

W. J. Legg
W.J. LEGG
Director

Copy to:

Chief Commissioner, AC
Executive Commissioner, AC
Economic Section (Attn: Acting Vice-President)
Economic Section - Supply Group
Economic Section - Requisition Branch
1187 Transportation & Shipping S/C
Interministerial Committee of Reconstruction
Alto Commissariato dell'Alimentazione
Italian Government UNRRA Delegation (Attn: Dr. L. Montini)

Enclosure:

Cereal Stock Report

4057/20

0068

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

785015

Exile. 25 January 1946

1186

1185

REGION	Actual Stock on hand as at 1 January 46		Amassed during 1 Jan 15 Jan 1946	Allocations of Actual Arrivals to 20 Jan 46	Progr Trans
	Indigenous	Imported			
PIEMONTE	12,360	3,341	6,029	6,719	
LIGURIA	126	4,882	9	8,273	
LOMBARDIA	16,950	2,868	9,218	17,645	
VENETO	18,705	2,203	9,955	9,468	
VENEZIA GIULIA	132	4,000	108	-	
EMILIA	29,502		3,035	-	
TOTAL NORTH ITALY	78,275	17,294	28,354	42,105	
TOSCANA	23,632	1,635	773	5,869	
MARCHE	44,512	-	511	-	
UMBRIA	25,662	-	542	-	
LAZIO	5,851	-	207	9,546	
ABRUZZI & MOLISE	12,116	-	317	1,900	
CAMPANIA	2,156	658	416	15,817	
PUGLIA	1,366	1,352	102	20,252	
LUCANIA	4,556	-	26	440	
CALABRIA	4,200	1,630	251	12,328	
SICILIA	2,641	718	580	24,627	
SARDEGNA	3,729	-	134	5,729	
TOTAL SOUTH ITALY	130,421	5,994	3,859	96,508	
TOTAL ALL ITALY	208,696	23,288	32,213	138,613	

Rome. 25 January 1946

TEN DAY ITALIAN CEREAL SITUATION REPORT (Excluding Rice)
 (All in terms of wheat and in Metric tons)
 (as of 20 January 1946)

Regional 20 January 1946 TO	Total availability as at 20 January 1946	Monthly Maintenance Requirements	Stock will days as und
3,147	32,096	18,090	53
-	8,036	10,650	22
3,947	50,628	36,360	41
-	40,331	32,910	36
-	4,240	4,290	29
-	32,537	16,950	57
7,094	137,868	119,280	42
1,000	32,910	15,270	64
-	40,503	7,020	172
-	23,204	3,660	189
4,000	19,604	16,920	34
680	15,013	6,150	73
-	19,047	19,590	29
-	23,072	15,810	43
-	5,022	2,100	71
-	18,409	9,840	56
-	28,566	21,720	39
-	9,592	5,940	48
5,680	234,942	124,050	56
14,774	402,810	243,330	49

Maintenance ents	Stock will last for days as under	Until	Remarks
0	53	22 Feb	This report excluding days) in hands of military and bakers. 7-10
0	22	22 Jan ...	
0	41	10 Feb	
0	36	5 Feb	
0	29	29 Jan	
0	57	26 Feb	
0	42	11 Feb	
0	64	5 Mar	
0	172	21 Jun	
0	189	8 July	
0	34	3 Feb	
0	73	14 March	
0	29	29 Jan	
0	43	12 Feb	
0	71	12 March	
0	56	25 Feb	
0	39	8 Feb	
0	48	17 Feb	
0	56	25 Feb	
0	49	18 Feb	

FEA IMPORTS

According to the latest verified information of the Requisition Branch of the Allied Commission's Economic Section, the following imports of bulk commodities, purchased under the FEA \$100,000,000 interim program, have actually arrived to date in Italy:

<u>Commodity</u>	<u>Tons</u>	<u>Value</u>
Wheat	362,088	\$40,191,768
Flour	13,553	1,100,000
Coal	995,520	25,683,520
Cotton	9,120	7,779,360
Total	1,380,281	\$74,954,648

Also arrived are 27,061 tons of other foods - canned peas and milk, sugar and oleomargarine, for which no costs are available.

In addition, the following imports are now reported on the high seas and will shortly arrive in Italy:

Wheat	61,463 tons	\$6,822,393
Coal	147,961 "	3,846,986
Total	209,424 "	\$10,669,379

All costs published are estimated landed costs. The FEA 118' program includes a \$40,000,000 fund for freight charges, over and above the basic \$100,000,000 purchasing fund.

File IMS personal

4057/cc

TRANSITIONAL PROGRAM REPORTS

As everybody knows, the United States Government granted Italy a "troop pay" account in the U.S. Treasury amounting to \$ 140,000,000 and representing the amount of lire paid to U.S. troops in Italy exclusive of that which was spent in army post exchanges or sent home in remittance. These funds had been set aside up to now exclusively for purchases under the Transitional Program. The Allied Commission has just been informed that the U.S. Government will cease its official procurement of transitional program supplies for Italy under this account as of February 1 and will turn the funds remaining in the "troop pay" account over to the Italian Government which may then use it to purchase current civilian supplies in the United States. In other words, the American action gives the Italian Government the opportunity to buy directly in the U.S. market.

Purchasing of supplies for the transitional program started early last year but it was not until last October that substantial quantities of the supplies began to arrive in Italy. As will be noticed, most of the items are strictly for industrial use. The total tonnage (in long tons, be it noted) of 41,620 1/2 tons in the partial table below covering up to date, does not list petroleum products valued in millions in various minor items such as 555 pounds of horse shoe nails priced in the United States at .383, 25 tons of groundwood, 42 tons of tin plate, 697 tons of truck chassis, 17 tons of insulating compounds, 43 tons of motors, for all of which items price records are not yet available; 47 pounds of resistance wire at \$ 1.97, and two reels of steel wire rope at \$ 500.

opportunity to buy directly in the U.S. market.

Purchasing of supplies for the transitional program started early last year but it was not until last October that substantial quantities of the supplies began to arrive in Italy. As will be noticed, most of the items are strictly for industrial use. The total tonnage (in long tons, be it noted) of 41,620½ tons in the partial table below covering up to date, does not list petroleum products valued in millions in various minor items such as 555 pounds of horse shoe nails priced in the United States at \$ 83, 25 tons of groundwood, 42 tons of tin plate, 697 tons of truck chassis, 17 tons of insulating compounds, 43 tons of motors, for all of which items price records are not yet available; 47 pounds of resistance wire at \$ 1.97, and two reels of steel wire rope at \$ 500.

The cost of \$ 21,767,935, as recorded in the table, represents only the U.S. contract price paid by the procurement agency and does not include shipping charges, for which, roughly, 25 per cent. should be added. Shipping costs, however, have become lower with the end of the war, so that this charge will be less as the program continues. Total expenditures for supplies arrived in Italy under this program and including freight charges, thus far recorded, therefore amount to approximately \$ 27,000,000 of the \$ 140,000,000 credit, most of which, incidentally, has already been contracted for in Washington.

Commodity	Tonnage	Value
Arsenoflat Sodium	19	\$ 7,664
Air compressor parts	7	336
Ammonium Nitrate	2664	324,752
Bakelite paper sheet	22	1,478
Calcined Carbonate of Potash	9	1,209
Cotton	9634	7,603,207
Blankets	22	133,334
Ferrotungsten	60	178,080
Graphite Electrodes	370	112,969
Gum Arabic	54	20,653
Leather Belting	2	6,024
Pig Iron	2529	79,309
Manganese Ore	6493	261,797
Mexican Gum	270	56,691
Naphtalene	61	12,570
Linseed oils	2	672
Sodium Carbonate	50	15,230
Sodium Potassium	56	3,136
Sodium Silicate	5	280
Molibdenum Wire	1	62,182
Steel Beams	1515	84,840
Steel Billets	466	41,753
Steel Rails	4039	226,184
Steel Splice Bars	78	6,988
Synthetic Rubber	886	714,470
Tires and Tubes	95	90,461
Trucks	280	219,033
Tungsten Wire	4	13,170
Varnish	84	22,579
Welding Electrodes	6	2,571
Wheat	7901	882,902
Copper wire	3936	10,579,968
Yellow Prussiate Potash	4	1,523
Total	41,6204	\$ 21,767,935

Sodium Potassium	20	15,230
Sodium Silicate	56	3,136
Molibdenum Wire	5	280
Steel Beams	1	62,182
Steel Billets	1515	84,840
Steel Rails	455	41,753
Steel Splice Bars	4039	226,184
Synthetic Rubber	78	6,988
Tires and Tubes	886	714,470
Trucks	95	90,461
Tungsten Wire	280	219,033
Varnish	4	13,170
Welding Electrodes	84	22,579
Wheat	6	2,571
Copper wire	7901	882,902
Yellow Prussiate Potash	3936	10,579,968
	4	1,523
Total	41,6204	\$ 21,767,935

ALLIED MILITARY RESPONSIBILITY IMPORTS

Civilian supplies imported under Allied military responsibility for the benefit of the Italian population and in order to prevent disease and unrest in an operational area started flowing into Italy on D-Day, July 10, 1943, and continued to flow until August 31, 1945, although odds and ends of goods arrived for several months thereafter.

Accountants of the Finance Sub-Commission of the Allied Commission have completed their tabulations up to June 30, 1945 and expect to finish the complete accounts within the next couple of months and cover all the late shipments which continued down to November, 1945. In the table that follows, there are still omissions, particularly on the cost of some items, basic figures for which are unobtainable at the moment. The costs cited are estimated landed costs in Italy.

Several of the listings might bear amplification. Under other foods were such items as biscuits, fruit juices, jam and chili con carne. Mining equipment consisted mostly of special explosives and fuses. Agricultural supplies comprised fertilizers, tractors and plows. Under the

accounts of the Finance Sub-Commission of the

Allied Commission have completed their tabulations up to June 30, 1945 and expect to finish the complete accounts within the next couple of months and cover all the late shipments which continued down to November, 1945. In the table that follows, there are still omissions, particularly on the cost of some items, basic figures for which are unobtainable at the moment. The costs cited are estimated landed costs in Italy.

Several of the listings might bear amplification.

Under other foods were such items as biscuits, fruit juices, jam and chili con carne. Mining equipment consisted mostly of special explosives and fuses. Agricultural supplies comprised fertilizers, tractors and plows. Under the miscellaneous imports were medical supplies (to the value of \$8,507,000), road graders, batteries, shoes, cables, belting and sailmakers' needles. The table of petroleum imports speaks for itself.

<u>Commodity</u>	<u>Tonnage</u>	<u>Value</u>
Wheat	1,171,200	\$114,808,000
Flour	454,400	59,072,000
Soup	51,100	25,015,000
Canned Milk	42,100	16,908,000
Lard	7,000	3,436,000
Dry Vegetables	52,000	61,895,000
Sugar	63,000	10,699,000
Canned Meat	1,000	1,368,000
Dates	5,000	556,000
Dried Eggs	2,100	7,175,000
Fish	6,100	2,233,000
Other Foods	70,000	--
Coal	388,100	9,556,000
Newsprint	10,800	1,298,000
Mining Equipment	2,000	--
Agricultural Supplies	153,000	--
Clothing	4,800	--
Miscellaneous Imports	62,300	--
Total	2,546,000	\$314,019,000

Dates	5,000	556,000
Dried Eggs	2,100	7,175,000
Fish	6,100	2,233,000
Other Foods	70,000	--
Coal	388,100	9,556,000
Newsprint	10,800	1,298,000
Mining Equipment	2,000	--
Agricultural Supplies	153,000	--
Clothing	4,800	--
Miscellaneous Imports	62,300	--
Total	2,546,000	\$314,019,000

1180

PETROLEUM LUBRICANTS

Gasoline	776,618 barrels	\$ 5,140,000
Fuel Oils	1,172,998 "	6,282,000
Kerosene	370,651 "	2,278,000
Others lubricants	84,629 "	1,867,000
Greases	1,655,200 lbs.	203,000
Paraffin	4,647,502 "	493,000
Total	2,404,896 barrels	\$ 16,263,000
	6,302,702 lbs.	

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13242/F

4 January 1946

SUBJECT : Currency Agreement (FAN 583).

51 102/cc

TO : The Chief Commissioner.

1. This morning at 11:00 AM Col. Menapace, Lt. Col. Timmons and Dr. H.J. Tasca, U.S. Treasury Representative, met with Minister of the Treasury Corbino and Director General of the Bank of Italy Introna to discuss the currency agreement proposed in your letter 13242/F of 1 November (copy attached at Tab "A").
2. We found Minister Corbino both fully informed on the question and obviously desirous of bringing the proposed agreement to an early conclusion. We encountered none of the disposition to haggle over small and unimportant points that had characterized our discussions with Ricci, Corbino's predecessor. The Banca d'Italia had apparently given way on a number of points to which they had objected in a meeting on 23 November, 1945, and in discussion we worked out a satisfactory method of meeting Introna's chief point, that of the necessity for full information to the Banca d'Italia on outpayments of AM lire by the Allied Commission (to the Allied Armed Forces for troop pay, etc) after the date on which the currency agreement enters into force.
3. Minister Corbino concluded the meeting by saying that the Italian Treasury would accept the agreement and that he would proceed to prepare a formal reply to this effect from the President of the Council of Ministers to you.

1179

4057/cc

Director,
Finance Sub Commission.

Copies to: U.S. Embassy (Dr. Tasca)
British Embassy (Sir R. Nosworthy)
Executive Commissioner
A/Vice President, Economic Section
G-5 (Financial Adviser), AFHQ

HEADQUARTERS ALLIED COMMISSION

AFC 3/94

Office of the Chief Commissioner

13242/F.

1 November, 1945

My dear Mr. Prime Minister:

1. I write with reference to my letter 13242/F of 16 July, 1945.
2. I am further directed by the Combined Chiefs of Staff to inform you that the Allied Governments are now prepared to accede to the request of your Government that all lire currency issues be unified under the authority of the Italian Government. As you are aware, this request was first made to the United States Government by the Quentieri-Mattoli Financial and Economic Mission during their visit to the United States in November, 1944 - January, 1945, and was referred by the United States Government to the Combined Chiefs of Staff.
3. In order to implement the decision of the Allied Governments referred to in paragraph 2 above, I am authorized by the Combined Chiefs of Staff to enter into an agreement with your Government under which:

- a. The Italian Government, or an agency designated by it, will be recognized as the issuing authority of Allied Military lire currency, including all such lire now in circulation.
- b. The future currency needs of the Allied Forces in Italy, including Venezia Giulia, will be met with currency issued by the Italian Government or its designated agency, and the Italian Government will undertake to supply such lire currency and credits as may be required by the Allied Forces. Pending the time when your Government or its designated agency is able to acquire sufficient currency of your own design, Allied Military lire will be made available by the Allied Commission to your Government in such amounts as are required to meet the needs of the Allied Forces in Italy. As long as the Allied Forces use Allied Military lire rather than Metropolitan lire, it is not contemplated that an actual physical transfer will be made to your Government of the Allied Military lire which are to be used by the Allied Forces. However, in order that your Government may be currently and fully informed of the lire issued on its behalf, records of all such issues will be kept on a basis to be agreed between your Government and this Commission.
- c. The Italian Government will agree to reimburse the United States and United Kingdom Governments currently for the cost of printing and

1178

- a. The Italian Government, or an agency designated by it, will be recognized as the issuing authority of Allied Military lire currency, including all such lire now in circulation.
- b. The future currency needs of the Allied Forces in Italy, including Venezia Giulia, will be met with currency issued by the Italian Government or its designated agency, and the Italian Government will undertake to supply such lire currency and credits as may be required by the Allied Forces. Pending the time when your Government or its designated agency is able to acquire sufficient currency of your own design, Allied Military lire will be made available by the Allied Commission to your Government in such amounts as are required to meet the needs of the Allied Forces in Italy. As long as the Allied Forces use Allied Military lire rather than Metropolitan lire, it is not contemplated that an actual physical transfer will be made to your Government of the Allied Military lire which are to be used by the Allied Forces. However, in order that your Government may be currently and fully informed of the lire issued on its behalf, records of all such issues will be kept on a basis to be agreed between your Government and this Commission.
- c. The Italian Government will agree to reimburse the United States and United Kingdom Governments currently for the cost of printing and transporting currency made available to your Government after the effective date of the agreement contemplated in this letter. We shall advise you in due course as to the lumped cost of Allied Military lire. It is anticipated that your Government will reimburse the United States Government on a monthly basis, by means of a debit to a post-liberation dollar account at the end of each month, for the cost of the Allied Military lire made available to your Government during that month. I am directed to state that these arrangements are without prejudice to any claim by the United Kingdom or the United States Governments for reimbursement for the cost of printing and transporting currency and stamps issued by the Allied Forces prior to the effective date of the agreement, as well as any unutilized balance of Allied Military lire and stamps.
- d. The Allied Commission reserves the right of the Allied Governments to issue Allied Military lire or to use any other currency deemed desirable, in the event agents or supplies of lire currency are not made available to the Allied Forces by your Government at any time. I would appreciate your assurance that in the event your Government effects in the future a conversion of outstanding currency and Allied Military lire is declared non-legal tender, your Government will promulgate promptly a decree recognizing all lire, or any other currency deemed desirable, as legal tender in Italy, if the Allied Forces should have to resort to the use of such currency or currencies.

- 2 -

5. I should also appreciate your assurance that during the period in which Allied Military lire remains legal tender in Italy, your Government will recognize and maintain in force the various technical regulations regarding Allied Military lire currency adopted by the Allied Commission in consultation with the Chiefs of the Allied Pz Services. Such regulations in consultation with the construction of collective notes, exchange of mutilated and inter with those regulations. Your recognition and adoption of such regulations should also apply to the new type Italian lire currency when it has been issued by your Government and taken into use by the Allied Pz Services.

6. I would suggest that this letter and your acceptance thereof by letter of your acceptance, to constitute an agreement, which would be effective as of the date of your acceptance. It would also be desirable to indicate in your letter by your Government.

7. As soon as the agreement has been concluded, its supplementary details, including the keeping of records referred to in paragraph 3 b. above, the reimbursement foreseen in paragraph 3 c. above, and the currency regulations described in paragraph 5 above, can be worked out between the Ministry of the Treasury, the Banca d'Italia, and the Finance Sub-Commission of this Commission.

Yours very truly,

(Signed) Ellery W. Stone.
ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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

DISTRIBUTION:

Hon. Alexander Kirk, American Embassy, Rome.
Sir Noel Chertie, British Embassy, Rome.
Executive Commissioner,
Political Advisor (A),
Political Advisor (B),
Acting Vice President

7. As soon as the Agreement has been concluded, its supplementary details, including the keeping of records referred to in paragraph 3 b. above, the reimbursement foreseen in paragraph 3 c. above, and the currency regulations described in paragraph 5 above, can be worked out between the Ministry of the Treasury, the Banca d'Italia, and the Finance Sub-Commission of this Commission.

Yours very truly,

(Signed) Ellery W. Stone.
ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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

DISTRIBUTION:

- Hon. Alexander Kirk, American Embassy, Rome.
- Sir Noel Charles, British Embassy, Rome.
- Executive Commissioner,
- Political Adviser (a),
- Political Adviser (a),
- Acting Vice President, Econ. Section,
- G-5 Section (Financial Adviser), JFHQ.

RESTRICTEDRESTRICTED

HEADQUARTERS ALLIED COMMISSION

MOC AIRGRAM 137 8 January 1946

TO

Combined Civil Affairs Committee
(for Combined Liberated Areas Committee)
30-866 Pentagon Building
WASHINGTON, D.C. (15 copies)

SUBJECT:

Cereal Stock Position

1. Attached is an analysis of the cereal stock position as of 1 December 1945.

2. Warehouse stocks of bread grains including both imported and indigenous grain were critically low in four areas--Liguria, Campania, Puglia, Sicilia--each of which had less than five days stock on hand as at 1 December 1945. At the other extreme only four compartments had more than a sixty-day supply of all bread grains (excluding rice), and of these four only two--Marche and Umbria--had more than sufficient grain to maintain the bread and pasta ration until the 1946 harvest. The surplus in these two compartments, however, is small--only 19,998 metric tons, and this amount is presently being moved to deficit areas. Stocks are low in the normally surplus producing areas for the reason that grain has already been moved out to maintain the ration in other areas.

3. In order to conserve grain for the bread ration the milling of wheat for pasta manufacture in Northern Italy was restricted, and rice was issued in lieu of pasta. The authorized rate of issue during December was 2000 grams of rice per head per month in Lombardy and Piemonte, 1500 in Liguria and 500 in Emilia and Veneto. Total stocks of rice are sufficient to maintain this large issue, and some rice will be moved to the South. Limiting factors include the rate at which rough rice can be processed and the availability of transportation.

4. Stocks of all cereals at mills, bakeries and pasta manufacturers were below the level required for efficient operation in all except two compartments. Where stocks in mills and other processing plants fell to the low levels indicated for Puglia, Lucania, Calabria, it is impossible to maintain a steady flow of bread and pasta to consumers.

For the Chief Commissioner:

KARLAN CLEVELAND

Acting Vice-President

41057/CC

grains (excluding rice), and of these rice only sufficient grain to maintain the bread and pasta ration until the 1946 harvest. The surplus in these two compartments, however, is small--only 19,998 metric tons, and this amount is presently being moved to deficit areas. Stocks are low in the normally surplus producing areas for the reason that grain has already been moved out to maintain the ration in other areas.

3- In order to conserve grain for the bread ration the milling of wheat for pasta manufacture in Northern Italy was restricted, and rice was issued in lieu of pasta. The authorized rate of issue during December was 2000 grams of rice per head per month in Lombardy and Piemonte 1500 in Liguria and 500 in Emilia and Veneto. Total stocks of rice are sufficient to maintain this large issue, and some rice will be moved to the South. Limiting factors include the rate at which rough rice can be processed and the availability of transportation.

4. Stocks of all cereals at mills, bakeries and pasta manufacturers were below the level required for efficient operation in all except two compartments. Where stocks in mills and other processing plants fell to the low levels indicated for Puglia, Lucania, Calabria, it is impossible to maintain a steady flow of bread and pasta to consumers.

For the Chief Commissioner:

KARLAN C. BELAND
 KARLAN C. BELAND
 Acting Vice-President
 Economic Section

Enclosure Table of Grain Stock Position

117
 CAUTION

The Directorate of Civil Affairs
 War Office, Whitehall, London S.W.1.
 AFHQ O-5, APO 512
 Br. EMESSY, ROME
 AM. EMBASSY, ROME

4 cys
 5 cys
 10 cys
 10 cys

ALLIED COMMISSION:
 Food & Agriculture S/O
 Economic Section
 Chief Commissioner
 Executive Commissioner

8 cys
 1 cys
 1 cys
 1 cys

Bel

41057/10

CEREAL STOCK POSITION IN ITALY, 1 DECEMBER 1945

Showing location of stocks, purpose for which stocks will be used and number of days maintenance

Department and region	Bread grains (a) to meet bread ration and pasta part of generi da minestra ration			Rice for remaining part of generi da minestra ration				
	Stocks of bread grains in warehouses on 1 Dec. 45			Monthly maintenance requirement (excl. rice)	Days bread grains will last	Stocks of rice in whsees. on 1 Dec. 45	Monthly requirement for rice	Days rice will last
	Imported	Indigenous	Total					
Piemonte	2,923	15,800	18,723	18,101	31	58,234	(7,949)	15
Liguria	371	136	507	10,654	1	-	(3,114)	-
Lombardia	-	27,425	27,425	36,371	23	39,897	15,959	7
Veneto	373	40,263	40,636	31,670	38	3,405	4,293	2
Emilia	6,575	174	6,549	4,035	49	-	-	-
Basilica	3	58,967	58,970	16,949	104	792	1,374	1
NORTH ITALY	11,945	142,765	152,810	117,780	39(d)	102,328	32,711	9
Toscana	1,750	40,313	42,063	20,866	60	-	-	-
Marche	-	70,246	70,246	7,035	299	-	-	-
Umbria	-	30,330	30,330	3,667	246	-	-	-
Lazio	-	8,959	8,959	23,533	11	-	-	-
Abruzzo	-	15,227	15,227	8,234	55	-	-	-
Campania	-	2,334	2,334	28,166	2	-	-	-
Puglia	622	2,490	3,112	22,734	4	-	-	-
Apulia	-	6,022	6,022	2,733	46	-	-	-
Calabria	8,651	5,601	14,252	14,166	50	-	-	-
Sicilia	-	4,085	4,085	31,269	4	-	-	-
Sardinia	-	5,068	5,068	8,533	18	-	-	-
SOUTH ITALY	11,023	140,675	201,698	175,324	35(d)	-	-	-
ITALY	22,968	333,440	356,408	288,104	37(d)	102,328	32,711	9

(a) Comprised of wheat, flour, barley, rye and maize, stated in terms of wheat equivalent.

(b) Minimum working stocks are determined by the rate of production of pasta and by the geography, i.e., distance from port of discharge or surplus producing area and accessibility of the area.

(c) Not reported.

(d) Regional and national average number of days warehouse stocks will last are hypothetical figures which would last if it could be ideally distributed to all areas which not only would necessitate but is physically impossible to move all of the grain within the period of time indicated.

CEREAL STOCK POSITION IN ITALY, 1 DECEMBER 1945

stocks will be used and number of days maintenance

(all grains stated in wheat equivalent;
all stock figures in metric tons)

Bread and pasta ration		Rice for remaining part of general ration			Stocks of all cereals in processing i.e., at mills, bakeries, and pasta manufacturers		
Monthly maintenance requirement	Days bread grains will last	Stocks of rice in whse. on 1 Dec. 45	Monthly requirement for rice	Days rice will last	on hand 1 Dec. 45	Minimum working stocks (b)	Percent actual of minimum
18,101	31	58,234	(7,949)	158	9,155	12,000	76
10,654	1	-	(3,114)	-	4,808	5,000	96
36,371	23	39,897	15,959	75	12,298	24,000	51
31,670	38	3,405	4,293	24	13,495	22,000	61
4,035	49	-	-	-	(c)	2,000	-
16,949	104	772	1,396	17	16,221	12,000	135
17,780	22(d)	102,328	32,711	94	55,876	77,000	73
20,866	60	-	-	-	10,818	14,000	77
7,035	239	-	-	-	2,652	7,000	38
3,667	243	-	-	-	2,370	3,500	68
23,533	11	-	-	-	11,482	16,000	72
8,234	55	-	-	-	5,311	8,000	66
28,166	2	-	-	-	7,149	14,000	51
22,734	4	-	-	-	3,522	11,000	32
2,732	66	-	-	-	568	3,500	16
14,166	40	-	-	-	1,574	14,000	9
31,269	4	-	-	-	1,231	15,000	8
8,533	18	-	-	-	10,617	8,500	125
74,224	25(d)	-	-	-	64,222	114,500	57
38,744	37(d)	102,328	32,711	94	120,866	191,500	63

grains, stated in terms of wheat equivalent.

The rate of production of pasta is determined by the geographical situation and nature of the region--surplus producing area and accessibility of the various communes within a region.

Days warehouse stocks will last are hypothetical for they indicate the maximum time the grain could be distributed to all areas which not only would necessitate uneconomic transfers but it would be grain within the period of time indicated.

1171

HEADQUARTERS ALLIED COMMISSION
APO 394
Economic Section

Ref.

3 January 1946

SUBJECT: Report to Chief Commissioner on Wheat

TO : Acting Vice President

1. The following was transmitted to the Chief Commissioner in response to Lt.Col. Stearns' telephone call:

- (a) Washington has notified us that the FEA short shipments of wheat-flour will be made up.
- (b) The FEA wheat-flour short shipment as of December 31 (in wheat equivalent is 339,755 metric tons).

2. The above figure was arrived at as follows:

Wheat shortage	310,521 tons
Wheat equivalent (flour 24,764 tons)	29,234 "
Total	339,755 "

3. While the FEA deficit figure 339,755 is not entirely in accordance with the figures I have computed, it must be admitted that my figures may include a considerable quantity of IT wheat-flour. My figures are:

<u>Program</u>	<u>Loadings</u>	<u>Deficit</u>
Wheat 641,000	473,000	168,000
Flour 106,000	14,500	91,500

In terms of wheat equivalent the deficit above would consist of

Wheat	168,000
Wheat equivalent (91,500 flour)	125,000
Total shortage	293,000

cc: Lt.Col. Stearns
Requisition Branch
Food & Agri. S/C

CHARLES W. WALTON
Colonel, AC
Chief, Supply Group

4057/cc

1175

INCOMING MESSAGE
HEADQUARTERS ALLIED COMMISSION

Originator's Reference: WAX 69933

Date time of Origin: 221732Z

Message Centre No: 6253

Date Time Rec'd: DEC 261130

Precedence: ROUTINE

FROM: WAR WASHINGTON FROM: OCS

TO: ALLIED COMMISSION FOR C&G RELATED INFORMATION AT HQ FOR BRIG 1945UR BASE

SECTION FOR C&G SECRETARIAT

Econ Sec Distr

ACTION: *Recd - Rep*

INFO: *CSO*

Supply

SECRET

This is Com 355. Flour and wheat shipment for Italian consumption

From September 1 through December 31, 1945, inclusive total flour and wheat tonnage of 747,000 tons is called for by requisitions YI and YB. This amount includes wheat, 641,000 tons bagged flour, 106,000 tons. By end of 1945 there will have been shipments of about 14500-ton amount flour applying on above requisition. Estimate of wheat shipments by end this year 492,000 tons, leaving ton shortage of wheat and flour in amounts of 149,000 and 91,500, respectively. Expectation that wheat amounting to about 149,000 tons or 18 cargoes against loadings for December will be postponed to first 2 weeks next year. There will have been movement all wheat commitment (641,000 tons) provided that January sees these last 18 cargoes moved. No present flour availability for many reasons, one of which is United States bag shortage. Expected that in completion of entire program of 100 there should be 91,500-ton flour movement second

1177

half next month and early February. Obvious from preceding information that client

File 353

From September 1 through December 31, 1945, inclusive total flour and wheat tonnage of 727,000 tons is called for by requisitions VI and VII. This amount includes wheat, 641,000 tons bagged flour, 106,000 tons. By end of 1945 there will have been shipments of about 14500-ton amount flour applying on above requisition. Estimate of wheat shipments by end this year 492,000 tons, leaving ton shortage of wheat and flour in amounts of 149,000 and 91,500, respectively. Expectation that wheat amounting to about 149,000 tons or 19 cargoes against landings for December will be postponed to first 2 weeks next year. There will have been movement all wheat commitment (641,000 tons) provided that January sees these last 19 cargoes moved. No present flour availability for many reasons, one of which is United States bag shortage. Expected that in completion of entire program of ton there should be 91,500-ton flour movement second half next month and early February. Obvious from preceding information that almost entire unshipped backlog for September through November are of flour which could not be obtained.

Impossibility to divert to Italy wheat vessels to make up shortage applying on ton schedule, due to amount grain committed by United States to schedules of other Nations necessary quantity to level of consumption now in effect much greater than temporary January scheduling UNRRA cargoes wheat. Better scheduling of allotted amounts now being attempted by all means.

We ask your opinion as to how rationing of bread for Italy may be effected by above-listed shipment plan.

DEC 27 1945

OVER

From September 1 through December 31, 1945, inclusive total flour and wheat tonnage of 747,000 tons is called for by requisitions YF and YB. This amount includes wheat, 641,000 tons bagged flour, 106,000 tons. By end of 1945 there will have been shipments of about 14500-ton amount flour applying on above requisition. Estimate of wheat shipments to end this year 492,000 tons, leaving ten shortage of wheat and flour in amounts of 149,000 and 91,500, respectively. Expectation that wheat amounting to about 149,000 tons or 13 cargoes against loadings for December will be postponed to first 2 weeks next year. There will have been movement all wheat commitment (641,000 tons) provided that January sees these last 13 cargoes moved. No present flour availability for many reasons, one of which is United States bag shortage. Expected that in completion of entire program of fee there should be 91,500-ton flour movement second half next month and early February. Obvious from preceding information that almost entire unshipped backlog for September through November era of flour which could not be obtained.

Impossibility to divert to Italy wheat vessels to make up shortage applying on fee schedule, due to amount grain committed by United States to schedules of other Nations necessary quantity to level of consumption now in effect much greater than temporary January scheduling USSR cargoes wheat. Better scheduling of allotted amounts now being attempted by all means.

We ask your opinion as to how rationing of bread for Italy may be effected by above-listed shipment plan.

DEC 27 1945

OVER

4087/c

1172

11 SHEET

AC LIST

ACTION DIRECTION

MOON SEC 18

(C30 (6)

(SUPPLY GROUP)

(PROGRAM LR.)

(REQUISITION BA 10)

COMMERCE CC 2

FINANCE SC

FOOD AGRIC SC 2

IND UTILITIES SC 2

COAL DIV 1

TR CC 2

CHIEF COMMISSIONER

EAGLE COMM 2

CC BR LAB

C. US LMB

WSS. HOME

MATH

FILE

ADVANCE COPIES TO

INFO

1223

(REQUISITION BR 10)
CONFERENCE SC 2
FINANCE SC
FOOD ADMIN SC 2
IND UTILITIES SC 2
COAL DIV 1
TR SC 2
CHIEF COMMISSIONER
EXEC COM 2
CC BR LMB
CA US LMB
TSA ROME
MOTR
FILE

ADVANCE COPIES TO

INFO

DEC 12 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel: 550

HC/sc

Ref: ES/2902

9 December 1945

SUBJECT: January Loadings of Supplies for Italy

TO : Chief Commissioner

1. This will confirm what I have already told you orally with regard to January loadings for supplies for Italy.

2. In a phone conversation on Friday, 7 December 1945, Mr. E. E. Hunt (Chief of the Italian Division of Office of Foreign Liquidation, U. S. State Department) gave me the following information:

(a) The 550-million-dollar appropriation has not yet gone through, but it is hoped that it will be law by next Tuesday, 12 December.

(b) The appropriation of the additional one per cent for UNRRA has gone through the House, but the general expectation is that it will not clear the Senate before the Christmas recess, now scheduled for 20 December.

(c) UNRRA Washington has agreed to assume responsibility for the January loadings of supplies for Italy. This is definite, and no longer contingent upon the passage of the one per cent appropriation before the end of the year.

(d) January loadings will, however, be limited as indicated in paragraph 3. below.

(e) Loadings of supplies in February are still, of course, contingent upon the action on the one per cent appropriation.

(f) Generally speaking, we had better start thinking in terms of January and February being pretty bad months from the standpoint of loadings for civilian supplies for Italy.

3. While UNRRA is now responsible for January loadings, those loadings will not meet the quantities set forth in MOC 383. It is expected that UNRRA will send coal, POL, wheat and such miscellaneous supplies as have already been secured and can be spared from other programs. The amounts of basic supplies which were mentioned, but which

1173

4051/cc

- 2 -

are still tentative allocations, were the following:

WHEAT. 260,000 tons

COAL (a) 430,000 tons from U. S.

(b) 24,000 tons (3 shiploads)
from South Africa)

POL. 126,000

Harlan Cleveland
HARLAN CLEVELAND
Acting Vice President

1172

NOV 13 1945

HEADQUARTERS ALLIED COMMISSION

APO 394

ECONOMIC SECTION

12 November 1945

11.1/ES
E/S MEMORANDUM
NUMBER 29)

- I Food & Agriculture Sub-Commission. I
- Creation of Agriculture Division, Food & Agriculture Sub-Commission. II
- Creation of Food Division, Food & Agriculture Sub-Commission. III
- Creation of Research & Analysis Division, Food & Agriculture Sub-Commission. IV
- Assignments and Re-Designations within the Food & Agriculture Sub-Commission. V
- Organization Chart, Food & Agriculture Sub-Commission. VI

I Food & Agriculture Sub-Commission

The Food Sub-Commission and the Agriculture Sub-Commission were consolidated into a single Sub-Commission to be known as the Food & Agriculture Sub-Commission, by Executive Order No. 77 dated 1 November 1945.

II Creation of Agriculture Division, Food & Agriculture Sub-Commission

Announcement is made of the creation, within the Food & Agriculture Sub-Commission, of the Agriculture Division, to which Division all functions of the Agriculture Sub-Commission are transferred, except those relating to statistical research and analysis.

III Creation of Food Division, Food & Agriculture Sub-Commission

Announcement is made of the creation, within the Food & Agriculture Sub-Commission, of the Food Division, to which Division all functions of the Food Sub-Commission are transferred, except those relating to statistical research and analysis.

IV Creation of Research & Analysis Division, Food & Agriculture Sub-Commission

Announcement is made of the creation, within the Food & Agriculture Sub-Commission, of the Research & Analysis Division, to which Division all functions relating to statistical research and analysis are transferred, from the Food Sub-Commission and the Agriculture Sub-Commission.

consolidated into a single Sub-Commission, by Executive Order No. 77 dated 1 November 1945.

II Creation of Agriculture Division, Food & Agriculture Sub-Commission

Announcement is made of the creation, within the Food & Agriculture Sub-Commission, of the Agriculture Division, to which Division all functions of the Agriculture Sub-Commission are transferred, except those relating to statistical research and analysis.

III Creation of Food Division, Food & Agriculture Sub-Commission

Announcement is made of the creation, within the Food & Agriculture Sub-Commission, of the Food Division, to which Division all functions of the Food Sub-Commission are transferred, except those relating to statistical research and analysis.

IV Creation of Research & Analysis Division, Food & Agriculture Sub-Commission

Announcement is made of the creation, within the Food & Agriculture Sub-Commission, of the Research & Analysis Division, to which Division all functions relating to statistical research and analysis are transferred, from the Food Sub-Commission and the Agriculture Sub-Commission.

1171 Assignments and Re-Designations within the Food & Agriculture Sub-Commission

Announcement is made of the following assignments and re-designations within the Food & Agriculture Sub-Commission:

Mr. James M. Merritt (A), (Director) Acting Chief, Agriculture Division

Division

Major V.R.A. Cowper (B), Chief, Food Division

Mr. Wendell M. Adamson (A), Chief, Research & Analysis Division

VI Organization Chart, Food & Agriculture Sub-Commission

Appendix "A" hereto is organization chart, Food & Agriculture Sub-Commission, reflecting changes set forth in this Memorandum.

Changes set forth are effective as of the date of its publication. All previous Economic Section Orders in conflict with this Memorandum are void.

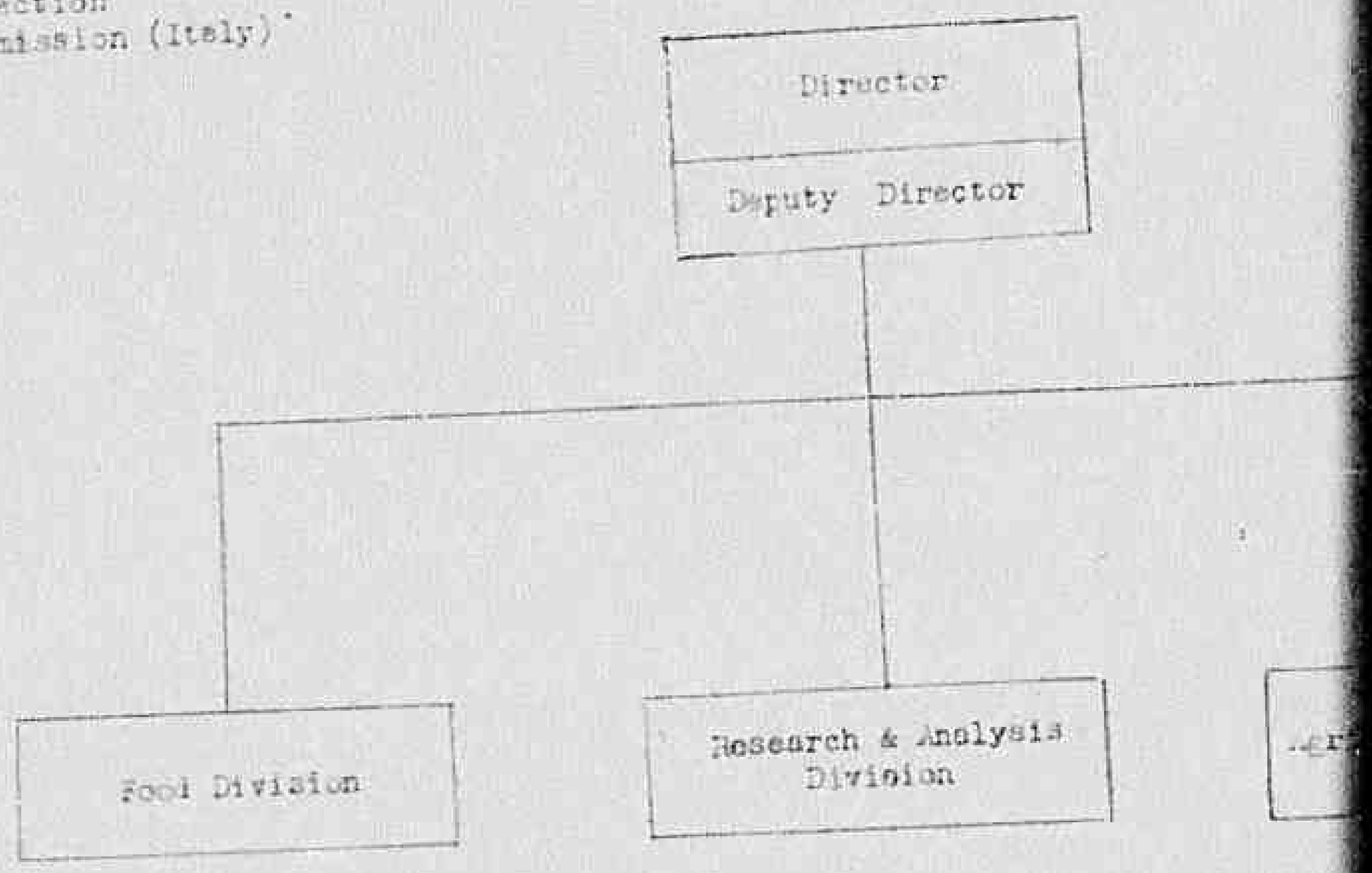
Enclosure
Appendix "A"

Attribution
"A"

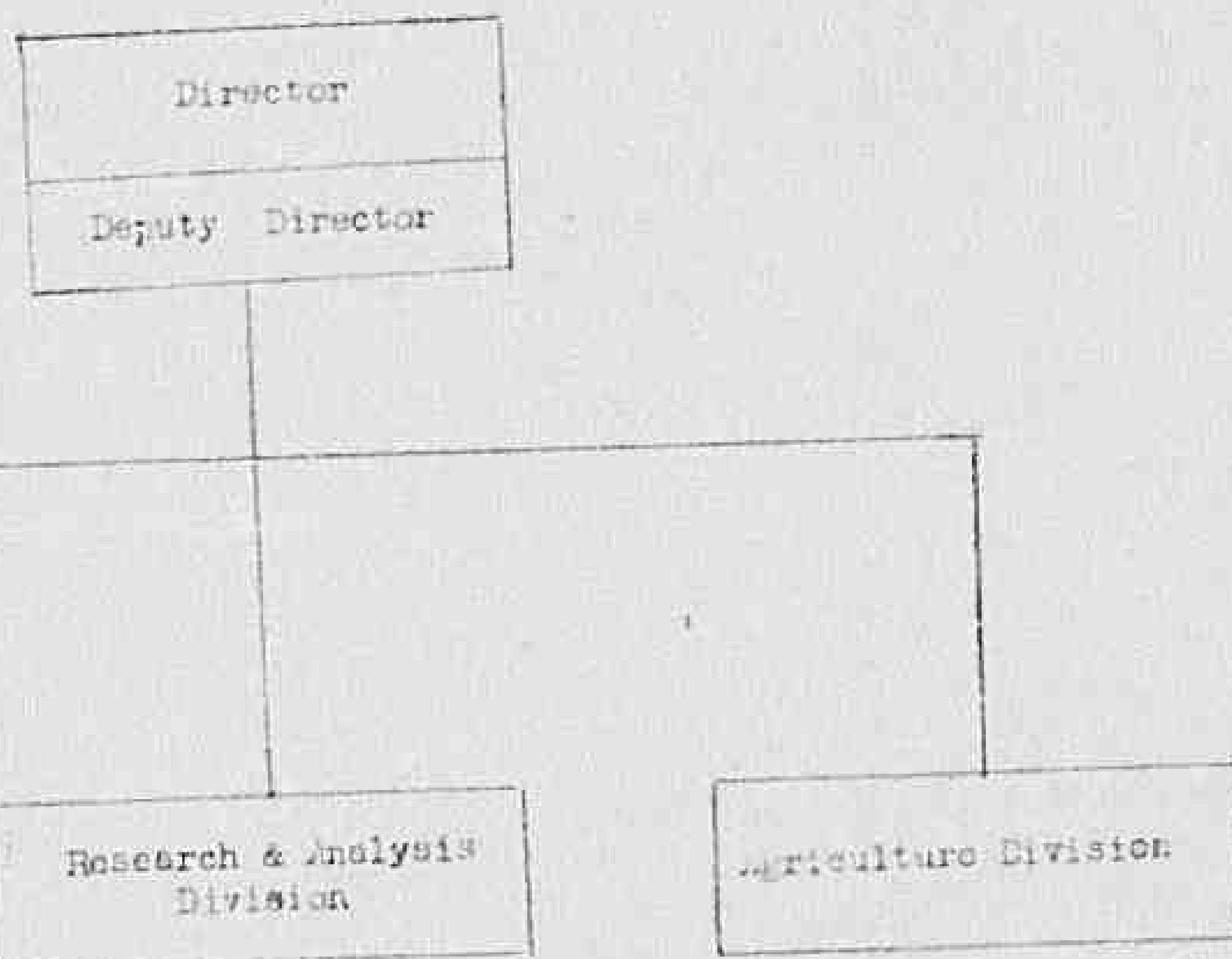
Harlan Cleburne
HARLAN CLEBURNE
Acting Vice President

ORGANIZATION CHART

Food & Agriculture Sub-Commission
Economic Section
Allied Commission (Italy)



Appendix "A" to
S/S Memorandum No. 29,
12 November 1945



HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION

WJM/sjw/66

Tel. 328

28 May 1945

Ref. AC/5642/IND

SUBJECT : Removal of Industrial Plant
German Provision of Coal for Industry
Food Organisation
Industry Situation in Bolzano Province

TO : Distribution Below

Attached for information, notes on a visit by the Acting Director of this Sub-Commission to Bolzano Province. The reports mentioned therein are too voluminous for inclusion, but may be inspected if desired.

DISTRIBUTION:

Chief Commissioner HQ.AC.

9-3, A.F.H.Q.

9-4, A.F.H.Q.

British Embassy

(Attn.: Mr. Nosworthy)

American Embassy

(Attn.: Mr. Livengood)

Regional Commissioner, Lombardia Region

(Attn.: Lt.Col. McBratney)

Provincial Commissioner, Bolzano

All Sub-Commissions HQ. AC.

File 5636

W.J. MASKREY

Lt. Colonel,

Acting Director,

Industry Sub-Commission.

1169

(2-4045-1)
4057/c

Handwritten signature/initials

HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY SUB-COMMISSION

WJM/ag

Tel. 328

22 May 1945

Ref. AG/5542/IND.

SUBJECT: Report on Lt. Col. W. J. Maskrey's Visit to
Bolzano on 17 May 1945.

TO : Economic Section
(Attn.: Brig. D. L. Anderson
Brig. Gen. E. R. McKinley)

1. The object of the writer's visit to Bolzano was to interview a Dr. Hothop, stated to be in possession of valuable industrial information and in particular to have knowledge of industrial machinery hidden in the Bolzano area and which had been brought there from plants in the North of Italy. Upon arrival by air at Bolzano, I reported to Colonel Fiske, whose Headquarters are at Merano.
2. On Friday, 18 May 1945, I attempted to ascertain the whereabouts of Dr. Hothop and after considerable enquiry, found that this gentleman did not exist. During the course of the morning, however, I discovered at HQ German Army Group "G" a Major von Reichel, head of the Rustungskommando, Bolzano. This officer is an official of the organisation R.U.X. (Rustung und Kriegsproduktion), and had charge of the whole of the industrial productive capacity of the provinces of Bolzano, Trento and Belluno. Major von Reichel is an Austrian and speaks no English.

1. The object of the writer's visit to Bolzano was to interview a Dr. Hothop, stated to be in possession of valuable industrial information and in particular to have knowledge of industrial machinery hidden in the Bolzano area and which had been brought there from plants in the North of Italy. Upon arrival by air at Bolzano, I reported to Colonel Fiske, whose headquarters are at Merano.
2. On Friday, 18 May 1945, I attempted to ascertain the whereabouts of Dr. Hothop and after considerable enquiry, found that this gentleman did not exist. During the course of the morning, however, I discovered at HQ German Army Group "C" a Major von Reichel, head of the Rüstungskommando, Bolzano. This officer is an official of the organization R.U.K. (Rüstung und Kriegsproduktion), and had charge of the whole of the industrial production capacity of the provinces of Bolzano, Trento and Belluno. Major von Reichel is an Austrian and speaks no English. He struck me as an extremely wide-awake and efficient officer and proved to be most cooperative. He had exact knowledge of the whole of the munitions and weapons plants concentrated in this area and of the disposition of a great number of machine tools brought to the Bolzano area. These machines had been concentrated in Bolzano for (a) productive purposes, (b) to escape Allied bombing and (c) as representing the remains of plants which had been partly destroyed by Allied air attack. There are stated to be 91 factories around the area in 17 of which and in tunnels in the mountain-sides, 4,000 machines are installed or are standing, of these von Reichel stated that about 3,000 are not single purpose machines and could be used for production of civilian goods. The value of the machines is stated to be between two and three billion lire. A full report on these machines is attached.

1168

3. During the afternoon of Friday, 18 May 1945, I was accompanied by von Reichel and his assistant, 1st Lt. Stent (who was formerly secretary to the German Embassy in Italy) to the Headquarters of R.C.G.E.S. (Rohstoff-Handels Gesellschaft m.b.H.) at St. Ulrich, where I interviewed a number of the officials of this concern. Separate reports are attached.
4. During the course of the day I also interrogated two officials of the Organisation Todt; Regierungsrat Wagner, who is head of the OT Regiment, Bolzano, and his assistant, Herr Kehr. Report is attached.
5. I also had a conversation with Lt. Gen. Holfeld, Chief Administrative Officer, German Army Group "C", whose Headquarters are at Bolzano. Gen. Holfeld was much exercised about the question of obtaining a supply of lire for the payment of his troops. Major Curtis, of Finance Sub-Commission was due in Bolzano and I recommended that Gen. Holfeld should speak with him. I imagine that it would be inadvisable to put any further money in the hands of the German troops, as this would only result in their stripping the surrounding countryside by purchase of any portable articles in order to take back solid assets to Germany rather than paper lire.
6. On Saturday, 19 May 1945, I made the journey to Cortina d'Ampezzo to the Headquarters of the German 10th Army. I had been given the name of Lt. Forstreuther, 10 ACK 10, of 10th Army. This officer was alleged to be well-informed on matters of production by Italian firms for the German Armed Forces. The journey to Cortina d'Ampezzo and back involved a trip of 200 kms. over mountain roads and turned out to be hardly worthwhile, as Lt. Forstreuther had acted in much the same capacity as a British Local Purchase and Production Officer of the Ordnance Services, and had merely purchased and paid for items necessary for the German

should speak with him. I imagine that the Germans could to put any further money in the hands of the German troops, as this would only result in their stripping the surrounding countryside by purchase of any portable articles in order to take back solid assets to Germany rather than paper lire.

6. On Saturday, 19 May 1945, I made the journey to Certina d'Ampezzo to the Headquarters of the German 10th Army. I had been given the name of Lt. Forstreuther, IC ACK 10, of 10th Army. This officer was alleged to be well-informed on matters of production by Italian firms for the German Armed Forces. The journey to Certina d'Ampezzo and back involved a trip of 200 Kms. over mountain roads and turned out to be hardly worthwhile, as Lt. Forstreuther had acted in much the same capacity as a British Local Purchase and Production Officer of the Ordnance Services, and had merely purchased and paid for items necessary for the German Armed Forces by way of ordinary contract. Conversation with this officer, however, elicited the interesting fact that the contracts placed in Italy by the German Army went through ordinary commercial procedure. In other words, German, Austrian, French and Italian firms were requested to tender and the cheapest price, quality considered, got the order. Payment was made on a gold basis. Lt. Forstreuther stated, when I expressed some surprise that the hydro-electric stations and manufacturing plants had escaped destruction in the North, that the policy of Reichsminister Speer was to leave Italy in as good a position industrially as was possible. Naturally the Minister might have been influenced at that particular moment by the thought that the war was in any case lost and that what the Germans destroyed they might very well be required by the Allies to reconstitute. Lt. Forstreuther's statement bore no relation to the facts as it is well known that the Italian Minister

Tarchi had interceded in vain with Rahn, the German Ambassador in Italy, on many occasions where German destruction of industrial capacity was contemplated.

7. Attached for information is a list of German superior officers and their formations in Italy, together with a list of telephone numbers which may possibly be of interest. The telephone exchange of the German Army Group "C" is "Lichtenfels". Attached also is a note of the locations of the 3rd German Army Group provided for me by Major Kethorn, who is personal assistant to Lt. Gen. Holfeld. Major Kethorn is probably the "Dr. Kethop" referred to in the first paragraph of this letter, and knows nothing of industrial matters.

Copy to : -
File 5636
Incls. :
Reports

W. J. MACKAY
Lt. Colonel,
Acting Director,
Industry Sub-Commission.

W. J. MASKEBY
Lt. Colonel,
Acting Director,
Industry Sub-Commission.

Copy to : -
File 5535
Incls. :
Reports

116H
A911

- 3 -

GERMAN SUPERIOR OFFICERS

C. in C. Genl. V. Vietinghoff
10 Army Genl. - Herr
14 " " - Lemelson
Ligurian-Marshal Graziani
C. of S. - Genl. Fensel
I. Fallsch Corps. - Genl. Heidrich
L. I. Gen. A. K. - Genl. Haneke
XVI Pz. Corps. - Genl. Senger v. Etterlein
L. XXVI Pz. Corps. - Lt. Genl. Graffen
Lombardia Corps. - Genl. Jahn
L. XXIII Corps. - Genl. Bocke
C. in C. Prealpine Zone of Ops. - Genl. Schmidt-Hartung
Prealpine HQ. - Genl. Jordan
Genl. Plenipotentiary German Forces in Italy - SS Genl. Wolff
L XXV A Corps. Genl. Schlemmer.

XVI Pz. Corps.-Genl. Senger v. Etterlein

L. XXVI Pz. Corps.-Lt. Genl. Graffen

Lombardia Corps.- Genl. Jahn

L. XXIII Corps.-Genl. Bock

C. in C. Prealpine Zone of Ops.-Genl. Schmidt-Hartung

Prealpine HQ.-Genl. Jordan

Genl. Plenipotentiary German Forces in Italy - SS Genl. Wolff

L XXV A Corps. Genl. Schlemmer.

1163

TELEPHONE DIRECTORY

Liaison - 3648

ARMY GROUT "G" HEADQUARTERS

LEGION SWITCHBOARD (Controls Belmont Area) 1471AIR

Colonel McBratney Liaison 29
 W/Sgt Shumay (Clarks) Liaison 50
 Alvaro Contreras (Silla)

AIR OPERATIONS

Operations Office

..... Legion-Lookout-
 Air O.P.

REGIONAL PREFECT

..... Liaison - 3786 or
 Liaison 3786

GERMAN EMBASSY

..... Legion-Merino-
 2300

.....Legion-Morano-
2380

GERMAN EMBASSY

1164

Notice for Lt. Colonel Mackrey from Maj. (admin) Hothern.

Headquarters of 10th Army Group - Cortina d'Ampezzo
" " 14th Army Group - Per southwest of Bolzano
" " Army Group Tyrol - Galdoro southwest of Bolzano
(Army Group Liguria does not exist any more, in its place Army
Group Tyrol)

0 1 1 4

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

785015

1163

Report of, from Lt. Col. W.J. Meskro -

22 May 1945

R.O.G.E.S. (Rohstoff-Handels Gesellschaft m.b.H.)

GESCHÄFTSSTELLE ITALIEN

I visited the Alpenvorland Headquarters of R.O.G.E.S. at St. Ulrich, North East of Bolzano, on Saturday, 19 May 45, in company of Major von Reichel and Lt. Smant, where I interviewed the Heads of the various departments (six in all). The object of my visit was to obtain information as to the transfer of complete and partial industrial installations from Italy to Germany. Attached is a first list of such transfers; others I have instructed the German Officials to forward through the Regional Commissioner Bolzano. Attached to the list is a note of the status of the transfer of industrial plants from Italy to Germany as of 28 Feb. 45, from which it will be noted that the value in Italian currency of the transferred plants is Lit. 28,127,073.890.00. I was informed that these transfers were correctly carried out as an ordinary business transaction.

There exist in St. Ulrich 150 cases containing 24,000 documents, including detailed description notes relating to machinery and plant exported to Germany. I have requested to Lt. Col. Kohnstetter, the Provincial Commissioner, that these cases of documents should be seized and the German staff of R.O.G.E.S. be put to work abstracting information as to the destinations of the exported equipment. Some of this equipment is not yet out of the country, some has been destroyed or damaged by Allied bombing of the railways en route, but a great deal can be recovered. I was informed by Dr. Watzke, who was concerned with the transfer of Italian industrial facilities to Germany, that R.O.G.E.S. is a parastatal company whose capital is 50% in private hands.

1162

as of 28 Feb. 43, 1943, the value in Italian currency of the transferred plants is Lit. 28,121,073,890.00. I was informed that these transfers were correctly carried out as an ordinary business transaction.

There exist in St. Etienne 150 cases containing 24,000 documents, including detailed account notes relating to machinery and plant exported to Germany. I have requested to Lt. Col. LeBratney, the Provincial Commissioner, that these cases of documents should be seized and the German staff of A.O.S.E.S. be put to work abstracting information as to the destinations of the exported equipment. Some of this equipment is not yet out of the country, some has been destroyed or damaged by Allied bombings of the railways en route, but a great deal can be recovered. I was informed by Dr. Wuttke, who was concerned with the transfer of Italian industrial facilities to Germany, that A.O.S.E.S. is a parastatal company whose capital is 50% in private hands and 50% in the hands of the German arms production industry and the Ministry of Commerce. The head of the GESCHÄFTSTELLE ITALIA is Herr Rothleander, whose second in command is Herr Weiss. The negotiations for transfer of machines and plant took place through the Union Centrale Siderurgique, whose headquarters are at the Hotel Excelsior Gallia in Milan. Information can be obtained from the Union as to the import of raw materials for that part of Italian industry which works for the export.

W.J. MASAREY

Lt. Colonel,

Acting Director,

Industry Sub-Commission.

Report H., from Lt.Col. W.J. Mackrey

22 May 1945

COAL AND COKE EXPORTS FOR ITALIAN INDUSTRY:
INTERVIEW WITH ROBERTO-RANDELSCHMIDT M.B.H.

AT ST. ULRICH ON 19 May 1945

Accompanying this report is Folder I which contains a note of the bids and allotments of imported and domestically produced industrial coal and coke for January 1945, a note of the German/Italian organization of coal distribution, a list of allotments of coal with indication of the German firms making the deliveries; these covering the months from August 1944 to March 1945 inclusive. Also included is a note on the mining of Italian coal.

The officer of R.O.C.E.C. concerned with coal importation into Italy is Lt. Lange, Reichsbauratrat fur Kohle. This officer was formerly employed by the important German coal concern PLATZER, Berlin. The chief of the German organization for coal distribution in Italy is Herr Winterlich, who is located in Milan. The officer concerned with the bidding on German sources for coal for Italian industry was Herr Franz Kossak who was previously located in Salzburg and who is now apparently living with his wife and family at Landegg, just over the Italian/Austrian border. I would have visited Herr Kossak had it been possible to get air clearance from 5 Army in the short time at my disposal. Herr Kossak was previously with the Rheinische-Westfalische Kohlenindustrie, Essen. The bids for coal for Italian industry were received at the Fleiger coal concerns in Berlin, Herr Fleiger being head of the allocating committee. The Italian organization collecting coal bids for presentation to the Germans was the Ministero dell'Economia (or Ministero delle Corporazioni). The Ministry had the duty of receiving demands from consumers of coal for the whole of the Italian industry. These demands were made at three-monthly intervals by the estatal Unione Industriale, who were also concerned with distribution of the coal. The bids for the three-monthly quantities were

The officer of R.O.S.E.S. concerned with coal importation into Italy is Lt. Lense, Reichsbaurreferat für Kohle. This officer was formerly employed by the important German coal concern PLUEGER, Berlin. The chief of the German organization for coal distribution in Italy is Herr Wunderlich, who is located in Milan. The officer concerned with the bidding on German sources for coal for Italian industry was Herr Franz Kossak who was previously located in Salzburg and who is now apparently living with his wife and family at Landegg, just over the Italian/Austrian border. I would have visited Herr Kossak had it been possible to get air clearance from 5 Army in the short time at my disposal. Herr Kossak was previously with the Rheinische-Westfälische Kohlenindustrie, Essen. The bids for coal for Italian industry were received at the Hoiger coal colliery in Berlin, Herr Hoiger being head of the allocated committee. The Italian organization collecting coal bids for presentation to the Germans was the Ministero dell'Economia (or Ministero delle Corporazioni). The Ministry had the duty of receiving demands from consumers of coal for the whole of the Italian industry. These demands were made at three-monthly intervals by the state-owned Industrie, who were also concerned with distribution of the coal on arrival. The bids for the three-monthly quantities were collected by the Industrie and passed through the German channels mentioned above. Certain industries received priority for coal: Upper Silesian and Ruhr coal; these included foundries and metallurgical industries and cement plants. Coke came from Lower Silesia, from Westphalia and from Ostrova Morava. The local distributing organization for (inter alia) Bolzano was the Montepoli Carboni at Verona. The Gruppo Carboni Alto, via Lerviglie 2, Milan, should have in their records particulars of requirements and distribution of industrial coal for the whole of Northern Italy.

It was explained to me by Lt. Lense that Italian requirements of coal are never fully met and this for a number of reasons. For instance, the bids for January 1945 totalled 502,000 tons, which included coke, i.e. coal of Italian domestic production. The deliver-

ies of German coal totalled only 31,000 tons as against a demand of 350,000 tons. The figures below are self-explanatory:

	GERMAN COAL	ITALIAN COAL	CONES
Demand, January 1945			
Allotted	350,000	70,000	80,000 t.
Delivered	100,000	31,000	40,000 t.
	31,000	17,000	50,000 t. +

+ This increase to help coal situation as coke stocks had accumulated in Germany.

The status of coal when in transit from Germany to Italy was clearly defined. Frequently Allied bombings destroyed train-loads of coal and in such cases, the Army, the State Railways or other concerns holding high priorities, would intercept and divert coal on rail. It was not permitted, however, for any organization to divert Army or Railway coal, but coal for German civilian needs or for Italian industrial or civil needs could be sent often was intercepted and diverted for other purposes. When coal entered Italy and was stockpiled for distribution, this was done on the German-controlled portion of the railway line Brenner/Verona.

I spoke also with Doctor Vento, S. V. V. V. Finance officer, who had been "despatched" from the office in Milan to supervise the book-keeping in Bolzano. He was, however, little to tell of industrial interest.

In my report on the new organization, particulars are given of the stock of coal at present existing in Bolzano amounting to 14,000 tons.

Lt. Col. Hollman, of CBE/MA, at St. Ulrich, introduced himself. This individual is an Ordnance officer who was charged with the processing and outside supervision of Italian munition plants working for the German Army. He was employed for some years in London by the Union Cold Storage Company, spoke of some years in London

coal on rail. It was not permitted, however, for any organization to divert army or railway coal, but coal for German civilian needs or for Italian Industrial or civil needs could be and often was intercepted and diverted for other purposes. When coal entered Italy and was stockpiled for distribution, this was one of the German-controlled portion of the railway line Brenner/Vienna.

Tapiola also with Holster Beach, L.L.B.M. Finance officer, was not been suspected from the office in Milan to supervise the book-keeping in Bergamo. He was, however, little to tell me of industrial interest.

In my report on the RWE organization, particulars are given of the stock of coal at present existing in Bergamo amounting to 14,620 tons.

Lt. Col. Bollmann, of GHI/No. 1, at St. Ulrich, introduced himself. This individual is an Finance officer who was charged with the progressing and outside supervision of Italian munition plants working for the German Army. He was employed for some years in London by the Union Cold Storage Company, speaks excellent English and has asked whether he might be found employment in doing surveys of Italian munitions plants for I.C.

W. J. LASKREY
Lt. Colonel,
Military Director,
Imperial War Museum.

1160

Report from Lt. Col. W. J. MANSNEY

23 May 1945

RUSTUNG UND WERKZEUGPRODUKTION

The information below was obtained by me from

- a) Maj. von Reichel, head of the Rustungskommando, Bolzano, and
- b) from his assistant, 1st Lt. Dr. Smert, attached to the Rustungskommando, Bolzano, formerly secretary to Rahn, the German Ambassador. These two officers may be contacted through the headquarters of German Army Group C, Bolzano, and can be reached on the German "Lichtenfels" telephone exchange. Smert lives at the Villa Drillo, Bolzano. The Rustungskommando, Bolzano, under von Reichel, controlled 91 factories in the province of Bolzano, Trento and Belluno. Von Reichel is a particularly well informed and intelligent officer of Austrian origin. He speaks, however, no English. The 91 factories were those suitable for production of weapons, munitions of war and engineering supplies necessary to the German Army. In seventeen of these factories and in tunnels in the mountainsides are concentrated about 4,000 machine tools of which von Reichel stated that about 3,000 are not single-purpose machines and could therefore be used for production of civilian goods. These machines had been removed from plants damaged by air bombardment or had been brought to Bolzano for safety from air attack. One of the most important of these plants is that of the I.K.I. in the tunnel at Vinigolo/Prangart which manufactures ball bearings. Von Reichel states that this plant can produce sufficient ball bearings for the whole of the present Italian reduced consumption. This plant is still working under German Army direction. Another small plant visited by the writer in company with von Reichel is that of the Italian firm Metallerranea-Gomus, whose head office is in Milan. This small tyre regeneration plant is still working under the German Army and is situated near the village of S. Pietro, a few kilometres from St. Ulrich. A fair stock of German Army and Italian civilian tyres exist in this plant which is run by a German engineer with Italian civilian personnel. They have enough raw materials for a further 6 to 8 weeks work. A sample of the

no English. The 91 factories were made completely necessary of weapons, munitions of war and engineering supplies necessary to the German Army. In seventeen of these factories and in tunnels in the mountains are concentrated about 4,000 machine tools of which von Reichel stated that about 3,000 are not single-purpose machines and could therefore be used for production of civilian goods. These machines had been removed from plants damaged by air bombardment or had been brought to Bolzano for safety from air attack. One of the most important of these plants is that of the I.M.I. in the tunnel at Virgolo/Preanget which manufactures ball bearings. Von Reichel states that this plant can produce sufficient ball bearings for the whole of the present Italian reduced consumption. This plant is still working under German Army direction. Another small plant visited by the writer in company with von Reichel is that of the Italian firm Mediterranean-Gomma, whose head office is in Milan. This small tyre regeneration plant is still working under the German Army and is situated near the village of S. Pietro, a few kilometres from St. Ulrich. A fair stock of German Army and Italian civilian tyres exist in this plant which is run by a German engineer with Italian civilian personnel. They have enough raw materials for a further 6 to 8 weeks work. A sample of the vulcanized cotton used at the plant for tyre repair accompanies this report. The building in which the retreading machinery from Milan has been installed is an old factory purchased some years ago by the Montecatini combine but for some reason never used by them.

1159

Accompanying this report is a statement prepared by Major von Reichel on my instructions, listing the machines tools mentioned in the first paragraph of this letter. Workpeople to the number of several thousands have been imported into the Bolzano area, and an urgent problem arises in this respect. Many of these people would prefer now that the war is ended to return

to their homes and families and a decision must immediately be reached as to whether the plants should continue to operate where they are, or whether the machinery and workpeople to be returned. Electric power is available in Polzano in abundance; sufficient coal is on hand for three months' work. This coal consists of the following:

Hard Coal ex Upper Silesia	6630 tons
Coke ex Catrante-Moravie	4210 "
Brown Coal briquettes (Mattonelli di	
Lignite for domestic use)	380 "
Anthracite from the Ruhr	60 "
Lignite, Italian origin	40 "
Cardinal Coal recovered from a sunken	
steamer in Genoa harbour (needs washing	
probably about 1000 tons usable)	3000 "
	14320 tons

Accompanying this report and marked A is a statement of machinery.

B is a list of materials in stock under the control of the RUK organization, Bolzano, including a list of rail wagons with their numbers and locations and contents.

C is an aide memoire on the status of the 17 plants transferred to the Bolzano district.

D is a list of the 91 plants under the control of the RUK organization, Bolzano.

E is a statement on the industry situation in Bolzano, with particulars of numbers of workpeople employed.

F is a statement of Coal and Coke requirements and distribution in Polzano Region.

Encl. 1
No. 7

H. J. MASSEY
Lt. Colonel,
Acting Director,

Accompanying this report and marked A is a statement of machinery.

B is a list of materials in stock under the control of the RUK organization, Bolzano, including a list of rail wagons with their numbers and locations and contents.

C is an item Memoire on the status of the 17 plants transferred to the Bolzano district.

D is a list of the 91 plants under the control of the RUK organization, Bolzano.

E is a statement on the industry situation in Bolzano, with particulars of numbers of workpeople employed.

F is a statement of Coal and Coke requirements and distribution in Bolzano Region.

Encl.:

No. 7

W. J. MASSEY
Lt. Colonel,
Acting Director,
Industry Sub-Commission

1158

Report from Lt. Col. W.H. Mackrey

22 May 1945

ORGANIZATION TODT

The information contained in this report was obtained on 18 May 45 from the following officers of the Organization:

- a. Regierungsrat, Wagner, Head of the Todt organization in Bolzano.
- b. Herr Kehr, of the Finance Department of the Todt organization, who was previously employed by the Dredner Bank at Frankfurt a/M.

The organization Todt, as is of course well known, concerns itself with the building of roads and fortifications and with any other construction work found necessary by the German armed forces. The headquarters of Wagner is 1 Einsatzgruppe, at Cortina, N.E. of Bolzano, and his organization covered the whole of Northern Italy, and part of Austria, from Landegg to Klagenfurt. Wagner is at present running an office in Bolzano at Runkelsteinerstr. 14. His telephone address is Standort OT Organization, Todt Regt. 40. The organization is divided into 19 groups, the chiefs of which are officers loaned by the Army.

The Todt organization recruited volunteer Italian labour and Wagner assured me that compulsion was never used in Italy.

The Todt organization let out contracts to Italian firms and in this respect, Wagner wished to know how he was to discharge his present obligations to them. He stated that the Todt organization at the moment owed between 400 and 500 millions of lire to Italian concerns. Normally the funds for payment were obtained in the case of contracts of a general nature from the German Embassy, and where work was done for any particular German Army group, from the Army paymaster. I left the headache of this payment question for the attention of Maj. Curtis, of Finance Subcommittee, and left

Sepp, at Cortina, N.S. of Bolzano, and his organization covered the whole of Northern Italy, and part of Austria, from Landegg to Klagenfurt. Wagner is at present running an office in Bolzano at Runkeleinerstr. 14. His telephone address is Standort OT Organization, Todt Regt. 40. The organization is divided into 19 groups, the chiefs of which are officers loaned by the Army.

The Todt organization recruited volunteer Italian labour and Wagner assured me that compulsion was never used in Italy.

The Todt organization let out contracts to Italian firms and in this respect, Wagner wished to know how he was to discharge his present obligations to them. He stated that the Todt organization at the moment owed between 400 and 500 millions of lire to Italian concerns. Normally the funds for payment were obtained in the case of contracts of a general nature from the German Embassy, and where work was done for any particular German Army group, from the Army paymaster. I left the headache of this payment question for the attention of Maj. Curtis, of Finance Sub-Commission and left word for Wagner that he should get in touch with Maj. Curtis **1157** upon his arrival.

Wagner wishes to know whether his organization can continue to exist and work under Army or AC direction in the reconstruction of roads, railways, etc. In other words, he and his organization would sooner work in comparative freedom that sit in a concentration camp.

Attached is an application, with translation, from Kehr for employment with AMG.

W. J. HASKIN
Lieut. Colonel,
Acting Director,
Industry Sub-Commission.

Albert K e h r
 OT Angestellter
 2. Zt. bei OT Einsatzgruppe Alpen
 OT-Verbindungsstelle zu
 HQ. 15 Army Group Liaison Det.

Bolzano, 13th May 1945
 Runkelsteinerstr. 14 prt.

TO : A.M.G., Bolzano.

Sir,

I beg to apply for a position as journalist or as bank-official under the Allied Military Government in Germany.

I was born on 17.10.09 at Frankfurt a. Main-Freungesheim, Hamburgerlandstr. 164 as only child of the bank-official Georg Kehr and his wife. On 1.4.1927 I was engaged by the Dienststadter und Nationalbank at Frankfurt (I have visited two years Volksschule und ten years Oberrealschule with success) and became well versed in all branches of banking and economy. There I was employed until 31.3.1932, when I was transferred against my will to the Westwall as official (cashier) of the OT. I have knowledge of English, French, Italian and Spanish which I used in advising the foreign customers of the bank.

I never was member of the NSDAP and was much handicapped in my career for this reason. On the other hand I was a member of Pastor Niemöllers "Confessional Church" (at Frankfurt a.M. with Pastor Prof. K. Veidt and Pastor Schumacher from the "Inneren Mission") until it was prohibited by the government. Further I was member of the German Social-Democratic Party until it was dissolved. I contributed occasionally to the Frankfurter Zeitung and on account of my opinions I was informed by my relations in the NSDAP that I was on the "Black List" of the Party.

On 3.8.1940 I married Johanna Westerberger and have one son.

On the Westwall I was first employed as accountant at Kehl am Rhein; later I directed various financial branches and finally I work in the above mentioned Verbindungsstelle.

Owing to my knowledge of political and social conditions abroad I was never deceived by NSDAP propaganda. Before the war I travelled frequently to England, France, Italy, Belgium, Holland, etc. My Christian faith also forbade me for instance to take any part in anti-semitic activities. For this reason I was unable to publish any article after 1933 and since then I have kept a journal in which

which I used in advising the foreign customers of the bank.

I never was member of the NSDAP and was much handicapped in my career for this reason. On the other hand I was a member of Pastor Miessler's "Confessional Church" (at Frankfurt a.M. with Pastor Prof. K. Veidt and Pastor Schumacher from the "Inneren Mission") until it was prohibited by the government. Further I was member of the German Social-Democratic Party until it was dissolved. I contributed occasionally to the Frankfurter Zeitung and on account of my opinions I was informed by my relations in the NSDAP that I was on the "Black List" of the Party.

On 3.8.1940 I married Johanna Westerbarger and have one son.

On the Westwall I was first employed as accountant at Kohl am Rhein; later I directed various financial branches and finally I work in the above mentioned Verbindungsstelle.

Owing to my knowledge of political and social conditions abroad I was never deceived by NSDAP propaganda. Before the war I travelled frequently to England, France, Italy, Belgium, Holland, etc. My Christian faith also forbade me for instance to take any part in anti-semitic activities. For this reason I was unable to publish any article after 1933 and since then I have kept a journal in which I attempt to give a frank description of German life in my opinion; it also contains many secret orders, speeches, newspaper articles etc. as documents of the real state of affairs in Nazi-Germany.

I wish now in accordance with the publications given by the Soldatensender-West (Atlantik-Sender) and Radio London to take part in the reconstruction of the new Germany and the absolute removal of Nazism, which has brought my country and myself so much misery.

I am prepared to show at any time evidence of my work as well as the original copy of the above mentioned journal and various other documents.

Albert Kehr

1158

0128

Albert K e h r

OT-Angestellter

u. Zt. bei OT Einsatzgruppe Alpen

OT-Verbindungsstelle zu Hq. 15 Army

Group Liaison Det., Bozen

Bozen, den 13.3.48
Zustellungsfrist 14.4.48
St. Nr. 3, Tel. Nr. 40
Standort - OT Regt. 40.

L e b e n s l e u e

Geboren am 17. Okt. 1908 zu Frankfurt a. M. - Preungesheim, Lomburger-
Landstr. 164 ein einziges Kind des Bankangestellten Georg Kehr und
seiner Ehefrau Marie, geb. Heidebach. Nach Besuch der evangelischen
Volkshochschule zwei Jahre Volksschule, anschließend Oberreal-
schule bis einschli. Oberreifeife. - Am 1. April 1927 bei der Ver-
einträchtigung der Nationalbank, Filiale Frankfurt a. M., als Lehrling
eingetreten, in 2 1/2 jähriger Lehrzeit mit allen Zweigen des Bank-
gewerbes eingehend vertraut gemacht, war ich bis 31.8.1930, dem Tage
meiner Zwangsdiensverpflichtung zum Wehrdienst als angestellter bei
dieser Bank bzw. der Tochtergesellschaft, der Dresdner Bank, tätig
und zwar hauptsächlich als Schalterbedienter in verschiedenen Abteilungen.
Besondere Fortbildung in Abrechnungen, besonders in der engl.,
franz., ital. und span. Sprache, da ich deren Kenntnisse zur Beratung
der ausländischen Kundenwelt benötigte. Fortkommen behindert durch
fortwährende Weigerung der NSDAP bediensteter, ferner war ich bis zur
unvermeidlichen Auflösung Mitglied der "Nationalen Arbeiter" des Reichs
Niederrhein (Zweigstelle Frankfurt a. M., Pfarrer Prof. Dr. Vaidt von
der Paulskirche bzw. Pfarrer Schulzacher von der Inneren Mission).
Ausserdem war ich bis zur Verhaftung der Partei Mitglied der SPD in
Preungesheim, als gelegentlicher Mitarbeiter der "Preungesheimer
Zeitung" (a. M.). Bei der Herausgabe des "Buches der guten Taten" und
infolge einer freien Meinungsäußerung stand ich, wie mir seine
bei der Partei tätigen Schwägerinnen mitteilten, in der sogenannten
"schwarzen Liste" der Ortsgruppen Pfa.-Preungesheim bzw. Pfa.-Münster.
Da, wo ich auch meiner Verhaftung wurde. Am 3.8.40 bereitete ich
Johanna Westphal am 7.8.1941 wurde mein Sohn Heinz geboren.
Am Westwall fand ich zuerst Verwendung als Zählmeister in Kehl a. R.,
später war ich Leiter verschiedener Abrechnungs- und Revisionen-
dienststellen und zuletzt als Referent über Arbeitsverhältnisse

[illegible]

haben usw., dieses Tagebuch bei Bedarf und mochte man in Sinto der
 seit John L. Solntzen der Welt (Jahres-Sender) oder Radio Los-
 Angeles bekanntgegebenen Meinungen o. Äußerungen des deutschen Reichsland und
 bei der Auswertung der Nachrichten, der soviel Blindheit meines Vaterland
 gerecht hat, seinen bescheidenen Anteil beizutragen.
 Ich bitte daher die einen Weg zu weisen, wie ich beizutragen zu diesen
 Wiederaufbau beitragen kann. Bei einer Beschäftigung im Wirtschaften-
 usw. Wirtschaften oder bei der Fresno glaube ich den Beste leisten
 zu können, was ich aber, dass ich infolge meiner rasen an Auffassungen
 habe auch auf andere Gebieten gleiche Wertvolle leisten zu können.
 Solange aber meine seitliche Tätigkeit sowie das Original meines
 Tagebuches und andere Unterlagen liegen, ich bei ir.

Gen. Albert Hall

Gen. Albert Kohl

1154

RESTRICTEDWARS 27962 JEAR 1508 COM 24
JAN 272205ZC/9762
JAN 281600A
ROUTINE

CCS CITE CCAC

ACTION ALLIED COMMISSION INFO AFHQ FOR FIGEO, UK BASE SECTION FOR CABINET
SECRETARIAT, AND COMMUNICATION ZONE TOURNA

RESTRICTED. For CLEVELAND from ANTOLINI.

For meeting to be held here it is requested that 4 copies of Sintesi Della
Situazione Economica Italiana, as published in November 1944 by SIM Italian
Army Staff, be dispatched as soon as possible to Combined Civil Affairs
Committee.

DLTACTION: Econ Sec 2
INFO: A/President
Chief Commissioner
File 2
Float

1153

RESTRICTED

4057/cc

0134

785015

Volume IV
Copy No. 3

ECONOMIC
FACTS AND FACTORS

A monthly bulletin published by the
Economics and Supply Division of
Region 3.

1152

JULY 1944

Economic Report

files 

REPORT OF LIVING TR

The following table shows prices by the index figures from June 1943 living in Naples. These figures cover each category under discussion.

Deprivation	June 1943	Sept. 1943	Dec. 1943	March 1944	April 1944
Weekly Expense for Food	£ 337.15	611.50	1434.05	1760.45	1901
Index June as 100	100	205.	285.5	443.2	481
Index Sept as 100		100	139.2	216.1	231
Weekly Expense for Clothing	£ 103.65	132.47	229.16	545.32	45
Index June as 100	100	128.5	238.5	501.9	42
Index Sept as 100		100	159.5	335.6	26
Weekly Expense for Dwelling	£ 49.27	43.27	43.27	49.60	4
Index June as 100	100	100	100	100.6	10
Index Sept as 100		100	100	100.6	10
Weekly Expense for Heat and Light	£ 9.94	34.02	72.20	68.73	6
Index June as 100	100	360.5	807.6	760.7	60
Index Sept as 100		100	212.4	202.	10
Weekly Expense for Miscellaneous Items	£ 61.42	67.16	139.38	207.31	2
Index June as 100	100	109.3	227.9	337.5	4
Index Sept as 100		100	208.4	308.7	3
Total Weekly Expense	£ 625.43	1127.55	1654.66	2631.44	27
Index June as 100	100	180.2	264.5	420.7	4
Index Sept as 100		100	146.7	233.4	2

1151

INDEX OF LIVING TRENDS

By the index figures from June 1943 through July 1944, the cost of each category under discussion.

Sept. 1943	Dec. 1943	March 1944	April 1944	May 1944	June 1944	July 1944
312.50	1134.05	1760.45	1001.81	2172.02	2445.42	1571.05
205.	285.5	443.2	481.4	546.9	515.	397.3
100	139.2	216.1	233.4	266.6	251.1	193.6
182.47	229.16	545.32	457.60	551.37	516.85	523.35
149.5	238.5	501.5	421.1	516.6	507.7	563.4
100	159.5	335.6	281.6	345.5	378.7	390.1
49.27	49.27	49.60	49.60	49.60	49.60	49.60
100	100	100.6	100.6	100.6	100.6	100.6
100	100	100.6	100.6	100.6	100.6	100.6
34.02	72.20	68.73	62.13	54.02	39.55	58.27
380.5	807.6	760.7	694.9	607.2	442.4	654.
100	212.4	202.	182.6	158.8	116.2	171.2
57.16	139.38	207.31	246.91	253.25	392.45	319.28
109.3	227.9	337.5	402.	412.3	492.5	519.8
100	208.4	308.7	367.6	377.1	450.3	475.4
1127.1	1654.66	2631.44	2718.05	3090.29	305.87	2638.15
180.2	264.5	420.7	434.5	494.1	486.2	421.8
100	146.7	233.4	241.	274.1	270.8	233.9

For the second consecutive month the Cost of Living in Naples has shown an improvement. It appears that the trend is definitely downward and although this decline is evident only in the price of food, the fact that this category constitutes approximately 2/3 of the total family expenditure, shows the importance in keeping costs in this category at low levels.

To visualize the change more clearly, the food cost can best be shown as follows:-

Using June 1943 as 100 the drop is 117.7 points
 " Sept 1943 " " " " " 57.5 "

In actual lire the weekly food expense for the typical family is lower than in March 1944:-

Weekly expense in March 1944 - £ 1760.45
 " " " July 1944 - £ 1577.05

In lire, the weekly food expense in July is £ 468.37 lower than in the preceding month.

It is interesting to note that the ration distribution for July is lower than for June, however during July, PASTA was distributed for the first time on the basis of Kg. 2.430 per person per month, and although the distribution of oil was ~~1.150~~ from Kg. 0.275 to Kg. 0.183 even this loss could not overshadow the importance of PASTA in the daily Neapolitan diet.

What is still more encouraging is the gradual diminution of the expenditure for food in the Black Market. In July only 39.26% of the total food expense was spent in the Black Market, and 54.61% in the open or Free Market. This indicates an improvement over similar expenses in June when the percentage spent in the Black Market was 54.60% and in the open or Free Market 37.70%.

Another important fact is that while the ration distribution in many respects was smaller than in the previous month, the CALORIC VALUE of the July Ration Distribution was increased from 37.82% to 44.96%, and the increase in the Caloric Value in the Free Market was from 29.20% to 36.20%. It is at this point that the importance of this becomes evident. The CALORIC VALUE of food purchased in the Black Market in July decreased from 32.98% to 18.84%, which PROVES that as the CALORIC CONTENT of the ration is INCREASED, the relative family expense is DECREASED IF the caloric requirements of the typical family is maintained as planned.

Unfortunately the prices of some rationed items have been increased by order of the SINDACO, but the fact that the PASTA price was maintained at a low level, has helped to counteract any tendency toward increases generally in the food cost.

If a reduction in expenditures in the other categories under discussion in this study could have been made in a similar proportion to that in food, the trend downwards in the cost of living in Naples would have indeed been astounding. On the contrary each of the other categories with the exception of rents, showed an increase during July. For example:

The Clothing Index increased	11.4 points
Heat & Light " "	55.0 "
Miscellaneous " "	25.1 "

1149

In spite of the above increases the General Index for July shows a decrease of 36.9 points. This drop if viewed against the drop in June of 3.3 points is most certainly encouraging and is reflected today in the minds and attitude of the people of Naples who are beginning to acknowledge that conditions have generally improved.

In items of short supply the Black Market prices have risen slightly, but prices of food in the Black Market generally, have dropped noticeably.

Official fruit and vegetable prices are still too high and because the average Neapolitan subsists to a great extent on fruits and vegetables, a revision downward in official prices is very necessary.

The extent to which official prices of fruits and vegetables have been raised in 1944 as against official prices during corresponding months in 1943, is best shown by the following table:

Name	Average price per Kg. for May, June & July -		Name	Average price per Kg. for May June & July -	
	1943	1944		1943	1944
<u>VEGETABLES</u>			<u>FRUITS</u>		
Carrots	£ 2.60	£ 11.00	Cherries	£ 4.80	£ 27.72
Broccoli	2.70	11.25	Oranges	7.33	28.37
Lettuce	3.10	12.80	Peaches	4.15	27.00
Squashes	3.33	10.09	Appricots	3.80	15.45
Onions	2.23	10.30	Plums	2.88	14.20
Beans	5.40	24.33			
Pears	4.20	24.50			
Tomatoes	4.87	35.00			

11-28 From the foregoing table it will be readily seen that the average price for vegetables for three months in 1943 was £ 3.52 per Kg. as compared to £ 17.40 for a similar period in 1944; and for fruits the average price in 1943 was £ 4.61 per Kg. as compared to £ 22.50 in 1944.

Viewing these prices abstractedly, it is difficult to understand why vegetable and fruit prices have been set so high. The farmer does not have the problems confronting him that the city worker has, nor does he have the expenses. He has little or no rent to pay, little or no taxes, little or no heat and light expenses, and certainly no transportation expense. Seeing that the farmer seems to be in such an enviable position, it is natural to ask the following questions; "Why must the farmer be paid four, five or six times the amount he formerly received for his produce?" "Is it because it is felt that it is necessary to do so to encourage the farmer to sell his produce in the city markets?" "What would happen if prices were lowered?" The farmer would be forced to bring his produce

into the city or lose a great portion of it through spoilage. Furthermore, high prices discourage the farmer from growing vital crops of a national importance such as grain, because it is infinitely more profitable to grow fruits and vegetables for sale at present high prices.

The price lists as published by the Commune of Naples are still too high, but there is a tendency now toward a downward revision in this quarter also. If the Communal Price Lists and the fruit and vegetables prices were revised more in line with true costs and actual purchasing power of the people generally, the whole situation in the cost of living would be immediately improved.

Fig. 1

TABLE SHOWING OFFICIAL AND BLACK MARKET PRICES									
I T E M S		June/43		Sept/43		Dec/43		March/44	
		Off.	B/M	Off.	B/M	Off.	B/M	Off.	B/M
Bread	Kg.	2.50	50.	2.50	35.	3.60	130.	3.60	130.
Flour	"	2.30	55.	2.30	70.	4.10	150.	3.60	190.
Flour (corn)	"	1.80	25.	1.80	40.	3.75	110.	3.75	145.
Rice	"	3.45	30.	3.45	60.	4.00	170.	4.00	290.
Potatoes	"	4.00	6.	4.00	7.	7.00	17.	12.00	37.
Dry Figs	"	=	36.	=	40.	27.00	65.	31.00	78.
Pasta	"	3.10	35.	3.10	70.	5.00	220.	5.10	250.
Sugar	"	7.65	40.	9.10	120.	15.00	180.	15.00	310.
Wine	Lt	4.00	6.5	4.00	10.	14.00	25.	14.00	45.
1149 Miley	Kg	=	20.	=	27.	=	90.	=	120.
Milk	Lt	2.60	8.	2.60	11.	7.00	25.	13.00	35.
Beans	Kg	6.15	28.	6.15	38.	11.00	150.	13.00	190.
Beef	"	18.50	70.	32.00	90.	34.00	120.	34.00	270.
Eggs	Ea	1.80	5.	2.00	10.	4.00	20.	4.00	22.
Cheese	Kg	24.10	120.	24.85	130.	35.00	220.	96.00	420.
Coffee	"	=	700.	=	1000.	=	1300.	=	1100.
Butter	"	27.50	110.	27.50	150.	=	220.	=	350.
Olive Oil	"	14.75	90.	14.75	150.	25.00	165.	25.00	270.

Table showing Official and Black Market prices is continued on the following page.

Fig. 1 Continued

TABLE SHOWING OFFICIAL AND BLACK MARKET PRICES

I T E M S		April/44		May/44		June/44		July/44	
		Off.	B/M	Off.	B/M	Off.	B/M	Off.	B/M
Wheat	Kg.	3.60	133.	3.60	165.	3.60	161.	3.60	111.
Flour	"	3.60	205.	3.60	210.	3.60	214.	3.60	170.
Flour (corn)	"	3.75	146.	3.75	150.	3.75	=	3.75	=
Rice	"	4.00	295.	4.00	315.55	4.00	355.	=	354.
Potatoes	"	12.00	43.	12.00	55.50	12.00	=	11.00	11.
Dry Figs	"	28.00	88.	28.00	80.	10.00	98.	45.00	91.25
Pasta	"	5.10	257.	5.00	107.50	5.50	300.	5.50	221.
Sugar	"	15.00	367.	15.00	210.	15.30	282.	16.00	254.50
Wine	Lt	14.00	40	27.50	52.	27.50	=	20.00	=
Barley	Kg	=	121.	=	112.50	=	92.	=	61.
Milk	Lt	13.00	35.	13.00	37.50	13.00	=	15.00	22.40
Beans	Kg	22.50	303.	75.00	190.	75.00	187.50	75.00	109.
Eggs	"	32.00	310.	105.00	286.6	220.00	=	220.00	=
Eggs	En	9.50	19.	14.50	19.5	15.00	18.33	15.00	17.95
Cheese	Kg	50.00	322.	30.00	403.	21.00	363.	88.00	=
Coffee	"	=	1600.	=	300.	=	650.	=	625.
Butter	"	=	296.	=	253.75	170.	259.	190.00	277.
Olive Oil	"	27.00	260.	23.00	235.	28.00	249.	36.15	305.40

Fig. 2

MONTHLY RATION DISTRIBUTION PER PERSON

I T E M S		Q U A N T I T Y							
		June 1943	Sept. 1943	Dec. 1943	March 1944	April 1944	May 1944	June 1944	July 1944
Wheat	Kg.	1.500	1.330	1.500	6.000	6.000	6.000	6.000	6.200
Flour	"	2.500	=	.500	=	=	=	=	2.430
Rice	"	.400	=	=	=	=	=	=	=
Oil	Lt	.320	=	.600	.183	.183	.183	.275	.183
Pots	Kg	.050	=	=	=	=	=	=	=
Sugar	"	.500	=	=	=	.250	.250	.250	.250
Eggs	En	2	=	=	=	=	=	=	=
Cheese	Kg	.200	=	=	.200	.130	=	=	=
Went	"	.300	=	=	=	.400	.400	.800	.200
Potatoes	"	.300	=	=	=	=	=	=	=
Powd. Soup	"	=	=	=	.250	.250	.250	.250	.250
Dry Veget.	"	=	=	=	.250	.500	.500	.400	.200
Salt	"	=	=	=	.500	=	=	=	=
Mozzarella	"	=	=	=	=	.070	=	=	=
Salt Fish	"	=	=	=	=	=	.350	=	.200
Marmalade	"	=	=	=	=	=	.200	=	=

In some items the ration has been reduced for the month of July. Pasta however, has been added together with Baccalà (Salt fish).

Appendix A - Chart 1 : Shows the caloric percentage of food purchased through the ration, Free Market and the Black Market.

Appendix B - Chart 2 : Shows the percentage of food actually purchased through the ration, Free Market and the Black Market.

Attention is particularly drawn to Appendix A - Chart. Here, it is clearly visible that when the Caloric Value of food procured through the Ration is increased, the Caloric Value of food purchased in the Black Market is decreased. Consequently the cost is likewise reduced as the necessity for procuring supplementary nutritive foods in the Black Market is decreased.

FOOD COST INDEX FOR TYPICAL FAMILY								
June/43	Sept/43	Dec/43	March/44	Apr./44	May/44	June/44	July/44	
Monthly Expense								
397.15	644.60	1134.05	1760.45	1901.81	2172.05	2045.42	1577.00	
Index June as 100								
100	205.	285.5	443.2	481.4	546.9	515.	397.3	
Index September as 100								
	100	110.2	216.1	213.4	266.6	251.1	193.6	

1143. The family expense for clothing during July has risen slightly, 2.7 points over the previous month and 11.4 points if September 1943 is used as 100. The reason for this is that approximately 80% of the family clothing requirements during July was purchased in the Black Market and only approximately 20% was purchased at official prices.

There is a serious shortage of cloth and materials suitable for clothing and what is obtainable is purchased only in Black Market channels at extremely high prices.

Most of the cloth was formerly obtained from Northern Italy where the large textile factories are located. Due to conditions it was impossible to bring in supplies from there and consequently stocks on hand disappeared rapidly.

Furthermore, when the Allies began bombing Naples, large stores of textiles were moved into the interior and much of this disappeared when the Germans retreated.

Fig. 4

CLOTHING INDEX

June 1943	Sept. 1943	Dec. 1943	March 1944	April 1944	May 1944	June 1944	July 1944
--------------	---------------	--------------	---------------	---------------	-------------	--------------	--------------

WEEKLY EXPENSE

108.65	162.47	259.16	545.32	457.60	561.47	616.85	633.95
--------	--------	--------	--------	--------	--------	--------	--------

Index June as 100

100	149.5	238.5	501.9	421.1	516.6	567.7	583.4
-----	-------	-------	-------	-------	-------	-------	-------

Index September as 100

100	159.5	339.6	281.6	345.5	378.7	390.1	
-----	-------	-------	-------	-------	-------	-------	--

There has been no change in the cost of housing during the month of July.

The family expense for Heat and Light rose very sharply in July, due primarily to the fact that the Gas Company announced a 125% increase in the gas rate retroactive to Jan. 1, 1944. It was therefore necessary for the average family to pay during this month an abnormal amount under this category. The index therefore showed a rise of 55.6 points using September as 100, and 47.3 points over June 1944.

This increase in the gas rate has precipitated quite a controversy between the public and the Company. Many of the gas bills have been paid under protest.

Fig. 5

HEAT AND LIGHT INDEX

June 1943	Sept. 1943	Dec. 1943	March 1944	April 1944	May 1944	June 1944	July 1944
--------------	---------------	--------------	---------------	---------------	-------------	--------------	--------------

Weekly

Expense £	8.94	34.02	72.26	68.73	62.13	54.02	39.55	58.27
-----------	------	-------	-------	-------	-------	-------	-------	-------

Index

June 100	100	380.5	807.6	768.7	694.9	604.2	442.4	654.
----------	-----	-------	-------	-------	-------	-------	-------	------

Index

Sept. 100	100	212.2	302.	182.6	158.8	116.2	171.2	
-----------	-----	-------	------	-------	-------	-------	-------	--

The rise in Miscellaneous Expenses in July, which was nominal, being only 5.5 points over the previous month, was due to an increase in the cost of school supplies, medical expenses, and higher doctor's fees.

Appendix C - Chart 3 and Appendix D - Chart 4, Comprehensive Charts are attached.

Chart C at a glance portrays pictorially the trend in the Cost of Living in Naples, month by month. The picture is beginning to look brighter. The trend is downward and definite progress appears to have been made to keep the cost of living down. The total expenditure in July is very nearly that in March 1944.

Chart D tells the same story in regular graph form.

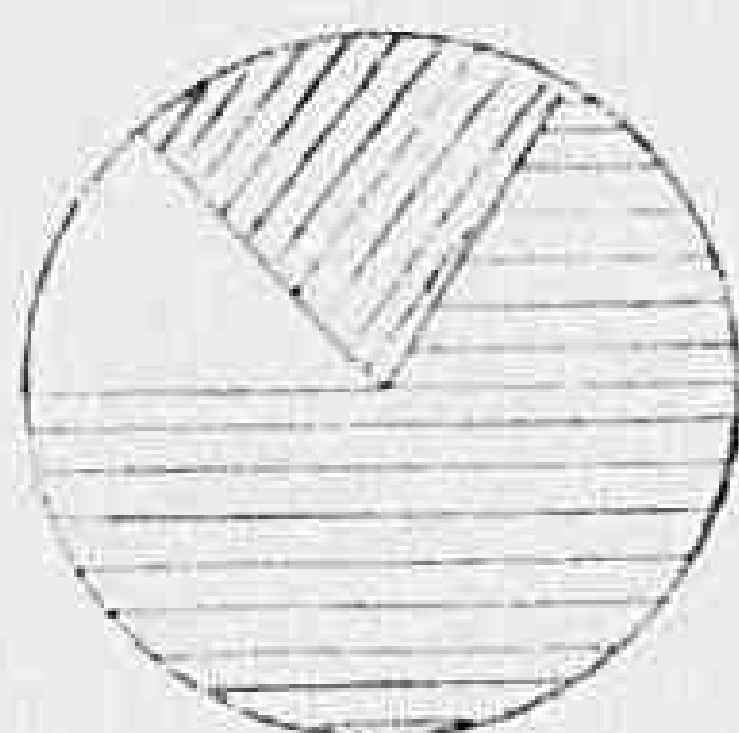
It is difficult to predict what the future holds as far as the cost of living in Naples is concerned, but one has the impression that the trend is toward an improvement and although the cost of some items is expected to rise, it is felt that conditions have so far improved so as not to be greatly affected by minor fluctuations.

1143

THE TYPICAL FAMILY PURCHASES U.S. FOOD

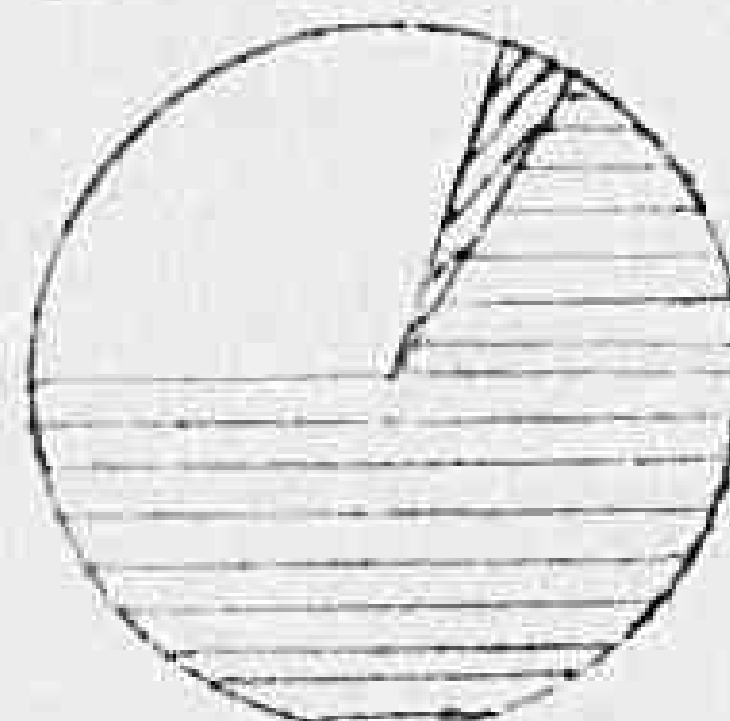
This chart is designed to show the percentage of food purchases either the " Free Market " and the " Black Market ".

F.M. 12.72%
R. 20.33%
B.M. 66.95%



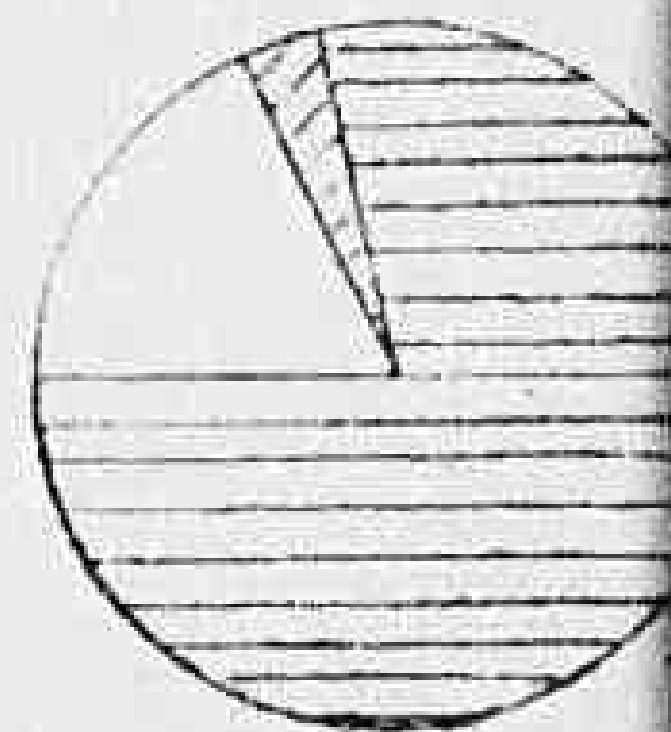
June 1943

F.M. 29.00%
R. 1.00%
B.M. 70.00%



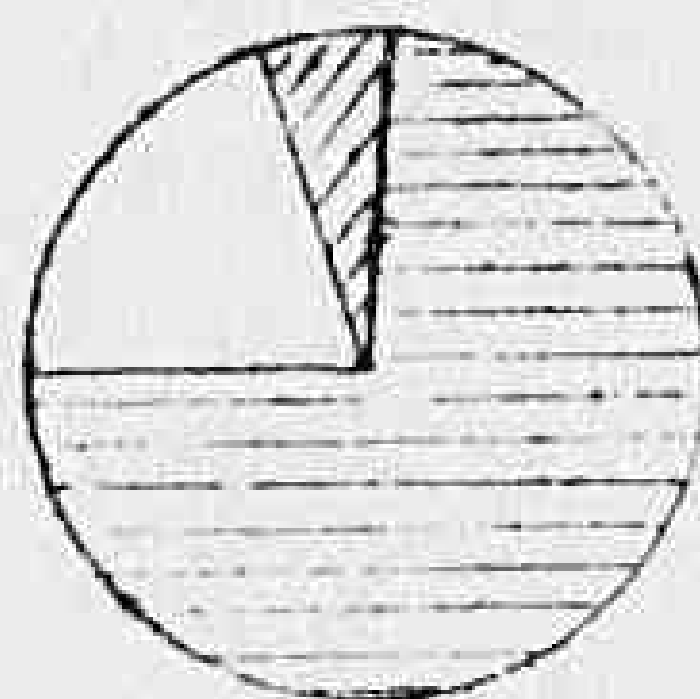
Sept. 1943

F.M. 16.97%
R. 2.67%
B.M. 80.36%



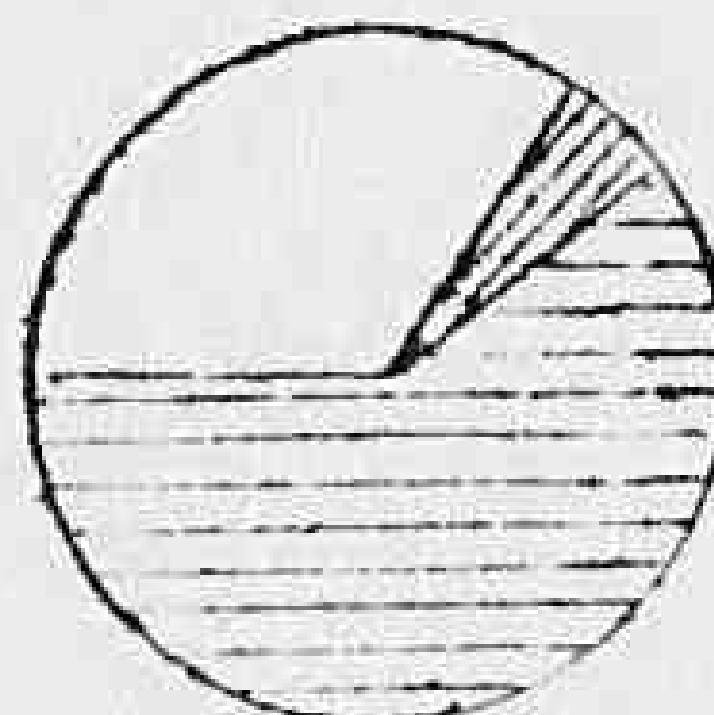
Dec. 1943

F.M. 20.10%
R. 5.91%
B.M. 73.99%



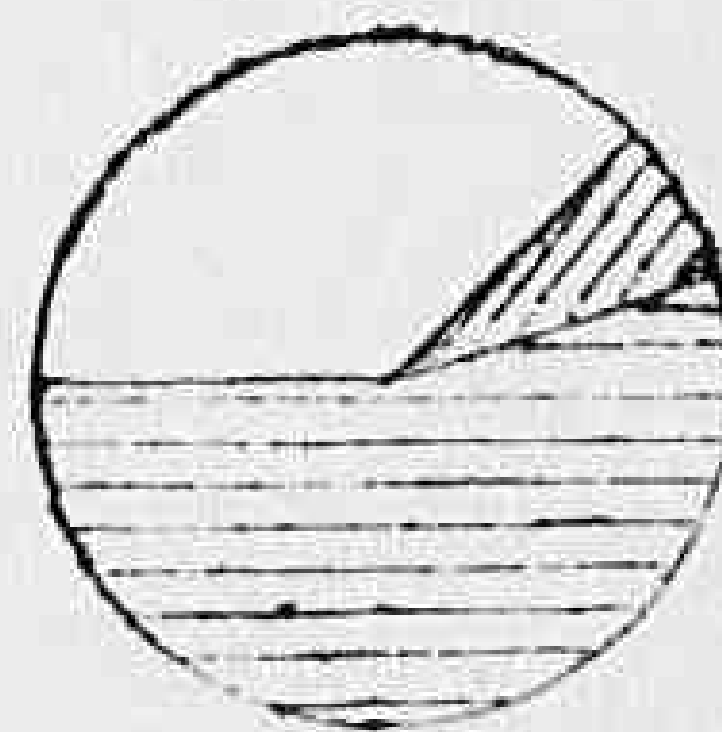
April 1944

F.M. 34.06%
R. 6.06%
B.M. 59.88%



May 1944

F.M. 37.70%
R. 7.70%
B.M. 54.60%



June 1944

Appendix "E"

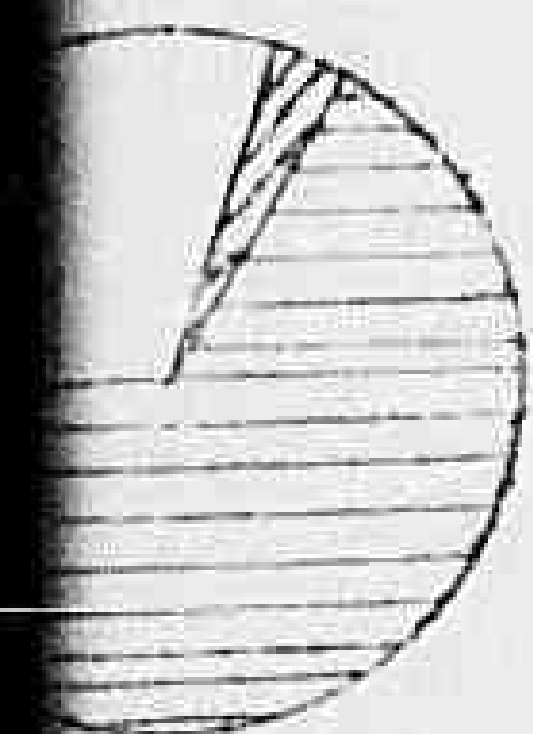
FAMILY PURCHASES - FOOD

percentage of food purchases either through the "Ration" in the

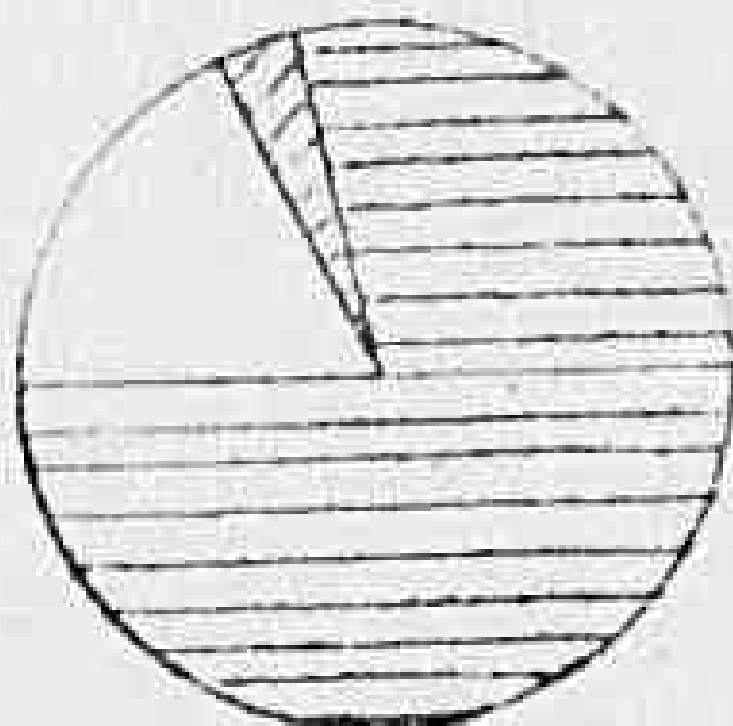
9.00%
1.00%
0.00%

F.M. 16.97%
R. 2.67%
B.M. 80.36%

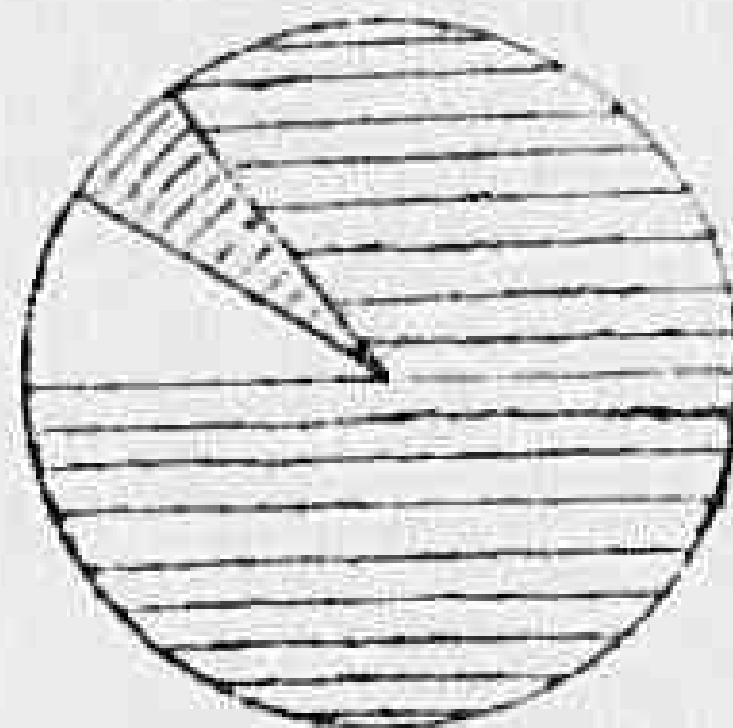
F.M. 9.57%
R. 4.18%
B.M. 86.25%



Oct. 1943



Dec. 1943

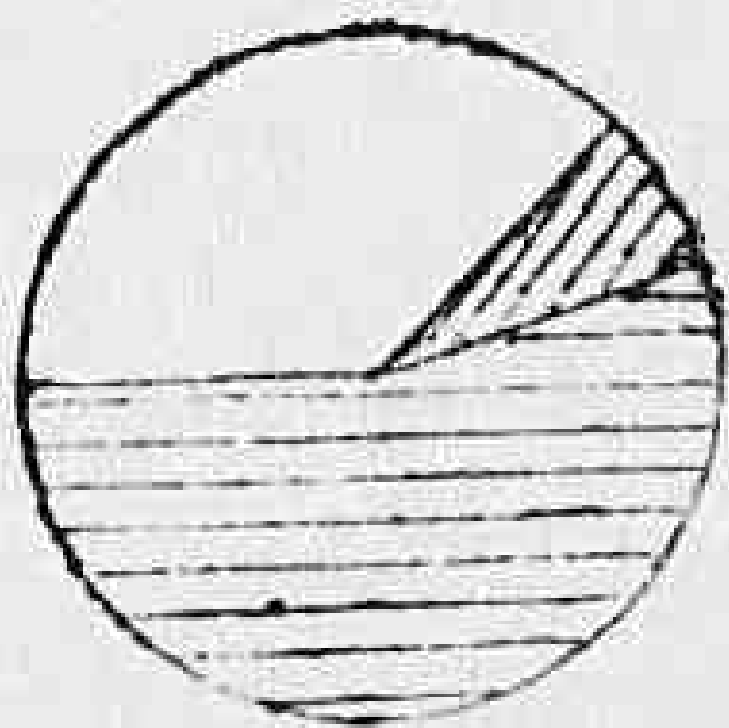
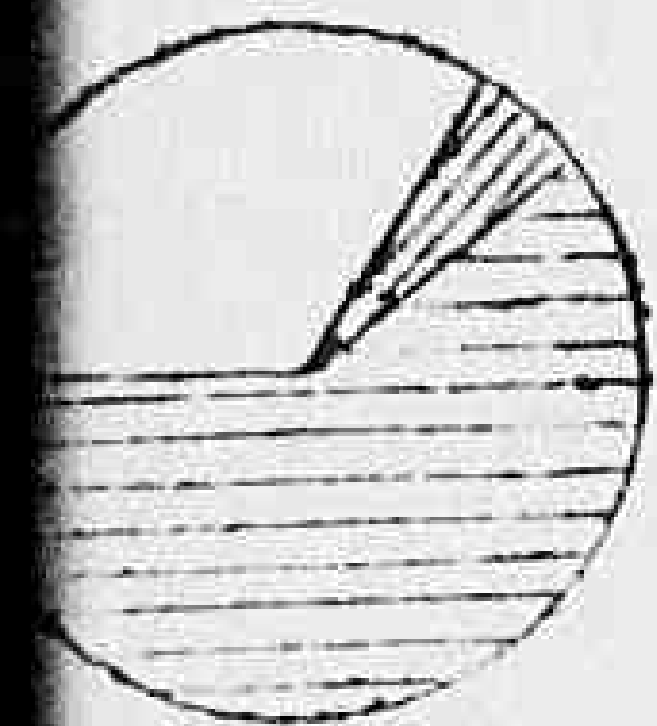


March 1944

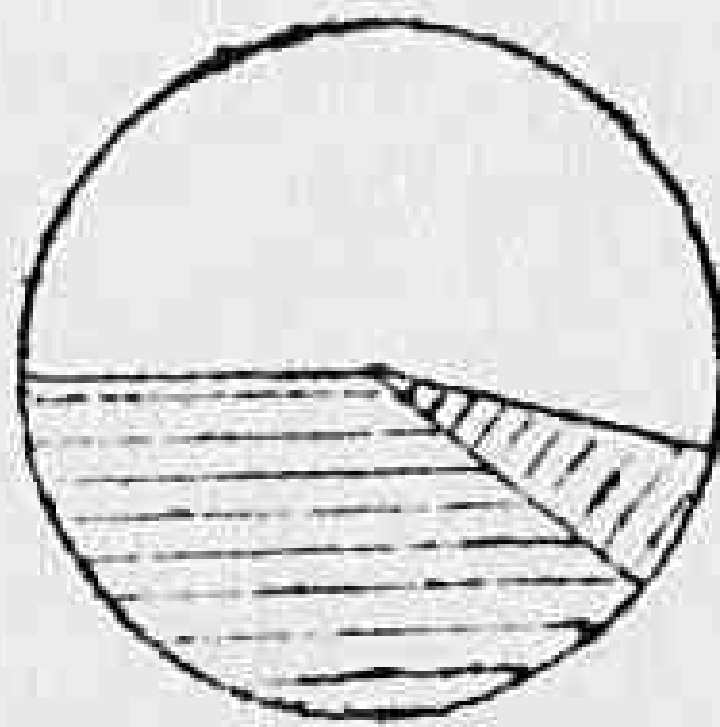
F.M. 34.06%
R. 6.06%
B.M. 59.88%

F.M. 37.70%
R. 7.70%
B.M. 54.60%

F.M. 54.61%
R. 6.13%
B.M. 39.26%



June 1944



July 1944

LEGEND

Free Mar.

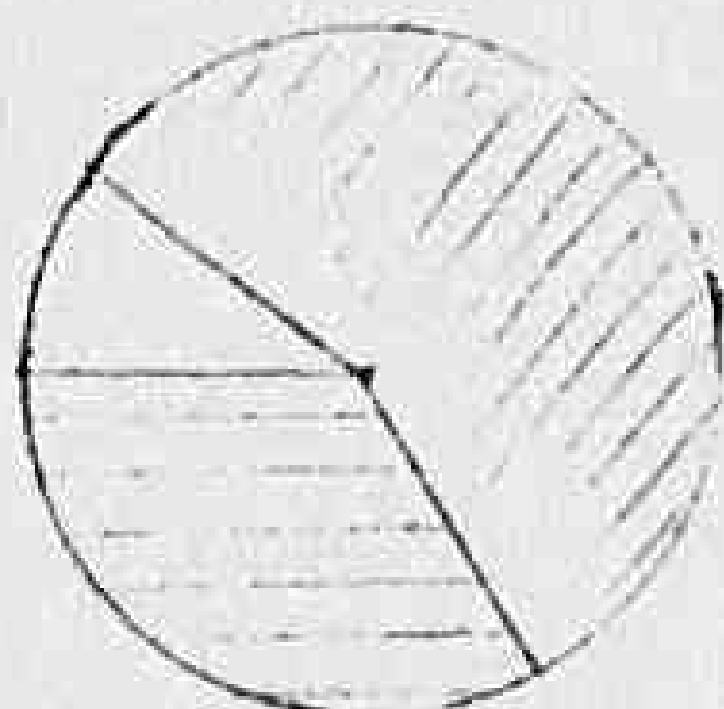
Rationed

Black Mar.

C A L O R I C V A L U E S O F F O O D S

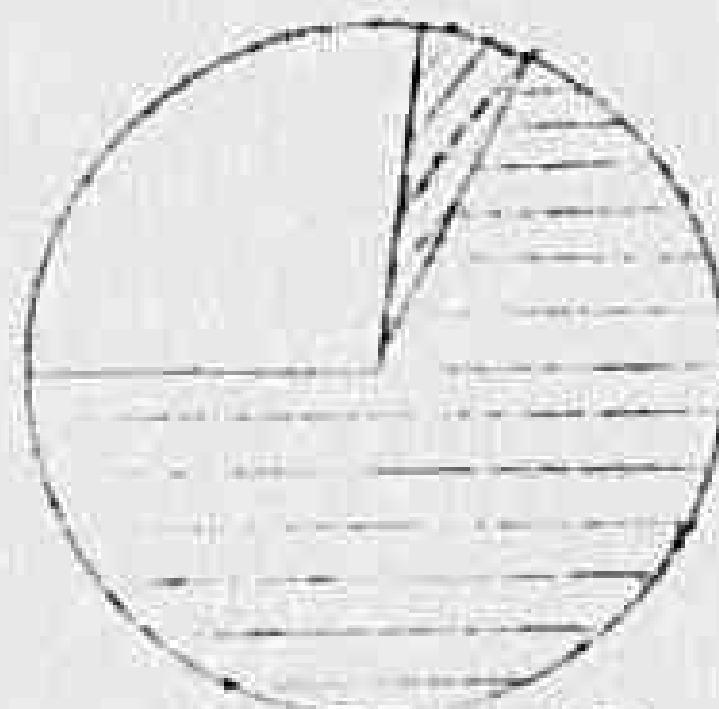
This chart is designed to show the caloric percentage of foods purchased in the Free Market and the "Black Market".

F.M. 8.95 %
R. 53.03 %
B.M. 38.02 %



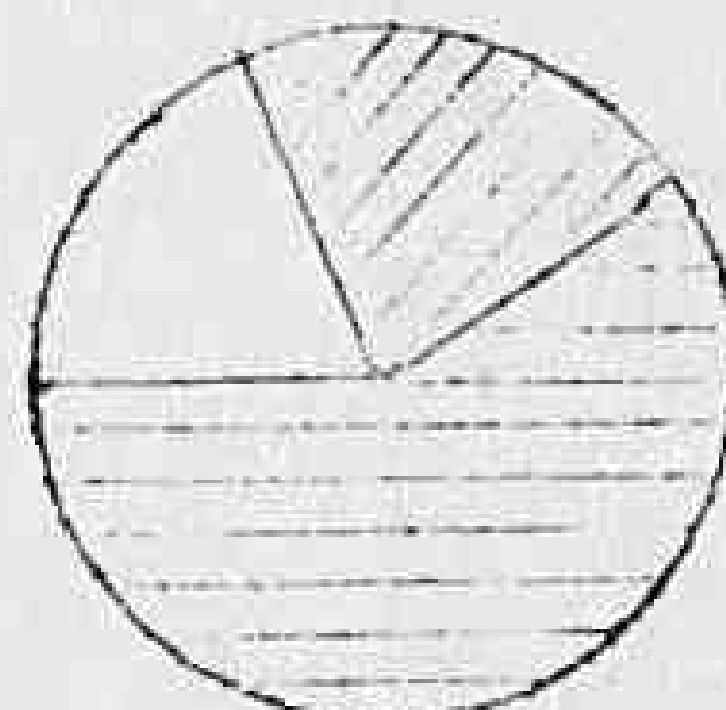
June 1943

F.M. 29.24 %
R. 2.34 %
B.M. 68.42 %



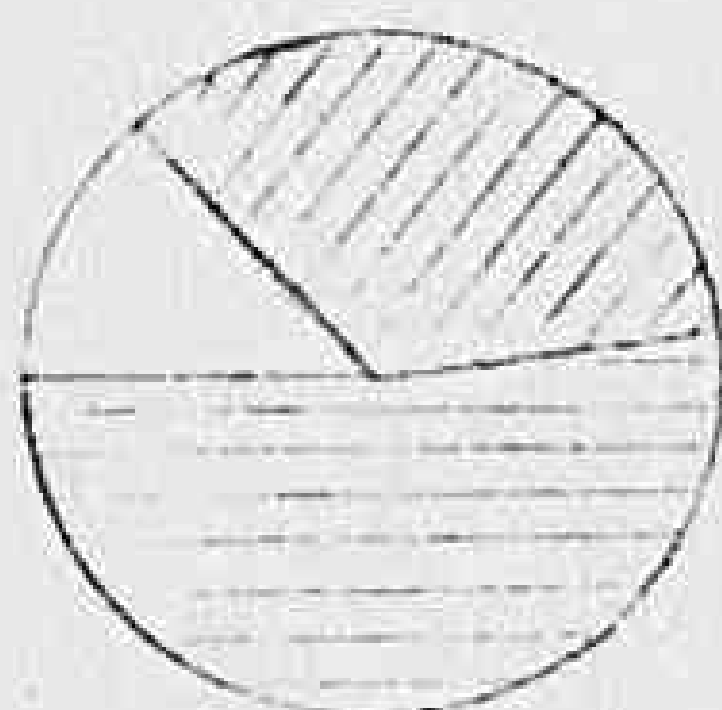
Sept. 1943

F.M. 20.93 %
R. 23.24 %
B.M. 55.83 %



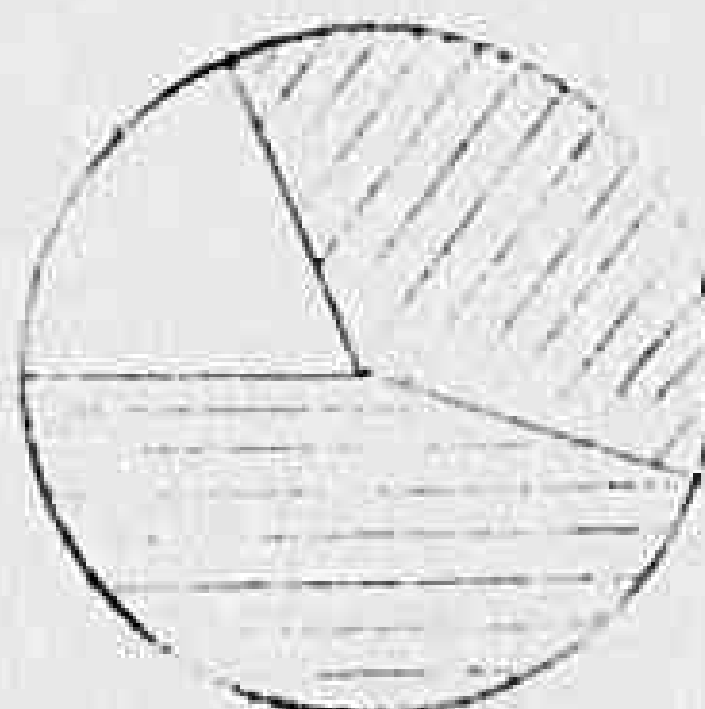
Dec. 1943

F.M. 11.89 %
R. 36.18 %
B.M. 51.93 %



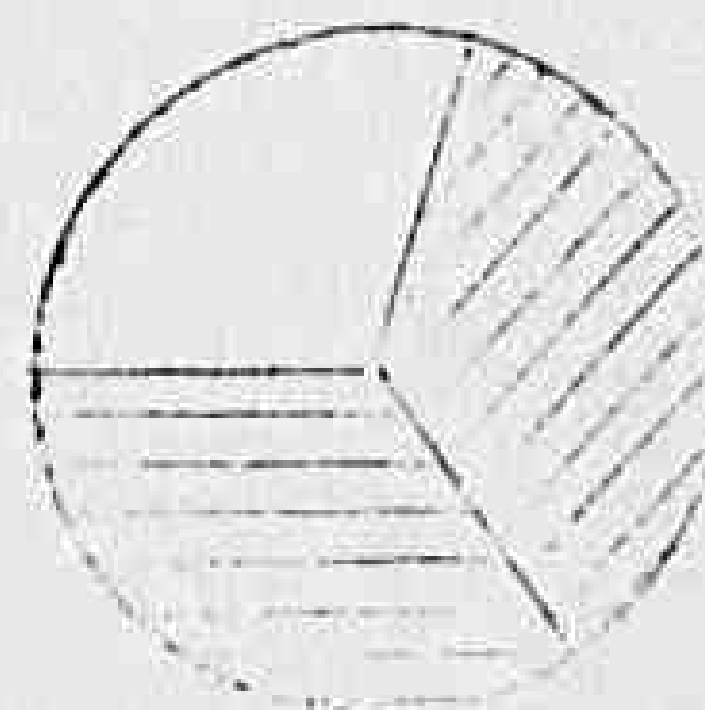
April 1944

F.M. 18.09 %
R. 35.03 %
B.M. 45.88 %



May 1944

F.M. 29.20 %
R. 37.82 %
B.M. 32.98 %



June 1944

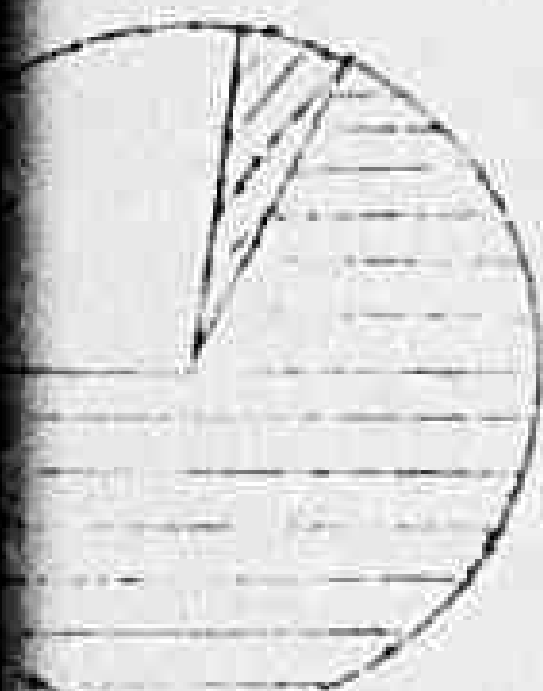
PRICE VALUES OF FOODSAppendix "A"

the caloric percentage of foods purchased through the "Ration",
 "Black Market".

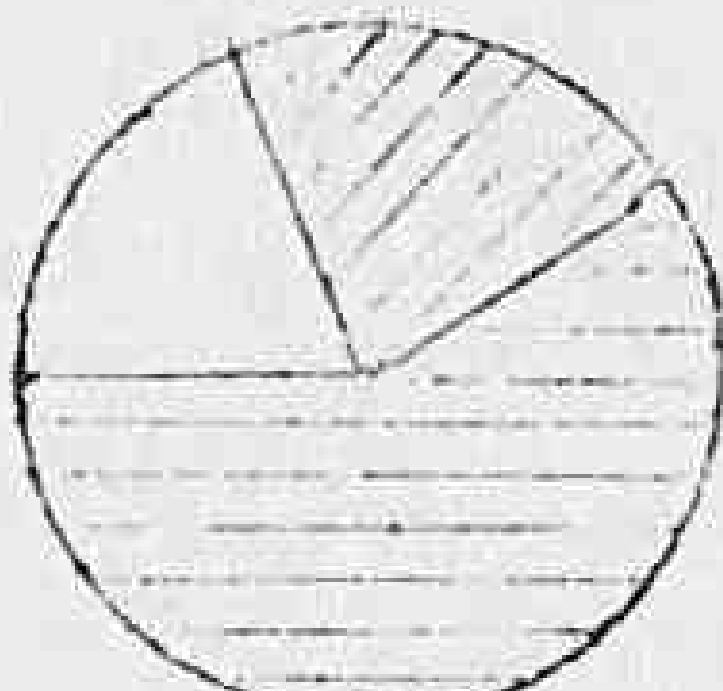
29.24 %
 2.34 %
 68.42 %

F.M. 20.93 %
 R. 23.24 %
 B.M. 55.83 %

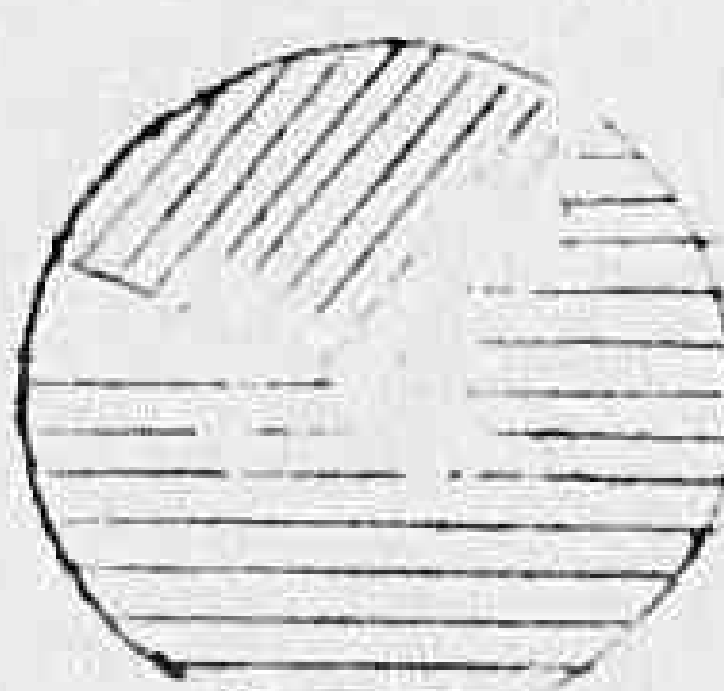
F.M. 6.68 %
 R. 30.60 %
 B.M. 62.72 %



Sept. 1943



Dec. 1943

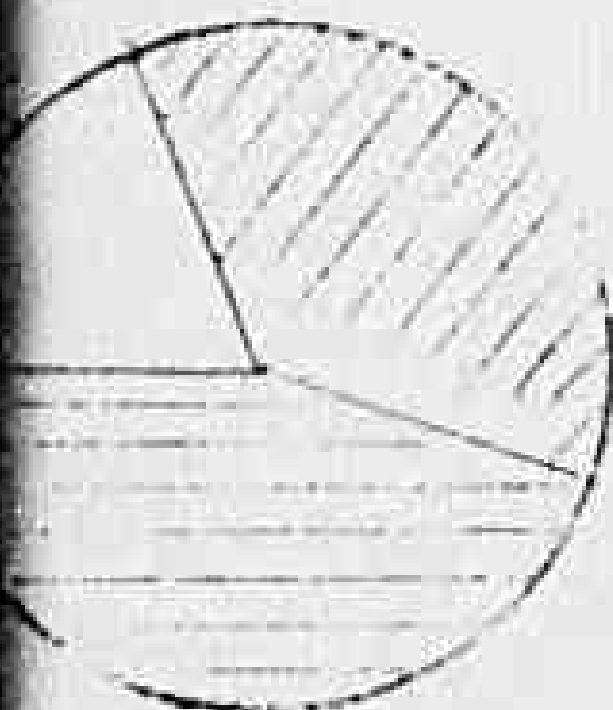


March 1944

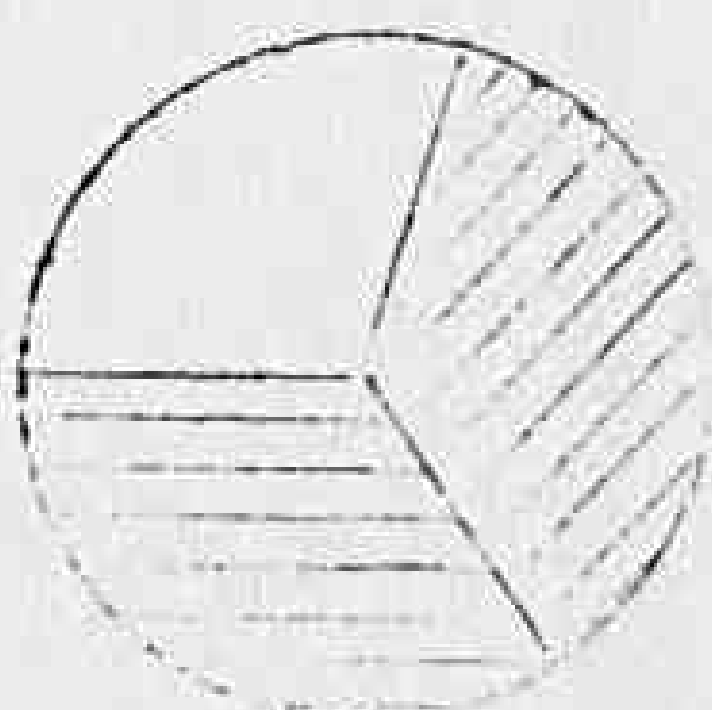
F.M. 18.09%
 R. 36.03%
 B.M. 45.88%

F.M. 29.20%
 R. 37.82%
 B.M. 32.98%

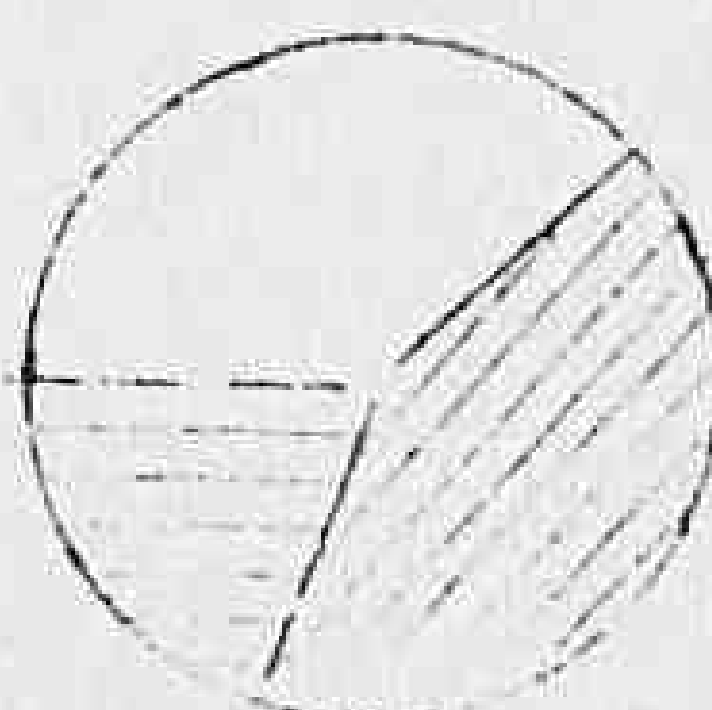
F.M. 36.20%
 R. 44.96%
 B.M. 18.84%



May 1944



June 1944



July 1944

LEGEND

Free Market

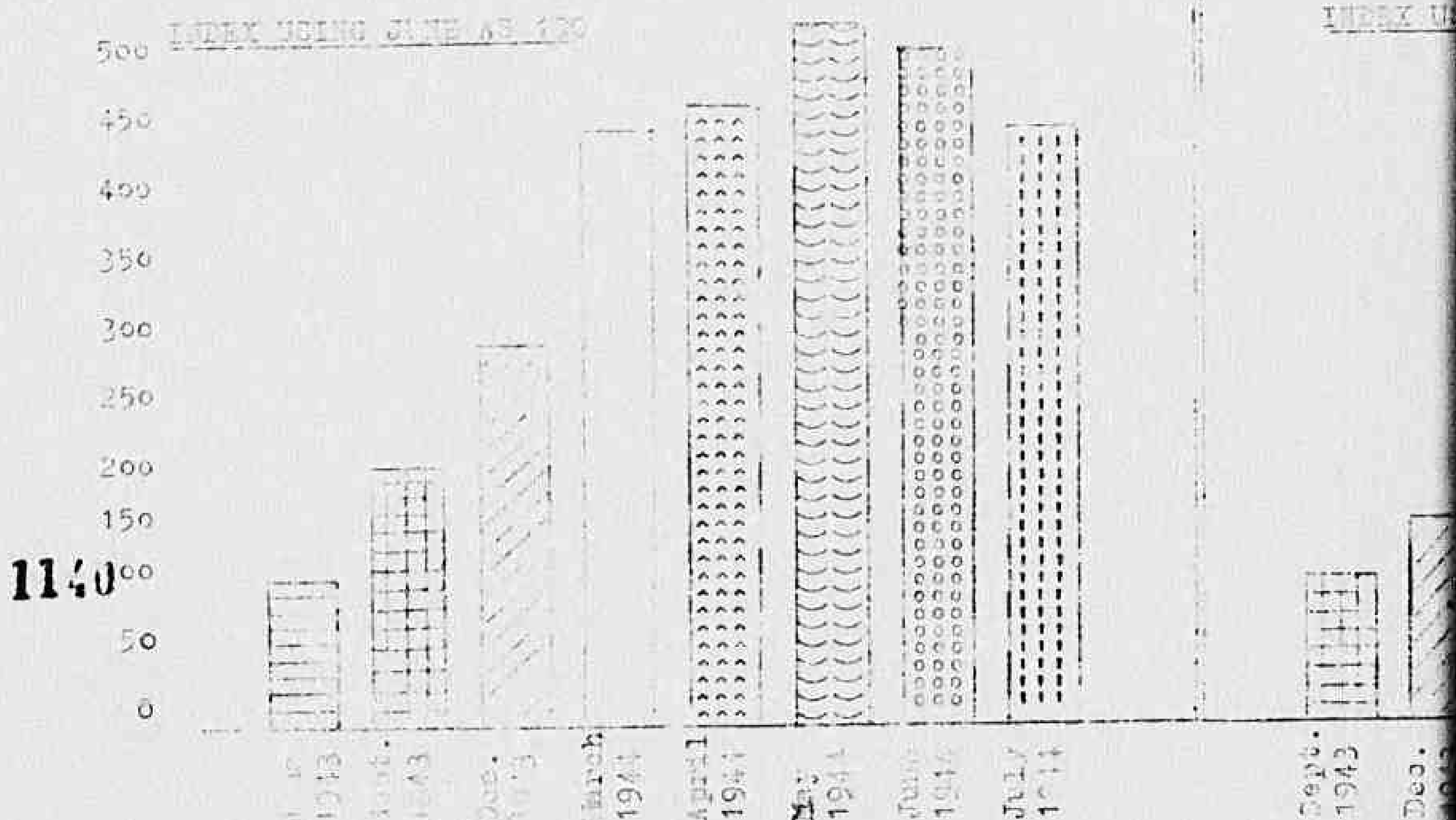
Rationed

Black Mark.

CHART SHOWING TREND OF LIVING COSTS

This chart is designed to show the trend of cost of living for a family of consideration the minimum requirements of:

- a) Food
- b) Clothing
- c) Dwellings
- d) Heat & Light
- e) Miscellaneous expenses



HOW TO GET THERE

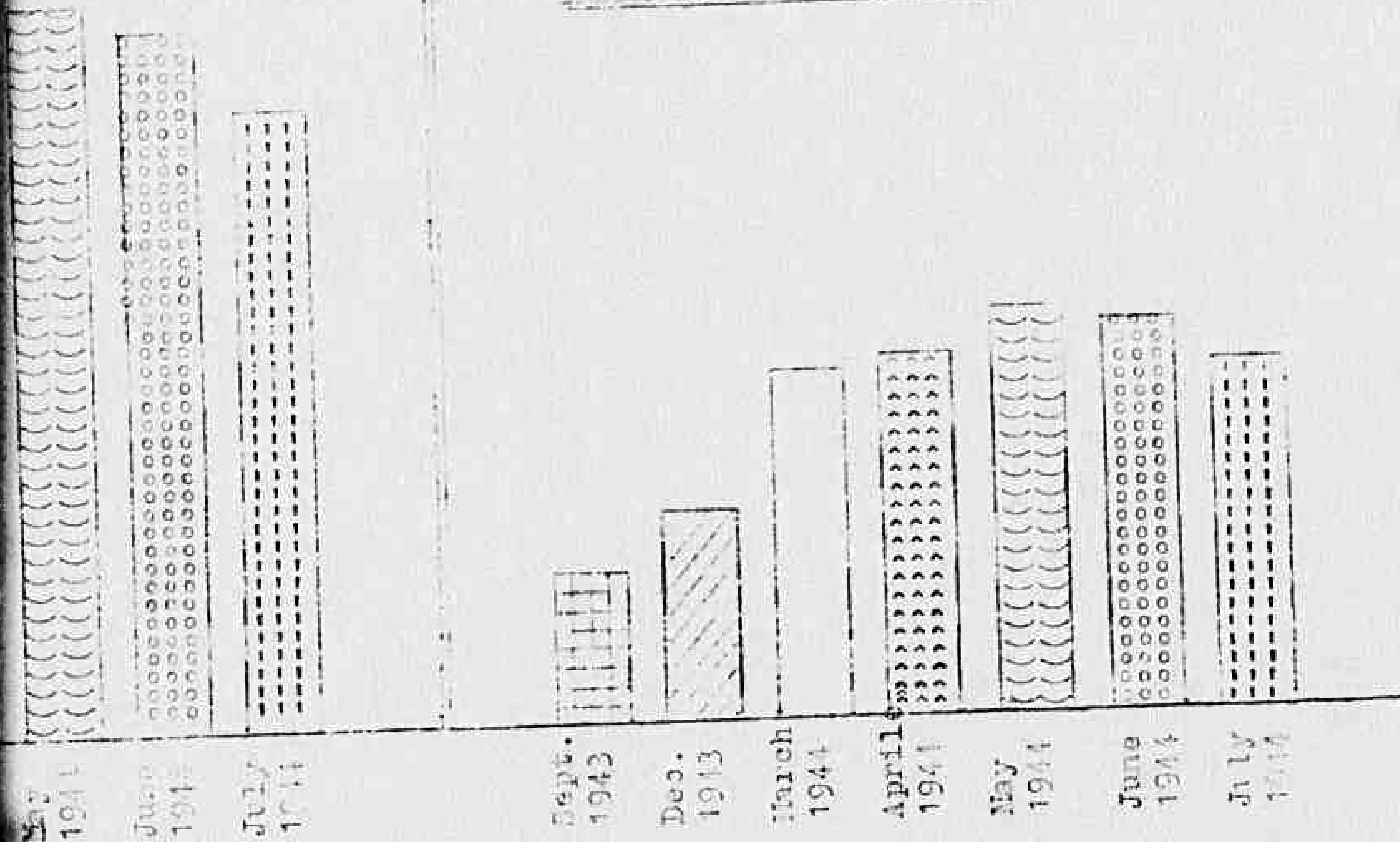
Appendix "C"

LIVING COSTS

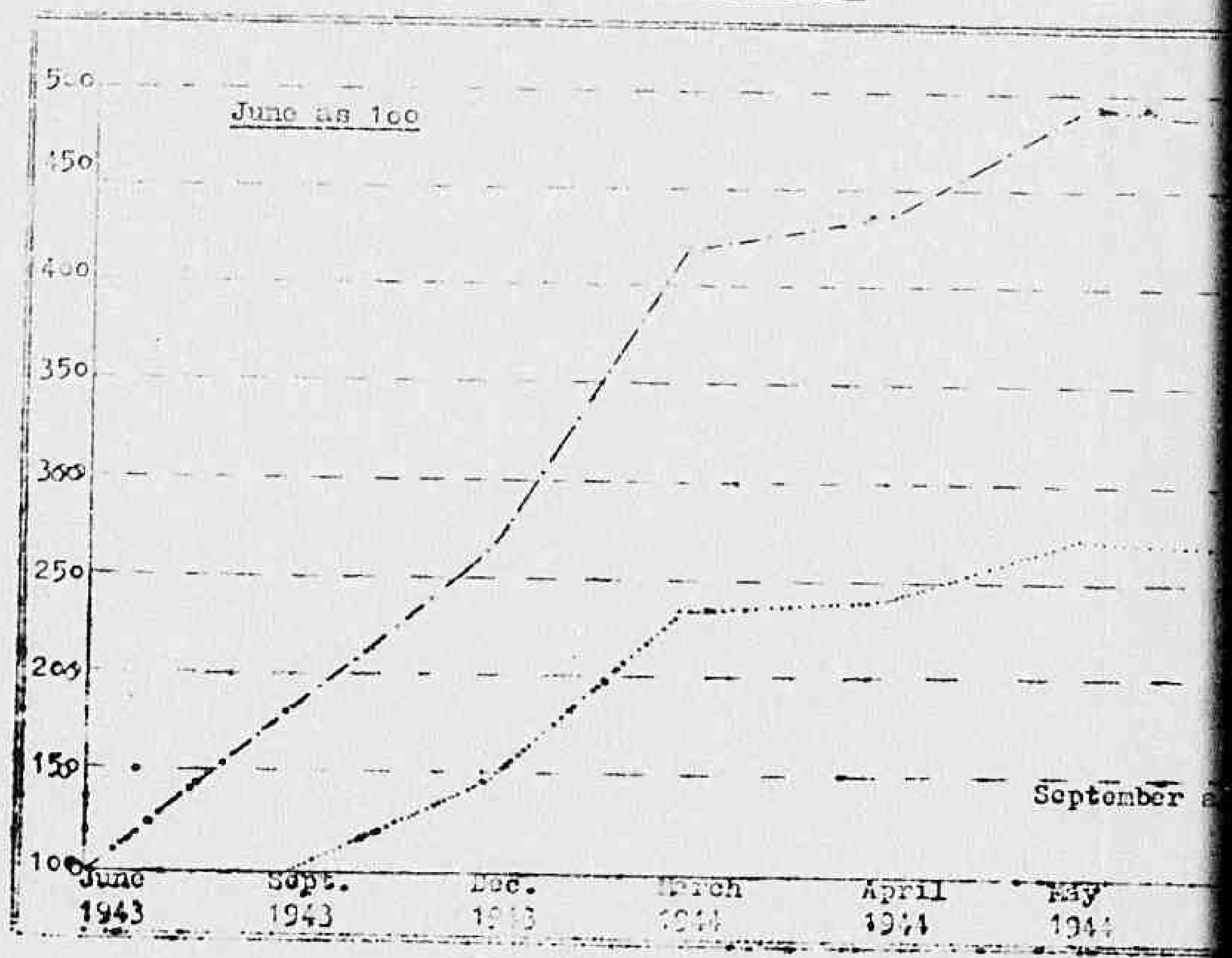
end of cost of living for a family of 5, taking into
of:

Food
Clothing
Dwellings
Heat & Light
Miscellaneous expenses

INDEX USING SEPT. AS 100



GRAPH SHOWING TREND OF LIVING COST
I N D E X



1139

Appendix "D"

TREND OF LIVING COSTS

I N D E X

Percentage of increase
in the total weekly cost
in all categories, for a
family of 5.

TOTAL WEEKLY EXPENSES

June 1943	£ 625.43
Sept. 1943	£ 1127.42
Dec. 1943	£ 1654.66
Mar. 1944	£ 2631.44
Apr. 1944	£ 2718.05
May 1944	£ 3090.29
June 1944	£ 3053.87
July 1944	£ 2638.15

September as 100

Dec.	March	April	May	June	July
1943	1944	1944	1944	1944	1944

*See Gen*VOL. III
Copy n. 3ECONOMICFACTS AND FACTORS

oooooooooooo

A monthly bulletin published by the
Economics and Supply Division of

Region 3.

1138

oooooooooooo

JUNE 1944*Economic Reports**Filed ~~HT~~ / 106*

COST OF LIVING TRENDS

The following table shows precisely the index figures from June 1943 through June 1944, the cost of living in Naples. These figures cover each category under discussion.

Description	June 1943	Sept. 1943	Dec. 1943	March 1944	Apr. 1944	May 1944	June 1944
<u>Weekly Expense</u> <u>For Food</u>	£ 397.15	814.50	1134.05	1760.45	1901.31	2172.05	2045.1
Index June 100	100	205.0	285.5	443.2	481.4	546.9	515.1
Index Sept 100		100	139.2	216.1	233.4	266.6	251.1
<u>Weekly Expense</u> <u>For Clothing</u>	£ 108.65	163.47	258.16	545.32	457.60	561.37	615.89
Index June 100	100	149.5	233.5	501.9	421.1	516.6	567.7
Index Sept 100		100	159.5	335.6	281.6	345.5	376.7
<u>Weekly Expense</u> <u>For Dwelling</u>	£ 49.27	49.27	49.27	49.60	49.60	49.60	49.60
Index June 100	100	100	100	100.6	100.6	100.6	100.6
Index Sept 100		100	100	100.6	100.6	100.6	100.6
1137 <u>Weekly Expense</u> <u>For Heat & Light</u>	£ 8.94	24.02	72.20	60.73	52.13	54.02	52.13
Index June 100	100	268.5	807.5	768.7	694.9	604.2	440.1
Index Sept 100		100	212.2	202	182.6	158.8	116.7
<u>Weekly Expense</u> <u>For Misc. Item</u>	£ 61.42	67.16	139.98	207.34	246.91	253.25	302.4
Index June 100	100	109.3	227.6	337.5	402.0	412.3	492.5
Index Sept 100		100	208.4	300.7	367.6	377.1	450.1
<u>Total Weekly</u> <u>Expense</u>	£ 625.43	1127.42	1654.66	2631.44	2718.05	3090.29	3053.1
Index June 100	100	180.2	264.5	420.7	434.5	494.1	488.2
Index Sept 100		100	146.7	233.4	241.0	274.1	270.7

The cost of living in Naples has definitely shown an improvement during the month of June, 1944. Although the General Index figure has come down but 3.3 points, using September 1943 as 100, the individual categories have shown marked changes. For example, the FOOD COST INDEX during June dropped 15.5 points, the HEAT and LIGHT INDEX dropped 42.6 points; and while the RENTING and MISCELLANEOUS INDICES have shown increases, the significant fact remains that the most important item, which constitutes 66% of the total family budget, FOOD, has shown a decrease for the first time since our occupation.

This is partly due to a slight increase in some rationed items and partly to a change in the eating habits of the Neapolitans, during the summer months.

Nevertheless, the astonishing fact is that despite large quantities of locally produced food stuffs being shipped to Rome, with the consequent reduction in the supply available for local markets, and which naturally contributes toward a higher price level, the cost of food for the typical family has shown a downward trend.

The Communal Price Lists are being published semi-monthly by the Sindacato, who so far have not shown any tendency toward improving the system by which price fixing by Communes is accomplished. These prices continued to be set at high levels. Notwithstanding this, the Communal Price Lists do have a sobering effect in the market and are therefore of considerable psychological value. It is felt that the Communes could and **1136** particularly those bordering on each other, formulate definite price policies and work more closely together to eliminate extreme variances in prices between communes, which force the movement of goods from one commune to another.

Fig. 1

TABLE SHOWING OFFICIAL AND BLACK MARKET PRICES

I t e m s		June 1943		Sept. 1943		Dec. 1943	
		Off.	B/M	Off.	B/M	Off.	B/M
Bread	Kg.	2.50	50.-	2.50	85.-	3.60	130.-
Flour	"	2.30	55.-	2.30	70.-	4.10	150.-
Flour (corn)	"	1.50	25.-	1.50	40.-	3.75	110.-
Rice	"	3.45	30.-	3.45	60.-	4.-	170.-
Potatoes	"	4.-	6.-	4.-	7.-	7.-	17.-
Dry Figs	"	=	35.-	=	40.-	27.-	65.-
Pasta	"	3.10	35.-	3.10	70.-	5.-	220.-
Sugar	"	7.65	40.-	9.10	120.-	15.-	180.-
Wine	lt.	4.-	6.50	4.-	10.-	14.-	25.-
Barley	Kg.	=	20.-	=	27.-	=	90.-
Milk	lt.	2.60	8.-	2.60	11.-	7.-	25.-
Beans	Kg.	6.15	28.-	6.15	35.-	11.-	150.-
Beef	"	18.50	70.-	32.-	80.-	34.-	120.-
Eggs	each	1.80	5.-	2.-	10.-	4.-	20.-
Cheese	Kg.	24.10	120.-	24.85	130.-	35.-	220.-
Coffee	"	=	700.-	=	1000.-	=	1300.-
=====							
I t e m s		E/44		MAY/44		J/44	
continued		Off. B/M	Off. B/M	Off. B/M	Off. B/M	Off. B/M	Off. B/M
=====							
Bread	Kg.	3.60	130.	3.60	135.	3.60	165.
Flour	"	3.60	190.	3.60	205.	3.60	210.
Flour (corn)	"	3.75	145.	3.75	148.	3.75	150.
Rice	"	4.00	290.	4.00	295.	4.00	316.25
Potatoes	"	12.00	37.	12.00	43.	12.-	55.50
Dry Figs	"	31.00	78.	38.00	82.-	40.-	80.-
Pasta	"	5.10	250.	5.10	267.-	5.-	307.5
Sugar	"	15.-	310.-	15.-	361.-	15.-	310.-
Wine	lt.	14.-	45.-	14.-	40.-	22.50	42.-
Barley	Kg.	=	120.-	=	121.-	=	112.50
Milk	lt.	13.-	35.-	13.-	35.-	13.-	22.50
Beans	Kg.	13.-	190.-	26.50	203.-	75.-	190.-
Beef	"	34.-	270.-	92.-	310.-	185.-	286.6
Eggs	Ea	4.-	22.-	9.50	19.-	14.50	19.5
Cheese	Kg.	96.-	420.-	90.-	392.-	90.-	500.-
Coffee	"	=	1100.-	=	1600.-	=	900.-
=====							

There has been a slight increase in the ration for June in some items and a decrease in others. (See Fig.2). Fruits and vegetables are now in season and the tendency during warm weather is to use more of these in the diet even though the prices for fruits and vegetables are extremely high when compared with prices prior to our occupation.

Fig.2

MONTHLY RATION DISTRIBUTION PER PERSON

ITEMS		QUANTITY						
		June 1943	Sept. 1943	Dec. 1943	March 1944	Apr 1944	May 1944	June 1944
Bread	Lg	4.500	1.330	3.500	6.000	6.000	6.000	6.000
Paate	"	2.500	=	.500	=	=	=	=
Rice	"	.400	=	"	=	=	=	=
Oil	"	.320	=	.450	.183	.183	.183	.275
Fats	"	.050	=	=	=	=	=	=
Sugar	"	.500	=	=	=	.250	.250	.250
Eggs	n.	2	=	=	=	=	=	=
Cheese	Kg.	.200	=	=	.200	.130	=	=
Meat	"	.300	=	=	=	.400	.400	.800
Potatoes	"	.300	=	=	=	=	=	=
Powd. Soup	"	=	=	=	.250	.250	.250	.250
Dry. Veget.	"	=	=	=	.250	.600	.500	.400
Salt	"	=	=	=	.500	=	=	=
Mozzarella	"	=	=	=	=	.070	=	=
Salt Horrgr.	"	=	=	=	=	=	.350	=
Unmalted	"	=	=	=	=	=	.200	=

Chart A - shows the caloric percentage of food purchased through the ration, Free Market and the Black Market.

Chart B - shows the percentage of food actually purchased through the ration, Free Market and the Black Market.

Attention is particularly drawn to Chart A which shows a considerable decline in the "Caloric Values of Foods" purchased in the Black Market. Chart B also shows a slight drop in the amount of food actually purchased in the Black Market.

Fig. 1

FOOD COST INDEX FOR TYPICAL FAMILY

	June 1943	Sept 1943	Dec. 1943	March 1944	Apr. 1944	May 1944	June 1944
FAMILY EXPENSE	\$ 297.15	811.50	1134.05	1760.45	1901.81	2172.05	2025.1
Index June 100	100	205.	285.5	443.2	481.4	545.9	515.
Index Sept. 100		100	139.2	216.1	233.4	266.6	251.

Clothing prices continue to rise mainly due to the absence of any distribution of materials and the necessity for purchasing all requirements in the Black Market.

Fig. 2

CLOTHING INDEX

	June 1943	Sept. 1943	Dec. 1943	March 1944	Apr. 1944	May 1944	June 1944
WEEKLY EXPENSE	\$ 108.65	162.47	259.16	545.32	457.60	561.47	616.85
Index June 100	100	149.5	238.5	501.9	421.1	516.6	567.7
Index Sept 100		100	159.5	335.6	281.6	345.5	378.7

There has been no change in the cost of housing.

The Index Figure for Heat and Light showed a decrease of 42.6 points over May, due primarily to longer hours of Day Light.

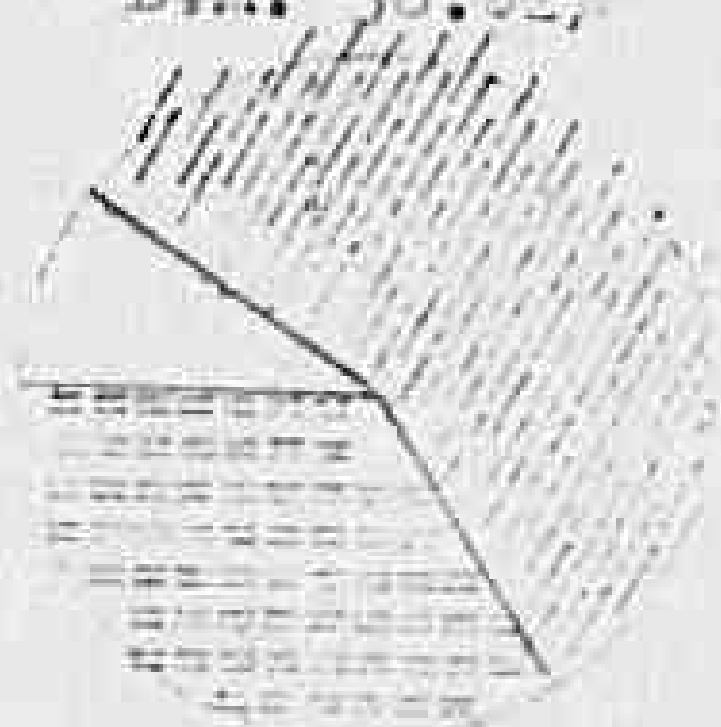
Miscellaneous Expenses, on the other hand, showed a sharp increase. The reason for this is an increase of over 100% in street railway fares, an increase in school supplies (paper, books, pencils, etc.) and an increase in the cost of replacement in linens and household utensils. The total increase as shown in the index is 72.2 points.

Chart U, Comprehensive Chart is attached. This shows pictorially the rise and fall of the cost of living in Naples prior to our occupation and during the period of our occupation through June 1944. It indicates clearly that the trend in the cost of living is now definitely downward. It is of course difficult to predict the general trend in the future as so much hinges on the source of supply and transportation costs, but it does appear that even though certain increases such as in public utilities are inevitable, once these have been stabilized, adjustments in family requirements can then be made to offset their influence on the family budget and the result will still show a diminution in the cost of living.

CALORIC VALUES OF FOOD

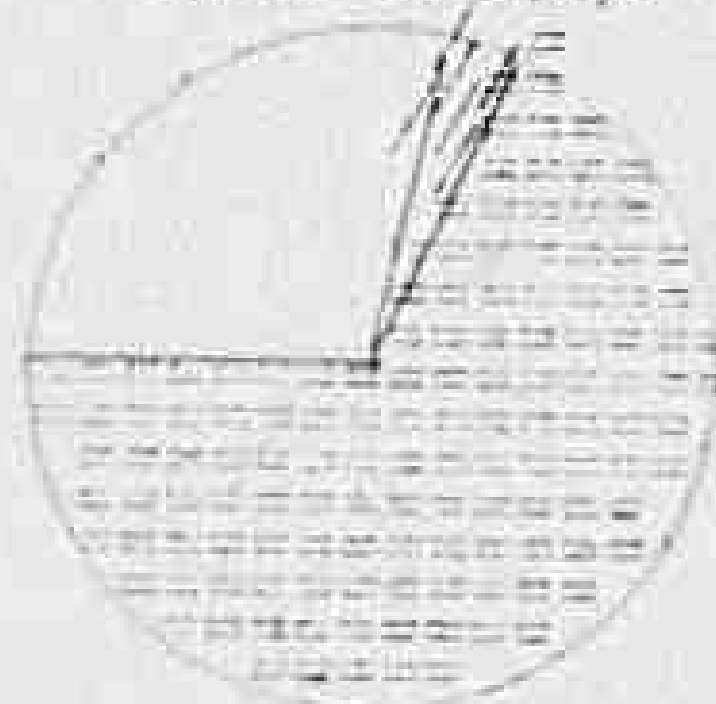
This chart is designed to show the caloric percentage of foods in the "Free Market" and the "Black Market".

F.M. 8.95%
R. 53.03%
B.M. 38.02%



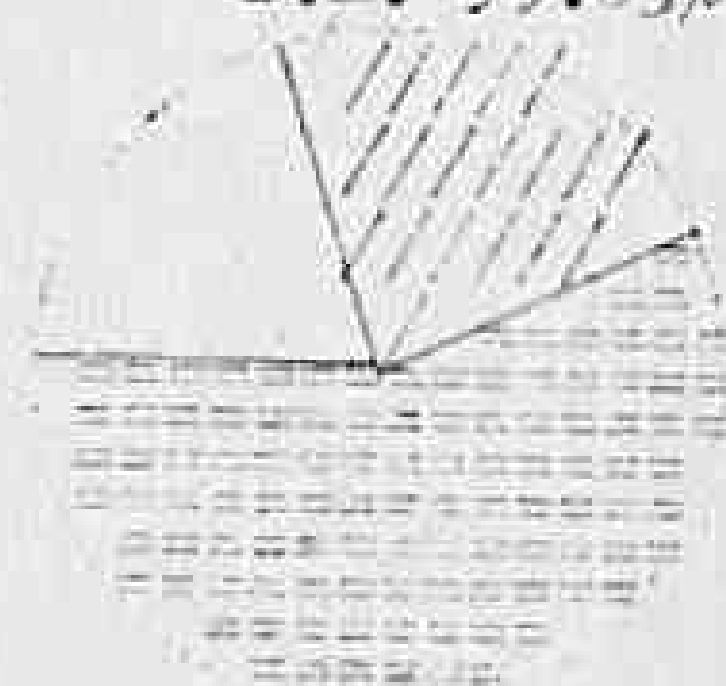
June 1943

F.M. 29.24%
R. 2.34%
B.M. 68.42%



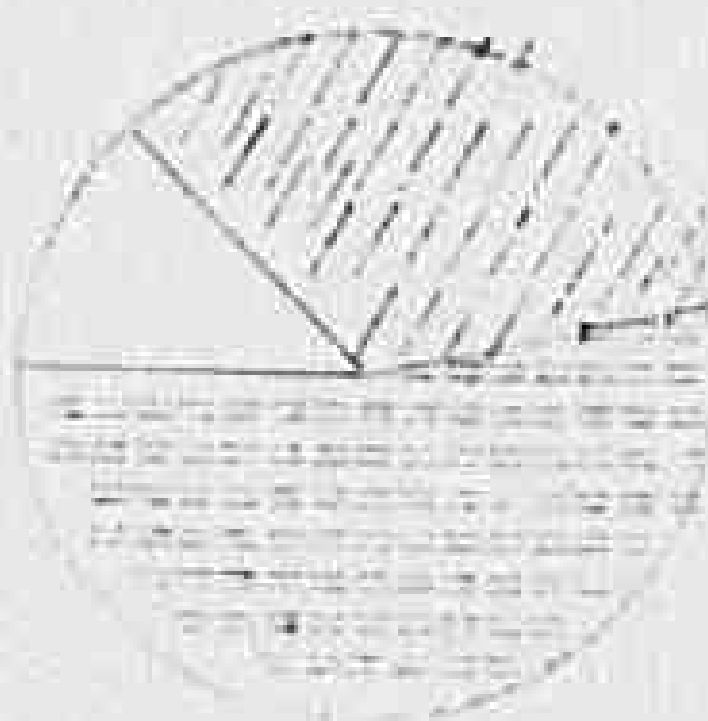
Sept. 1943

F.M. 20.93%
R. 23.24%
B.M. 55.83%



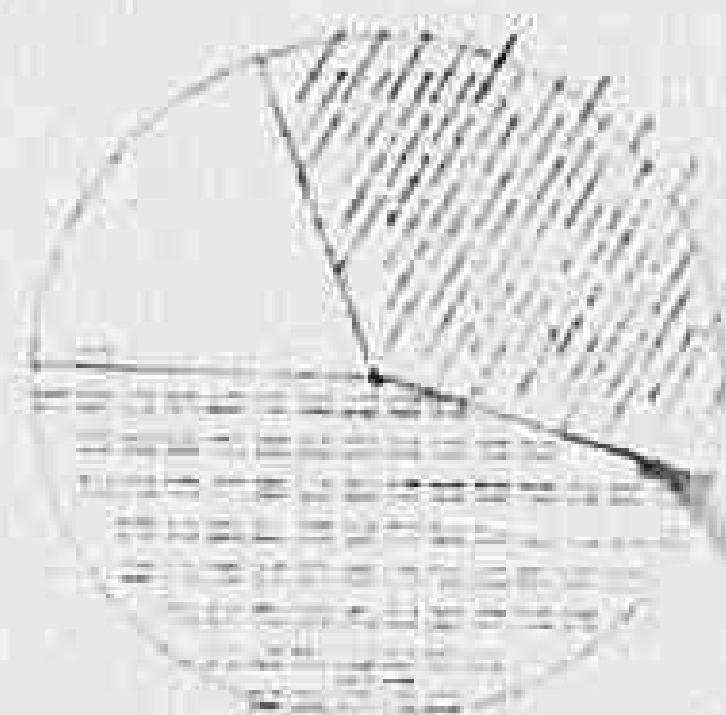
Dec. 1943

F.M. 11.89%
R. 36.18%
B.M. 51.93%



Feb. 12, 1944

F.M. 18.09%
R. 36.03%
B.M. 45.88%



May 1944

F.
R.
B.



June 1944

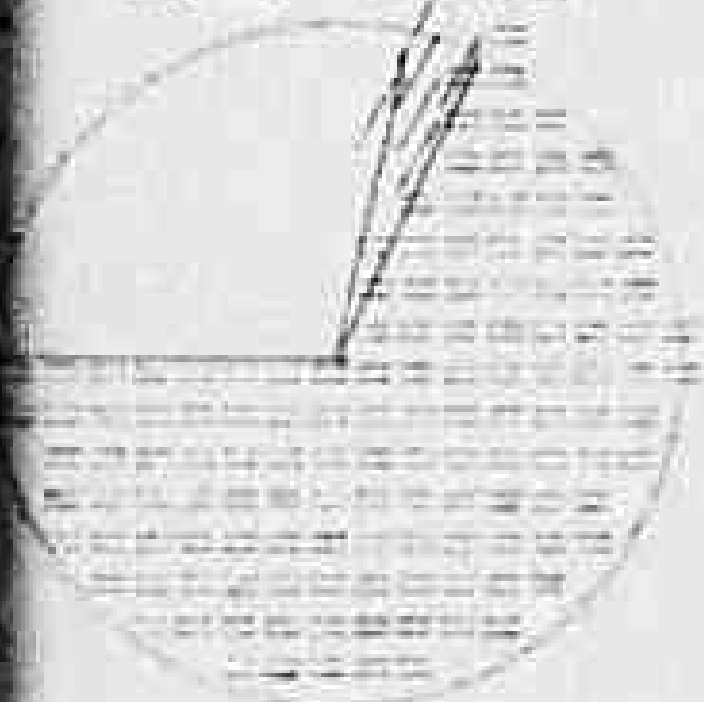
1131

CALORIC VALUES OF FOODS

Chart A

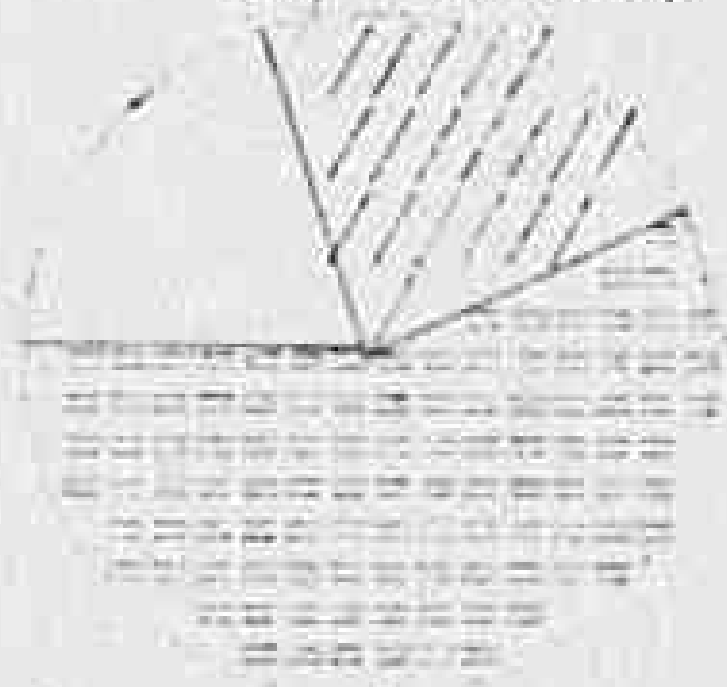
to show the caloric percentage of foods purchased through the "Ration" and the "Black Market".

F.M. 29.24%
R. 2.34%
B.M. 68.42%



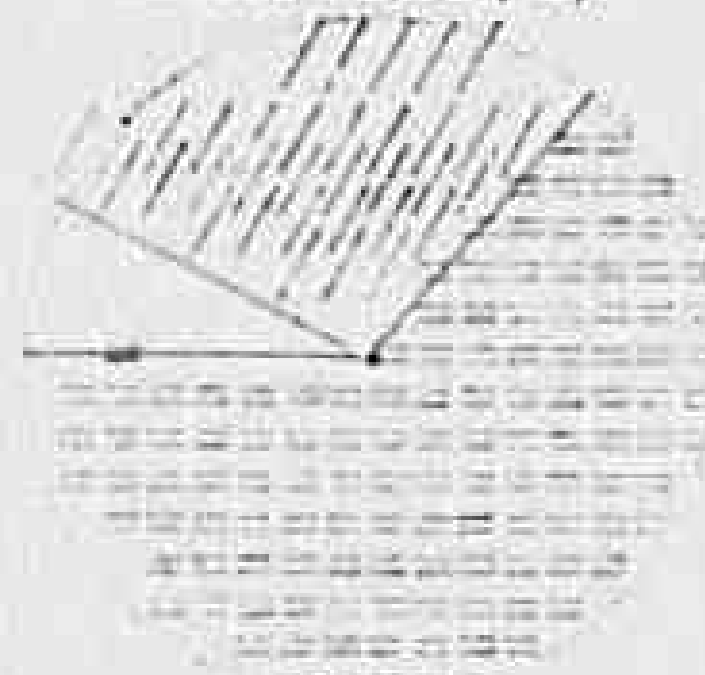
Sept. 1943

F.M. 20.93%
R. 23.24%
B.M. 55.83%



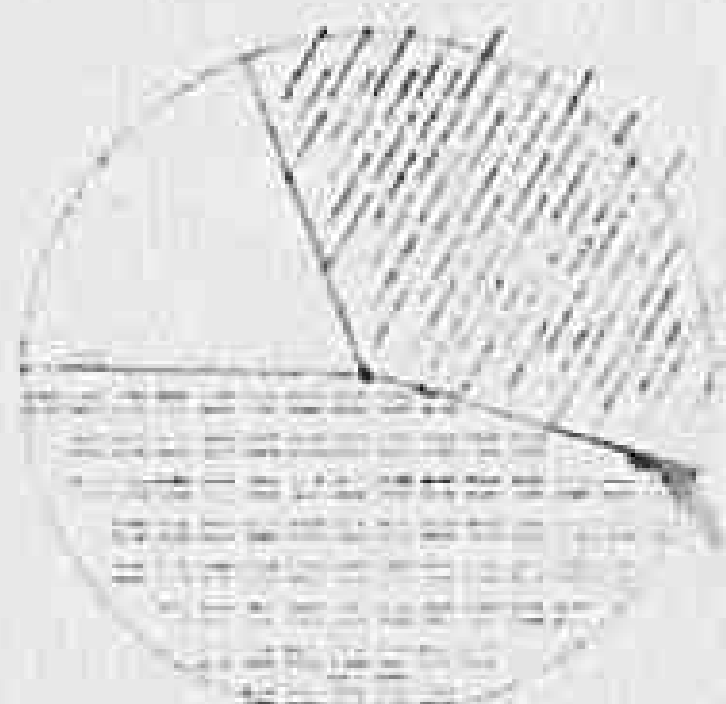
Dec. 1943

F.M. 6.68%
R. 30.60%
B.M. 62.72%



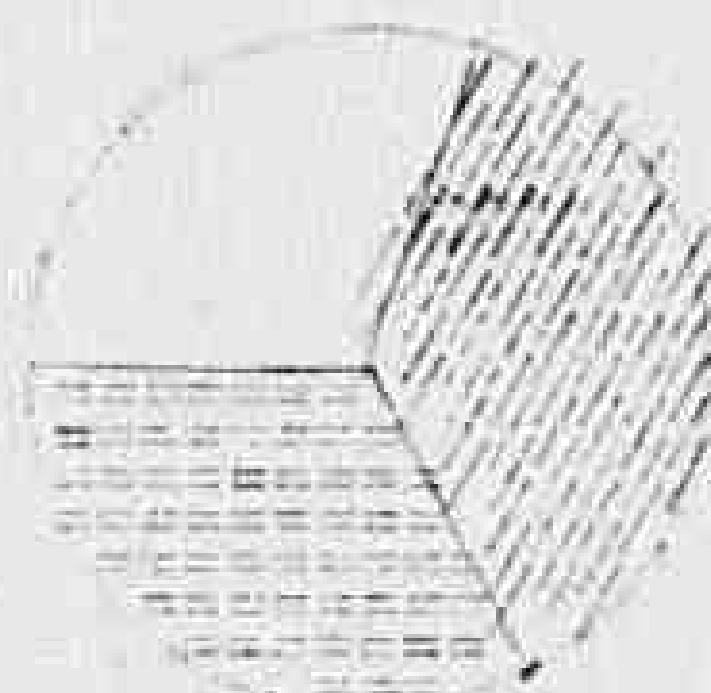
March 1944

F.M. 18.09%
R. 36.03%
B.M. 45.88%



May 1944

F.M. 29.20%
R. 37.82%
B.M. 32.98%



June 1944

LEGEND

Free Mar.

Rationed

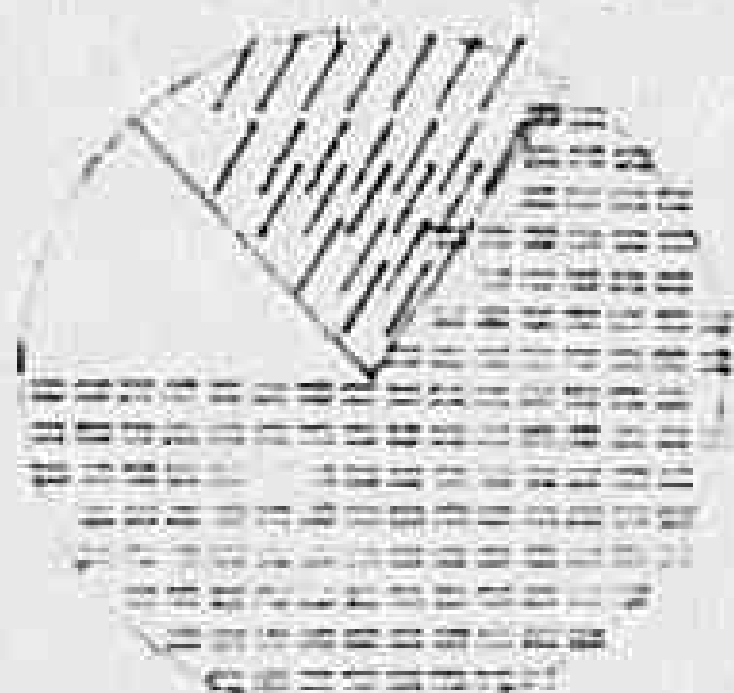
Black Mark.

////

~~~~~

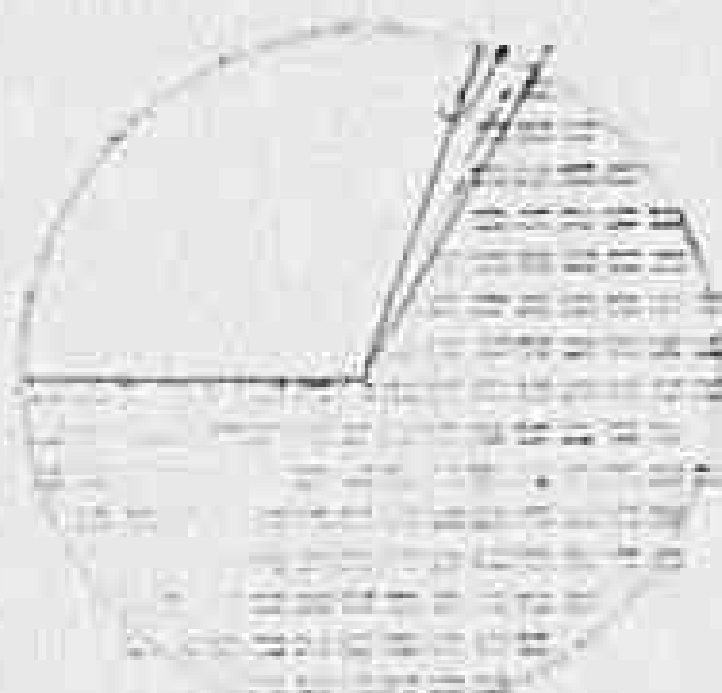
This chart is designed to show the percentage of food purchases within the ration, the ration, and the Black Market.

F.M. 12.78%  
R. 20.33%  
B.M. 66.95%



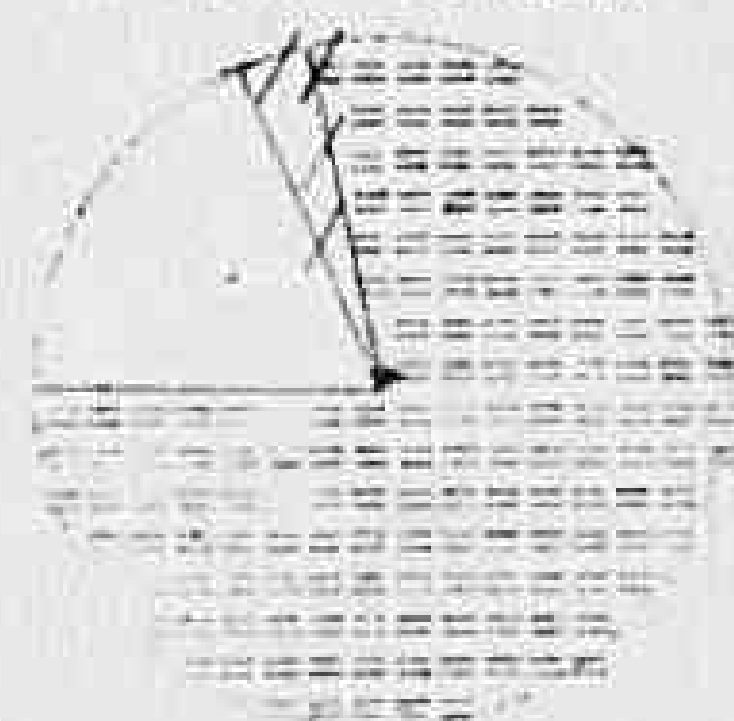
June 1943

F.M. 84.00%  
R. 1.00%  
B.M. 15.00%



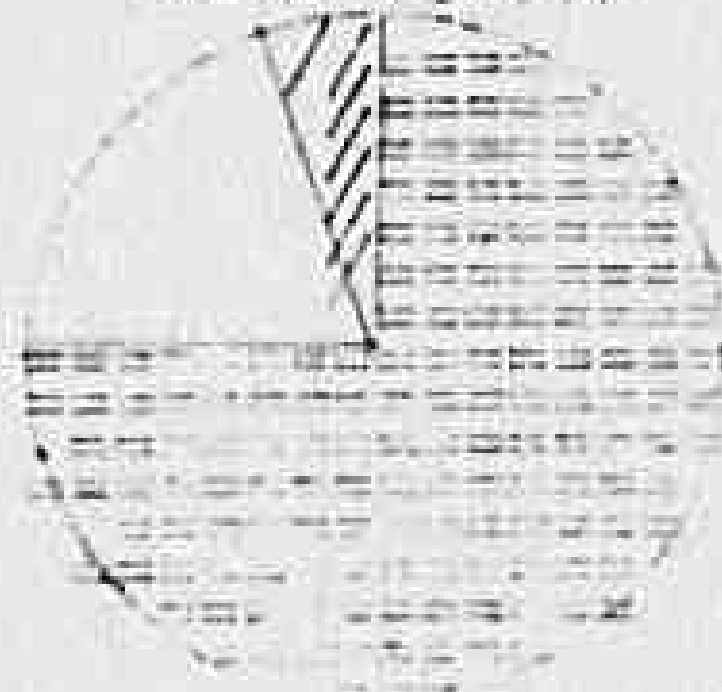
Sept. 1943

F.M. 15.97%  
R. 2.67%  
B.M. 80.36%



Dec. 1943

F.M. 20.10%  
R. 5.01%  
B.M. 73.99%



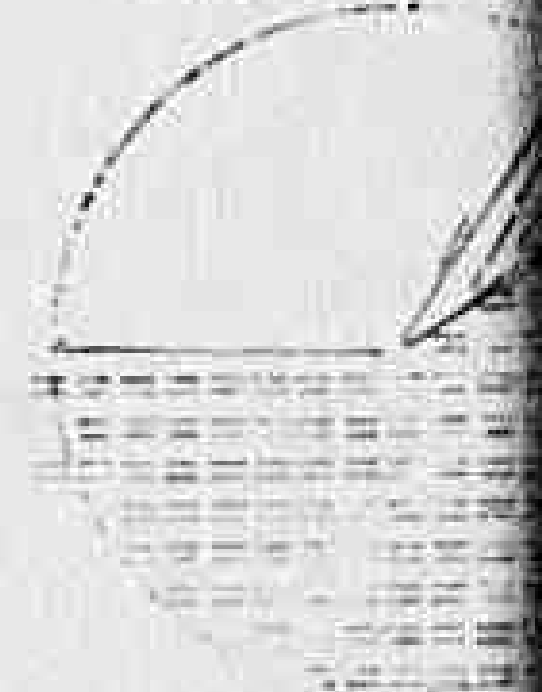
April 1944

F.M. 34.06%  
R. 6.06%  
B.M. 59.88%



May 1944

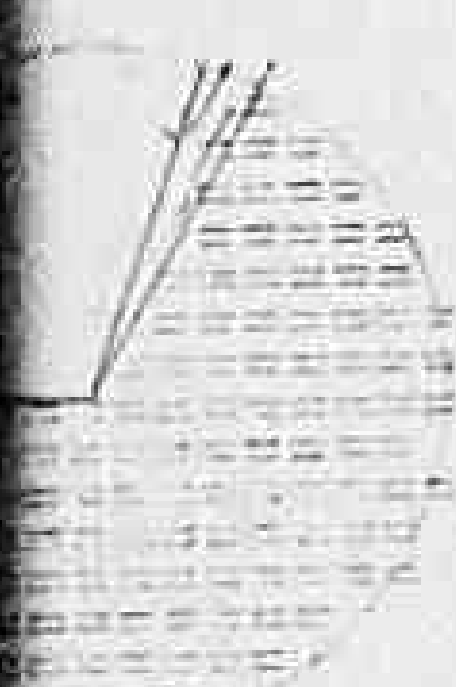
F.M. 37.00%  
R. 7.00%  
B.M. 54.00%



June 1944

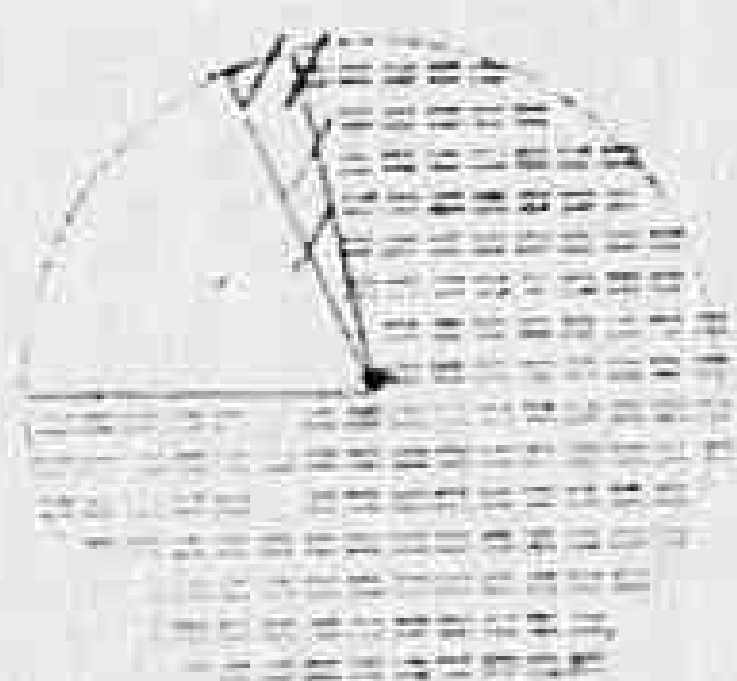
REGIONAL FOOD PURCHASES THROUGH THE "RATION" IN THE "FREE MARKET"

F.M. 25.00%  
R. 1.00%  
B.M. 74.00%



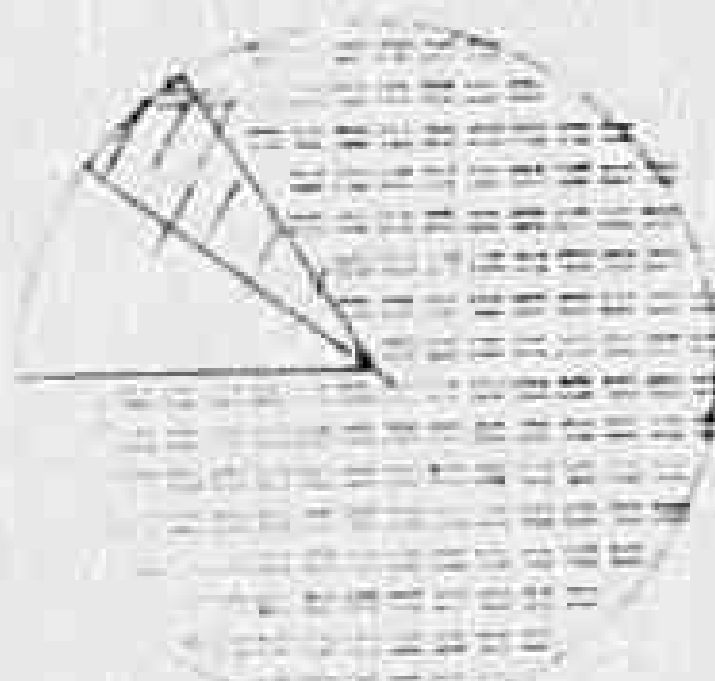
Sept. 1943

F.M. 16.97%  
R. 2.67%  
B.M. 80.36%



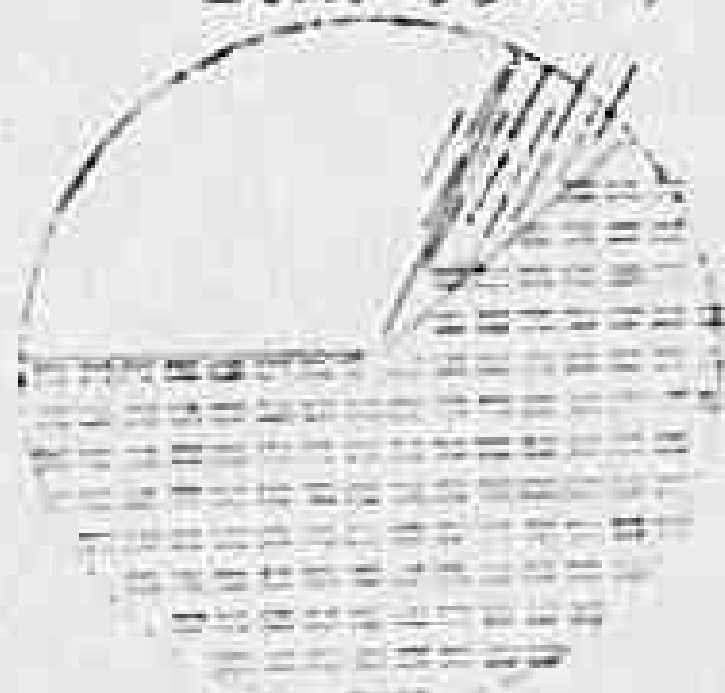
Dec. 1943

F.M. 9.57%  
R. 4.18%  
B.M. 86.25%



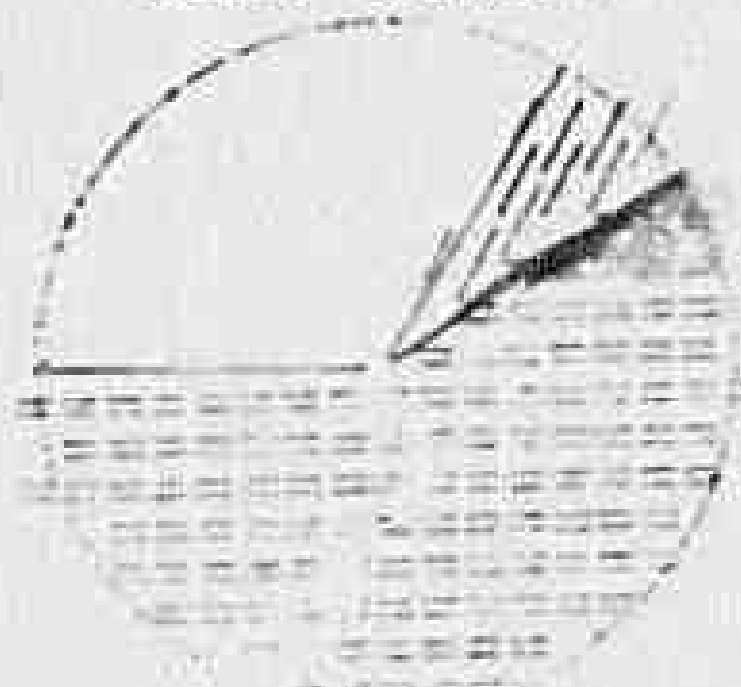
March 1944

F.M. 34.06%  
R. 6.06%  
B.M. 59.88%



May 1944

F.M. 37.70%  
R. 7.70%  
B.M. 54.60%



July 1944

# LEGEND

Free M.

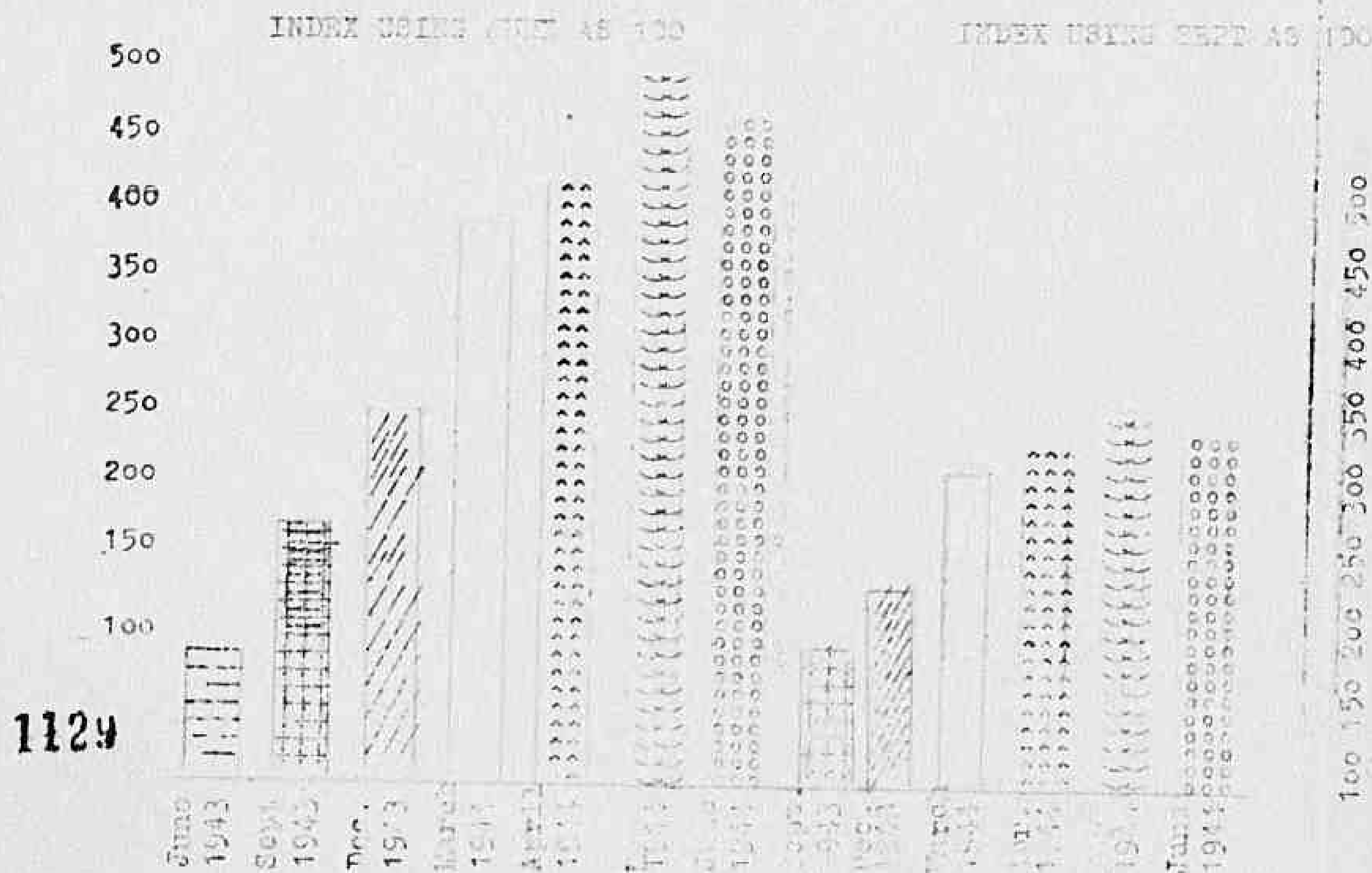
Ration. // // // //

Black M. [hatched pattern]

# INDEX OF LIVING COSTS OF LIVING COSTS

This chart is designed to show the trend of cost of living for a family of 5, taking into consideration the minimum requirements of:

- a) Food
- b) Clothing
- c) Dwellings
- d) Heat & Light
- e) Miscellaneous expenses



POSTS

the trend of cost of living for consideration the minimum requirements of:

Percentage of increase in the total weekly cost in all categories, for a family of 5.

NOTE: Total weekly expense

|                      |                     |
|----------------------|---------------------|
| June 1943 £ 625.43   | Mar. 1944 £ 2631.44 |
| Sept. 1943 £ 1127.42 | Apr. 1944 £ 2716.05 |
| Dec. 1943 £ 1654.66  | May 1944 £ 3050.29  |
|                      | June 1944 £ 3053.87 |

INDEX USING SEPT AS 100

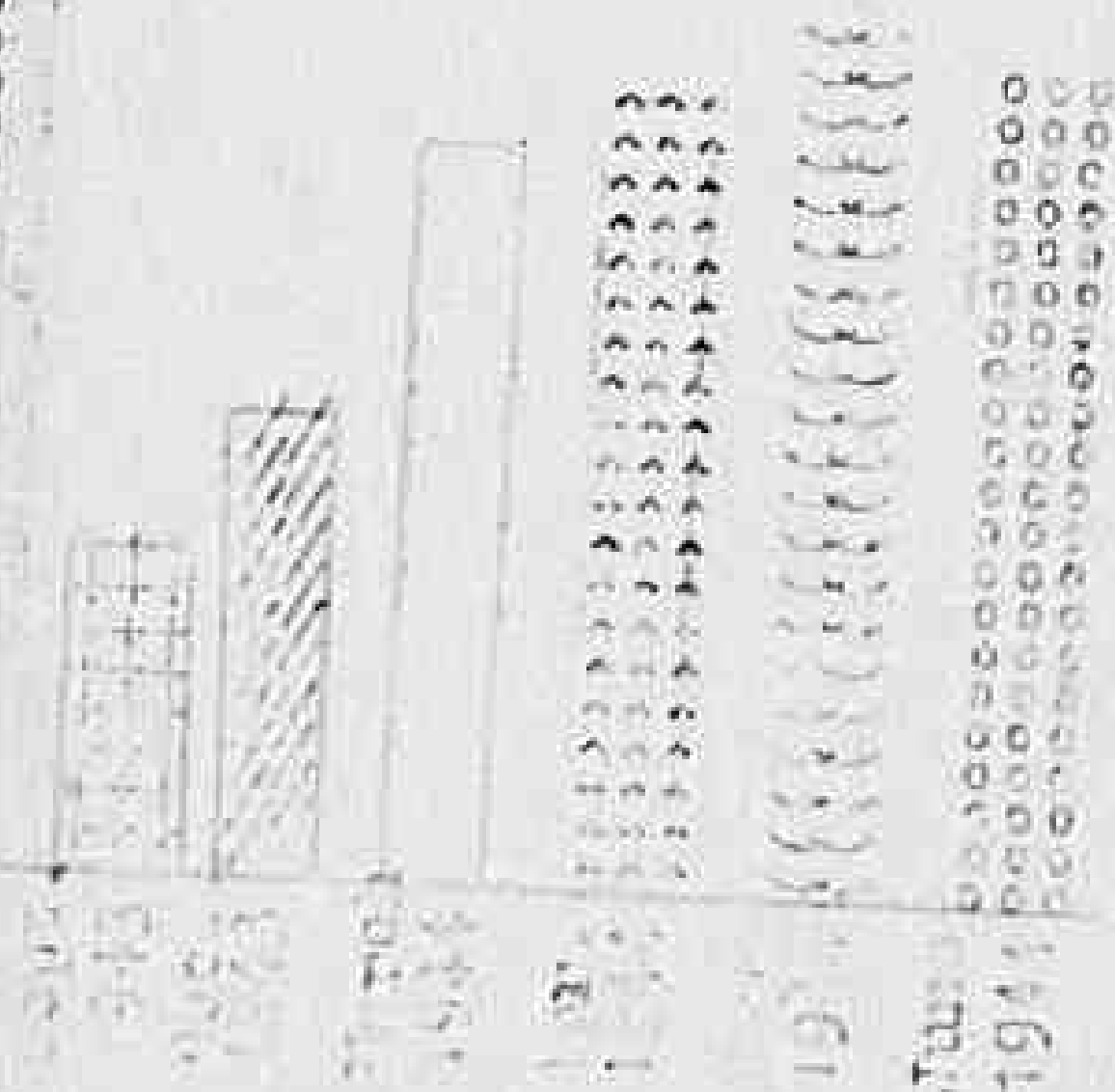
INDEX

June as 100

Sept as 100

100 150 200 250 300 350 400 450 500

Jan. Feb. Mar. Apr. May June



VOL. II

Copy Nr. 5

File (A)

ECONOMIOPAGES AND PAGES

oooooooo

A monthly bulletin published by the  
Economics & Supply Division of Region 3

oooooooo

APRIL AND MAY 1944

1128

2.1.1944  
61

COST OF LIVING TRENDS

The following table shows precisely the index figures from June 1943 through May 1944, of the cost of living in Naples. These figures cover each category under discussion.

| Description                                | June<br>1943 | Sept.<br>1943 | Dec.<br>1943 | March<br>1944 | April<br>1944 | May<br>1944 |
|--------------------------------------------|--------------|---------------|--------------|---------------|---------------|-------------|
| <u>WEEKLY EXPENSE FOR FOOD</u>             | £. 257.15    | 244.50        | 1134.05      | 1760.45       | 1901.51       | 2172.65     |
| Index - June as 100                        | 100          | 209.5         | 285.5        | 443.2         | 431.4         | 546.3       |
| Index - Sept. as 100                       |              | 100           | 139.2        | 216.1         | 233.4         | 266.8       |
| <u>WEEKLY EXPENSE FOR CLOTHING</u>         | £. 108.65    | 162.47        | 259.16       | 545.32        | 457.50        | 561.37      |
| Index - June as 100                        | 100          | 149.5         | 238.5        | 501.9         | 421.1         | 516.6       |
| Index - Sept. as 100                       |              | 100           | 159.5        | 335.6         | 281.5         | 345.9       |
| <u>WEEKLY EXPENSE FOR DWELLING</u>         | £. 49.27     | 49.27         | 49.27        | 49.50         | 49.50         | 49.50       |
| Index - June as 100                        | 100          | 100           | 100          | 100.6         | 100.6         | 100.6       |
| Index - Sept. as 100                       |              | 100           | 100          | 100.6         | 100.6         | 100.6       |
| <u>WEEKLY EXPENSE FOR HEAT &amp; LIGHT</u> | £. 3.94      | 34.92         | 72.20        | 68.73         | 62.13         | 54.02       |
| Index - June as 100                        | 100          | 380.5         | 807.6        | 768.7         | 694.9         | 604.2       |
| Index - Sept. as 100                       |              | 100           | 212.20       | 202.0         | 162.6         | 150.8       |
| <u>WEEKLY MISCELLANEOUS EXPENSES</u>       | £. 61.42     | 67.16         | 139.98       | 207.34        | 246.91        | 253.25      |
| Index - June as 100                        | 100          | 109.3         | 227.9        | 337.5         | 402.0         | 412.3       |
| Index - Sept. as 100                       |              | 100           | 208.4        | 308.7         | 367.6         | 377.1       |
| <u>TOTAL WEEKLY EXPENSE</u>                | £. 625.43    | 1127.42       | 1654.66      | 2631.44       | 2718.05       | 3090.29     |
| INDEX - JUNE AS 100                        | 100          | 180.2         | 264.5        | 420.7         | 434.5         | 494.1       |
| INDEX - SEPT. AS 100                       |              | 100           | 146.7        | 233.4         | 241.0         | 274.1       |

This issue of Economic Facts & Factors, will deal with the cost of living in Naples during the months of April and May 1944. The same forms of indices are used and

all conditions set out in the first issue are continued to be considered in this one as in all subsequent ones.

It is interesting to note the changes in prices, in the various categories since the publication of price lists by the Commune, in accordance with Regional Order 26, dated 29 March 1944. Although these changes began to take place only during the last two weeks of April, inasmuch as the first Communal price lists came out on 15 April, the results are gratifying despite the fact that prices of some items appear to have been set without rhyme or reason.

Prices during the first two weeks in April were static, but a change for the better became noticeable in the latter half of the month, after the publication of the first Communal price list. At first this price list met with considerable scepticism by the public and the reason appears to have been the inconsistency of the prices approved by the Sindacos. Some prices were little better than Black Market prices while others just did not make sense. Prices were set on items of short supply with no possible solution in sight to remedy the condition, while others were set without any consideration as to size, quality or workmanship. Nevertheless in spite of the uneconomic manner in which prices were based, the fact that some action was being taken by those in authority to control prices, had a psychological effect which became evident a few days later. People began to think in terms of published prices and although the best items temporarily disappeared from many shops, shoppers began to insist on paying only at those prices published. This phenomena is in itself a good sign.

The proof of the efficacy of publishing price lists irrespective of the fact that some prices are uneconomical is seen in the fact that the index figures in

the cost of living during April rose only 7.6 points over March, basing September as 100.

The sudden index rise in May 1944, in the cost of living, was due to a great extent to the inconsistent price policy of the Commune and, consequently, the official prices of many items of necessity, with which this study is concerned, have been increased. Aside from this, many of the reasons given in our original study as causing a rise in living costs, are still operative at this time. This can best be seen by the following table showing official and Black Market prices of food.

Fig. 1

TABLE SHOWING OFFICIAL AND BLACK MARKET PRICES

| I t e m s    |     | June 1943 |       | Sept. 1943 |        | Dec. 1943 |        |
|--------------|-----|-----------|-------|------------|--------|-----------|--------|
|              |     | Off.      | B/M   | Off.       | B/M    | Off.      | B/M    |
| Bread        | Kg. | 2.50      | 50.=  | 2.50       | 55.=   | 3.60      | 130.=  |
| Flour        | "   | 2.30      | 55.=  | 2.30       | 70.=   | 4.10      | 150.=  |
| Flour (corn) | "   | 1.20      | 28.=  | 1.30       | 40.=   | 3.75      | 111.=  |
| Rice         | "   | 3.45      | 30.=  | 3.45       | 60.=   | 4.00      | 170.=  |
| Potatoes     | "   | 4.=       | 6.=   | 4.=        | 7.=    | 7.=       | 17.=   |
| Dry Beans    | "   | =         | 35.=  | =          | 40.=   | 27.=      | 65.=   |
| Pasta        | "   | 3.10      | 35.=  | 3.10       | 70.=   | 5.=       | 220.=  |
| Sugar        | "   | 7.65      | 40.=  | 9.10       | 120.=  | 15.=      | 180.=  |
| Wine         | Lt. | 4.=       | 6.50  | 4.=        | 10.=   | 14.=      | 25.=   |
| Barley       | Kg. | =         | 20.=  | =          | 27.=   | =         | 20.=   |
| Milk         | Lt. | 2.60      | 8.=   | 2.60       | 11.=   | 7.=       | 25.=   |
| Eggs         | Kg. | 6.15      | 28.=  | 6.15       | 30.=   | 11.=      | 150.=  |
| Beef         | "   | 12.50     | 70.=  | 32.=       | 90.=   | 34.=      | 120.=  |
| Eggs (each)  | "   | 1.80      | 5.=   | 2.=        | 10.=   | 4.=       | 20.=   |
| Cheese       | "   | 24.10     | 120.= | 24.85      | 130.=  | 35.=      | 220.=  |
| Coffee       | "   | =         | 700.= | =          | 1000.= | =         | 1300.= |

(Contd.)

Fig.1 (continues)

| Items       |     | Mar. 1944 |        | April 1944 |        | May 1944 |        |
|-------------|-----|-----------|--------|------------|--------|----------|--------|
|             |     | Off.      | B/M    | Off.       | B/M    | Off.     | B/M    |
| Bread       | Kg. | 3.60      | 130.=  | 3.60       | 135.=  | 3.60     | 165.== |
| Flour       | "   | 3.60      | 180.=  | 3.60       | 205.=  | 3.60     | 210.=  |
| Flour(corn) | "   | 3.75      | 145.=  | 3.75       | 148.=  | 3.75     | 150.=  |
| Rice        | "   | 4.=       | 250.=  | 4.=        | 255.=  | 4.=      | 315.25 |
| Potatoes    | "   | 12.=      | 37.=   | 12.=       | 43.=   | 12.=     | 55.50  |
| Dry Figs    | "   | 31.=      | 78.=   | 38.=       | 82.=   | 40.=     | 80.=   |
| Pasta       | "   | 5.10      | 250.=  | 5.10       | 267.=  | 5.=      | 307.50 |
| Sugar       | "   | 18.=      | 310.=  | 18.=       | 351.=  | 18.=     | 310.=  |
| Lime        | "   | 14.=      | 45.=   | 14.=       | 48.=   | 22.50    | 42.=   |
| Barley      | "   | =         | 120.=  | =          | 121.=  | =        | 112.50 |
| Milk        | Lt. | 13.=      | 35.=   | 13.=       | 35.=   | 13.=     | 22.50  |
| Beans       | Kg. | 13.=      | 180.=  | 26.50      | 202.=  | 75.=     | 190.=  |
| Beef        | "   | 24.=      | 70.=   | 52.=       | 310.=  | 135.=    | 256.65 |
| Eggs(each)  | "   | 4.=       | 22.=   | 6.50       | 12.=   | 14.50    | 19.50  |
| Cheese      | "   | 25.=      | 420.=  | 50.=       | 392.=  | 30.=     | 500.=  |
| Coffee      | "   | =         | 1100.= | =          | 1500.= | =        | 500.=  |

It is interesting to note that the Official Ration Distribution is increasing each month as shown by the comparative table below, and that in each instance where a food item is distributed a noticeable drop in the Black Market price of this commodity is immediately noticeable.

1124

Fig.2

## MONTHLY RATION DISTRIBUTION FOR PORTON

| I t e m s        | Q u a n t i t y |               |              |               |               |             |
|------------------|-----------------|---------------|--------------|---------------|---------------|-------------|
|                  | June<br>1943    | Sept.<br>1943 | Dec.<br>1943 | March<br>1944 | April<br>1944 | May<br>1944 |
| Bread            | 1g. 4.500       | 1.320         | 3.500        | 6.000         | 6.000         | 6.000       |
| Pasta            | " 2.500         | =             | .500         | =             | =             | =           |
| Rice             | " .400          | =             | =            | =             | =             | =           |
| Oil              | " .320          | =             | .400         | .183          | .183          | .183        |
| Fats             | " .050          | =             | =            | =             | =             | =           |
| Sugar            | " .500          | =             | =            | =             | .250          | .250        |
| Eggs             | n. 2            | =             | =            | =             | =             | =           |
| Cheese           | Kg. .300        | =             | =            | .200          | .130          | =           |
| Meat             | " .300          | =             | =            | =             | .400          | .400        |
| Potatoes         | " .300          | =             | =            | =             | =             | =           |
| Powdered soup    | " =             | =             | =            | .250          | .250          | .250        |
| Dried vegetables | " =             | =             | =            | .250          | .600          | .500        |
| Salt             | " =             | =             | =            | .500          | =             | =           |
| No. Carrots      | " =             | =             | =            | =             | .070          | =           |
| Salt herrings    | " =             | =             | =            | =             | =             | .350        |
| Marmalade        | " =             | =             | =            | =             | =             | .200        |

Chart 1 - shows the caloric percentage of food purchased through the ration, Free Market and Black Market.

Chart 2 - shows the percentage of food actually purchased through the ration, Free Market and Black Market.

1123

A very encouraging picture is presented by these charts as the percent of purchases in the Black Market shows a marked decline, as the ration is increased.

Fig. 3

## FOOD COST INDEX FOR SYRIS I A ILL

|                                         | June<br>1943 | Sept.<br>1943 | Dec.<br>1943 | March<br>1944 | April<br>1944 | May<br>1944 |
|-----------------------------------------|--------------|---------------|--------------|---------------|---------------|-------------|
| Weekly expense Lit.                     | 327.45       | 341.5         | 4107.25      | 1750.45       | 1201.31       | 347.05      |
| Index using June as<br>100 increase is  | 100          | 205.0         | 285.5        | 443.2         | 481.4         | 546.9       |
| Index using Sept. as<br>100 increase is |              | 100           | 133.2        | 216.1         | 233.4         | 266.3       |

Clothing prices during the month of April showed a decided drop due mainly to controlled selling. However, during May the index figure rose sharply, the reason being that much clothing and materials have disappeared from the stores and cannot at present be replaced, thereby necessitating the purchase of a large portion of their requirements in the Black Market.

Fig. 4

## CLOTHING INDEX

|                                         | June<br>1943 | Sept.<br>1943 | Dec.<br>1943 | March<br>1944 | April<br>1944 | May<br>1944 |
|-----------------------------------------|--------------|---------------|--------------|---------------|---------------|-------------|
| Weekly expense Lit.                     | 108.65       | 162.47        | 259.16       | 545.32        | 457.60        | 551.37      |
| Index using June as<br>100 increase is  | 100          | 149.5         | 239.5        | 501.5         | 421.1         | 516.6       |
| Index using Sept. as<br>100 increase is |              | 100           | 159.5        | 335.6         | 291.6         | 345.5       |

1122

There has been no change in the cost of housing.

The Index figure for Food and Sight showed a decrease of 19.4 points in April and a further decrease of 73.4 in May.

Miscellaneous expenses showed but a slight increase in April and May but because this category is quite flexible and covers numerous services and items which could be easily controlled by the family for the purposes of this study, the index could be considered as fair stabilized.

Fig. C - the comprehensive Chart, attached, graphically portrays the trend in the cost of living in Naples. It will be observed that using September 1943 as a base the rise is slight, being only 33.1 points in May over April for a total of only 40.7 points over March. See index figures below :-

RISE IN LIVING COSTS

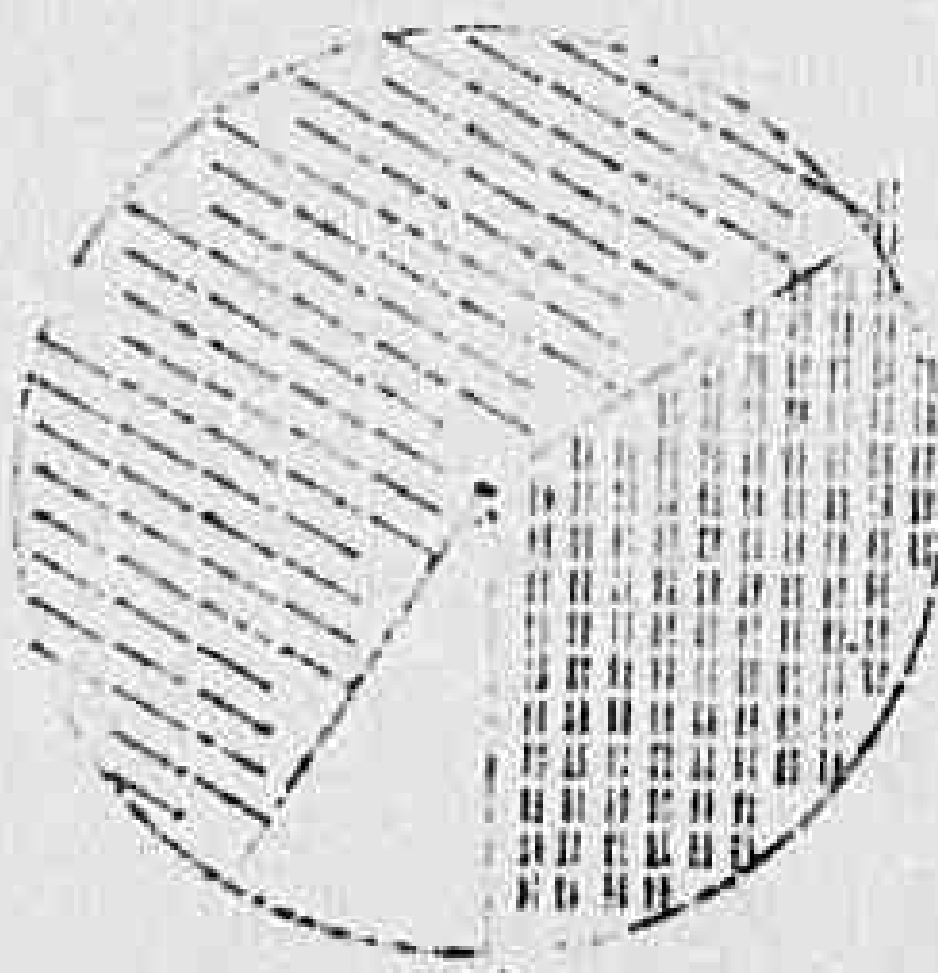
|                                      |        |                      |
|--------------------------------------|--------|----------------------|
| June 1943 through April 1944         | -      | Index 434.0          |
| Sept. 1943                           | "      | April 1944 - " 241.0 |
| June 1943                            | "      | May 1944 - " 434.1   |
| Sept. 1943                           | "      | May 1944 - " 374.1   |
| <u>Using June 1943 as 100 :-</u>     |        |                      |
| The rise from March through April is | points | 13.0                 |
| " " " " " May                        | "      | 73.4                 |
| <u>Using Sept. 1943 as 100 :-</u>    |        |                      |
| The rise from March through April is | points | 7.6                  |
| " " " " " May                        | "      | 40.7                 |

1121 These figures definitely prove that the spiral, as evidenced by the rise as shown, if June 1943 is used as 100, has been effectively slowed down so that the rise in the cost of living is actually negligible if viewed in the light that a condition of short supply continues to exist.

# "CALORIC VALUES OF FOODS"

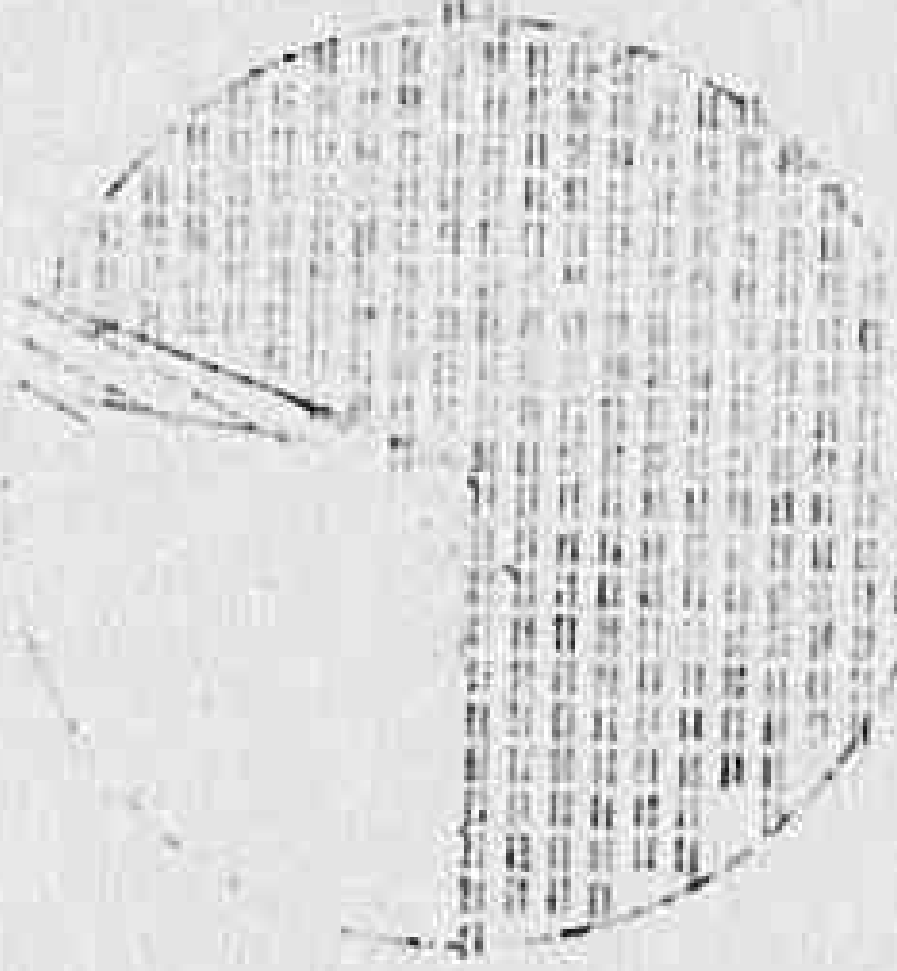
This chart is designed to show the caloric percentage of foods purchased through the "Ration" in the "Free Market" and the "Black Market"

F.M. 8.95%  
R. 53.03%  
B.M. 38.02%



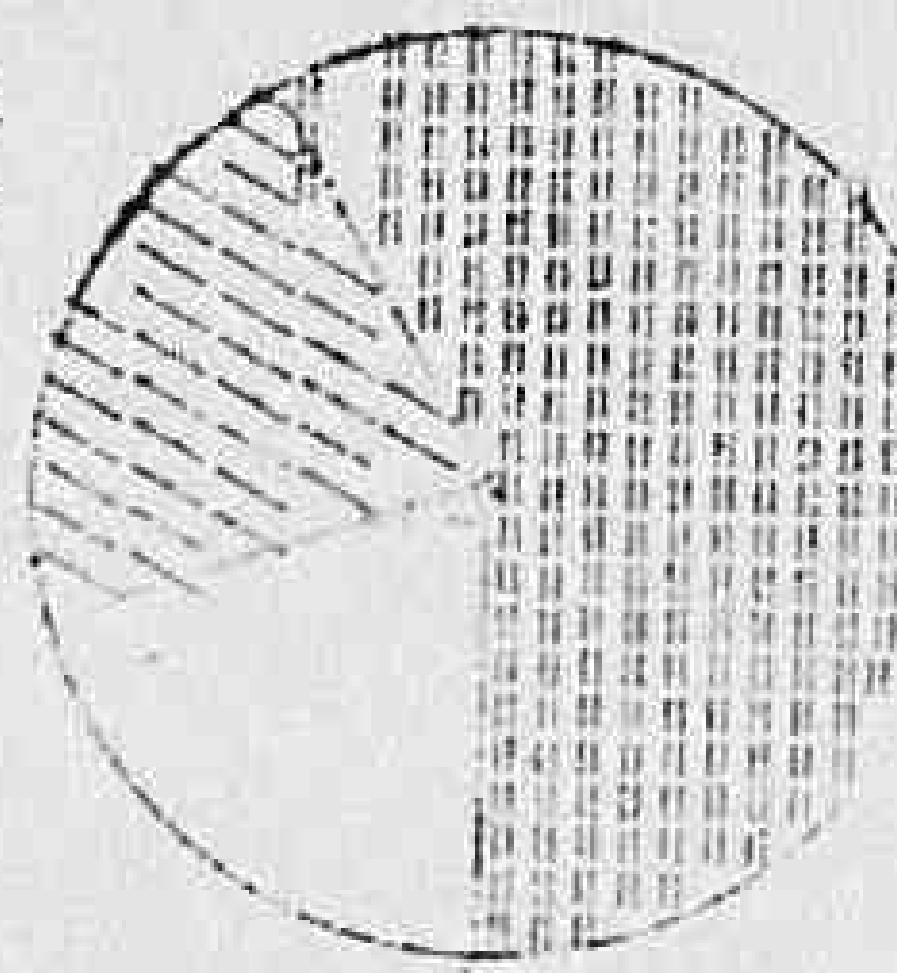
June 1943

F.M. 29.24%  
R. 2.34%  
B.M. 68.42%



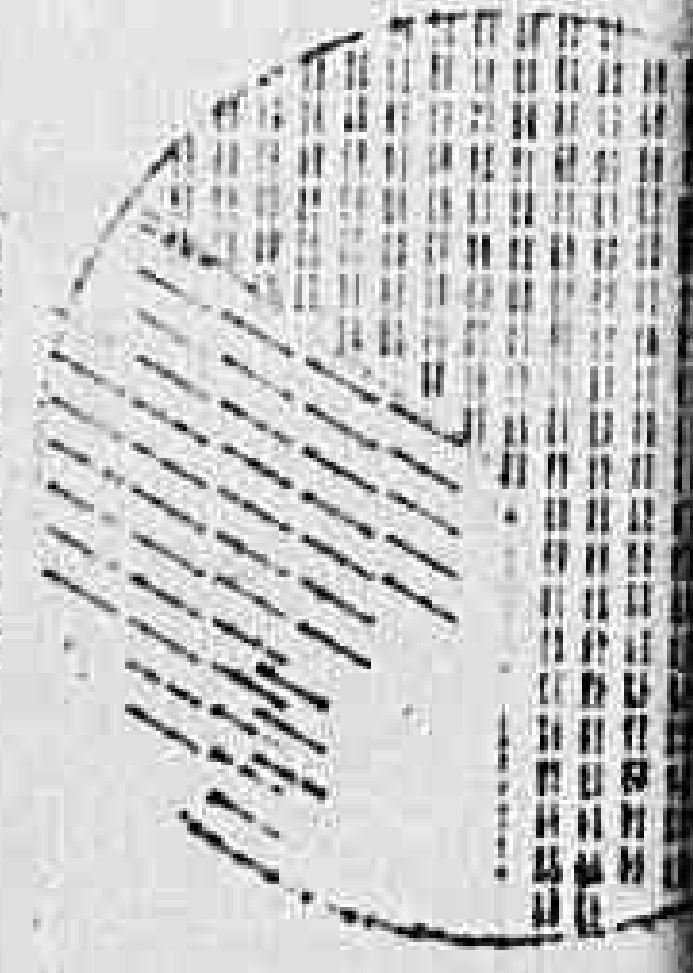
Sept. 1943

F.M. 20.93%  
R. 23.24%  
B.M. 55.83%



Dec. 1943

**1120** F.M. 6.60%  
R. 30.50%  
B.M. 62.72%



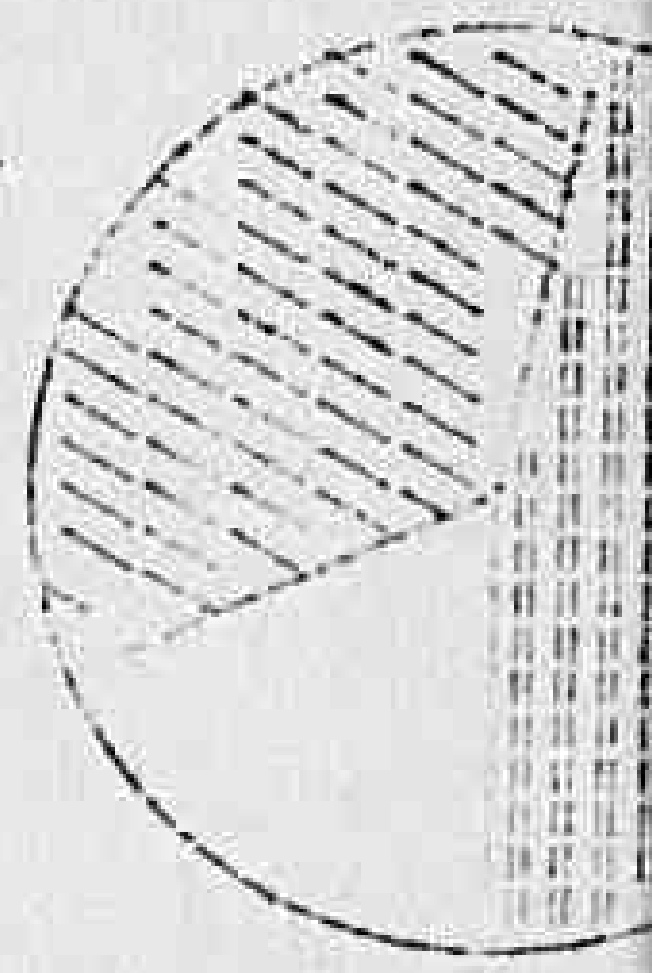
June 1943

F.M. 11.19%  
R. 36.18%  
B.M. 51.93%



Sept. 1943

F.M. 18.09%  
R. 36.03%  
B.M. 45.88%



Dec. 1943

Dec. 1943

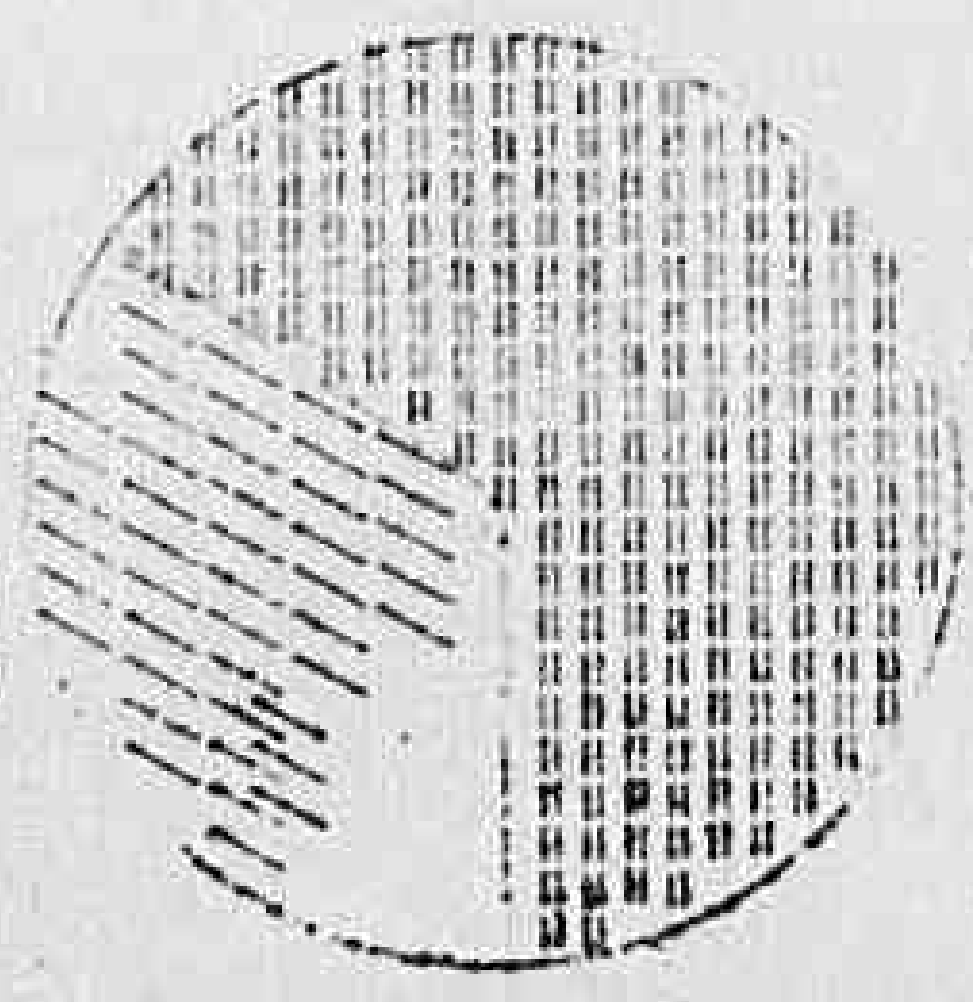
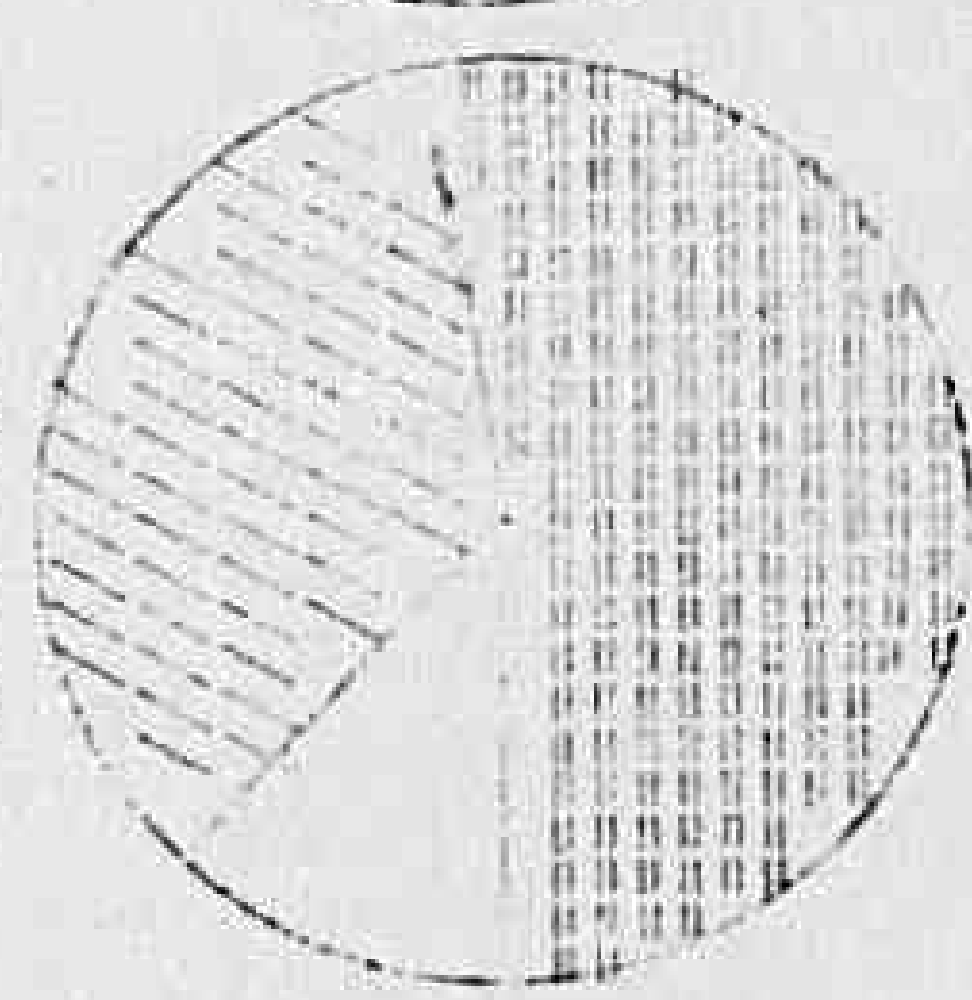
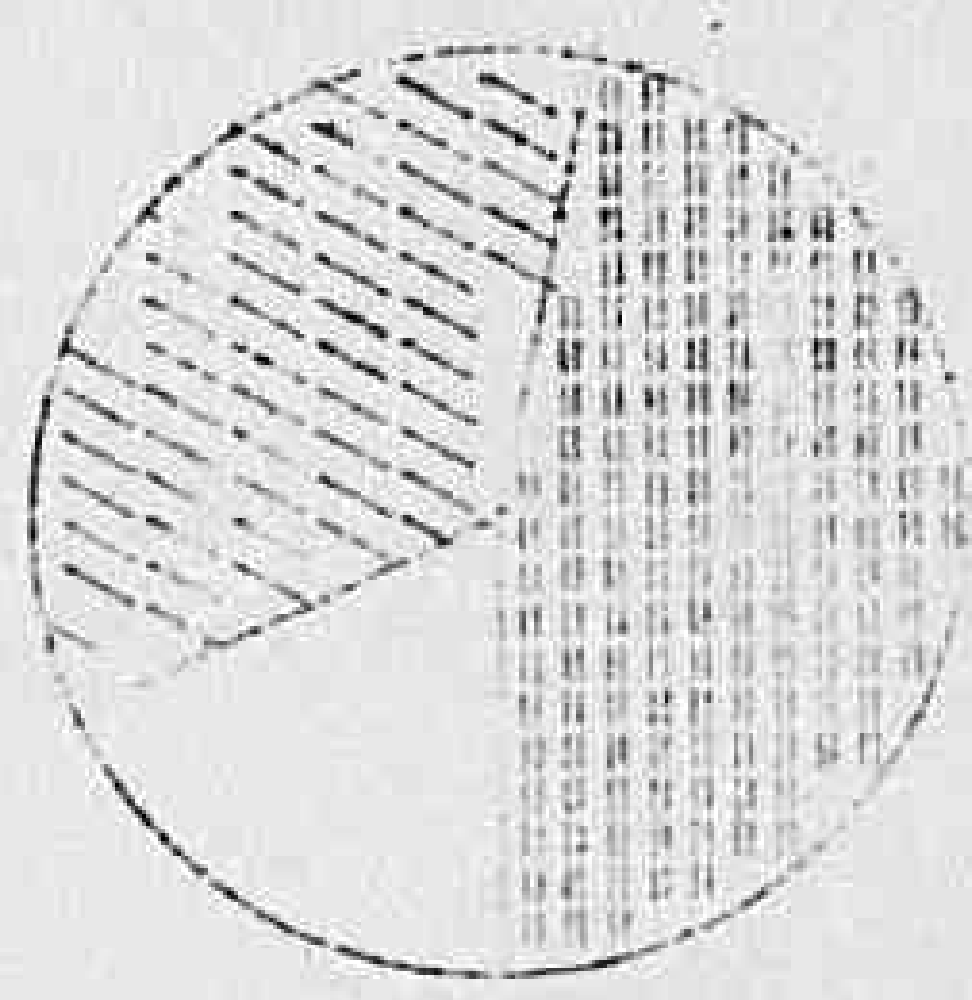
Sept. 1943

June 1943

F.M. 18.09%  
R. 36.03%  
B.M. 45.88%

F.M. 17.10%  
R. 36.12%  
B.M. 51.93%

**1120**  
F.M. 6.68%  
R. 30.60%  
B.M. 62.72%



May 1944

April 1944

March 1944

LEGEND

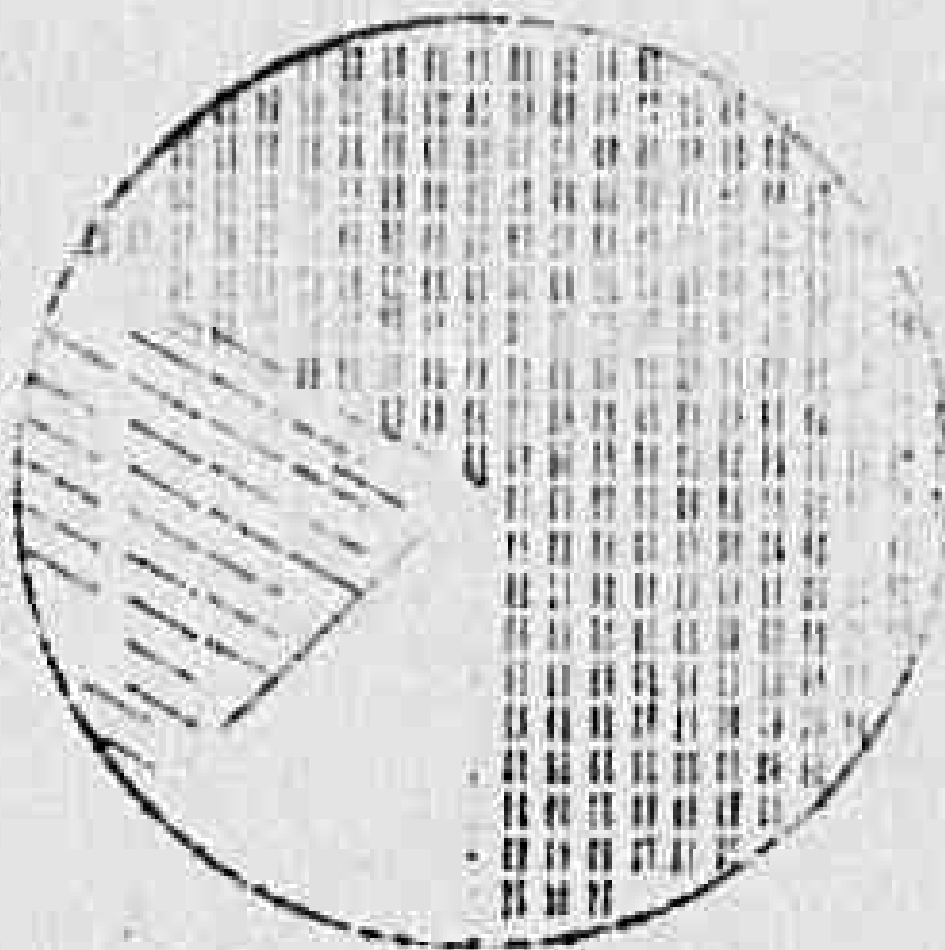
- F.M. [diagonal hatching] Free Market
- R. [horizontal hatching] Rationed
- B.M. [vertical hatching] Black Market

Chart "A"

"WHERE THE TYPICAL FAMILY BUNCH GETS ITS FOOD"

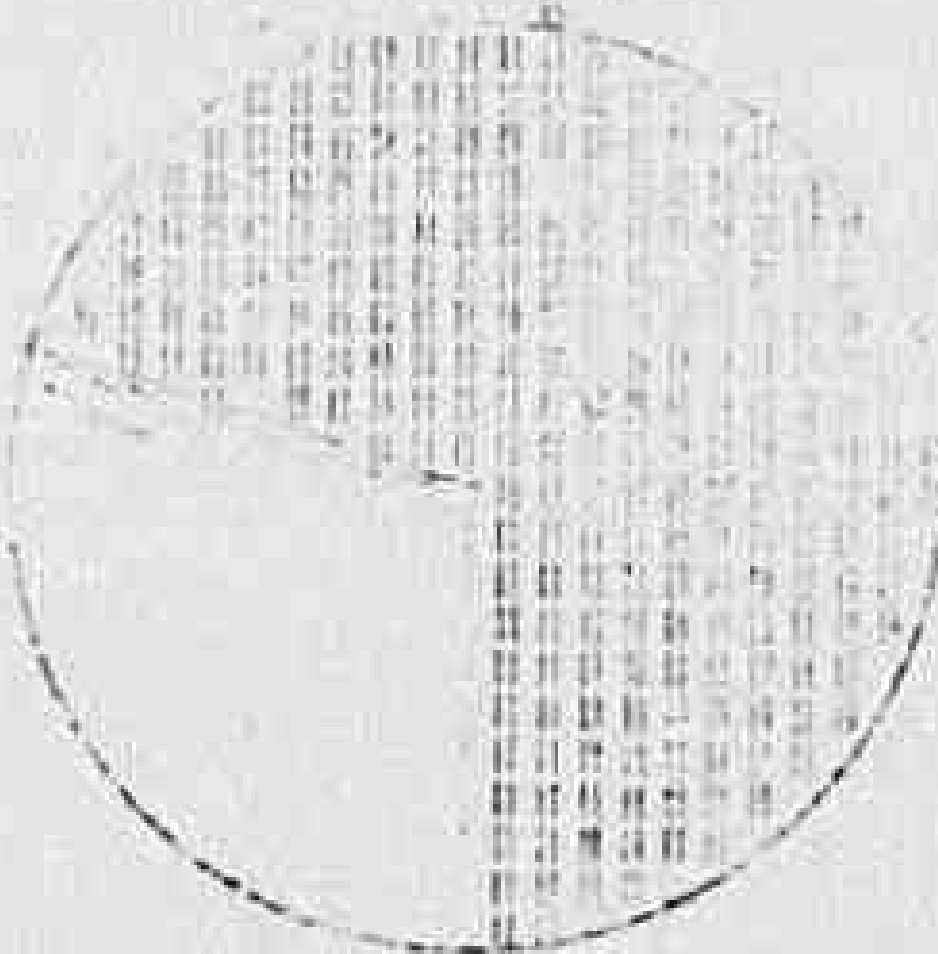
This chart is designed to show the percentage of food purchased either through the "Ration" in the "Free Market" and the "Black Market"

P.M. 12.76%  
R. 20.33%  
B.M. 66.95%



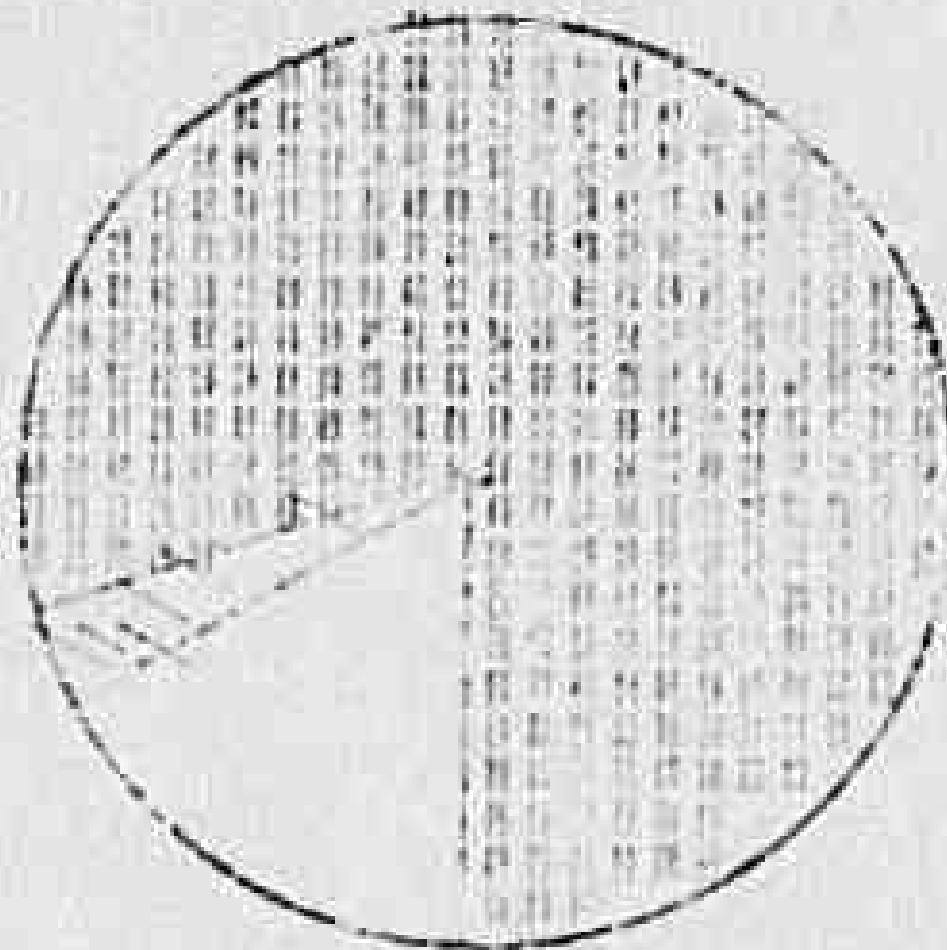
JUNE 1943

P.M. 29.00%  
R. 1.00%  
B.M. 70.00%



SEPT. 1943

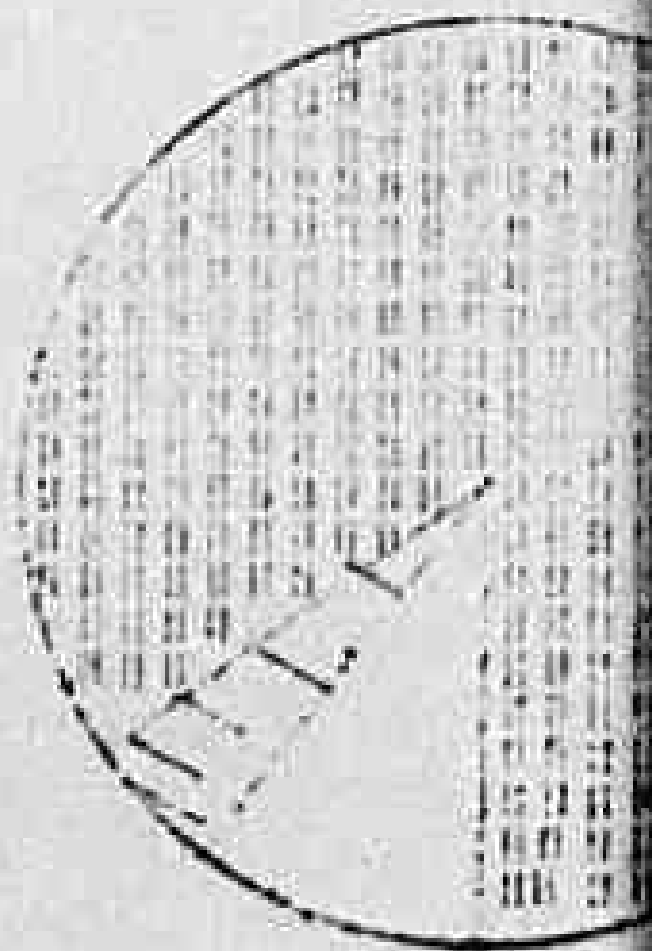
P.M. 16.97%  
R. 2.67%  
B.M. 80.36%



DEC. 1943

P.M. 9.57%  
R. 4.13%  
B.M. 86.25%

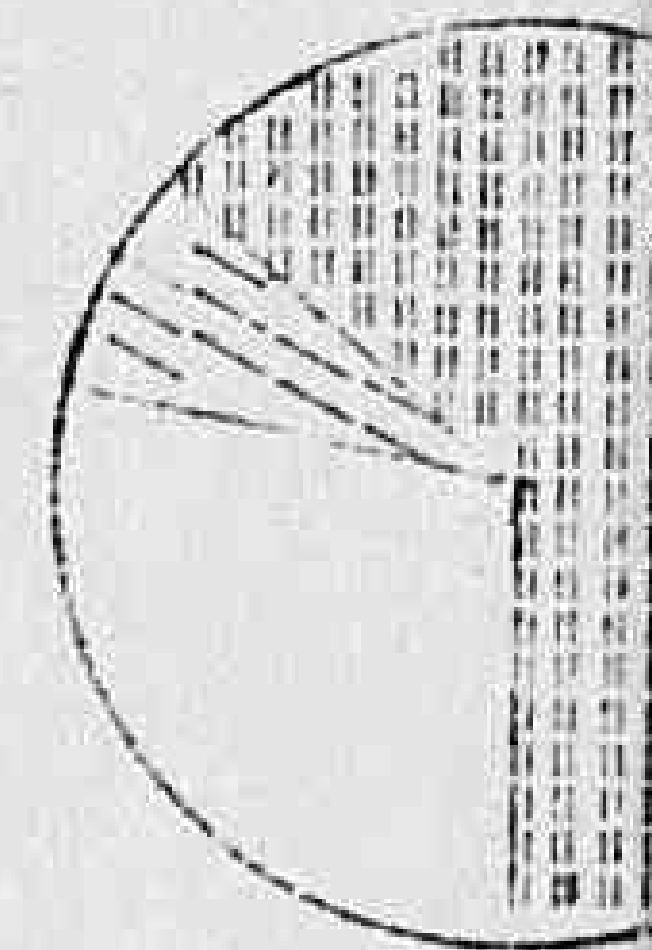
1119



P.M. 20.10%  
R. 5.91%  
B.M. 73.99%



P.M. 34.06%  
R. 6.06%  
B.M. 59.88%



JUNE 1943

SEPT. 1943

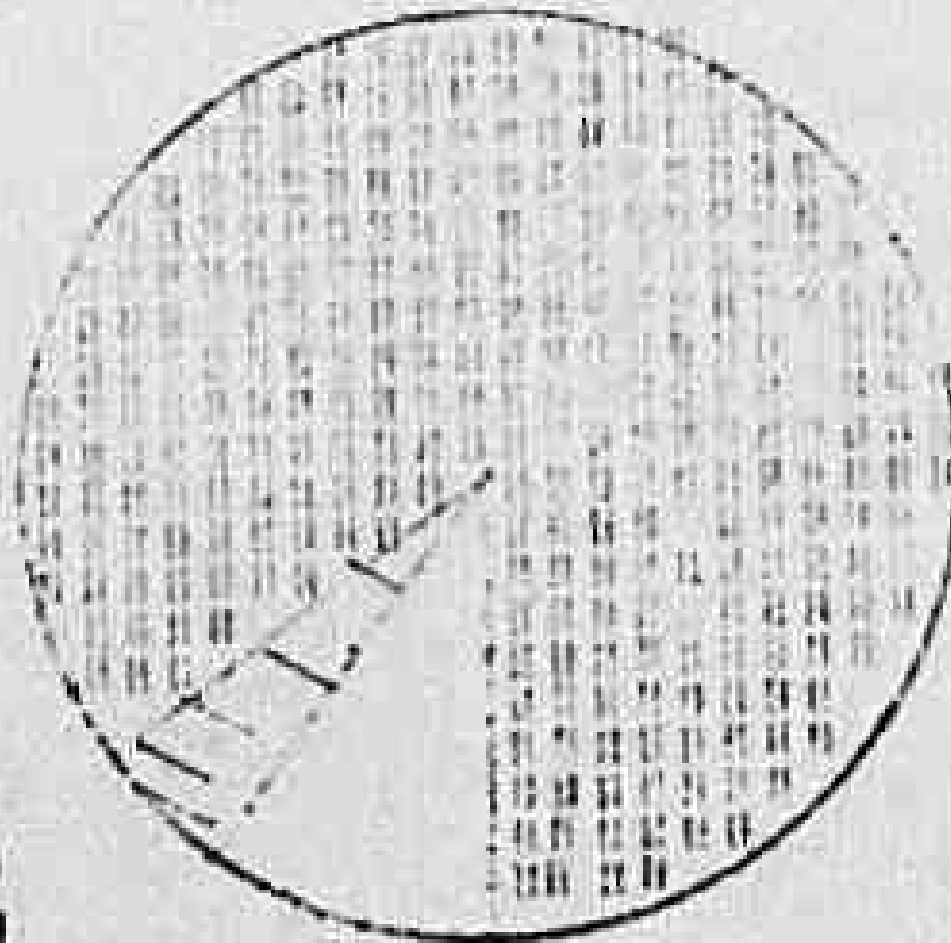
DEC. 1943

P.M. 9.57%  
R. 4.18%  
B.M. 86.25%

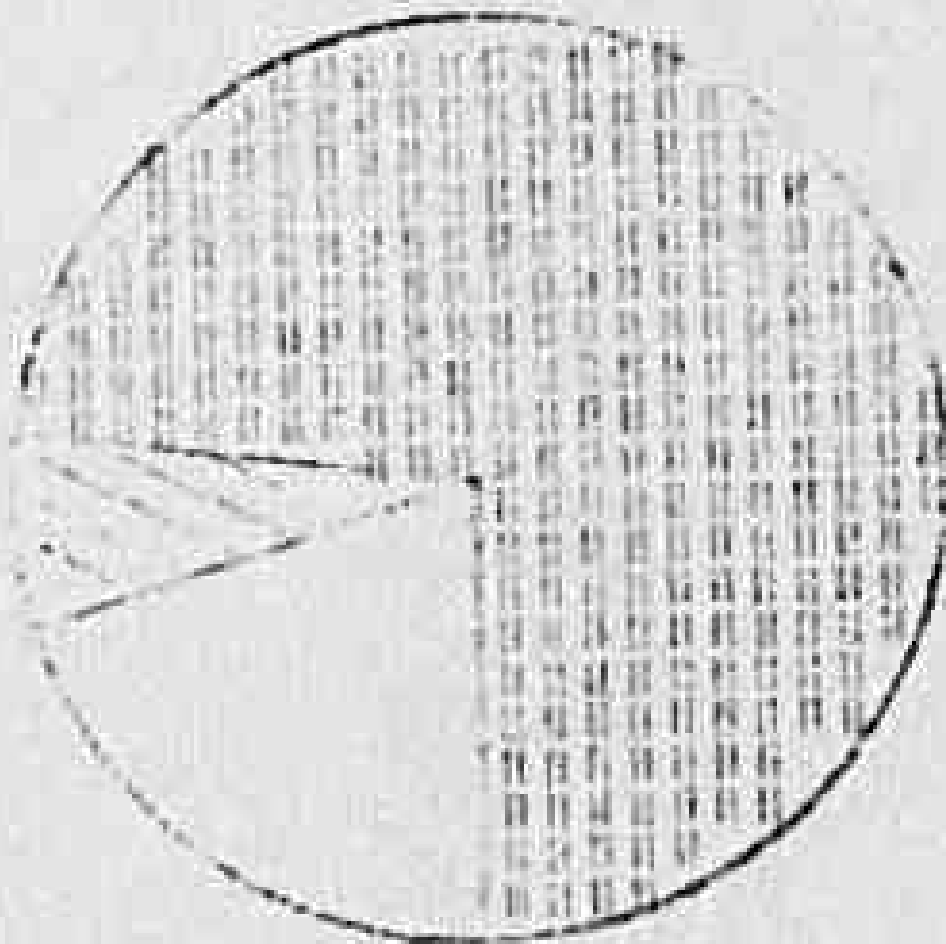
1119

P.M. 20.10%  
R. 5.51%  
B.M. 73.99%

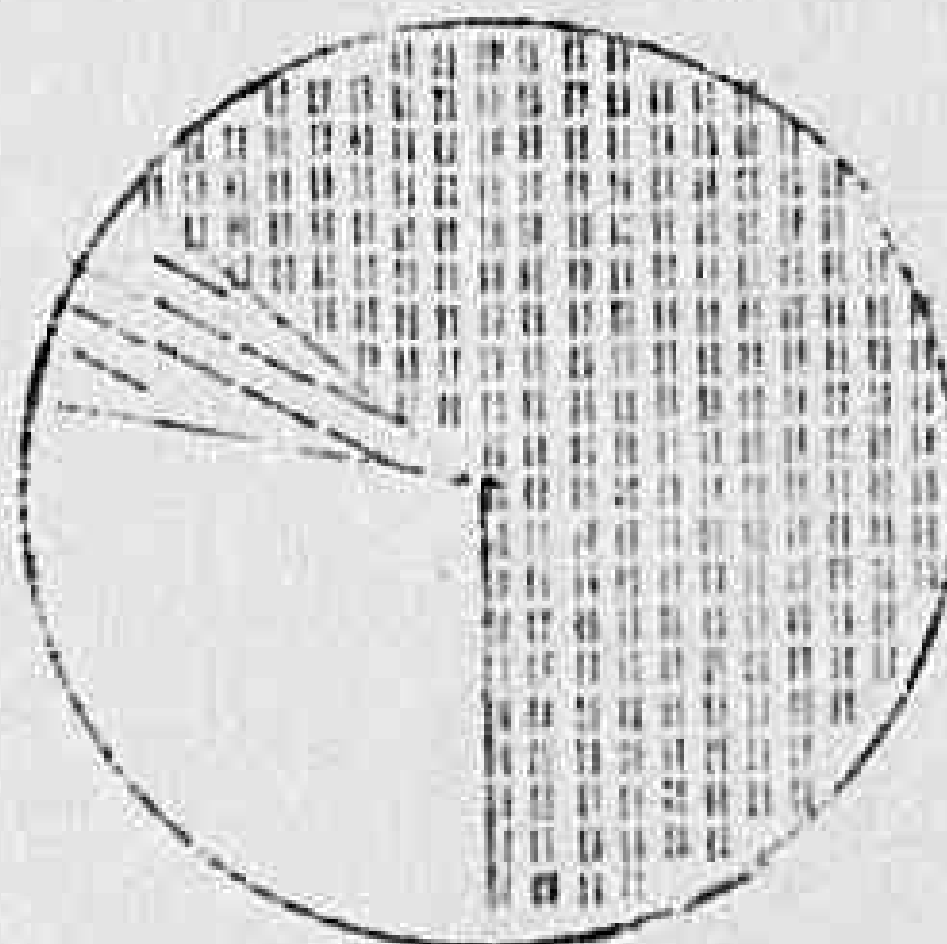
P.M. 34.06%  
R. 6.06%  
B.M. 59.88%



MARCH 1944



APRIL 1944



MAY 1944

LEGEND

P.M.

R.

B.M.

Free Market

Regioned

Black Market

Chart "B"

# CHART SHOWING TREND OF LIVING COSTS

This chart is designed to show the trend of cost of living for a family of 5, taking into consideration the minimum requirements of

- a) Food
- b) Clothing
- c) Dwelling
- d) Heat & Light
- e) Miscellaneous expenses

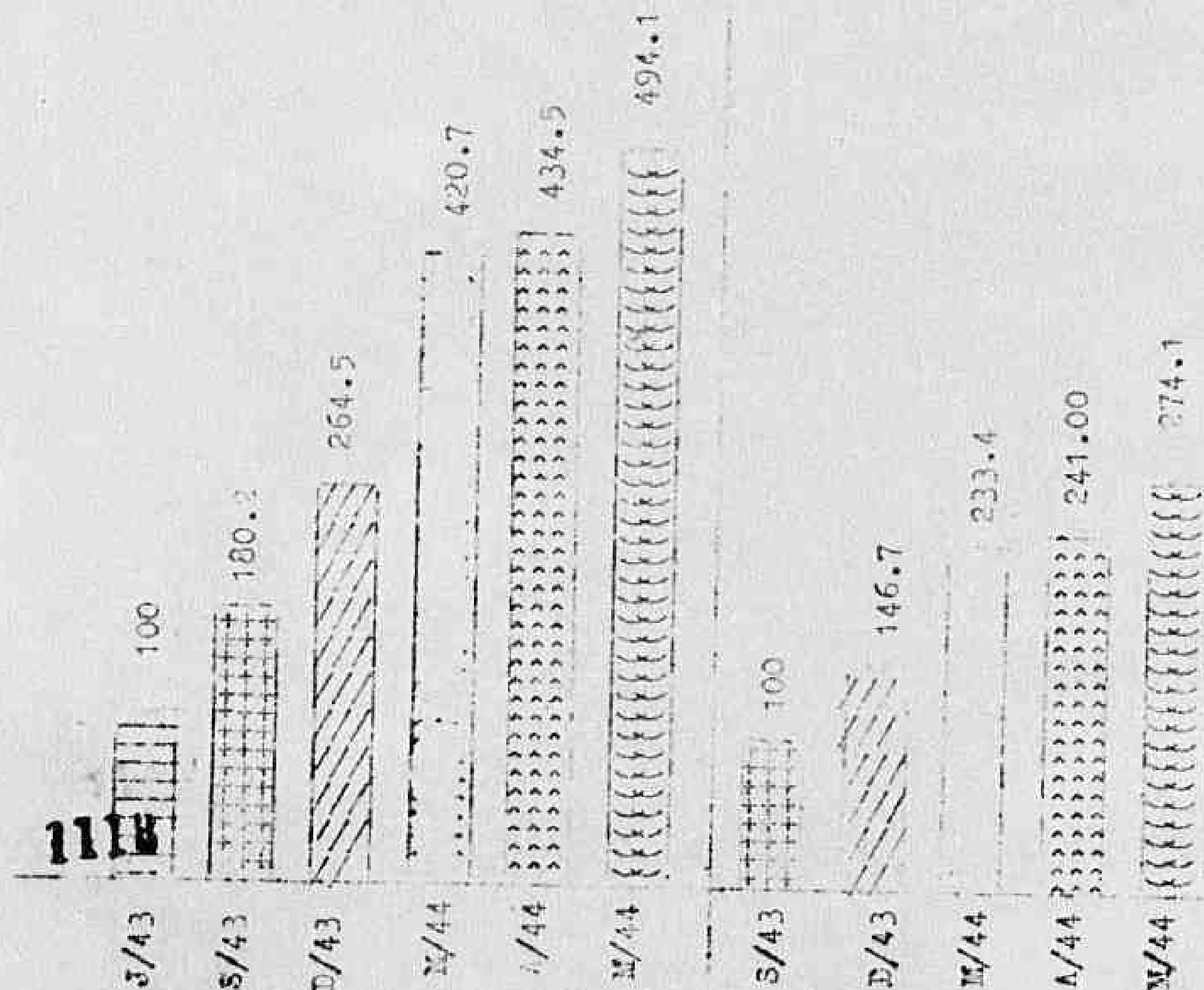
INDEX USING JUNE AS 100

IN % USING DEPT. AS 100

Percentage cost in al

NOTE :

Ju  
Se  
De  
Ma  
Ap  
Ma



100 150 200 250 300 350 400 450 500

June

June

COSTS

Cost of cost of living for a  
the minimum requirements

Clothing

Heat & Light

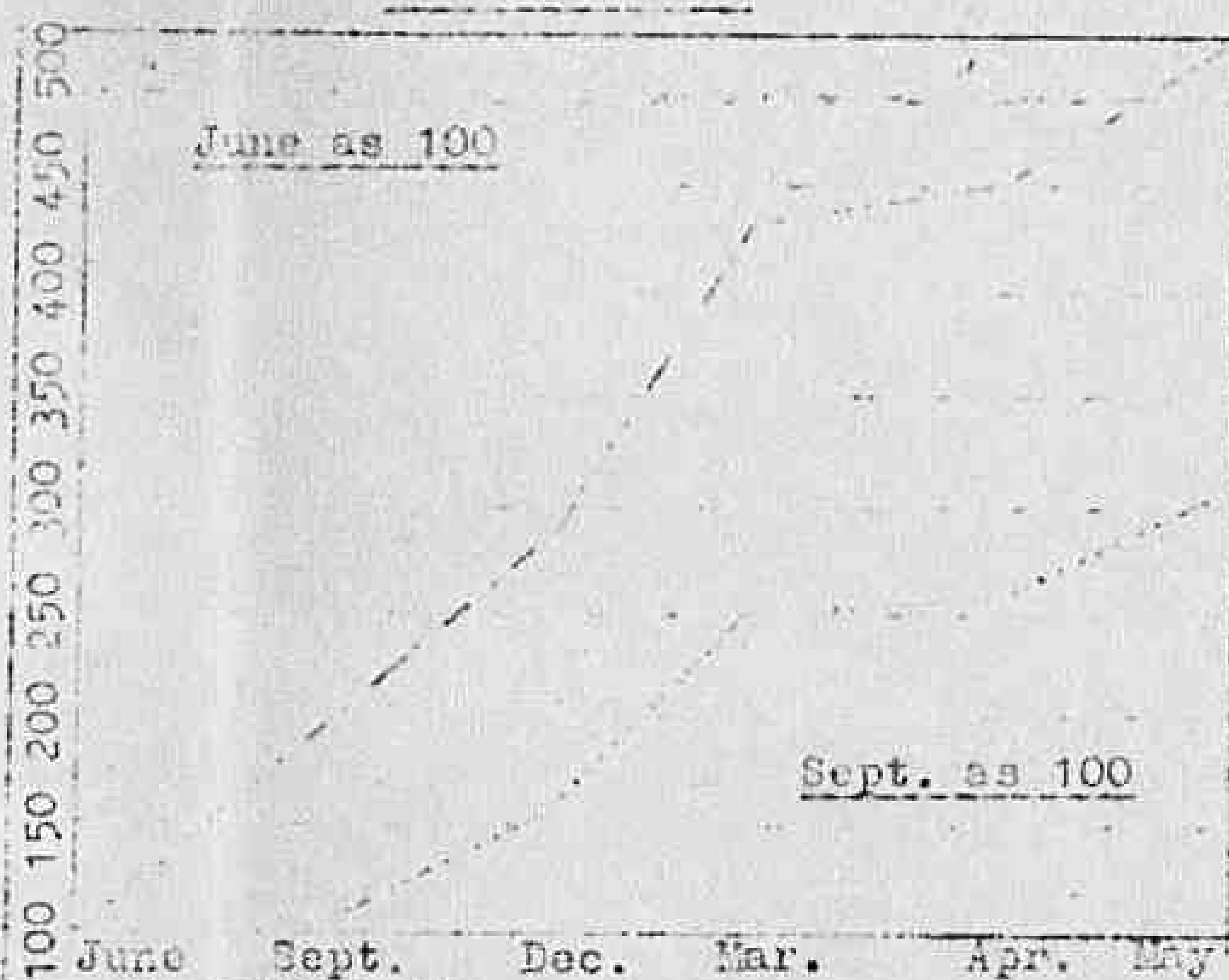
expenses

INDEX USING SEPT. 1943 = 100

Percentage of increase in the total weekly  
cost in all categories for a family of 5.

NOTE : Total weekly expenses

|            |   |            |
|------------|---|------------|
| June 1943  | - | £. 625.43  |
| Sept. 1943 | - | £. 1127.42 |
| Dec. 1943  | - | £. 1654.66 |
| Mar. 1944  | - | £. 2531.44 |
| Apr. 1944  | - | £. 2718.05 |
| May 1944   | - | £. 3090.29 |

I N D E X

146.7

233.4

241.00

274.1

D/43

S/44

A/44

M/44

Copy N.11

File D

ECONOMIC  
FACTS AND FACTORS

\*\*\*\*\*

A monthly bulletin published by the  
Economics & Supply Division of Region 3.

\*\*\*\*\*

MARCH 1944

1117

file / 706

Economics

24 Jul  
1944

### FOREWORD

1. The statistics and economic data contained in this bulletin concern the three provinces of Naples, Avellino and Benevento. They have particular reference to Naples City.

2. The bulletin has been compiled in the Price Office of the Economics & Supply Division, ACC/Region 3. Lieutenant A. B. Arnoldy, who is in charge of the Regional Price Office, gratefully acknowledges the assistance he has received from Dr. Vladimir Charin and from the other statisticians employed by the Price Office. He also thanks Dr. Ranauda, Director of the Merceological and Chemical Laboratory of the Naples Chamber of Commerce for the valuable information he has contributed concerning the caloric values of foods; and Captain Walter Neuburg, temporarily on loan from V Army to the Alimentation Section of Region 3, for his helpful suggestions and assistance in editing this brochure.

3. The chief purpose of the bulletin is to provide a reliable cost of living index for the three provinces of Region 3 based solely on official price records.

4. In future the bulletin will be published monthly. Subsequent issues will be much briefer than the present one.

1118

INTRODUCTION

The following comprehensive Index shows the extent of the rise in cost category under discussion in this study. The Months of June 1943 and September 1943, respectively, as 100.

| Description                                | June 1943 | Sept. 1943 | Dec. 1943 |  |
|--------------------------------------------|-----------|------------|-----------|--|
| <u>WEEKLY EXPENSE FOR FOOD</u>             | 397.15    | 814.50     | 1134.05   |  |
| Index using June as 100                    | 100       | 205.0      | 285.5     |  |
| Index using Sept. as 100                   |           | 100        | 139.2     |  |
| <u>WEEKLY EXPENSE FOR CLOTHING</u>         | 108.65    | 162.47     | 259.16    |  |
| Index using June as 100                    | 100       | 149.5      | 238.5     |  |
| Index using Sept. as 100                   |           | 100        | 159.5     |  |
| <u>WEEKLY EXPENSE FOR DWELLING</u>         | 49.27     | 49.27      | 49.27     |  |
| Index using June as 100                    | 100       | 100        | 100       |  |
| Index using Sept. as 100                   |           | 100        | 100       |  |
| <u>WEEKLY EXPENSE FOR HEAT &amp; LIGHT</u> | 8.94      | 34.02      | 72.20     |  |
| Index using June as 100                    | 100       | 380.5      | 807.6     |  |
| Index using Sept. as 100                   |           | 100        | 212.20    |  |
| <u>WEEKLY MISCELLANEOUS EXPENSES</u>       | 61.42     | 67.16      | 139.98    |  |
| Index using June as 100                    | 100       | 109.3      | 227.9     |  |
| Index using Sept. as 100                   |           | 100        | 208.4     |  |
| <u>TOTAL WEEKLY EXPENSE</u>                | 625.43    | 1127.42    | 1654.66   |  |
| INDEX USING JUNE AS 100                    | 100       | 180.2      | 264.5     |  |
| INDEX USING SEPTEMBER AS 100               |           | 100        | 146.7     |  |

INTRODUCTION

Comprehensive Index shows the extent of the rise in costs in every section in this study. The Months of June 1943 and September 1943 are 100.

|                         | June 1943 | Sept. 1943 | Dec. 1943 | March 1944 |
|-------------------------|-----------|------------|-----------|------------|
| <u>FOOD</u>             | 397.15    | 814.50     | 1134.05   | 1760.45    |
| 100                     | 100       | 205.0      | 285.5     | 443.2      |
| 100                     |           | 100        | 139.2     | 216.1      |
| <u>CLOTHING</u>         | 108.65    | 162.47     | 259.16    | 545.32     |
| 100                     | 100       | 149.5      | 238.5     | 501.9      |
| 100                     |           | 100        | 159.5     | 335.6      |
| <u>SELLING</u>          | 49.27     | 49.27      | 49.27     | 49.60      |
| 100                     | 100       | 100        | 100       | 100.6      |
| 100                     |           | 100        | 100       | 100.6      |
| <u>HEAT &amp; LIGHT</u> | 8.94      | 34.02      | 72.20     | 58.73      |
| 100                     | 100       | 380.5      | 807.6     | 768.7      |
| 100                     |           | 100        | 212.20    | 202.0      |
| <u>EXPENSES</u>         | 61.42     | 67.16      | 139.38    | 207.34     |
| 100                     | 100       | 109.3      | 227.9     | 337.5      |
| 100                     |           | 100        | 208.4     | 308.7      |
|                         | 525.43    | 1127.42    | 1654.65   | 2631.44    |
| 100                     | 100       | 180.2      | 254.5     | 420.7      |
| AS 100                  |           | 100        | 146.7     | 233.4      |

COST OF LIVING TRENDS

This study of the cost of living in Region 3 enables us to:

1. Follow the cost of living trends in the City of Naples;
2. Gauge the effect of military occupation on the people, on the price structure in general, and on commodities of prime necessity in particular;
3. Visualize living conditions which prevailed prior to the Allied occupation;
4. Understand the principal causes for the rise in living costs, which had started prior to that occupation.

Prior to September 1943 ( month in which the German Army assumed practical control of the local economy ), those prices which most directly affect the cost of living had been maintained at comparatively low levels, for the following reasons:

1116

- a) The Italian Government froze some commodities and blocked the prices of nearly all others, including salaries;
- b) Currency circulation was on a normal war-time basis;
- c) The German army ( at least prior to September 1943 ) was not an army of occupation in the true sense of the word;

- d) Food, although scarce, was obtainable also from the North and an adequate ration was being given;
- e) Although a black market existed, prices were moderate because of fairly good supplies.

In September a change in conditions took place due to the following causes:

- a) Enemy destruction of existing food stores;
- b) Enemy destruction of public utilities, industrial plants and machinery, resulting in mass unemployment;
- c) Enemy destruction of warehouses and granaries;
- d) Enemy destruction of lines of communication.

Upon assuming civil control in Region 3, Allied Military Government was faced with additional problems of an urgent economic nature due to the necessity to:

- 1. Import large quantities of food for the Italian civilian population;
- 2. Stabilize the currency;
- 3. Curb expenditure by Allied Military personnel on local purchases;
- 4. Combat the increase in Black Market buying;
- 5. Withstand upward pressure and consequent rise in wage scales due to necessity of buying in the Black Market.

1113

In attempting a study of the cost of living in Naples we have based our findings on a plan evolved here some years ago and accepted by the Central Institute of Statistics in determining the minimum requirements of a family of 5 consisting of two adults and three children under ten years of age. It will show:

- I. The cost of food;
- II. The cost of clothing;
- III. The cost of dwellings;
- IV. The cost of heating and lighting;
- V. Miscellaneous expenses (Medicines, Education, Transportation etc.)

#### I. FOOD

The Scientific Commission "Interalliée de Ravitaillement" during its meeting in Paris, France in October 1918 established that a minimum of 3300 gross calories is required by an adult daily. The Naples City Plan is based on a requirement of only 2600 calories daily and is therefore 700 calories deficient from the above minimum set as a standard by physiologists. In order to permit comparison with previous indexes, our calculations are based on the needs established by the City of Naples. The caloric requirement for children is computed as 70% of the adult normal.

See the following table showing the number of calories required by typical family.

1112

Fig. 1

Calories required by typical family

| Family                         | Calories 3000<br>per person as<br>required by<br>scientists | Calories 2600<br>per person as<br>required in<br>Naples City<br>Plan |
|--------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------|
| 2 adults                       | Cal. 6000                                                   | Cal. 5200                                                            |
| 3 children under<br>10 years   |                                                             |                                                                      |
| 3000 x 3 x .70                 | " 6300                                                      |                                                                      |
| against 2600 x<br>3 x .70      |                                                             | " 5460                                                               |
| Daily total gross<br>calories  | " 12300                                                     | " 10660                                                              |
| Weekly total gross<br>calories | " 86100                                                     | " 74620                                                              |

In order to maintain proper diets it is necessary to make intermittent substitutions of foods for those no longer available in the free market or which are priced high. However, this important factor must be taken into consideration; that the public at large is unconcerned with scientifically determined nutritive or caloric values of various foods but buys what it can afford and what it likes.

The following table indicates the quantity of the monthly ration distribution per person during the months considered in this study. It will be seen that as the available supply of food increases either the existing ration scale also increases or, alternatively, new items which had

not been available previously are added to the official distribution.

Monthly Ration Distribution per Person

Fig. 2

| Items            |     | Quantity     |                   |                  |               |
|------------------|-----|--------------|-------------------|------------------|---------------|
|                  |     | June<br>1943 | September<br>1943 | December<br>1943 | March<br>1944 |
| Bread            | Kg. | 4.500        | 1.330             | 3.500            | 6.000         |
| Pasta            | "   | 2.500        | -                 | .500             | -             |
| Rice             | "   | .400         | -                 | -                | -             |
| Oil              | "   | .320         | -                 | .458             | .132          |
| Fats             | "   | .050         | -                 | -                | -             |
| Sugar            | "   | .500         | -                 | -                | -             |
| Eggs             | n.  | 2            | -                 | -                | -             |
| Cheese           | Kg. | .200         | -                 | -                | .200          |
| Meat             | "   | .300         | -                 | -                | -             |
| Potatoes         | "   | .300         | -                 | -                | -             |
| Powdered soup    | "   | -            | -                 | -                | .250          |
| Dried vegetables | "   | -            | -                 | -                | .250          |
| Salt             | "   | -            | -                 | -                | .500          |

In addition to the above ration, Evaporated milk was distributed through pharmacies for children when ordered by physician.

1110

To show the extent of price rises in the black market over those quoted officially we list a few, in tabular form, of the more important food items:

Fig. 3

Table showing official and black market prices

| Items       |     | June 1943 |       | Sep. 1943 |        | Dec. 1943 |        | Mar. 1944 |        |
|-------------|-----|-----------|-------|-----------|--------|-----------|--------|-----------|--------|
|             |     | Off.      | B/M   | Off.      | B/M    | Off.      | B/M    | Off.      | B/M    |
| Bread       | Kg. | 2.50      | 50.-  | 2.50      | 85.-   | 3.60      | 130.-  | 3.60      | 130.-  |
| Flour       | "   | 2.30      | 55.-  | 2.30      | 70.-   | 4.10      | 150.-  | 3.60      | 190.-  |
| Flour(corn) | "   | 1.80      | 25.-  | 1.80      | 40.-   | 3.75      | 110.-  | 3.75      | 145.-  |
| Rice        | "   | 3.45      | 30.-  | 3.45      | 60.-   | 4.00      | 170.-  | 4.-       | 290.-  |
| Potatoes    | "   | 4.-       | 6.-   | 4.-       | 7.-    | 7.-       | 17.-   | 12.-      | 37.-   |
| Dry Figs    | "   | -         | 36.-  | -         | 40.-   | 27.-      | 65.-   | 31.-      | 78.-   |
| Pasta       | "   | 3.10      | 35.-  | 3.10      | 70.-   | 5.-       | 220.-  | 5.10      | 250.-  |
| Sugar       | "   | 7.65      | 40.-  | 9.10      | 120.-  | 15.-      | 180.-  | 15.-      | 310.-  |
| Wine        | Lt. | 4.-       | 6/50  | 4.-       | 10.-   | 14.-      | 25.-   | 14.-      | 45.-   |
| Barley      | Kg. | -         | 20.-  | -         | 27.-   | -         | 30.-   | -         | 120.-  |
| Milk        | "   | 2.60      | 8.-   | 2.60      | 11.-   | 7.-       | 25.-   | 13.-      | 35.-   |
| Beans       | "   | 6.15      | 28.-  | 6.15      | 38.-   | 11.-      | 150.-  | 13.-      | 190.-  |
| Beef        | "   | 18.50     | 70.-  | 32.-      | 90.-   | 34.-      | 120.-  | 34.-      | 270.-  |
| Eggs(each)  | "   | 1.80      | 5.-   | 2.-       | 10.-   | 4.-       | 20.-   | 4.-       | 22.-   |
| Cheese      | "   | 24.10     | 120.- | 24.85     | 130.-  | 35.-      | 220.-  | 96.-      | 420.-  |
| Coffee      | "   | -         | 700.- | -         | 1000.- | -         | 1300.- | -         | 1100.- |

For further descriptive charts

("Price rise in Basic Food Items")

See Appendix "A" Fig. 4--(showing ratio between official & Black Market prices.

" "A" Fig. 5-- "Caloric value of Foods"

Fig. 6

Food cost index for typical family

1109

| Weekly expense                       | Lit. | June 1943 | Sept. 1943 | Dec. 1943 | Mar. 1944 |
|--------------------------------------|------|-----------|------------|-----------|-----------|
|                                      |      | 397.15    | 814.50     | 1134.05   | 1760.45   |
| Index using June as 100 increase is  |      | 100       | 205.5      | 285.5     | 443.2     |
| Index using Sept. as 100 increase is |      |           | 100        | 139.2     | 216.1     |

See Appendix A. - Fig. 7 showing the percentage of food purchased by a typical family respectively on the ration, on the free market and on the Black Market.

## II - CLOTHING

The table covering this category is attached as Appendix B - Fig. 8. In preparing the table, we included such items as are necessary and obtainable at the present time. Certain articles of clothing which are temporarily unobtainable have, for the purpose of the table, been substituted by items which correspond as nearly as possible with the original types.

Fig. 9

| Explanation                           | June 1943 | Sept. 1943 | Dec. 1943 | Mar. 1944 |
|---------------------------------------|-----------|------------|-----------|-----------|
| Weekly expense                        | 108.65    | 162.47     | 259.16    | 545.32    |
| Index using June as 100.-Increase is  | 100.      | 149.5      | 238.5     | 501.9     |
| Index using Sept. as 100.-Increase is |           | 100.       | 159.5     | 335.6     |

1108

## III. RENTALS

As rents were frozen by the Italian Government in 1940, this cost has remained the same. An average four room house or apartment has been used as a basis for this study.

|                                 |             |
|---------------------------------|-------------|
| Aver. Annual rental per room    | Lit. 600.00 |
| x 4                             |             |
| Aver. Annual rental for 4 rooms | 2400.00     |
| Apartment tax at 6%             | 144.00      |
| Garbage removal tax             | 25.00       |
| Total annual cost               | 2569.00     |
| Weekly cost                     | 49.27.      |

Fig. 10

| Rental                                                                                 | Rental index |            |           |            |
|----------------------------------------------------------------------------------------|--------------|------------|-----------|------------|
|                                                                                        | June 1943    | Sept. 1943 | Dec. 1943 | March 1944 |
| Weekly expense                                                                         | 49.27        | 49.27      | 49.27     | 49.60      |
| Index using June as 100.-increase is                                                   | 100.         | 100.       | 100.      | 100.60     |
| Index using Sept. as 100.-increase is                                                  |              | 100.       | 100.      | 100.60     |
| The increase in the March column is due to a 10% increase in the garbage disposal tax. |              |            |           |            |

See Chart Appendix C -- Fig. 11

1107

IV. HEATING AND LIGHTING

The average amount of gas used for cooking is 365 Cu.M. per annum, electric power for illumination is 75 kWh. No heating expense has been considered because due to climatic conditions most houses are not equipped for this purpose. Gas service was completely

disrupted by the Germans in September as well as a proportion of the electricity services, therefore for cooking purposes Charcoal had to be employed whereas for illumination many resorted to the use of candles. Prices for both these items are high.

See appendix "D" for chart on Heat and Light, Fig.12

Fig.13 Heat and Light Index

| Description                              | June<br>1943 | Sept.<br>1943 | Dec.<br>1943 | March<br>1944 |
|------------------------------------------|--------------|---------------|--------------|---------------|
| Weekly expense                           | 8.94         | 34.02         | 72.20        | 66.73         |
| Index using June as<br>100.-increase is  | 100.         | 380.5         | 807.06       | 766.70        |
| Index using Sept. as<br>100.-increase is |              | 100.          | 212.20       | 202.00        |

#### V. MISCELLANEOUS EXPENSES

This category covers expenses for travel, insurance, school, replacement of household articles etc., and medical expenses. Medical expenses have been based on 10 physician calls annually for the family.

See Appendix "E" Fig.14

1108

Fig. 15

Miscellaneous expense Index

| Description                              | June<br>1943 | Sept.<br>1943 | Dec.<br>1943 | March<br>1944 |
|------------------------------------------|--------------|---------------|--------------|---------------|
| Weekly expenses                          | 61.42        | 67.16         | 139.98       | 207.34        |
| Index using June as<br>100.-increase is  | 100.         | 109.3         | 227.9        | 337.5         |
| Index using Sept. as<br>100.-increase is |              | 100.          | 208.4        | 308.7         |

From the foregoing information and the comprehensive chart attached as appendix "F" Fig. 16, it will be seen that the cost of living has risen steadily since June 1943. The conclusions drawn are not pleasant particularly from the standpoint of the salaried employee, whose earnings have risen but slightly in ratio to the rise in the cost of living. Officially only a 70% increase in wages has been authorized. On the other hand the uncontrolled spending of Allied Military Personnel has pumped huge quantities of money into the markets and so into the hands of civilians whose earnings have in proportion increased with the sale of goods at higher prices; and this fact is in great part responsible for the inflationary tendencies so evident in the cost of living. Yet a factual view of the situation as a whole discloses encouraging aspects. Study of chart 16, Appendix "A" will enable you to appreciate this statement. For precipitate as may have been the rise in living costs over the total period from June 1943 through March 1944, it is important to note that for the period from Sept. 1943

through March 1944 the rise levels off markedly. In terms of percentage this change in the trend is, if anything, impressive.

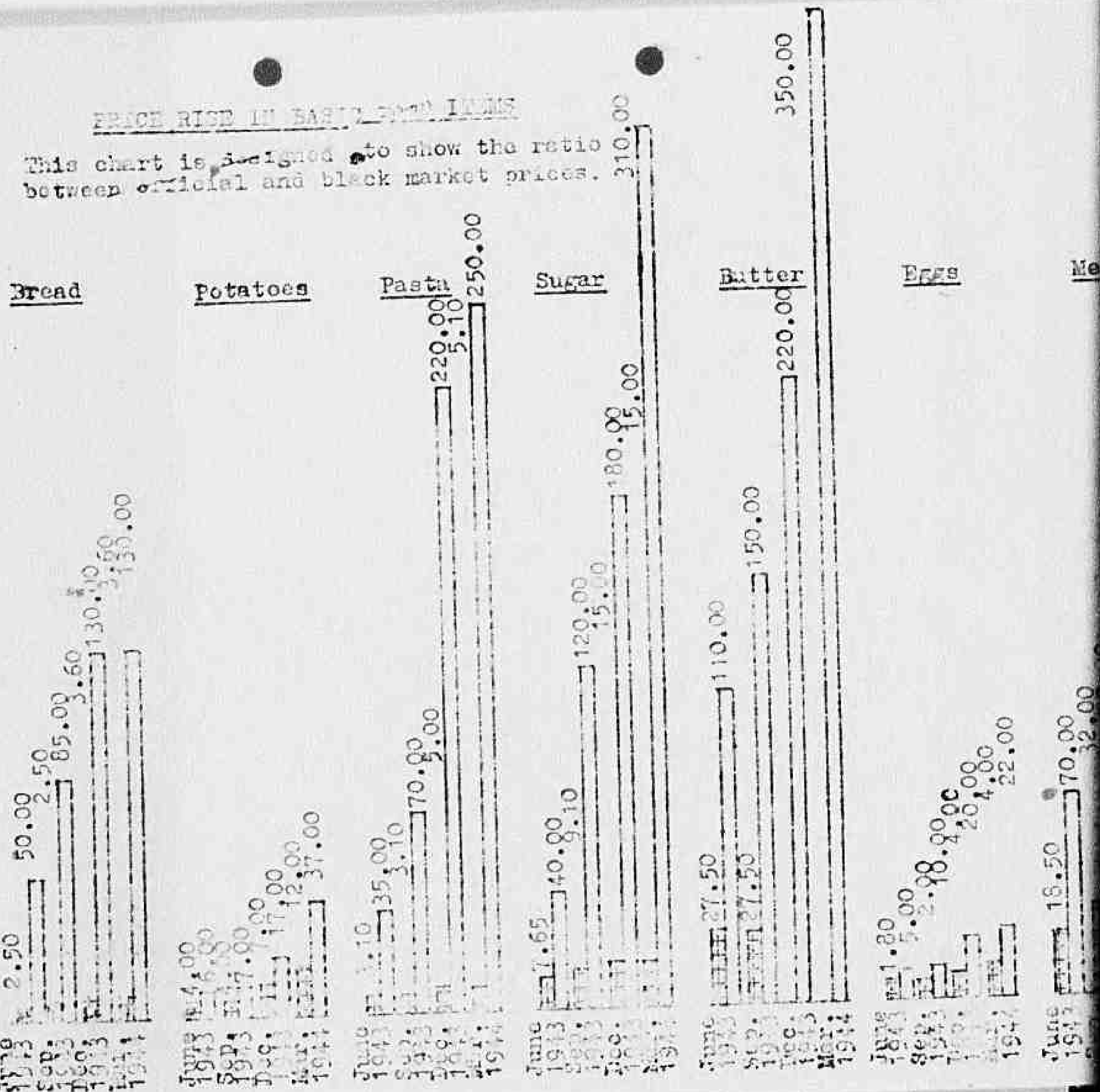
Rise in living costs

|                              |        |
|------------------------------|--------|
| June 1943 through March 1944 | 320.7% |
| Sept. 1943 " March 1944      | 133.4% |

A more favorable picture than that shown by these figures, emerges if one retains the basic idea underlying the study. For while prices of individual items show marked increases a closer analysis discloses, that basing costs on the Naples City Plan which concerns itself only with minimum requirements, the category of food comprises 66% of the total family expenditure. Obviously if the limits of this Plan's requirements are exceeded either by supplementing the planned ration or purchasing substitutes of higher quality and/or quantity merely to gratify individual desires, the resultant price trend would assume an inflationary aspect. But if viewed within the scope of this plan, and more generally against the historic background of similar conditions elsewhere, resulting after other wars, the situation presented in the foregoing study is not alarming.

## PRICE RISE IN BASIC FOOD ITEMS

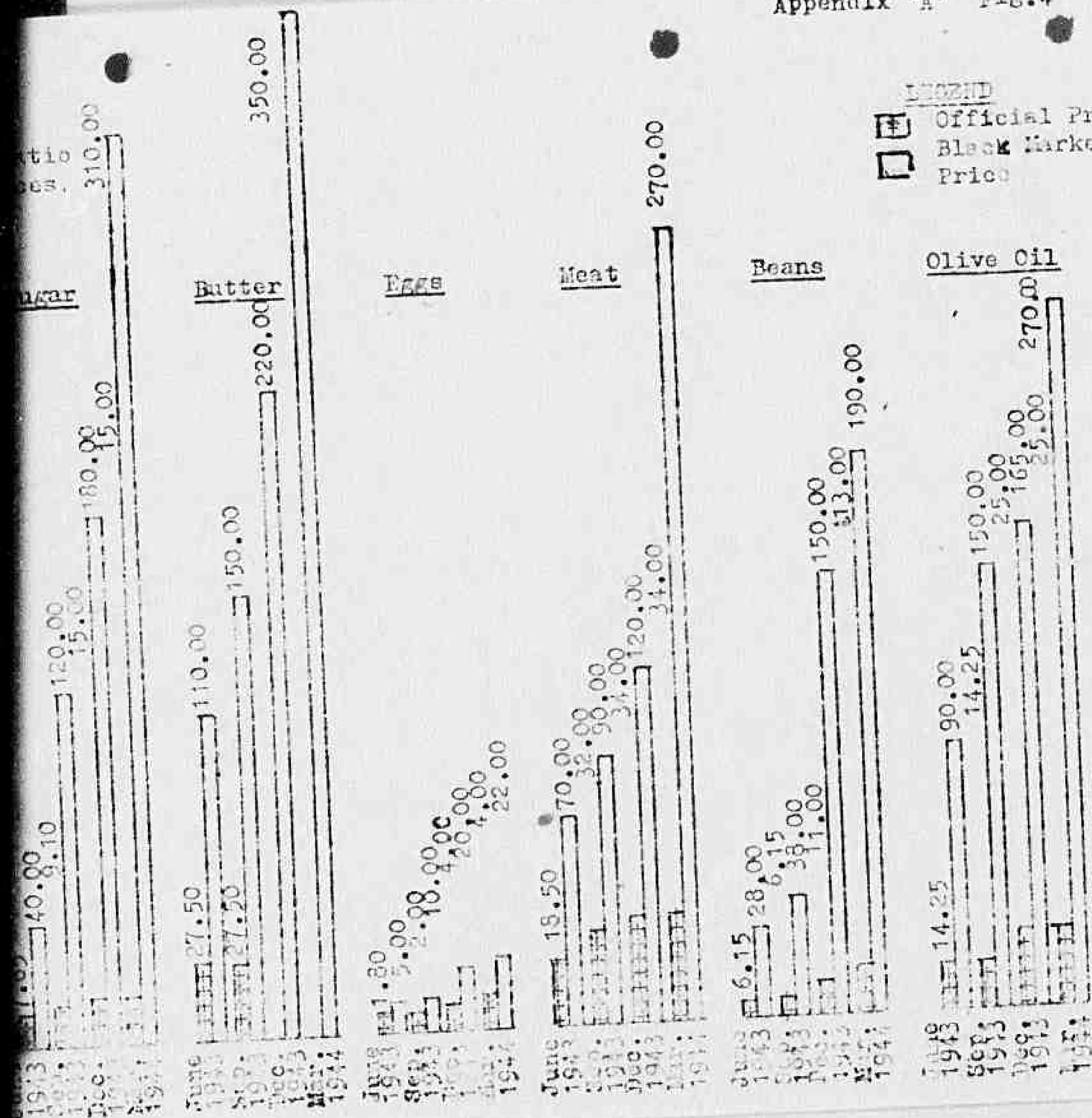
This chart is designed to show the ratio between official and black market prices.



Appendix "A" Fig. 4

LEGEND

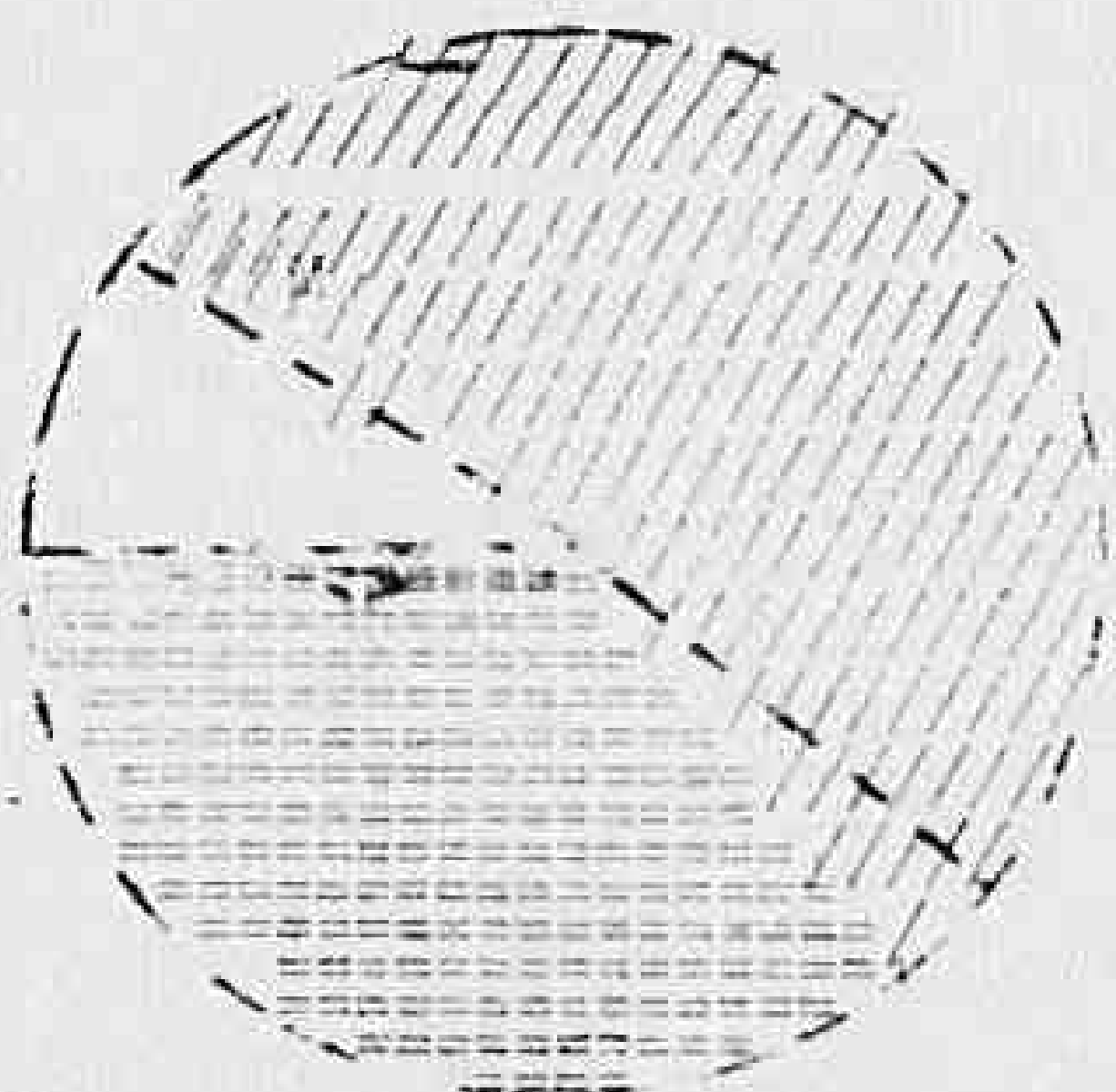
- ☒ Official Price  
☐ Black Market Price



# CALORIC VALUES OF FOODS

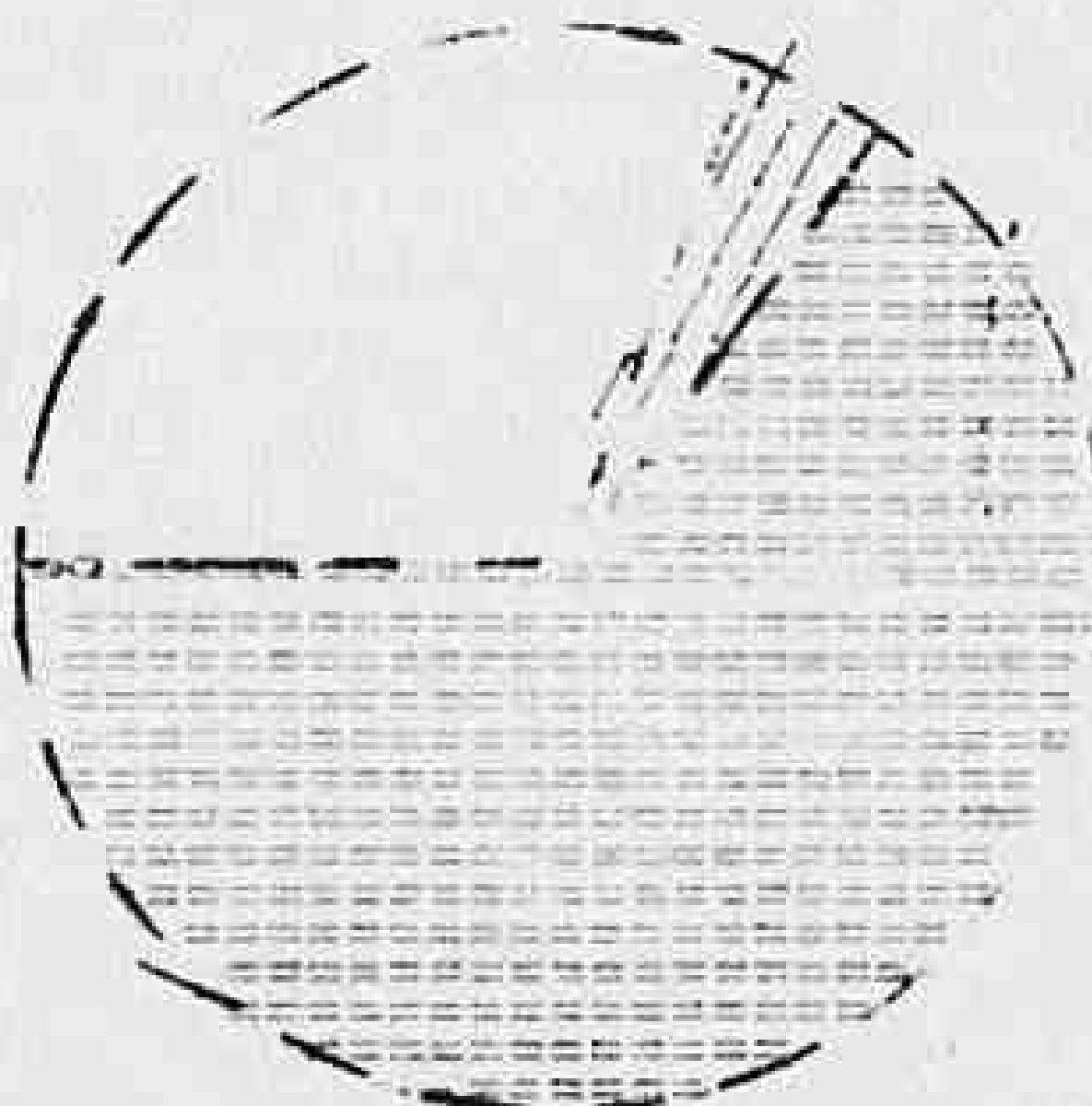
This chart is designed to show the caloric percentage of foods purchased through in the "Free Market" or "Black Market".

F.M. 8.95%  
R. 53.03%  
B.M. 38.02%



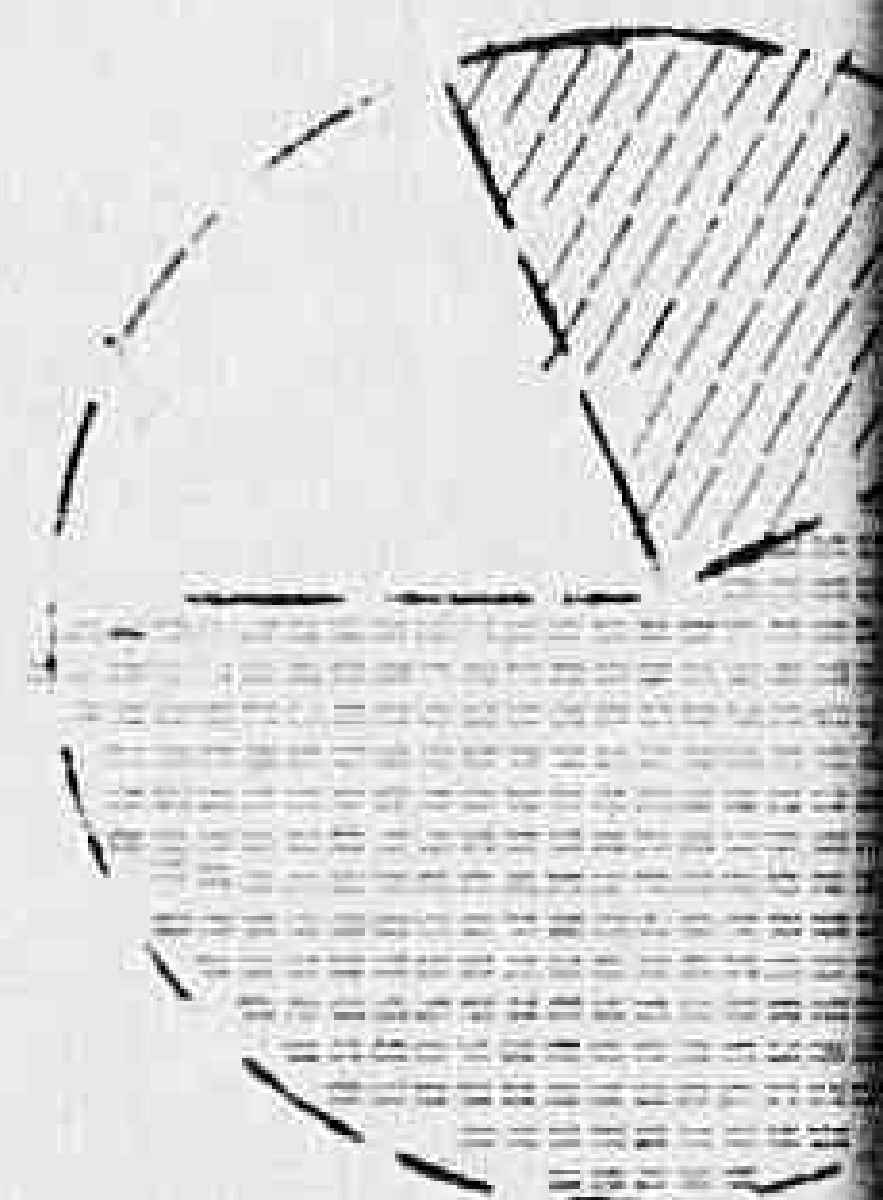
June - 1943

F.M. 29.24%  
R. 2.34%  
B.M. 68.42%



Sept. - 1943

F.M. 20.93%  
R. 23.24%  
B.M. 55.83%



Dec. - 1943

## LEGEND

F.M. \_\_\_\_\_ Free Market

R. ||||| Rationed

1102 B.M. ||||| Black Market

## Appendix "A" Fig.5

## C V A L U E S O F F O O D S

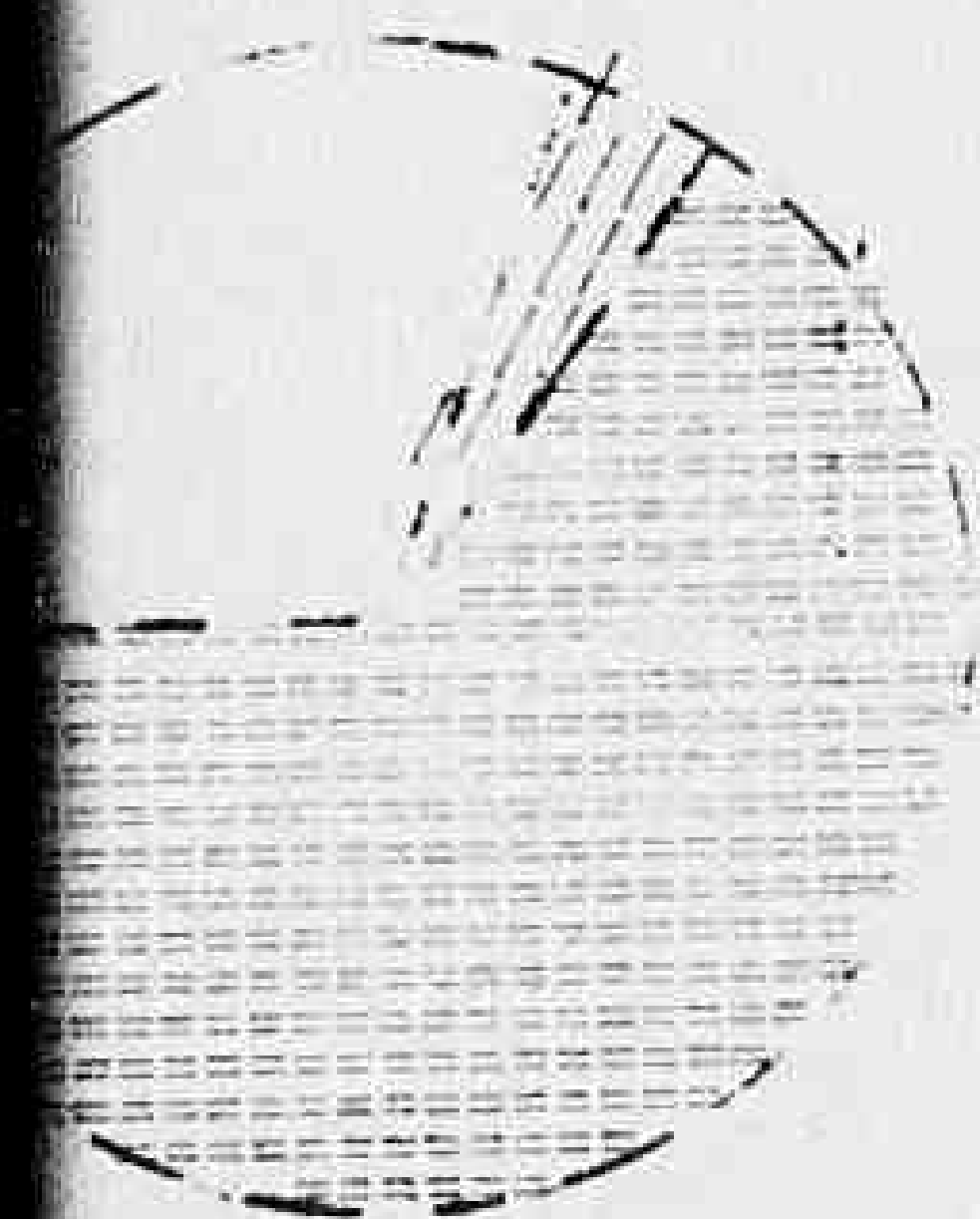
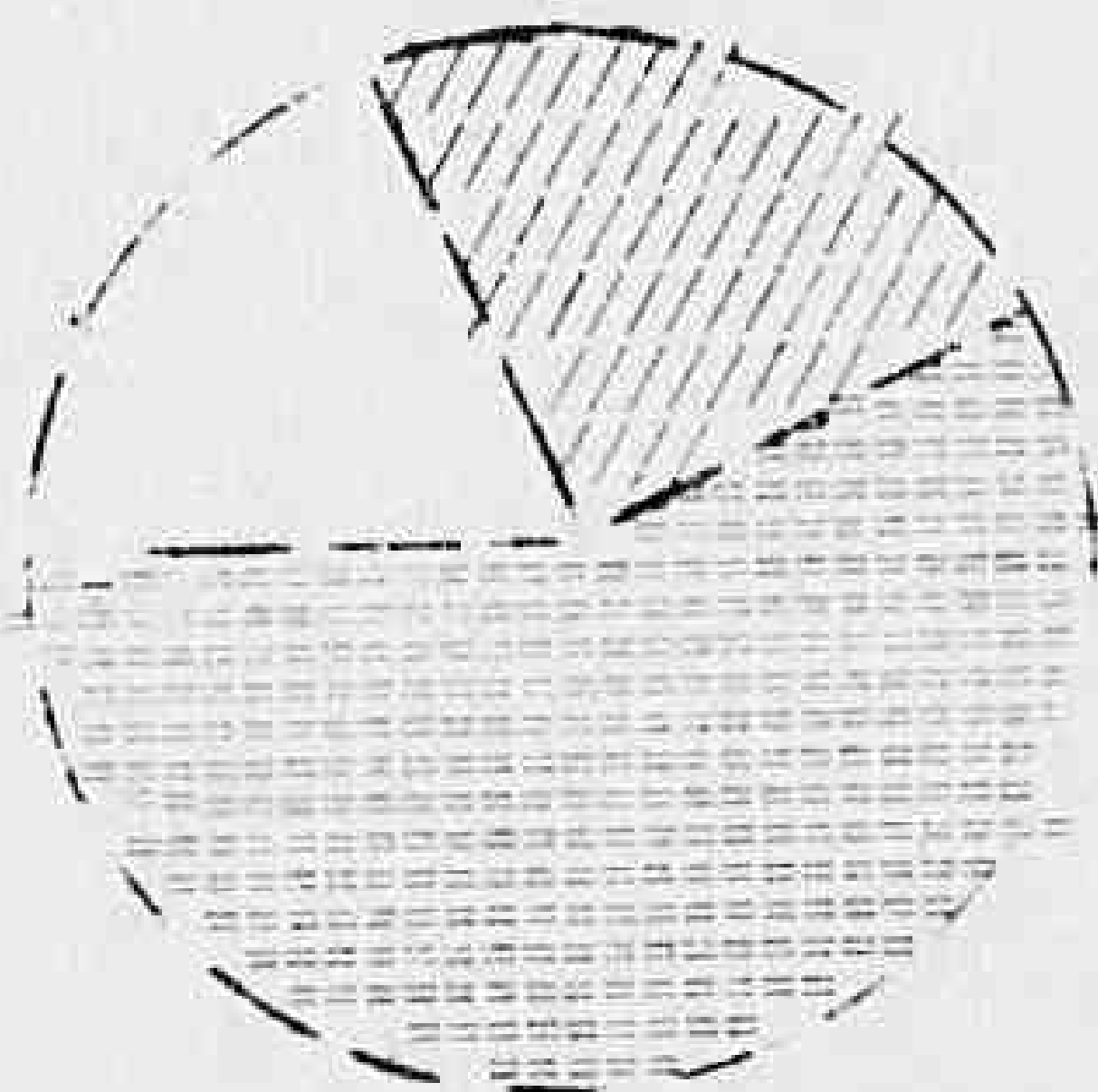
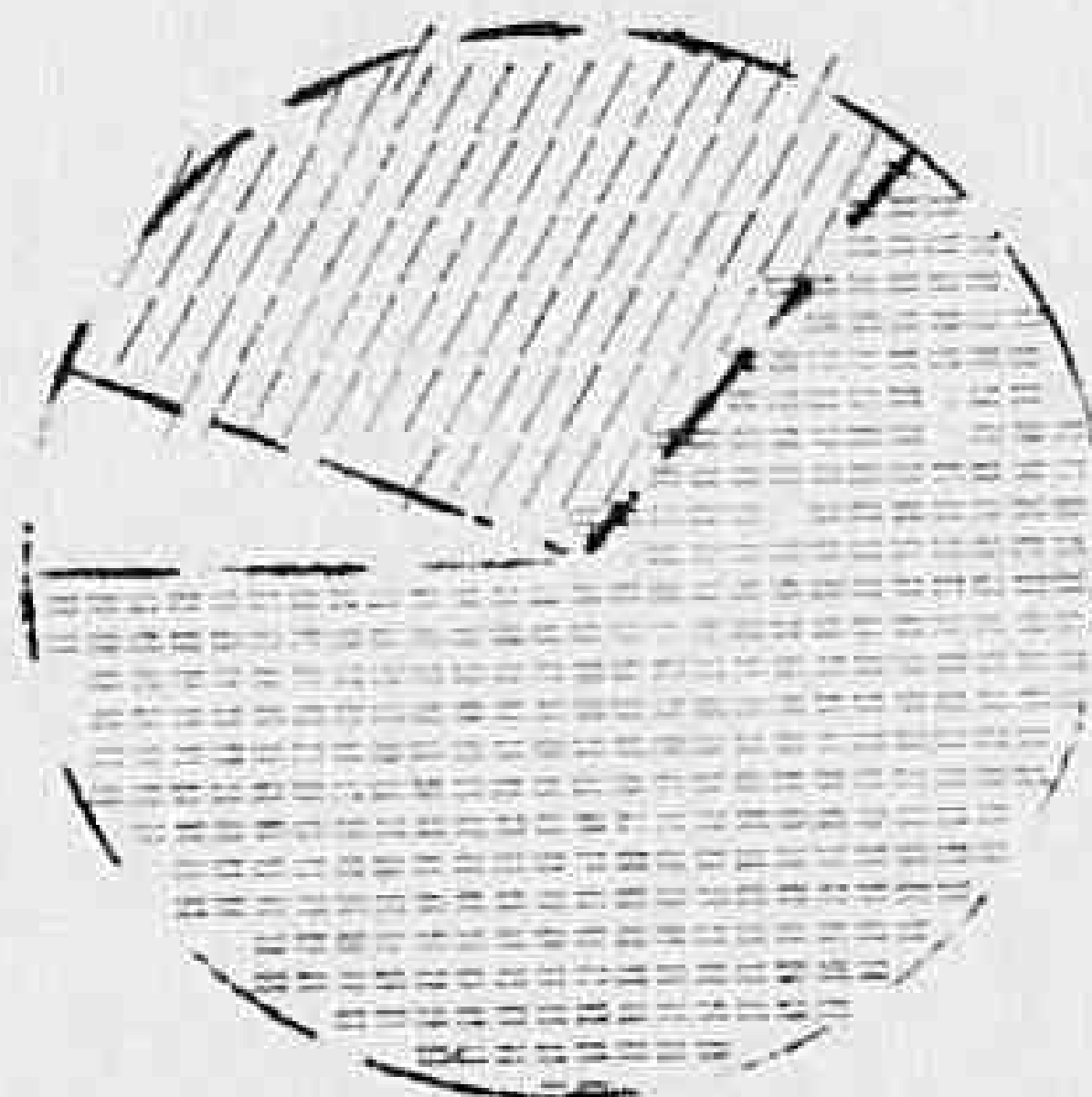
caloric percentage of foods purchased through "Ration"

ket".

F.M. 29.24%  
 R. 2.34%  
 B.M. 68.42%

F.M. 20.93%  
 R. 23.24%  
 B.M. 55.83%

P.M. 6.68%  
 R. 30.60%  
 B.M. 62.72%

Sept. - 1943Dec. - 1943March - 1944

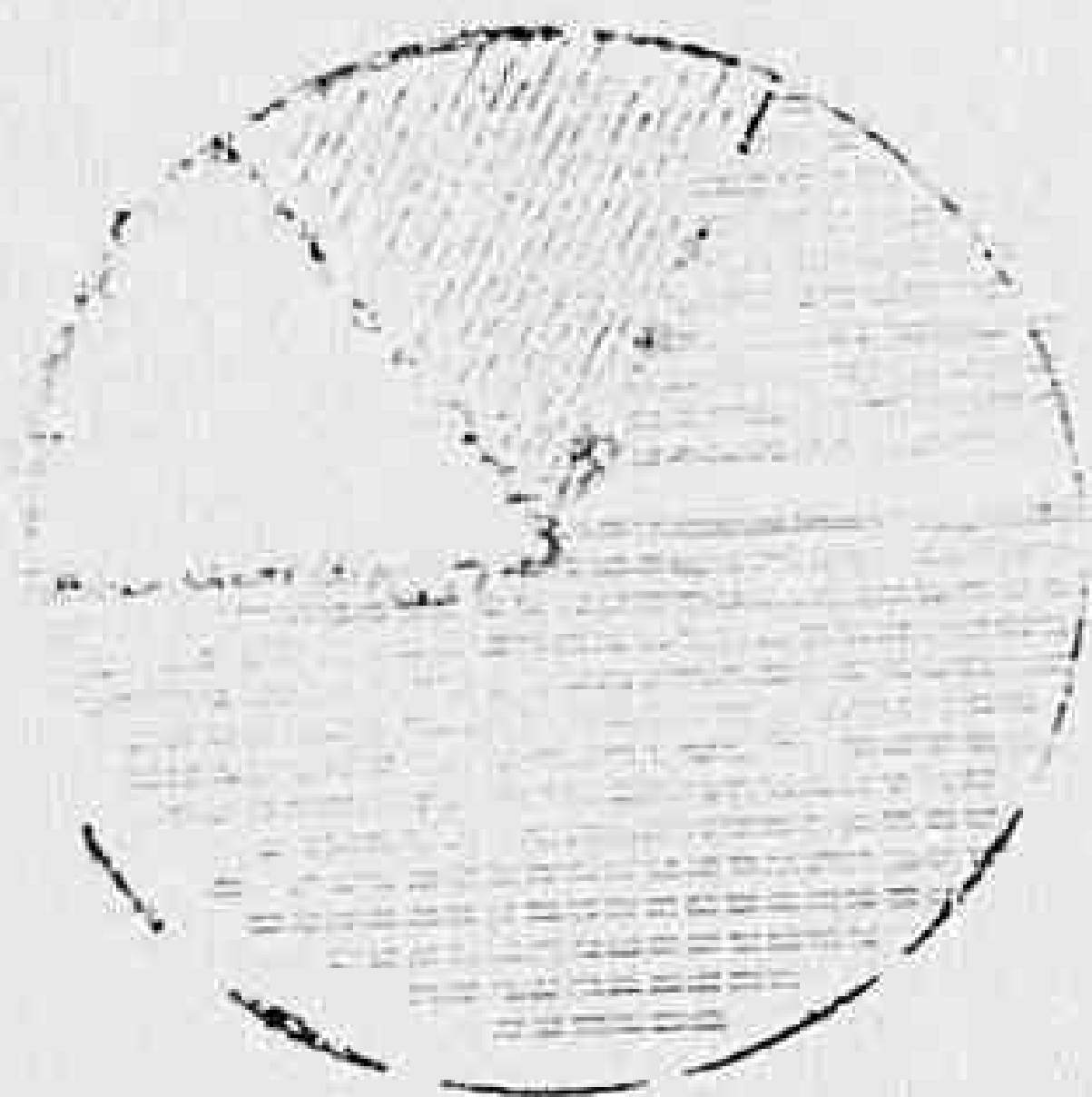
# WHERE THE TYPICAL FAMILY PURCHASES

This chart is designed to show the percentage of food purchased either through the Free Market, the Rationed Market, or the Black Market.

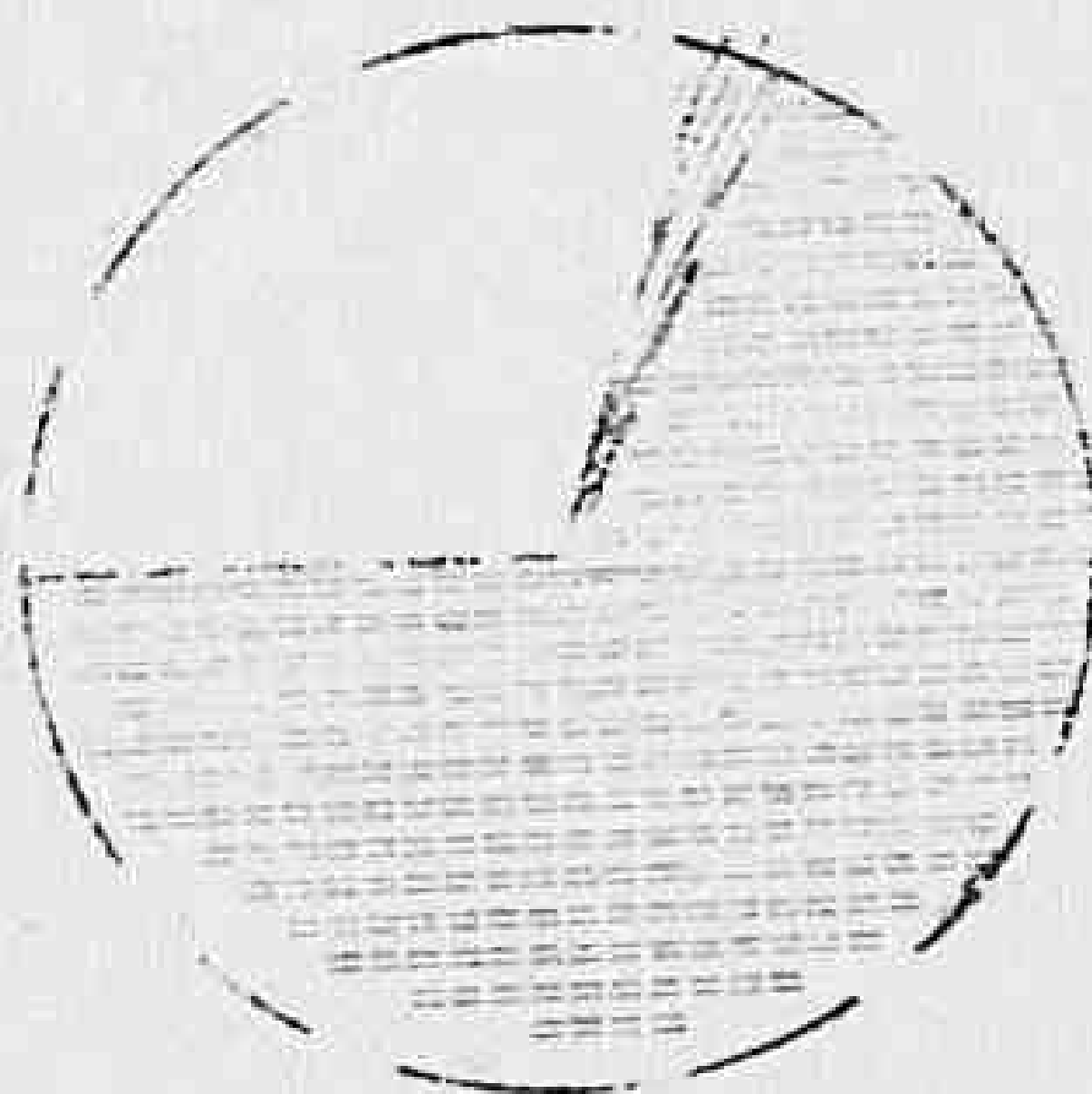
F.M. 12.76%  
R. 20.33%  
B.M. 66.95%

F.M. 29.00%  
R. 1.00%  
B.M. 70.00%

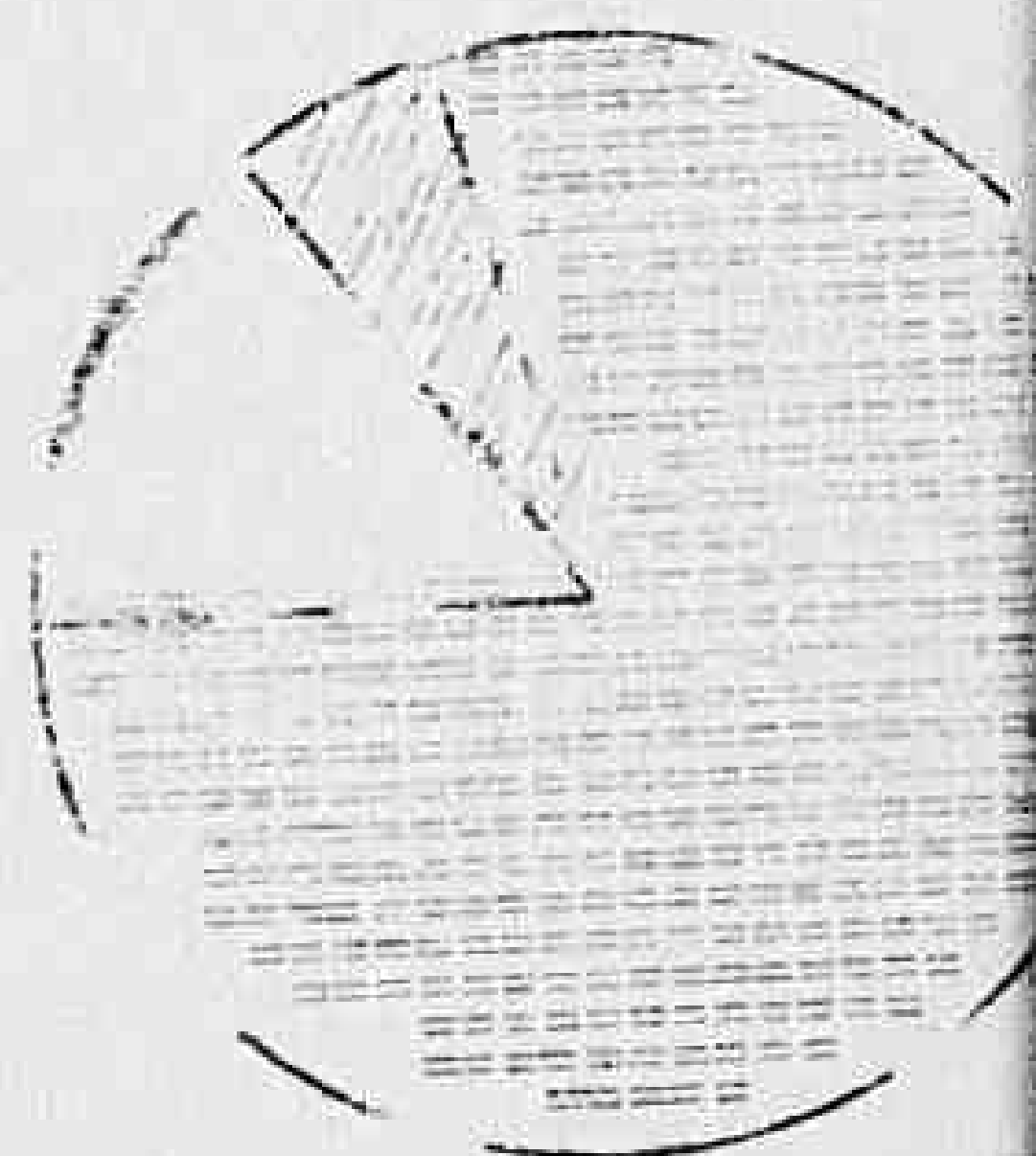
F.M. 16.97%  
R. 2.67%  
B.M. 80.35%



June - 1943



Sept. - 1943



Dec. - 1943

## LEGEND

|      |  |              |
|------|--|--------------|
| F.M. |  | Free Market  |
| R.   |  | Rationed     |
| B.M. |  | Black Market |

1101

## Appendix "A" Fig. 7

## TYPICAL FAMILY PURCHASES ITS FOOD

Percentage of food purchased either through the RATION, Free Market

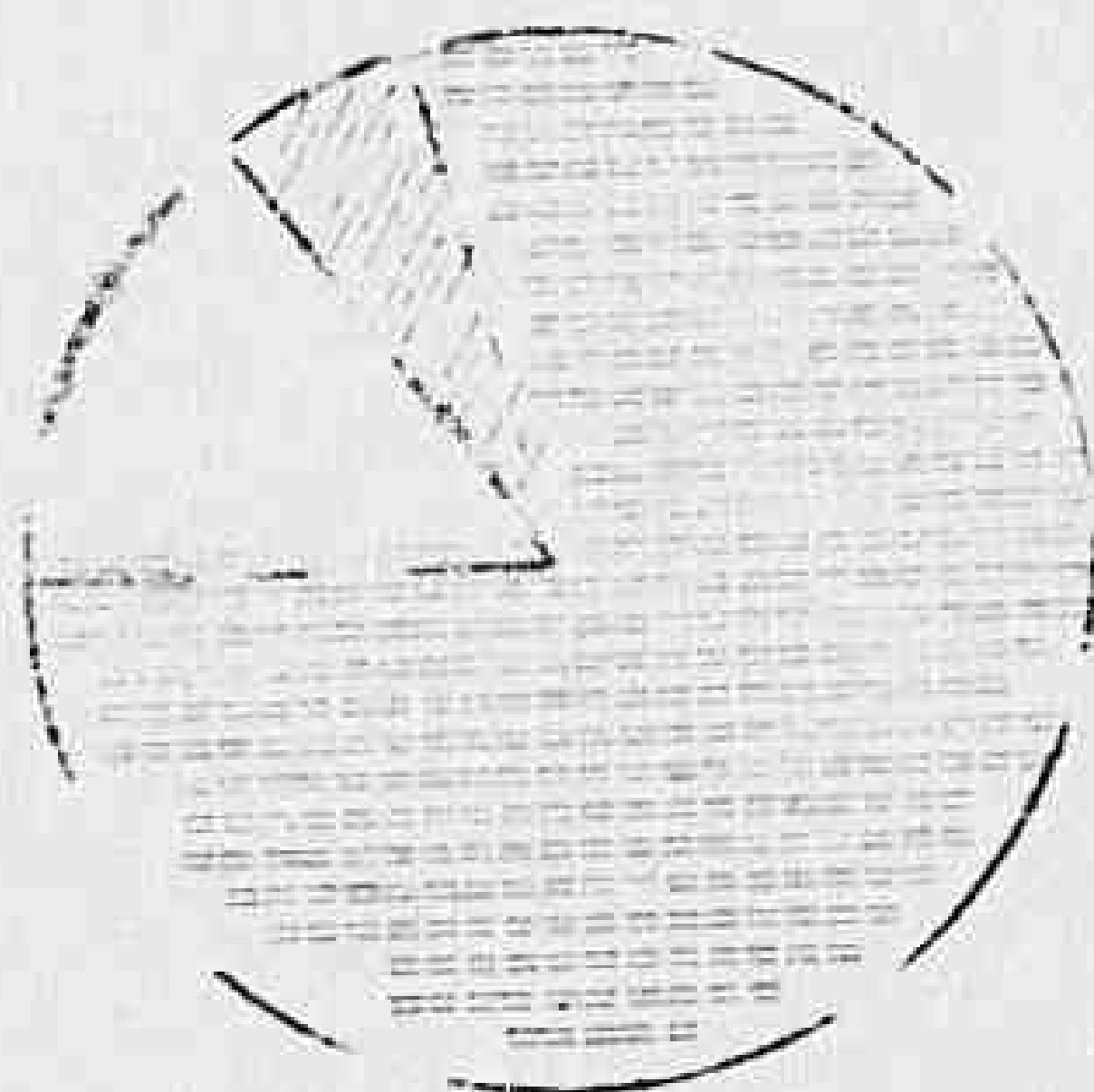
29.00%  
1.00%  
70.00%

F.M. 16.97%  
R. 2.67%  
B.M. 80.36%

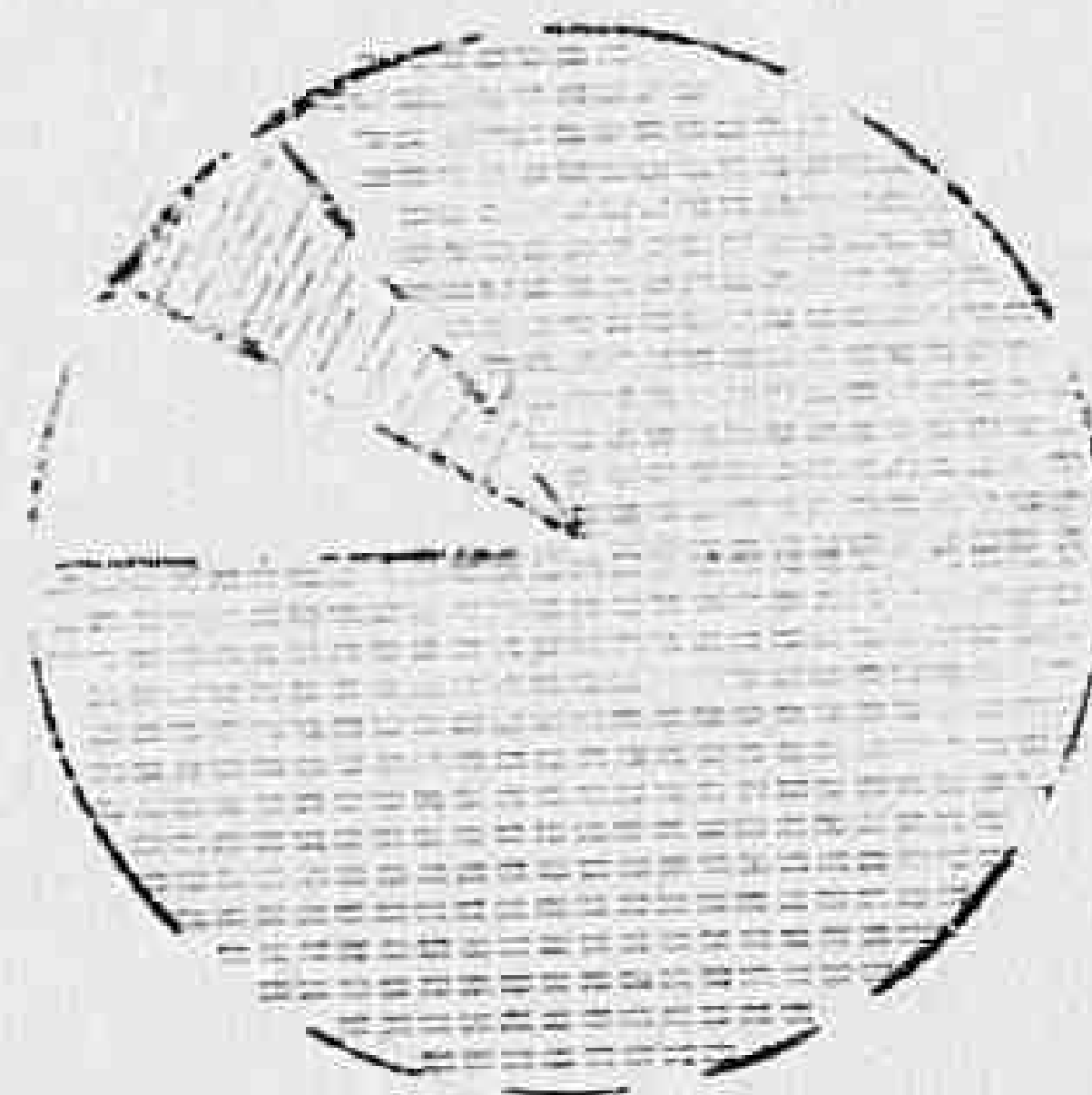
F.M. 9.57%  
R. 4.18%  
B.M. 86.25%



Jan. - 1943



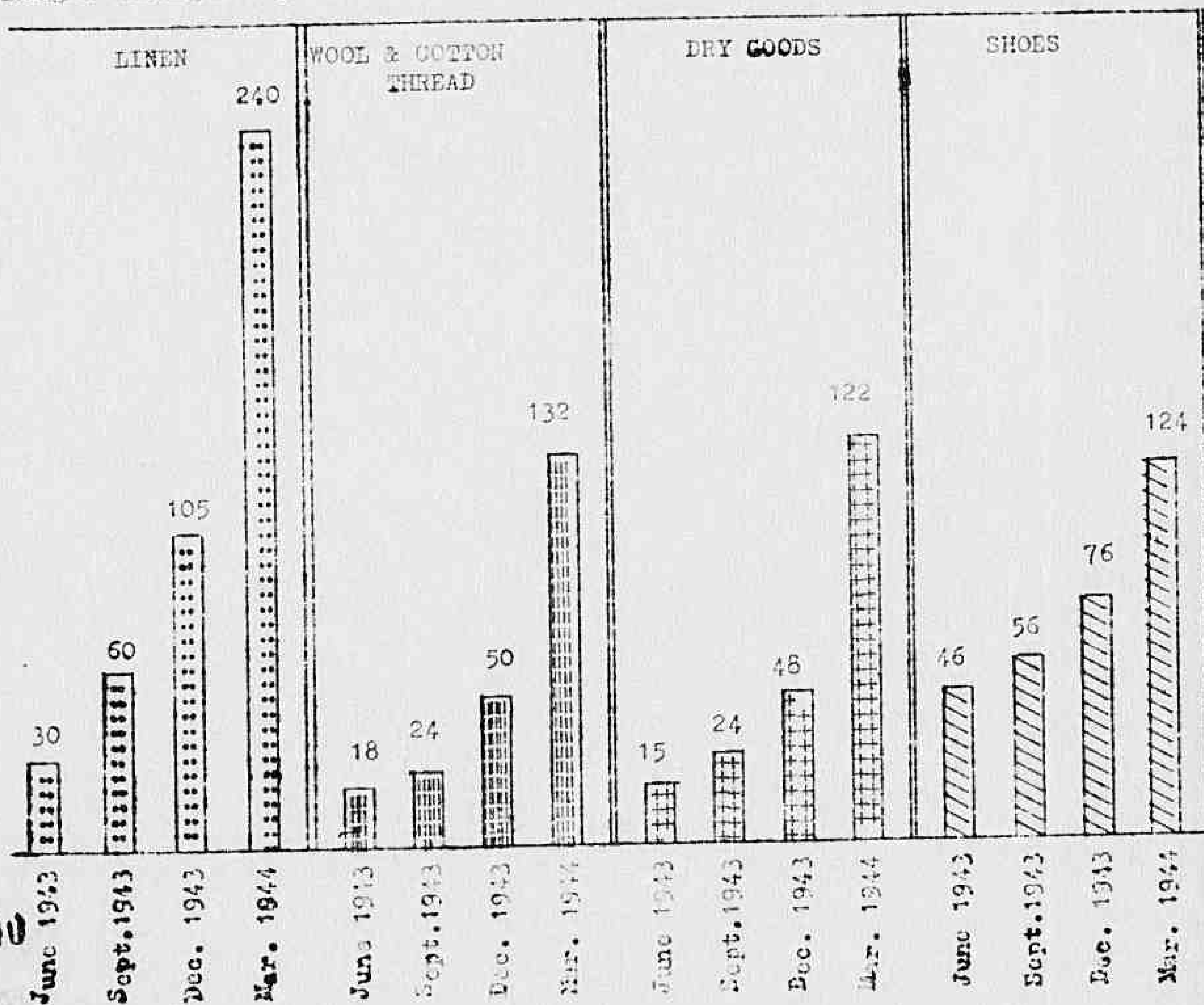
Dec. - 1943



March - 1944

## CLOTHING EXPENSE CHART

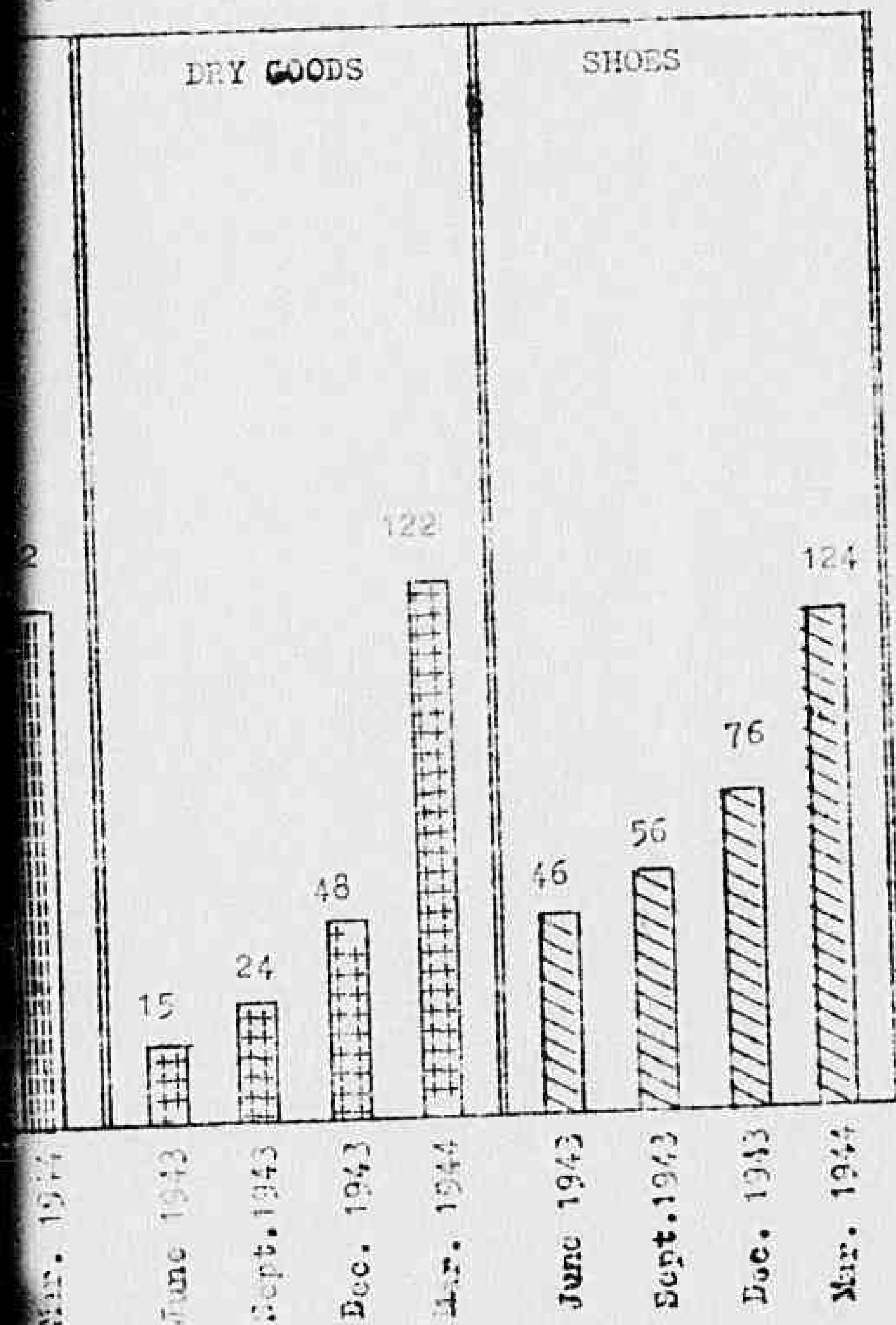
How the weekly cost of various items of clothing in the typical family budget changed during the period from June 1943 to March 1944 (Family of 5).



1100

## EXPENSE CHART

Clothing in the typical family budget  
1943 to March 1944 (Family of 5).

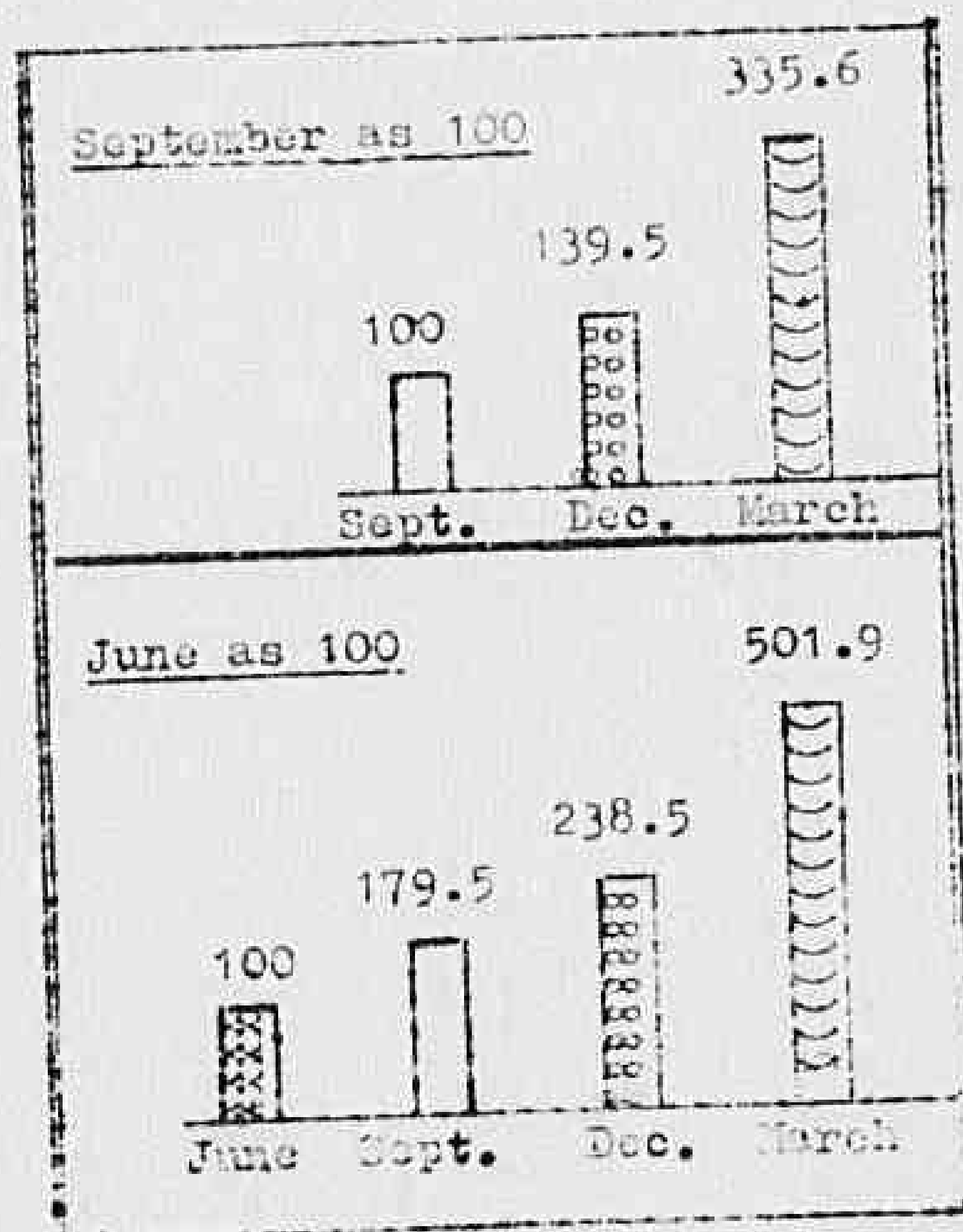


## Appendix "B" Fig. 8

Percentage of increase in  
the total weekly cost of  
Clothing Expense items  
of typical family.

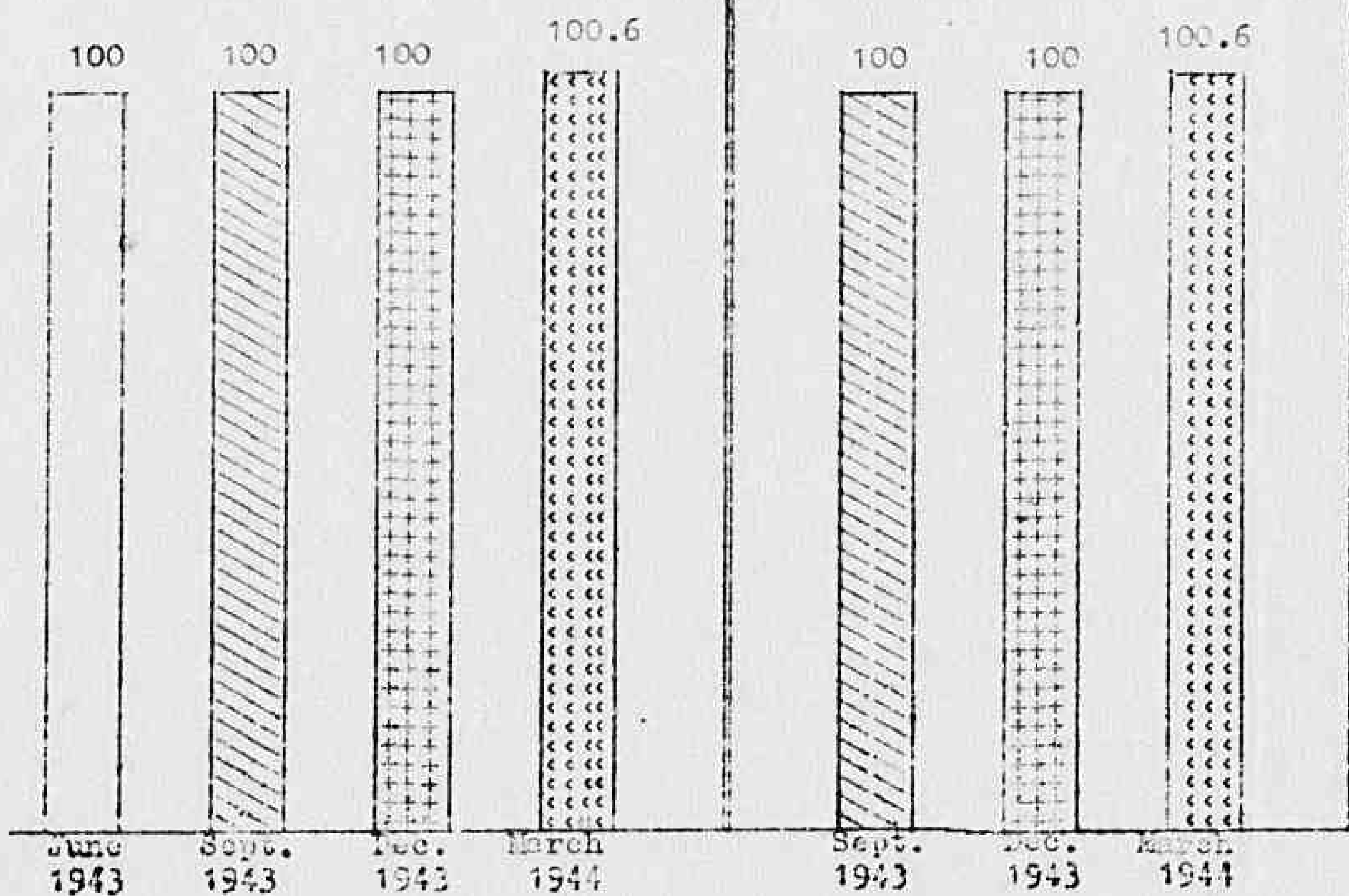
NOTE: June 1943 £. 108.65  
Sept. 1943 £. 162.47  
Dec. 1943 £. 259.16  
Mar. 1944 £. 545.32

## INDEX

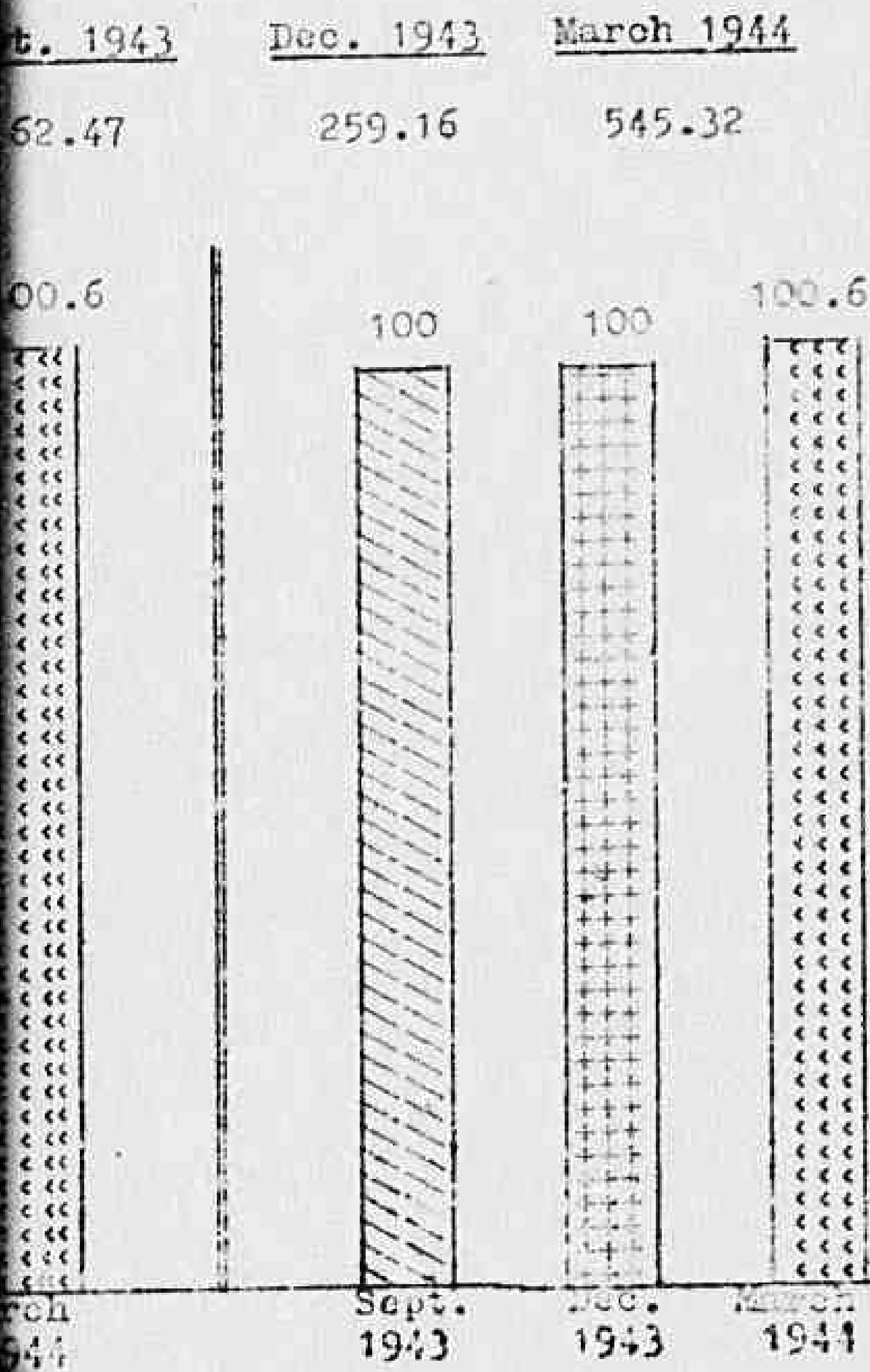


R E N T A L   I N D E XWeekly expense.

|      | <u>June 1943</u> | <u>Sept. 1943</u> | <u>Dec. 1943</u> | <u>March 1944</u> |
|------|------------------|-------------------|------------------|-------------------|
| Lire | 108.65           | 162.47            | 259.16           | 545.32            |



T A L I N D E X



Appendix C. Fig. C1

N O T E

As rents were frozen by the Italian Government in 1940 this cost has remained the same.

An average four room apartment has been used as a basis for this study.

The increase in March is due to a 10% increase in the garbage disposal tax.

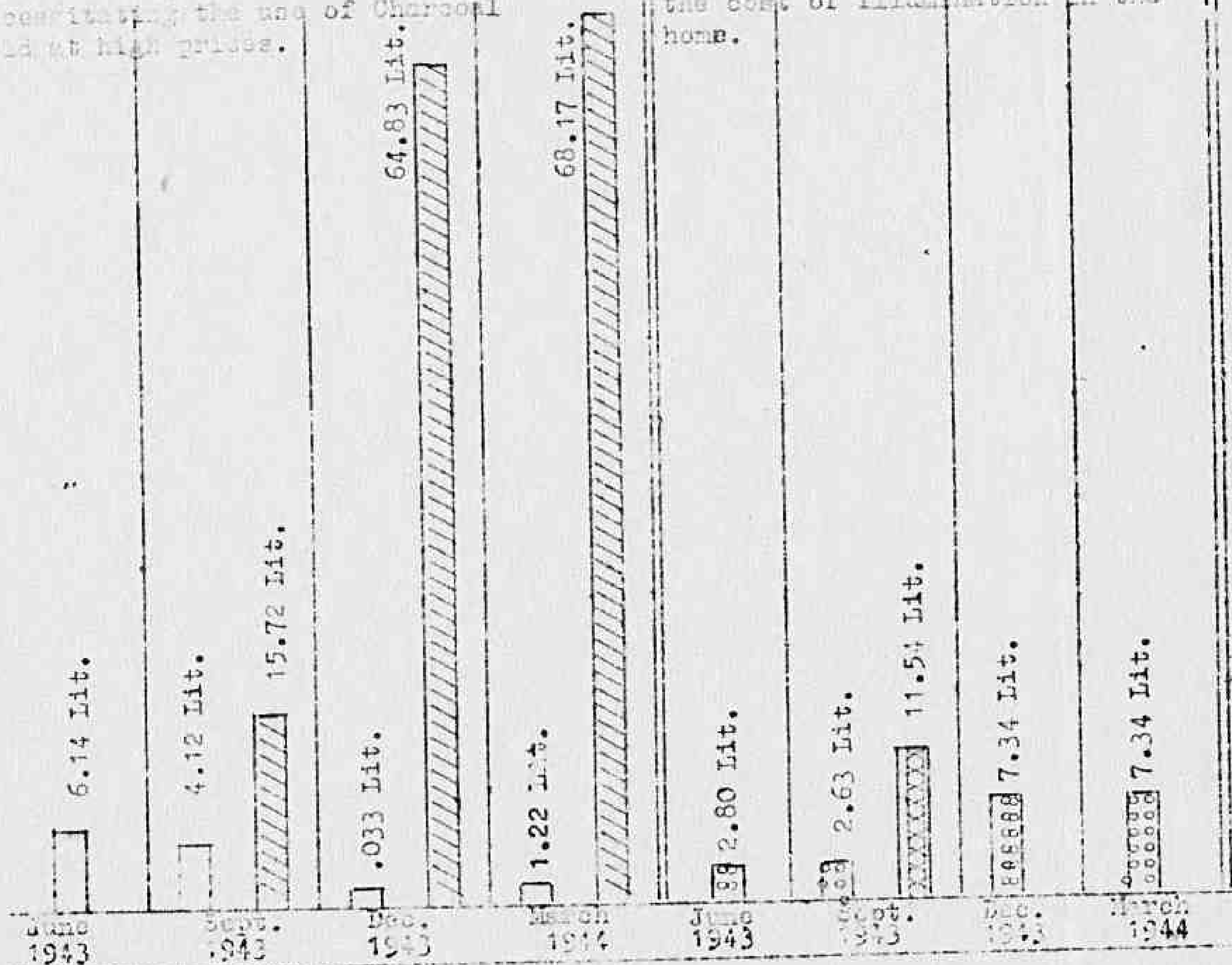
## HEAT AND LIGHT EXPENSE CHART

COOLING

LIGHT

The cost of fuel for cooling has increased due to disruption of gas services and necessitating the use of Charcoal sold at high prices.

Showing the effect of the resumption of electric service on the cost of illumination in the home.



1098

LEGEND

Gas



Charcoal



Electricity



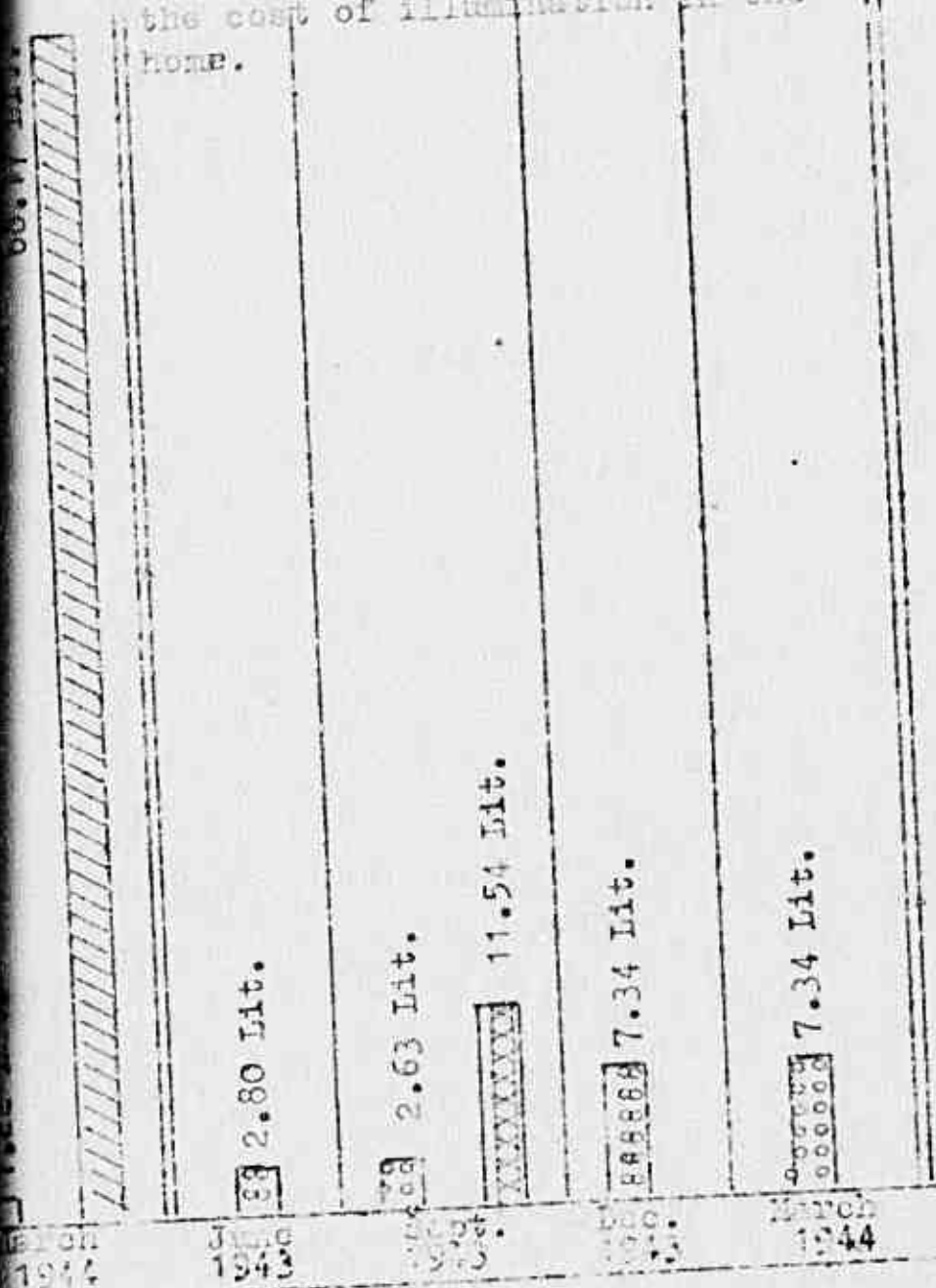
Candles



# LIGHT EXPENSE CHART

## LIGHT

Showing the effect of the resumption of electric service on the cost of illumination in the home.



Appendix "D" Fig. 12

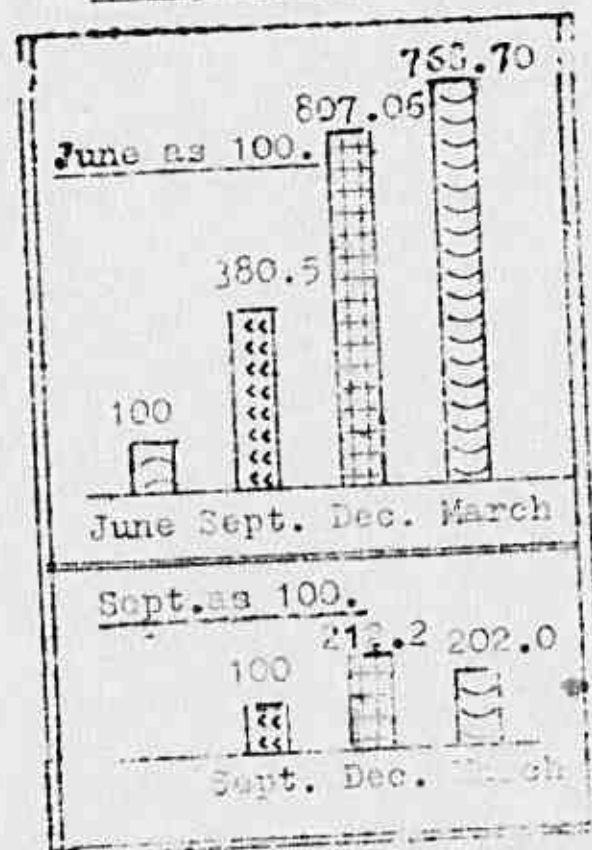
NOT.

Percentage of increase in the total weekly cost of light and light of typical family.

## TOTAL WEEKLY EXPENSE

|            |    |           |
|------------|----|-----------|
| June 1943  | -- | Lit. 8.94 |
| Sept. 1943 | -- | " 34.02   |
| Dec. 1943  | -- | " 72.20   |
| Mar. 1944  | -- | " 68.73   |

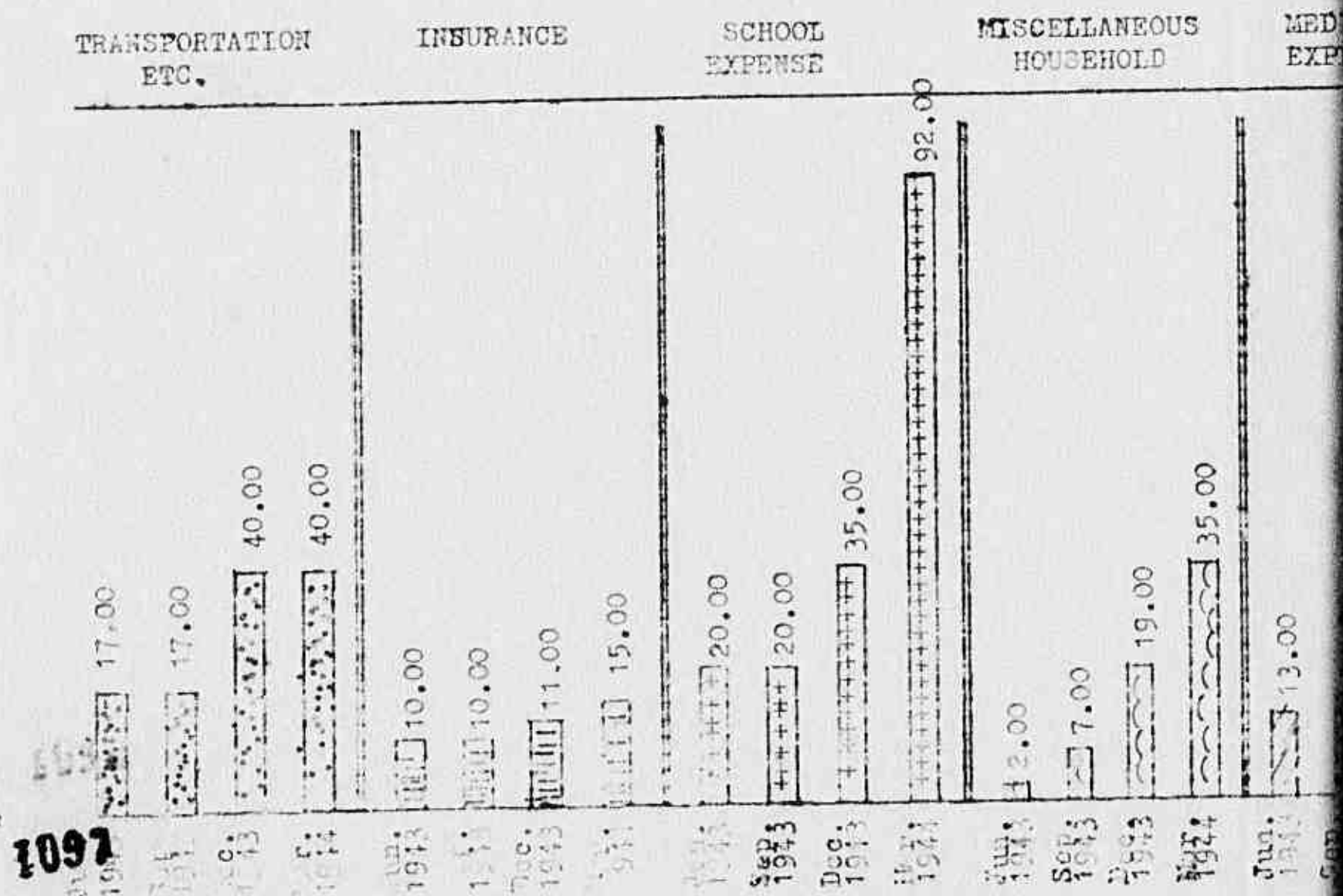
## INDEX



Electricity ☐ Candles ☐

## MISCELLANEOUS EXPENSE CHART

How the weekly cost of various items comprising the Miscellaneous Expense in the typical family budget changed during the period from June 1943 to March 1944 (family of 5).



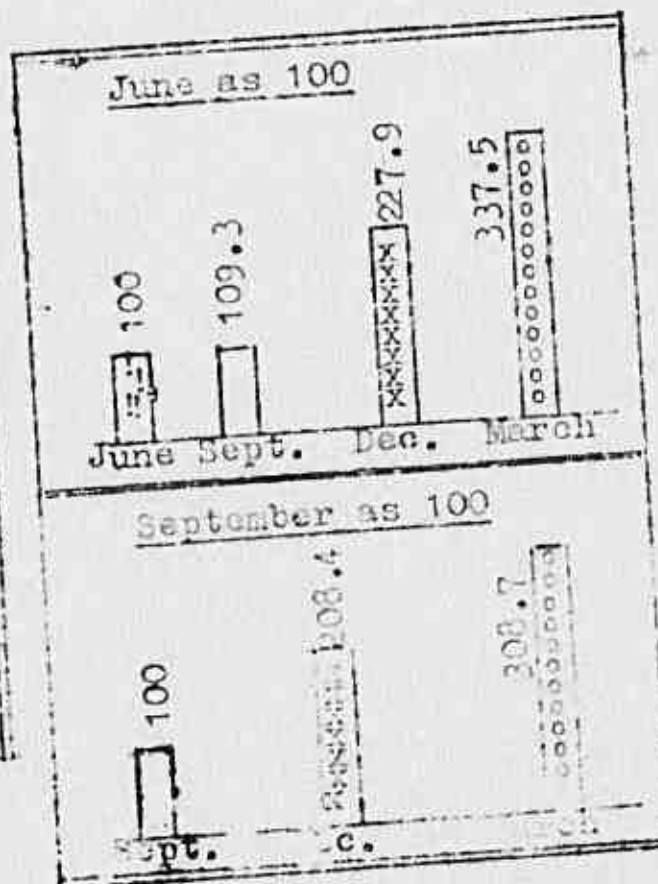
## Appendix "E" Fig. 14

Percentage of increase in the total weekly cost of Miscellaneous Expense items of typical family.

## NOTE:

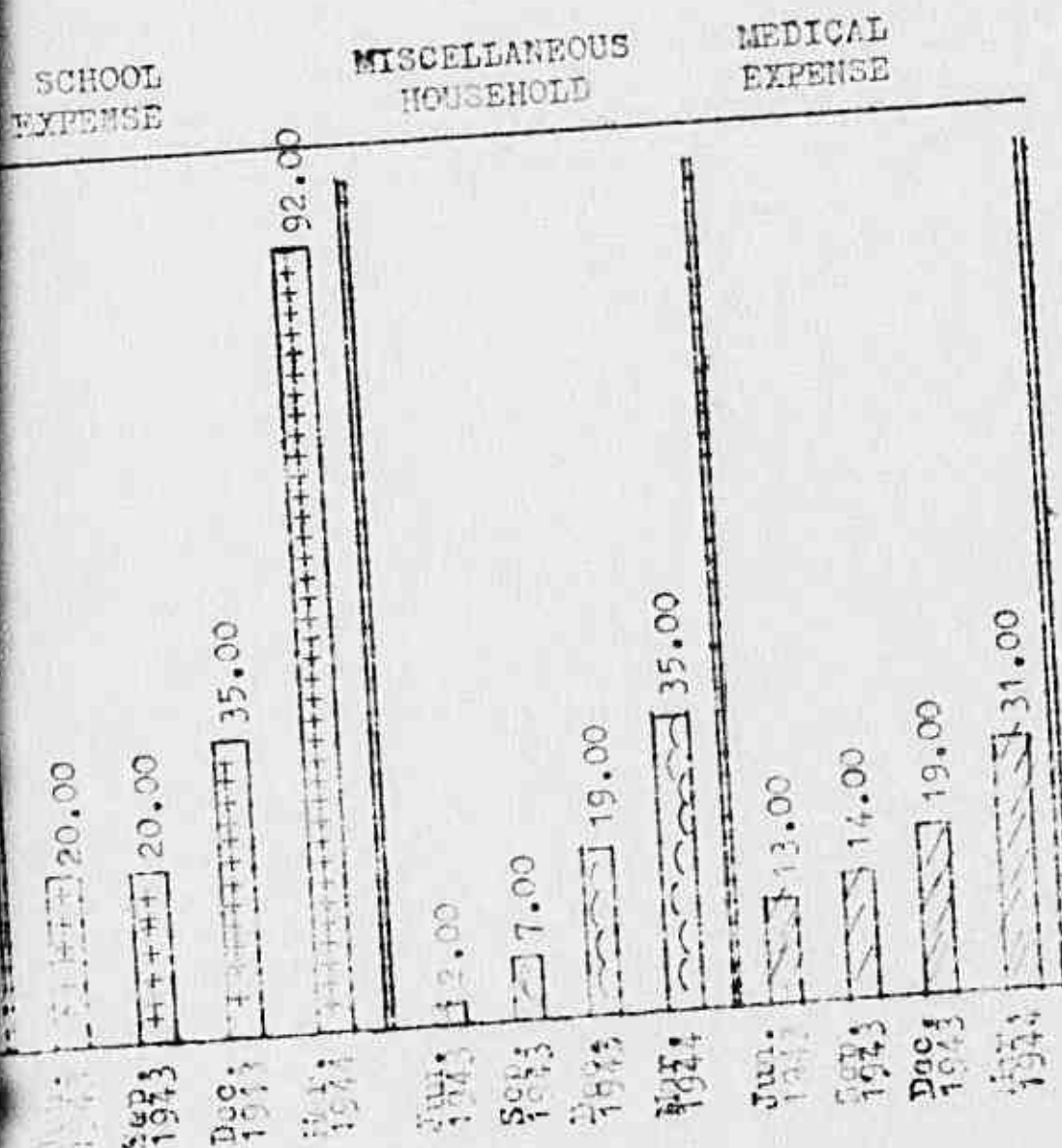
| TOTAL WEEKLY EXPENSE |            |
|----------------------|------------|
| June 1943            | Lira 61.42 |
| Sept. 1943           | " 67.16    |
| Dec. 1943            | " 139.98   |
| March 1944           | " 207.34   |

## INDEX



## GENERAL CHART

Comparing the Miscellaneous Expense during the period from June 1943 to



# CHART SHOWING TREND OF LIVING COSTS

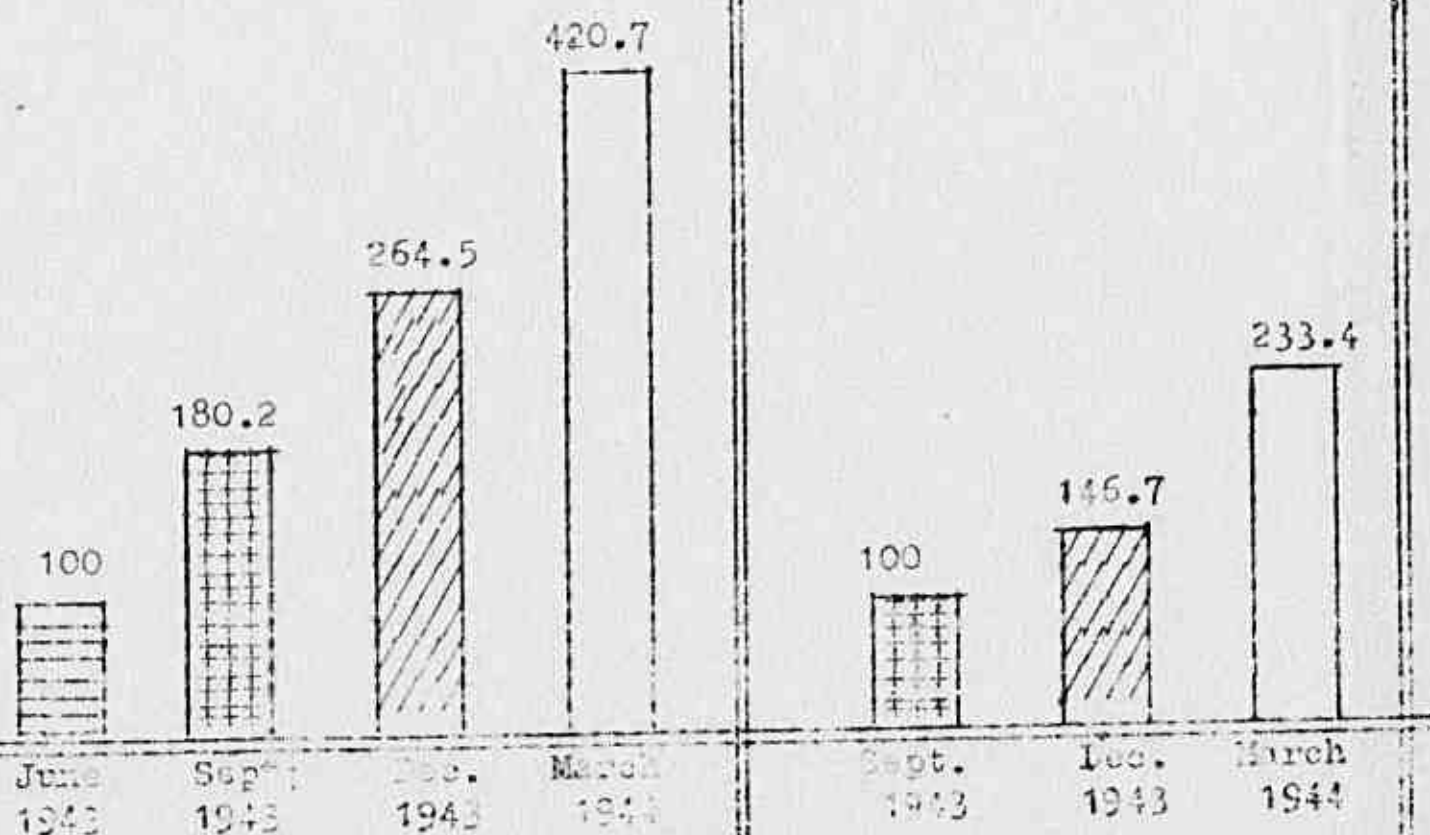
This chart is designed to show the trend of cost of living for a family of 5, taking into consideration the minimum requirements of:

- a) Food
- b) Clothing
- c) Dwelling
- d) Heat and Light
- e) Miscellaneous expenses

USING JUNE AS 100

USING SEPTEMBER AS 100

1096



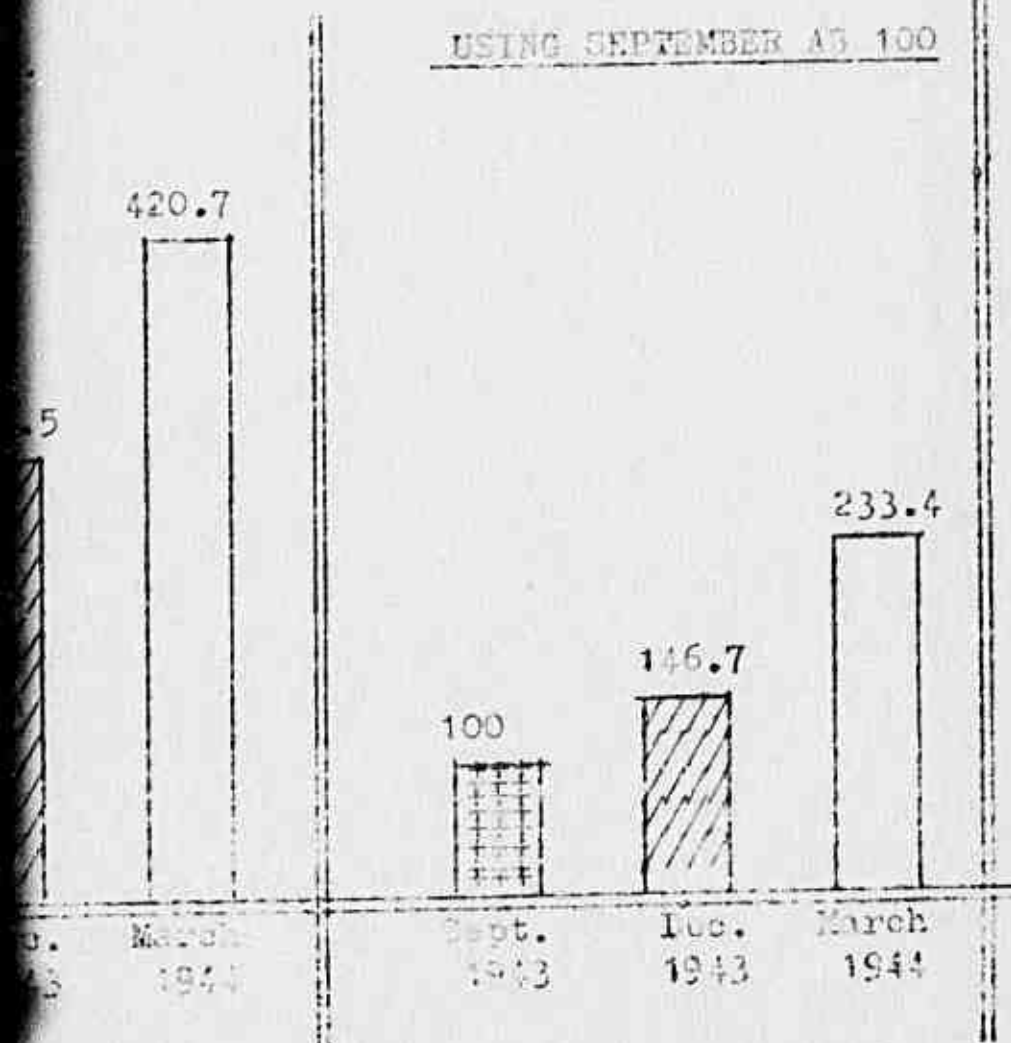
## Appendix "F" Fig.16

CHART SHOWING  
TREND OF LIVING COSTS

to show the trend of cost of living  
taking into consideration the minimum

Food  
Clothing  
Dwelling  
Heat and Light  
Miscellaneous expenses

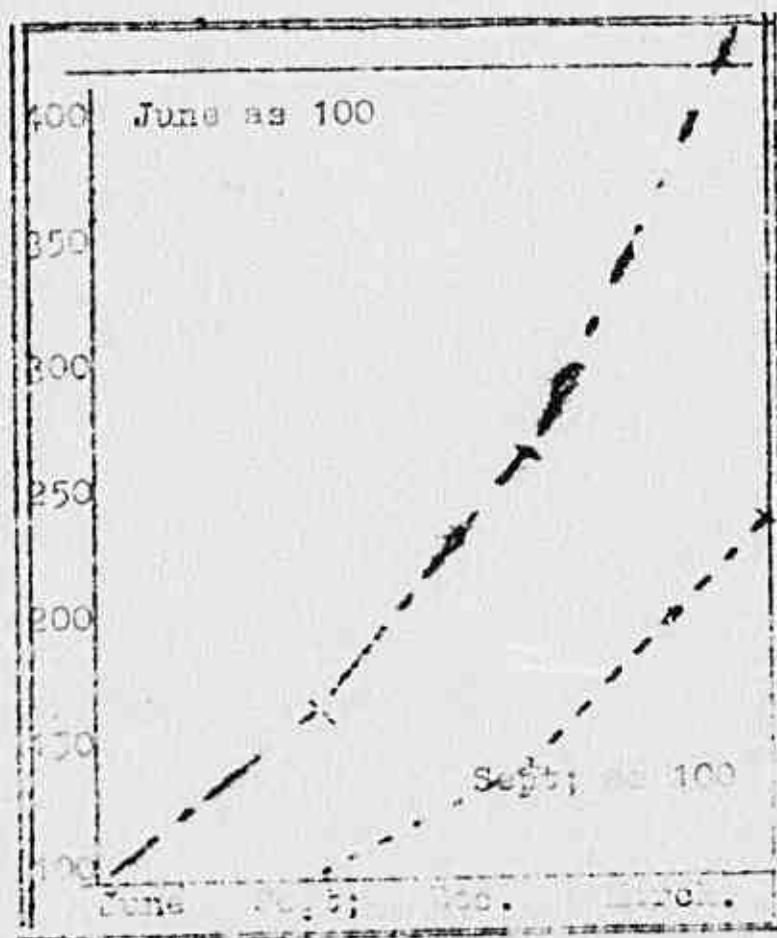
USING SEPTEMBER AS 100



Percentage of increase in the  
total cost in all categories, for a  
family of 5.

NOTE: Total weekly expense

|               |         |
|---------------|---------|
| June 1943 - £ | 625.43  |
| Sept 1943 - £ | 1127.42 |
| Dec. 1943 - £ | 1654.66 |
| Mar. 1944 - £ | 2631.44 |



G. M. C. Form 353 (Rev. No. 492)  
Revised July 26, 1953

# LIST OF PAPERS

File under No. \_\_\_\_\_

| SERIAL<br>NUMBER | FROM— | DATE | TO— | SYNOPSIS |
|------------------|-------|------|-----|----------|
| 1093             |       |      |     |          |

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

0 2 1 2