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ECONOMIC SECTION, GEN. O'DWYER REPORT
JULY 1943 – SEPT. 1944

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27 September 1944

MEMORANDUM FOR: Acting Chief Commissioner

Subject: Economic Section Report, 1 Sep 44.

1. Attached are 2 copies of the Special Report of the Economic Section, 1 September 1944, forwarded for your information.

For the Acting Section Head:

L. D. DEMAREE
Colonel, CSO
Economic Section

Incl - 2 cc report

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file
Gen O'Dwyer Report

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

Report of the Economic Section
Allied Control Commission (Italy)
1 September 1944

Prepared under direction of -

Vice President — Brigadier-General W. G. O'Dwyer

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Industry	

Editors: Work on the report was begun by Major J. M. Murtagh, Major G. E. Sullivan and Captain Andrew Kamarck as editors. With the departure of Major Murtagh for the United States and the assignment to other duty of Major Sullivan, the editing and compilation of the report was completed by Captain Kamarck and Lieutenant G. R. Willis, USNR.

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SUMMARY

1. As a military organization, the Economic Section of Allied Control Commission has had two main missions to accomplish: (a) to save shipping by maximizing the contribution from local resources to the Allied armies; (b) to maintain a tranquil rear for the fighting forces by providing for the indispensable needs of the civilian population.

The first mission was carried out in largest measure by the armies themselves. ACC assisted by providing the necessary information and advice on local resources and did a part of the job directly, as in providing for the mining of Sardinian coal and in taking over responsibility for repairs and maintenance of military highways behind the lines with local labor and local resources. The Armed Forces directly took over practically the entire engineering and metallurgical industries in Liberated Italy. Around 200,000 Italian workers are working immediately for the Allied Armed Forces and many hundreds of thousands indirectly. A total of over a million and a half tons of shipping was saved by the local procurement in Italy of commodities which would otherwise have had to be imported.

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The second mission has also been accomplished. There have been no serious disorders or important strikes in any part of Liberated Italy since the Allied landings.

2. It must be clearly understood that the mission of the Economic Section of ACC was not to rehabilitate the Italian economy beyond that necessary to save shipping and to provide the indispensable minimum for civilians. Nor, it must be noted, was the Economic Section given the organization or the power necessary to undertake a real rehabilitation job.

3. The Economic Section of ACC comprises a staff and a group of Sub-Commissions which have had these main primary functions:

   a. Requisitioning allocations of civilian supplies through Allied Force Headquarters;

   b. Attempting to secure constructive efforts on the part of local and central Italian officials to receive, store and distribute such allocations as have been made available;

   c. Administration of an extremely small number of military trucks for purposes of civilian distribution of supplies;

   d. Attempting to secure constructive action by the Italian local and central authorities to make efficient use of the very limited non-agricultural and the considerable agricultural economic resources of Italy which have not been taken over by the Allied Military Authorities, or which are not useless because of the shortage of civilian transport in Liberated Italy;

   e. Maintenance of "wholesale" records of cash transactions in Allied Military Lire, and general financial supervision;

   f. Serving the military directly by assuming responsibility for certain services such as repair and maintenance of military highways, provision of the supplies of currency to the armies, etc.

In the field, the directives of the Economic Section have been administered by a small staff of officers and enlisted men serving either under a Senior Civil Affairs Officer in an army area, or under a Regional Commissioner in territory which has been released to ACC/AMG by the Fifth or Eighth Armies. The total officer strength of the Economic Section has been less than five hundred officers, and the civilian population of Liberated Italy approximates 24 million persons. The network of local Italian officials was without adequate central Italian directive personnel until Rome was liberated on 5 June. Both prior to and since that date, the Ministers in the various Italian Cabinets have not been able, under the circumstances, to give effe-

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As a result of these persistent administrative limitations, the conflict between personal economic and political advantage and the careful apportionment of limited resources and limited imports has all too frequently resulted in partial victory for the former. Generally speaking, it is only by removing the external and non-administrative limiting factors, such as by the provision of a larger bread ration from imported flour, or by the release to civilian use of the Sicilian railways and their fuel requirements by the military forces, that the lot of the urban workers (whose economic position has proved most seriously vulnerable to the effects of the war) has been appreciably improved, either absolutely or relatively, as compared with the standards reached in the first months of ACC control. At the same time, it should be noted that only that measure of interference with normal economic incentives which the limited personnel of ACC has been able to force on the Italian people has prevented more serious inflation, starvation and serious social disorder. Only the controls supervised by ACC have prevented a much larger portion of available food from going to the purchaser in the black market at a higher price; this would in turn have increased labor unrest and demands for wage increases, resulting in a real inflationary spiral of prices and wages. Relatively speaking, the position of the rural landlord

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and the rural worker has improved enormously, as against the city worker apart from the official distribution of imported food.

The external limiting factors mentioned above have consisted at various times of insufficient food imports, insufficient road transport, insufficient allocation of petroleum, tires and spares for existing road transport, insufficient electricity, insufficient coal and various other deficiencies.

4. The paramount priority of the military over the civilian economy and the lack of effective power of pressure on the civilian side have depressed the civilian economy not only where there has been a clear-cut choice between military and civilian needs, but also in many cases where a slight military inconvenience would have meant a large civilian gain. A good example of the former is the is the case of phosphate rock. After months of hard work in preparing the fertilizer industry to resume production, phosphate rock was not shipped from North Africa for treatment in Italy as all shipping was apparently tied up in amphibious operations. A good example of the latter is the case of a rope factory (Corderia Napoletana) which was completely ready for production but which was used instead as a QM storehouse, while other buildings were available as storehouses. The lack of power of ACC to effect changes in cases of the latter type is well illustrated by the fact that the Army Air Force successfully took over a Rome hotel which had been previously allocated for ACC headquarters officers' billets.

On the other hand, while ACC was seldom able other than through personal contacts of officers, and friendship and influence, to get military units to change their plans so as to minimize interference with the civilian economy, the armies have not been a wholly depressing influence. The armies and navies have provided employment for very large numbers of urban workers, and have supplied large quantities of food and merchandise, in part legally and in part through the disappearance of government stores into the black market.

5. Keeping the civilian population tranquil has meant in practice gradually increasing the rations to the urban workers. In the first six months of the Allied invasion, food rations varied from area to area, depending largely on local supplies. In the winter, the bread ration everywhere was brought up to 200 grams and supplemental rations were assured to workers working directly and indirectly for the Armed Forces. On 1 July 1944, while Central Italy was on the 200 gram bread ration, the bulk of Liberated Italy was increased to 300 grams. As a result of these increases and the new harvest, the upward trend in the cost of living and in black market prices of food was halted and reversed in July.

6. The chapters of the report which follow attempt to give a historical picture of the activities of the Economic Sub-Commissions in the various fields. A brief recapitulation of some of the high points follows:

a. An accurate picture of the present economic situation in Italy is not

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6. The chapters of the report which follow attempt to give a historical picture of the activities of the Economic Sub-Commissions in the various fields. A brief recapitulation of some of the high points follows:

a. An accurate picture of the present economic situation in Italy is not now available. The war has not only changed the country but has prevented the normal information and statistical services from functioning. In order to get the true picture, a rapid demographic, industrial, and agricultural census is being taken.

b. After the first landings in Sicily, ACC assumed and has fulfilled the responsibility of providing and accounting for the disbursement of lire currency to the Allied Armies. A remittance system was organized to make possible remittances from the United States and United Kingdom to Italy. Banks were reorganized and reopened in the liberated area, and the campaign to remove Fascists from financial posts was encouraged. In spite of the war and disorganization, financial problems were successfully met; not only was a financial crisis avoided but the government's credit was so strengthened that there has set in a strong inflow of funds on short-term government bond account. The budgetary system was reestablished and revenue collections have been stimulated.

c. Railroads and shipping have been directly under military control. As the armies have moved north, the railroads in Sicily and Sardinia have been released to ACC and Italian control. A limited amount

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of road transport has been organized by ACC and it is now hoped that all road transport will pass under a newly-created Italian government organization for the control of motor transport, in order to assure that essentials are carried. The major problem of transporting food to the inland cities is still to come in the industrial north. If the conditions duplicate those in the south, it will not be possible for ACC, depending principally on civilian transport, to do the job in a large area without the assignment of military transport organizations to this task.

d. In the first year of Allied occupation, over 700,000 tons of food were imported into Italy, the great bulk of this being wheat and flour. As a result of the war and the normal food deficit of Southern Italy, it was necessary to provide rations of imported food to four-fifths of the population in Liberated Italy during the first winter. With the new harvest of 1944 and existing imported stocks, taking care of most of the needs of the other areas, feeding Rome became at once the most serious food problem. The difficulties are due to lack of transport and the fact that Rome, which had been largely supplied from the north and east, now must depend mainly on the area within a 50 mile radius, and on the south. The bread ration of 200 grams in Central Italy and 300 grams elsewhere is still below the minimum 400 gram ration called for by the Public Health Sub-Commission's prescription of the minimum calories necessary.

e. Direct assistance has been provided to the Allied Armies by the assumption by ACC of responsibility for the repair and maintenance of military highways in the rear areas. Public utility services have resumed some degree of normal functioning in the urban areas of Liberated Italy, wherever facilities could be restored and fuel made available.

f. Any large-scale revival of industry has been impossible due to the lack of power, fuel, and transport. Sardinian coal production was increased from 4,000 to 30,000 tons a month. Production has been limited by Allied Force Headquarters to 35,000 tons a month (although this production figure could be doubled), presumably because of lack of transport to the mainland. Sulphur production was re-started after a half-year of no operations and is now running at around 2,000 tons per month. Lead, zinc and other metal mines are being maintained, pending decision by higher authority as to whether production should be resumed. Hemp production and manufacture were restored. Only one major textile unit existed in Liberated Italy prior to 1 May; in this unit production was restarted, but due to delays in receipt of raw material, has been on a low level. The small amount of leather which it has been possible to produce has been used to repair discarded army shoes at a rate of 5,000 a week. The shoes are sold to high priority civilians. The fertilizer industry, ready to operate, is being crippled by de-

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g. Fascist organization and control of labor have been abolished and the right of free labor organization established. An adequate and continuous supply of labor has been furnished to the Allied Forces. There have been no important strikes in Liberated Italy. Labor organizations are growing rapidly in urban and rural areas.

h. A reorganization of the agricultural governmental control machinery has been effected. As a result, it has been possible to prepare a preliminary agricultural production program for the coming year.

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INTRODUCTION

To understand properly the present condition of the Italian Economy it is necessary to review briefly the course of the war with reference to Italy.

Even prior to the Allied landings in Sicily on 10 July 1943, the Italian economy was not in a sound condition. The Fascist wars in Ethiopia, Spain, Albania, and after entering the war in June 1940, in North Africa, the Balkans and Russia, strained the Italian economy. With Italian industrial resources at best able to provide for 10 to 20 Divisions in a modern war, the Fascists attempted to support many times this number. Such resources as there were, were not efficiently mobilized. Price, marketing, production, and rationing controls began to break down early in the war. The black market flourished. The bread ration was cut to 150 grams a day as early as March 1942. Allied bombing, the reduction of the labor force through millions of men called into the Army or sent to Germany as laborers, and the shortage of raw materials all contributed to a decline in production. Transport and communications equipment gradually fell into disrepair. The reserves of clothing, shoes, and other consumer commodities in the hands of the people were gradually used up and not replaced.

By 1943 the war which had never been popular became unbearable. In June 1943 after the landings in Sicily, the whole Fascist system was confronted not only with a political, but also with an economic crisis. Mussolini was deposed, the Fascist government collapsed and peace negotiations were undertaken with the Allies.

Such was the economic condition of Italy when the Allies entered on July 10, 1943. Since then and for over a year, Italy has been one of the principal battlefields of the war. Starting in Sicily, the war has moved methodically up the mainland. It has divided the country and its economy in two. It has seriously battered the already tottering civilian economy. There has been widespread damage and destruction caused by the two opposing ground forces as the Allies have proceeded northward. All parts of the economy including industry, power, transportation and communications have been seriously damaged, first, by formidable Allied bombings and later by the sporadic bombing of the German Air Force. Effective

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Homes and towns have been wiped out by the war. Cassino is only the most famous example. In the area south of Rome to the May battle line, a quarter of a million people were left homeless.

The railroad system has been one of the principal targets of attack by both belligerents. The Allied Air Forces have been dropping tons of destruction on the railroad beds and on all the principal rail centers behind the German lines. The Germans have been destroying the railroads as they retreated. They have carried away movable equipment, ripped up railroad ties, and twisted rails.

Motor transport so vital to any military operation has been taken over by the military. The Germans seized large numbers of trucks, automobiles, carts and horses to service their forces. In their

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retreat they carried away the best of this equipment and destroyed much of what remained. In some provinces, the German withdrawal left little or no means of transportation. Much of what equipment remained after the German retreat was saved only because the Italians had disassembled it and concealed the parts. A part of what remained after the retreat was then requisitioned by the Allies as being essential to the successful conduct of their operations.

In their retreat, the Germans have/been systematically destroying every bridge on their course, large and small. This includes not only the bridges on the main roads, but also bridges on the secondary roads, on the side roads and on the dirt roads. In large sections of Italy, every bridge and almost every culvert will have to be rebuilt.

The ports of Italy also vital to the economy of the country have been largely destroyed by military operations. The destruction wrought by our Air Forces has been very extensive. It has been largely completed by the Germans before they retreated. Their demolition squads wrecked the ports, dock by dock.

Again, first our bombers, and then the German demolition squads have attacked almost all the principal industrial and power plants in liberated Italy. The methodical German destruction has been carried out in such a manner as to minimize the possibility of cannabilization. Even after repairs to power plants and transmission lines, less than one-fifth of the normal electric power production was available for use on 1 September 1944.

As the armies have moved forward, they have left behind them fields strewn with mines. In the Sangro Valley, twenty-five percent of the surface is mined. Months after the armies have passed, casualties are still resulting from the mines. In one region on the Adriatic Coast, eighteen people a day during August 1944 were being killed or wounded through mine explosions.

Civilians have been driven before the armies, either evacuated by the forces or as refugees from the war. At any one moment during the course of the campaign, therehave usually been approximately one million people dislocated from their homes. Potential producers have thereby been transformed into a burden on the economy. After the opposing forces have passed them by, there has been

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All areas of Italy during the past year have either been within the front lines or to a greater or less degree have been army rear areas. The economy of such areas has been directly employed to support military operations; civilian life has of necessity been a secondary consideration.

The Army took over everything which can possibly be of use to it, hotels, schools, transport, mills, garages, everything which can serve as a billet, as a place to store equipment or as a work shop. What is left of the civilian economy finds that the military has bid away its labor, hastaken its transport, and has tied it up with prohibitions on movements with permits and other security measures.

Complicating these problems was the fact that from an economic point of view theAllies invaded Italy from the wrong end: Sicily, Sardinia, and Southern Italy generally are the poorest parts of Italy and have been in the nature of colonies for Northern Italy. Aside from the [illegible]ples and Taranto area, it can be asserted that

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there is no industrial section in the south at all. For supplies of most kinds of manufactured goods, the south was dependent on the north. Furthermore, the south was not even self-sufficient agriculturally but also imported some supplies of food from the richer agricultural areas in the north. And this poor section of the country with one-third of the Italian population is all that Liberated Italy consisted of for a year.

It is to be remembered that the Allied invasions resulted in dividing the economy of Italy in two parts. The internal trade on which economic life depends was stopped. The exchange of products between north and south could no longer occur. This factor by itself would result in a noticeable reduction in the standard of life of any nation.

In Liberated Italy until the liberation of Rome in June 1944, that is to say for almost a year, adequate personnel to build a proper governmental machinery were lacking. All of the national economic organizations had their headquarters in German-occupied Italy. Technicians, experts, administrators could not be found in Southern Italy. The Italian Government as a working organization did not exist for months after the armistice and had to rebuild itself from the very bottom using the poorly trained provincial personnel of the south.

Into this almost hopeless situation, the few hundred officers on the economic side in AMG and ACC were sent with the directive that their primary task was to serve the armies through maximizing assistance from local resources, to look after the civilian economy principally for this reason and in order to maintain a tranquil rear for the fighting forces.

On the whole, a fair judgment would appear to be that the mission to date has been accomplished. According to the figures of the Allied Forces Local Resources (Italian) Board, there was a saving of shipping tonnage of 1,502, 296 ships tons from October 1943 to 1 August 1944. The body of this report attempts to give an idea of the principal problems encountered in the various fields and outlines plans and programs developed for the future.

As is evident, Italy today has a number of tremendous problems, most of which can be grouped under one of these headings:

1. Industrial reconstruction and re-activation.
2. [illegible] supplies.

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1. Industrial reconstruction and re-activation.
2. Provision of sufficient civilian supplies, particularly food and clothing.
3. The re-settlement of dislocated persons.

The magnitude of these problems is matched by the magnitude of the ignorance of their details. Our ignorance and that of the government is great because of the fact that Italy has been enormously changed by the war that created the problems and that made all pre-war statistics hopelessly out-of-date.

To meet this situation, we have determined to make a large scale census type inquiry throughout Southern Italy and the islands and to do so in a much shorter length of time than is ordinarily required for such an ambitious survey.

For speed we are depending principally upon the fact there are available in Rome almost unlimited numbers of clerks sufficiently competent to tabulate census data. We plan to mobilize at least 10,000 of these persons to do in a month what the Italian government's Institute of Statistics with its own staff would require two years to do.

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The plan calls first for a demographic inquiry with schedules for house to house inquiries and with schedules for communal officials. The personal schedules cover information on age, sex, normal place of residence, profession, and employment, with supplementary schedules to obtain information on prisoners of war, workers sent to Germany, unemployment, refugees in Italy, and damaged and requisitioned houses. The communal schedules gather information on rations distributed and the number of ration card holders, on conditions of public buildings and salaries of communal employees, and mortality statistics by cause of death. The schedules mentioned above are to be completed in all communes (2700), in Southern Italy. In addition, detailed information on one of the following five subjects: family food budgets and food prices, family clothing conditions and clothing prices, family housing conditions, transport facilities and transport prices, and diets and weights of children, will be obtained in each commune so that one-fifth of the total communes will be covered in each field.

Italy has been divided into areas containing about fourteen communes each. One man will be dispatched to one commune in each of these areas, carrying with him all of the schedules needed for his commune. He will then be in charge of the census in that commune, and when it has been completed (approximately six days later), he will become General Supervisor of the census in the twelve to fifteen surrounding communes at which schedules will have arrived by military mail. Schedules from the 200 basic communes should be received in Rome via military mail after the middle of September. They will then be processed by the ten thousand government clerks in order to provide answers based upon those towns as a first sample of the data on the Italian situation. The census will continue in the other communes for several weeks more and the tabulators will continue for another month.

There exists in the files of the Institute of Statistics the entire 1938 Industrial Census of Italy consisting of 356 different detailed industrial questionnaires. We have taken advantage of this fact to obtain names, addresses of all industrial firms, their proper industrial classification, and questions already written and printed for each firm. This has been done by micro-filming all of the 1938 schedules (60,000 photographs). With this record to protect the interests of the Italian Government, we are proceeding to mail to each firm the 1938 schedule together with a simple schedule, uniform for all industries, describing the urgency of the problem, asking pertinent, current questions, and providing space and instructions with which the firm can provide on the skeleton form its current data in answer to the 1938 questions. This will give us exactly comparable data for the pre-war and current

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A plan has been devised by which it is believed that an over-all statement of Italian industrial needs and industrial possibilities, if those needs can be met, can be obtained from these schedules upon their completion. These schedules will be mailed during the first part of September.

The Agricultural census is a simple form similar to normal Italian agricultural censuses, but limited to statement of war damage, live stock, and farm machinery. This census will be distributed concurrently with the demographic census and received in Rome at the same time.

The magnitude of these tasks can hardly be exaggerated. Normally, a country requires at least two years to properly plan, enumerate and tabulate a census. We do not pretend that our rapid census will be as complete or as exact and accurate as a proper census. We do believe, however, that by asking questions more pertinent

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than usual census questions, by using a number of time-saving short cuts, by using Army distribution facilities, and by using the enormous idle labor resources available, satisfactory data can be obtained and can be obtained quickly.

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Chapter II

FINANCE

July, 1943 - August, 1944

PART I. INTRODUCTION

The original financial planning for the Sicily invasion began in May 1943 at CHREA near Algiers. At that time no directive from the Combined Chiefs of Staff had been received, with the result that plans had to be based on the experience of Occupied Enemy Territory Administration (OETA) in the Italian African colonies and of the Civil Affairs organization set up to work with the French in North Africa. It was felt that the role of military government in Sicily and later in Italy would lie somewhere between the direct rule imposed in a conquered Italian colony and the policy of non-interference in administrative matters which had been followed with the French. The functions of the Finance Division, as it was then called, were set out in the over-all plan of AMGOT. They are worth repeating if only to demonstrate that they are still applied today in those areas under military government not yet taken over by the Italian Government.

The AMGOT Plan described the functions of the Finance Division in the following terms.

> "Financial Division. This division shall be responsible for all currency and foreign exchange matters, control of funds, banks, insurance companies and other public and private financial agencies and enterprises and state monopolies, including the supervision of financial assistance to governmental and private agencies and enterprises; the collection and analysis of economic and financial intelligence from records and other material taken into custody or from other sources; supervising the administration of the tax and customs laws; supervising the receipts and expenditures of governmental agencies; and handling problems relating to governmental budgets and the control of prices and purchasing power in coordination with Civilian Supply Division and all accounting and auditing in connection with the foregoing."

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1319 the directive received from the Combined Chiefs of Staff in June 1943, it was laid down, inter alia, that national tax receipts were to be deposited in the Allied Military Financial Agency or in banks nominated by AMGOT, and that the revenues derived from the national insurance institute should be made available to the military government. Under the policy of indirect government it was felt that these functions would be better left to the proper agencies which formed part of a highly centralized public and private financial system based on Rome. The program formulated and later followed was aimed at restoring as soon as possible banking and social insurance enterprises and those governmental organizations controlling revenue and expenditure to their normal role, with the officers of the Finance Division acting in a supervisory capacity.

In retrospect, the greatest departure from established principles

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~~was the injunction controlling~~ the Banco di Sicilia as the agent of the Allied Military Financial Agency. The reasons for this decision were cogent and valid at the time, as AMGOT were thereby provided with a bank with a large network of branches in the Island and, more important, having its head office on the spot. It must, however, be recorded that the employment of a commercial bank for this purpose rather than branches of the central bank resulted in interference with the banking mechanism through which the government normally finances its institutions. This led to the accumulation of idle lire funds at the branches of the Banco di Sicilia, a situation which was aggravated by the separatist tendencies of the Island in general and of the Banco di Sicilia in particular. The Treasury section of the Banca d'Italia was however used as the normal channel for the distribution of Treasury payments. It was not until the invasion of the mainland that idle funds of the Banca d'Italia were utilized to finance State expenditure. This first took place in Calabria and was successfully developed in Naples and the areas subsequently occupied.

In the same directive, the Combined Chiefs of Staff laid down that an Allied Military Financial Agency should be established. A plan expressing our views on the powers and functions of AMFA was submitted to and approved by the Combined Chiefs of Staff. AMFA (now AFA) has been outstandingly successful in supplying all monetary requirements of the Allied Forces since the end of July 1943. The delivery of AM currency in Sicily on 24 July 1943 was an outstanding achievement by those responsible in Washington. However, water-borne supplies of currency were unduly delayed, ... aircraft carrying a large amount crashed in flames at Miami, and it was not found possible to authorize the opening of the Sicilian banks until 6 September 1943. To achieve this end, AMFA had to provide trucks and guards to move from Palermo to the main branches of the Banco di Sicilia sufficient amounts of AM Lire judged to be necessary to meet maximum withdrawals when the banks reopened. It may be stated parenthetically that public reaction to the opening of the banks was so satisfactory that only a small proportion of the credits extended by AMFA was drawn. Valuable experience was thereby gained and thereafter banks have seldom remained closed for more than a fortnight.

Following the armistice terms, the Allied Control Commission was

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Following the armistice terms, the Allied Control Commission was made responsible for relations with the Italian Government, and a representative party from AMGOT, Palermo joined HQ 15 Army Group (now known as Allied Armies in Italy) at Bari. Advanced elements of ACC moved to Palermo. Meantime, the King and Marshal Badoglio had set up a provisional government at Brindisi. It was agreed that the compartment of Puglia, less the Province of Foggia, should be under the jurisdiction of the Italian government. As a result, no proclamations of AMG were issued in this area. Some difficulty was experienced by members of the Allied Forces in disposing of AM Lire, and the spearhead currencies, in their possession. The Italian government was prevailed upon to give legal effect to such currencies through the issue of a proclamation.

The Finance Ministry of the Italian Goverment began to function in Brindisi at the end of September 1943. Little useful effort was possible until the middle of November when the Finance Sub-Commission sent two representatives to Brindisi, to be joined

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three weeks later by additional staff. Facilities for work were extremely inadequate. The Finance Minister, Guido Jung, was housed in two rooms with five employees. The representatives of the Finance Sub-Commission operated from a bedroom in a waterfront hotel, without office or secretarial facilities.

Discussions between the Italian Ministry of Finance and representatives of the Finance Sub-Commission cover too wide a field to be adequately covered in this Report. The following section indicates the most important problems which arose.

(a) A scheme was devised whereby a State guarantee was given to loans made by the Banco di Sicilia and the Banco di Napoli for purposes of industrial rehabilitation.

(b) The scheme for remittences to Italy from the U.S. and U.K. was worked out satisfactorily.

(c) Repayment of long-term Treasury Bonds maturing on 15 December 1943 was arranged. It was decided that efforts should be made to obtain reinvestment in the form of Treasury Bonds having a currency of one to twelve months. The principal obstacle to this scheme was the lack of paper stocks on which to print the Bonds. All paper in Italy was under the control of PWB and about three months elapsed before release was obtained. During this period investors received a simple receipt instead of a Bond.

(d) It was found that expenditure control had completely broken down. At this time the Italian Government with revenue limited to four poor Provinces was endeavouring to maintain the Italian armed services, docks and repair yards and all government expenses. It should be remembered that none of the few employees of the Ministry of Finance had any experience in working in a central Ministry. In December it was decided that a safe currency reserve for the four branches of the Banca d'Italia in Puglia was 400,000,000

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(e) Following the decision to remove Frignani, a prominent Fascist, who was President of the Banco di Napoli, a variety of disturbing rumours arose that this important Bank was in difficulties. It was decided to take active steps to remove the basis for such rumours and two competent and highly-esteemed men were named as Commissioner and Vice-Commissioner.

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(f) From the earliest discussions with the Italian Government the problem of obtaining a new currency to replace the heterogeneous circulation in Italy was under constant examination. The very few possibilities of Italian production were explored and it was found that it would be impossible to produce currency in Italy. Plans were then laid for the eventual preparation of such currency in the United States.

(g) In connection with the ordering of this currency and in relations with the Banca d'Italia generally, much difficulty arose from the fact that all the senior officials empowered to act for the Bank were in German-occupied territory. To regularize this position, as in the case of the Banco di Napoli, a Commissioner and a Vice-Commissioner were appointed. The latter is still serving under Commendatore Introna, the present Commissioner of the Banca d'Italia. On the recommendation of the Finance Sub-Commission the Commissioner instructed all branches of the Banca d'Italia to discourage any commercial bank financing which would have an inflationary effect. In May this warning was repeated.

On 25 January 1944, all Headquarters and Units engaged in military government or control in Italy, Sicily, and Sardinia were placed under the command of Lieutenant General Mason Macfarlane, Chief Civil Affairs Officer and Commissioner of ACC. The results of this fusion were of general benefit and put an end to inconsistencies which had existed between ACC and AMG 15 Army Group.

From May 1943 to the present time, a Report of Financial Developments in Italy has been submitted, monthly to London and Washington, together with many special studies. This present Report is no more than a brief review of some of the past difficulties and achievements in the field of finance. Months of effort are alluded

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In the sections that follow, Part II is devoted to a somewhat more detailed analysis of achievements in the field of finance, grouped by major topics. Part III recounts the measure already taken to purge Italian financial Institutions of Fascist elements - an achievement which, while not peculiarly financial in character, may well prove to be among the most enduring, if followed up by vigorous action on the part of the Italian Government.

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PART II. OPERATIONS

A. Currency and Exchange

1. Procurement and distribution of AM lire currency

(a) Pursuant to a directive from the Combined Chiefs of Staff the Allied Military Financial Agency was established in June, 1943, as a section of the Finance Division, Allied Military Government. The primary function of the Allied Financial Agency (as it is now known) is to supply AM lire currency to the Allied Armed Forces and to ACC/AMG for its own needs. The AM lire currency was designed and prepared by the Bureau of Printing and Engraving of the U.S. Treasury Department. For security reasons the final step in the completion of the currency (addition of the words "lire" and "Italy") could not be taken until after the invasion of Sicily had begun on 10 July 1943. Within three weeks, however, enough AM lire currency had been flown to Sicily to pay the American 7th Army on 1 August. Soon thereafter the pay of British forces was shifted over to AM lire, as well as all other Allied Forces, including the French, Poles, and now the Brazilians. There has never been a demand for currency that the Allied Financial Agency has been unable to meet. In addition to the amounts made available to the Allied Forces, AM lire funds were advanced, in the initial stages of the liberation of Italy, to Italian banks for the purpose of supplementing their currency reserves, and to provinces and communes for the purpose of meeting their deficits. As explained elsewhere in this Report, responsibility for providing adequate reserves of currency and for financing governmental deficits has now been shifted to the Italian Government and the Banca d'Italia.

(b) To facilitate the distribution of AM lire currency, branch offices of the Allied Financial Agency, each

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(b) To facilitate the distribution of AM lire currency, branch offices of the Allied Financial Agency, each of which has currency vaults, have been established at Palermo (to serve Region I), Bari (to serve Region II, V, and VII), Naples (to serve Region III), and Rome (to serve Region IV, northern sector of V, and VIII). A branch at Sassari, Sardinia, was closed on 31 May 1944, as it was no longer needed. A mobile "Forward Area Branch" is planned and may be located first in Florence to serve Regions VIII, IX, and possibly "Z".

(c) The immence physical problems which have been faced and solved in the preparation, transport, and safeguarding of more than 73 billion lire in AM currency cannot be overstated. Adequate vault space has had to be found or improvised, and sufficient transport and guards have usually been impossible to obtain from ACC. In many cases the Allied Financial Agency has been forced to borrow trucks and armed guards from other army units.

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(d) The problem of preventing the introduction and circulation of forged or "raised" AM lire notes falls primarily to the Public Safety Sub-Commission, but the Finance Sub-Commission has closely followed developments in this field. Finance officers in the field have reported cases promptly to the police authorities and have warned Italian banks of the most frequent types of forgeries and alterations. Unfortunately, the earlier type of AM lire note did not bear the denomination in words as well as in figures. Many such notes were "raised" by adding an "0" to the 50 and 100 lire notes. All later notes bear words as well as figures. More recently, "plant" counterfeiting has made an appearance, and complete 1,000 lire notes have been forged. Two such plants were seized, together with their operators. At this date forging has not constituted a serious danger and it is believed that the only organized gangs of counterfeiters have been detected and arrested.

(e) A procedure for the cremation of mutilated AM lire notes no longer fit for circulation has been developed and applied. Destruction under the necessary safeguards and records may be carried out by managers of Allied Financial Agency branches, or, in forward areas, by British Paymasters and U.S. Army Finance Officers.

2. The use of "spearhead" currencies

As stated above, AM lire currency was not available for use at the beginning of the invasion of Italy. It was therefore necessary for the Allied Armies to use specially prepared "spearhead" currencies. These were two in number, British Military Authority currency expressed in pounds sterling, and U.S. dollar currency bearing a yellow seal. As soon, however, as adequate supplies of AM lire currency were available, steps were taken to prevent further amounts of spearhead currencies from being paid out by paymasters and fi- [illegible] and to withdraw the spearhead currencies

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3. Production of a new currency for Italy

(a) The Finance Sub-Commission has for some time been exploring the production of a new non-military lire currency for the Italian Government. Such a currency is a sine qua non of currency conversion, which is considered an important step in the economic rehabilitation of Italy.

(b) The Banca d'Italia has given the following as its estimates of new currency required for the stabilization and inflation control program.

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Quantity		Denomination		Lira Amount	
75,000,000	(12.50%)	1,000		L. 75,000,000,000	(50%)
75,000,000	(12.50%)	500		" 37,500,000,000	(25%)
300,000,000	(50%)	100		" 30,000,000,000	(20%)
150,000,000	(25%)	50		" 7,500,000,000	(5%)
600,000,000				L. 150,000,000,000	

(c) A thorough investigation of the facilities for manufacturing and printing bank notes in Italy has been made with a view to utilizing these facilities to the fullest. The plant at Aquila has been destroyed by the Germans and the undamaged paper manufacturing and printing machinery is being moved to Rome. Other important paper plants have also been destroyed and it now seems certain that it is physically impossible to produce the 600 million bank notes required within the time called for by the inflation control program (6 - 7 months). Accordingly, the printing work has been divided, the Italians to produce the 500 and 1,000 lire notes, which represent 25% of the total number required. Discussions are now under way for the production in the United States of the 50 and 100 lire notes, representing 75% of the amount contemplated. A representative of the Finance Sub-Commission has gone to the U.S. particularly for this purpose, and every effort is being made to produce the required amount of currency by 15 February 1945.

4. Exclusion of non-legal tender currency

Vigorous steps have been taken to suppress dealings in non-legal tender currencies, e.g., blue seal U.S. dollars and pound sterling notes. The Allied Armies, Navies, Air Forces, and Merchant Marines have cooperated in forbidding introduction of such currencies by personnel coming into the area.

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5. Creation of a system for personal and institutional remittances for the U.S. and the sterling area

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To provide a means whereby friends and relatives abroad of persons resident in Italy could remit funds, a remittance system was put into operation in Sicily on 15 February 1944, in Southern Italy and Sardinia on 1 May 1944, and is now in process of being extended to Central Italy. The foreign exchange that accrues to Italy from such remittances is held in the U.S. or U.K. in the accounts of the Italian banks through which the remittance is made, but its disposition is controlled by the Allied Control Commission and payments may only be made for purposes approved by the Combined Chiefs of Staff. A total of approximately 3 million dollars had been deposited in sterling and dollar accounts on 31 July 1944.

6. Emergency assistance payments to needy U.S. and British nationals

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Those payments were made before the Allied invasion of Italy by the Swiss Government, acting as the U.S. and British protecting power. This task was assumed by the Allied Financial Agency in the liberated areas and many hundreds of requests for assistance have been investigated and payment made in deserving cases. It is anticipated that this work will be assumed in the near future by British and American consulates.

7. Expenses of the Advisory Council for Italy and of other United Nations representatives

Under an authority from the Combined Chiefs of Staff, the Allied Financial Agency has made advances to the various members of the Council for the expenses of the delegations. In addition, AFA has made temporary advances to cover the personal and office expenses of various United Nations representatives, including the Netherlands, Belgium, and Yugoslavia.

8. Accounts of ACC

The Allied Financial Agency, in conjunction with the Chief Accountant, maintains the basic records that will be required in intergovernmental settlements after the war. Each month a summary statement showing the receipts and disbursements of ACC is prepared and transmitted to the Combined Chiefs of Staff. In addition, these reports include data on the cash position of the Banca d'Italia, the amount of AM lire in the hands of the public and banks, and the currency requirements and previous outlays of the Allied Forces.

B. Government Finance and the Banking System

1. General

In chronological order, the chief tasks undertaken under this heading were (a) to reopen the banks and

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2. Restoration of the banking system

The most immediately necessary step was found to be the reopening of banks and post office financial services. The economic life of the country remained paralyzed until this could be done. It is a sufficient justification of this aspect of ACC finance policy to record that the financial crisis experienced by the Fascist Government in the months prior to the Allied

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Addings was immediately overcome and confidence restored. There has not been any financial, banking, or currency crisis in the area of Italy liberated thus far. This restoration of confidence, to which must be attributed in part the relative speed with which as normal an economic life as war conditions permitted was re-established, brought with it a return to normal savings and investment habits, which retarded inflationary pressures on the price structure and provided the Banca d'Italia with a sufficient supply of physical currency to cover Governmental expenditures, thus reducing the drain on AFA's stock of AM lire. In reestablishing the banking system, all the usual difficulties of operating in a zone over which war has recently passed were encountered. Bank premises were destroyed or requisitioned, personnel dispersed, records lost, communications suspended. Literally a thousand and one petty administrative details had to be arranged for the Italian bank officials, many of whom, under the prevailing conditions, were helpless and confused. In addition, many of the senior officials of banks were prominent Fascists (Frignani of the Banco di Napoli and Azzolini of the Banca d'Italia) and had to be replaced by competent and trustworthy men. By praiseworthy devotion to duty, finance officers in the field have succeeded in overcoming all obstacles and reopening banks and post offices in record time. It has not proved necessary to close for any length of time a major commercial or savings bank. Deposits and cash reserves of the banking system have been consistently on the increase for most of the period. Bank deposits in liberated Italy increased by 60%, or 12 billion lire, in the six months from September 1943 to April 1944, and are increasing at the rate of more than 3 billion lire a month. Due to the fact that it was not possible to get postal savings bonds printed because the Psychological Warfare Branch had all resources monopolized, there was a net outflow of funds on this account for many months. Finally, after 7 months of negotiation, bonds were

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3. Integration of the Banca d'Italia

As soon as the commercial and savings banks had been reopened, the need for an instrument of finance and control became imperative. The central bank, the Banca d'Italia, was the agency through which the Italian Government had in the past made its expenditures and financed a large part of its deficit. Furthermore, the Banca d'Italia was the ultimate currency reserve of the entire banking system and, acting as the Inspectorate of Savings and Credit, controlled credit expansion and other banking operations. As the southern branches of the Banca d'Italia were cut off for a long period from the head office in Rome, they became in essence so many little central banks, without

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direction. At Finance Sub-Commission insistence, a head office was established in Naples, a temporary Commissioner and Vice-Commissioner appointed by the Government, a statistical and reporting service created, and a series of instructions issued which were designed to coordinate the policies and actions of the various branches. For the first time data were available on such topics as the trend of bank deposits, investment in Treasury bills, loans and discounts, and the Government bond market. In particular, immediate steps were taken to discourage banks from extending non-productive and inflationary credit.

4. Financing of the Government deficit

As soon as the branches of the Banca d'Italia were again part of a functioning central banking system, arrangements were made for the Banca d'Italia to assume responsibility for financing all Governmental expenditure. This system eliminated the need for AOC to advance currency for Italian Governmental uses. The Allied Financial Agency had earlier advanced money to help meet communal, provincial and state deficits. Through the institution of a system of financing whereby the public deposited money in the banks, the banks redeposited the money at the Banca d'Italia, and the Banca d'Italia made the money available to the government, the necessity for further AFA advances was eliminated. From 30 January 1944, no AFA advances were made to the National Government. This system was extended to the AMG regions and from 1 May 1944 all advances of AFA funds on any level in the AMG regions were stopped. Only in the AMG 5th and 8th Army Areas may such advances still be made. Even here, these are greatly minimized by using the Banca d'Italia to move currency forward as soon as possible. Not only were all currency advances by AFA for Italian governmental purposes stopped, but the Banca d'Italia was able to make an initial repayment to AFA of over one-third of the previous advances made, or a total

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5. Handling the Government deficit

(a) Concurrently, the Finance Sub-Commission was giving attention to the better financing and the reduction of the huge Government deficit. In the months immediately preceding the Allied occupation of southern Italy, the short-term debt of the Fascist Government was coming due and was not being renewed. In July 1943, there was a net outflow of approximately 1 billion lire, i.e., the amount the Government had to pay in excess of the funds it received from the sale of Treasury bills. With the Allied occupation, the trend was reversed and in the year ending 30 June 1944, the Government had net receipts of 2½ billion lire from the sale of such bills. In Rome, in the 9 months prior to liberation, there was a total over a billion lire net dis-investment of such bonds. In July 1944,

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there was a net investment of 300 million lire, and in August, the net investment may go well over the 2 billion lire mark. The Finance Sub-Commission's program has been divided into two parts. As stated above, the Fascist Government had come more and more to rely upon financing its deficit through additions to its floating debt (Treasury bills and central bank advances). It was first necessary to overcome the disinvestment trend in Treasury bills. This was done by resuming, on 1 January, 1944, service on the whole of the public debt, both floating and long-term. In addition, the Government was urged to begin a vigorous propaganda campaign to stimulate investment in Treasury bills. This suggestion, as well as our request to the Badoglio Finance Minister, Guido Jung, that plans be laid for the sale of a long-term bond issue, were rejected on the ground that such moves at that time could have only an adverse effect on the public credit. This program the Government wished to defer until Rome had been liberated. In preparation, the Finance Sub-Commission formulated a statement of the principles that should govern the financing of the Italian Government deficit, as part of the recommendations of the Allied Anti-Inflation Committee(Italy). These principles were stated as follows.

(i) The deficit should be financed by the sale of relatively long-term bonds.

(ii) The service on the public debt should be reduced by decreasing the interest rate on Government securities.

(iii) Government credit should be strengthened by funding as much as possible of the floating debt.

At the present time, the Government is preparing its first issue of long-term bonds and the stock exchanges in Rome and Naples have been opened for trading in government bonds. The Government is also preparing to [illegible] interest paid on Treasury

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(b) A major attack has been made upon the high interest rate structure in the field of agricultural finance. Until this year the consorzii, on receiving wheat, have issued paper accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated on the end of the fiscal year. Actually, these balances have not been liquidated since 1940, so that the financing of the last four crop years has been drawing a high rate of interest. After conferences with the Ministries

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of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzi have been instructed to present claims for the outstanding balances of past years for immediate payment, thus ending this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a reduced interest rate of 6 per cent, at the end of each thirty day period, thus cutting the effective interest paid on the notes from 6-7½ per cent paid on a year or more to 6 per cent annual rate for one month or one-half of one per cent paid on each note.

6. Measures of financial supervision and control

(a) One of the first steps taken in Sicily was the institution of a blocking program, designed to deny financial facilities and access to safe deposit boxes to enemy governments and agents, Fascist individuals and organizations, and persons located in enemy and enemy-occupied territory. It is considered that this system has operated with success, many thousands of accounts and boxes having been blocked for ultimate disposition by the Italian Government in accordance with the findings of the various epurazione committees. The Government has announced its intention of confiscating Fascist gains.

(b) The original policy on safe deposit boxes as laid down by CCG instructed Finance Sub-Commission to allow access to all boxes only in the presence of an Allied officer, and to impound all gold and foreign exchange. However, months of experience in examining boxes indicated that in the vast majority of cases there was no need for scrutiny, as only a negligible amount of foreign exchange was found in the boxes voluntarily opened. Those persons having reason to fear Allied [illegible] did not appear to request an opening.

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(c) As part of the economic warfare program of the Allies, the Italian Government was requested to direct the head offices of banks in liberated Italy to issue instructions to its branches and officials abroad along the following lines.

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(i) that instructions received from purported head offices located outside liberated Italy are to be ignored and no action taken thereon, and,

(ii) that the managers of such branches are to communicate as soon as possible with the American and British Embassies or Legations accredited to the countries in which the branches are located. Each American and British mission has attached to it foreign service officers in charge of economic warfare. These officers will be in a position to advise the foreign branches of Italian banks as to those types of financial transactions which aid the enemy and must of consequence cease at once.

It was further suggested that foreign branches and officials be warned of all the sanctions and penalties that may be applied to them under Italian law if they continue to aid the enemy. This action has now been taken by the Government. As part of this program, the foreign exchange control, whereunder no foreign exchange transactions or communications relative thereto may be effected or dispatched without a specific authorization, was tightened and arrangements made to receive from Allied sources evidence of any future violations.

7. Government financial institutions

Since the liberation of Rome, the Finance Sub-Commission has made extensive investigations into the structure and operations of such government institutions as I.R.I. (Industrial holding company), Istcambi (foreign exchange control) and I.M.I. (Industrial finance). The politico-economic decisions made with respect to these institutions will have the most profound effects on Italy's post-war economy. Finance Sub-Commission has attempted to guide the Government on the decisions that must be made now.

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the actual operation of I.R.I. being conducted by a technician as managing director within the lines of general policy laid down by the Board. The appointment of an able Commissioner has just been announced.

C. Revenues

1. Reform of the Italian tax system

(a) The preliminary researches of the Finance Sub-Commission into the structure and operation of the Italian taxation system indicated both that it was ripe for reform and that even with the full cooperation of a bold and energetic government such reform was at the least a matter of years. The weaknesses of Italian taxes have been fully set out in numerous memoranda published by this Sub-Commission. The following brief analysis is taken from the financial section of the Allied Anti-Inflation Committee's report.

"Action must be taken to correct the following extreme weaknesses of the Italian revenue system:

(1) an assessment procedure that is both unduly slow and highly inaccurate;

(2) a collection system which invites high costs, collusion and corruption;

(3) excessive reliance on per quantum consumption taxes."

A complete plan for reforming the Italian revenue structure may be found as an annex to the Anti-Inflation Committee's report. Very briefly, its essential features are:

"a. Income Taxes. It is proposed that the present system of taxing income from different sources under different laws and at different flat rates be abolished and that there be substituted one uniform basic rate and a progres-

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"a. Income Taxes. It is proposed that the present system of taxing income from different sources under different laws and at different flat rates be abolished and that there be substituted one uniform basic rate and a progressive surtax scale to be applied to income from whatever source derived. The tax should be collected so far as possible by withholding and other assessments should be based on the taxpayers' declaration of income. Such declaration should be subject to severe penalty for fraud or wilful negligence, and should be supported by a requirement that the taxpayer keep books subject to certain exceptions.

"b. Excess profits tax. Recipients of agricultural income who are among the chief beneficiaries of present inflationary price rises are now exempted from the excess profits tax. This exemption should be abolished, a recommendation which is in accord in principle with measures proposed by the Italian Government.

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"c. Death Duties. Drastic increases in rates should be instituted and at the same time, the additions to and reductions from tax which depend on the size of the decedent's family should be abolished. Transfers to spouse or children, at present exempt from gift and succession tax when there is more than one child, should be taxed.

"d. Collection. The present system of collecting direct taxes through private contractors is primitive and unjustifiable in a country as advanced administratively as Italy. Its advantage is the supposed assurance it gives the government that it can count on the amount of the tax roll being turned into the public treasury regardless of collection difficulties and that only one source per tax district need be looked to for that sum. It nevertheless appears highly undesirable that a private enterprise should have a stranglehold on the public revenues. If terms and conditions of the collections contract are not to a contractor's liking, he need not bid for collection of the roll. In most cases he has, at present, the only local organization capable of undertaking the task, no one else having the requisite personnel, facilities and experience. Such a situation is bound to result in extremely high collection costs. Furthermore, since the state has only the most tenuous kind of supervision over the methods of collection, there are numerous opportunities for graft, extortion and favouritism. Finally, even the advantage of assured receipt of funds is denied the state by widespread granting of forgiveness as to part of the roll. If he has been granted a "tolleranza", not only has the contractor's inefficiency been rewarded, but he has been given the opportunity, for a consideration, not to

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(b) It cannot be too strongly emphasized that there is no background of fiscal cooperation between government and taxpayer in Italy. There is no reliance on individual returns. The present system is based on the spy and the informer and on the taxation of things and quantities that can be seen and measured rather than on accounts that can be properly assessed. Such a system is singularly unsuitable for resisting inflationary pressures. Moreover, the long-standing and all-pervading apathy toward the efficient collection of revenue has, of course, been intensified under present political and economic conditions. Except over the

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long-term, therefore, only limited aid in inflation control can be expected from the revision of the revenue system. Such revision will probably be the least effective aspect of an anti-inflation program in the immediate emergency, although it may well be the most effective long-term stabilizing influence on the economy of the country.

(c) Work was begun on a series of new tax decrees when the Italian Government was at Brindisi (Sept. 1943 - Feb. 1944). Attention was first concentrated on those measures which would improve the effectiveness of the existing basic methods of assessment and collection. An almost endless number of drafts were prepared and discussed with the Finance Sub-Commission by the Finance Ministers of the Second and Third Badoglio Governments; it proved impossible to persuade the Government actually to put a decree in final form and enact it into law. This remained the position until the arrival of the Bonomi Government in Rome. The present Minister of Finance has now appointed a committee of eight members, with himself as Chairman, to "make a study of State and local taxation laws." The committee has announced that it was under study draft decrees revising the following taxes:

(i) Imposta sugli utile di Guerra (War profits tax based on any excess of income over the standard year 1938).

(ii) Imposta di Ricchezza Mobile (A tax on personal income of individuals and companies). It is divided into five classes:

Interest on capital
Business profits
Professional income
Salaries of private employees
Salaries of Civil and Military

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Interest on capital
Business profits
Professional income
Salaries of private employees
Salaries of Civil and Military Servants

(iii) Imposta complimentare progressiva (a super tax on total yearly incomes exceeding 6,000 Lire (including the income of wife and minors) with a deduction of 1/20th up to a maximum of 3,000 Lire for each dependent).

(iv) Imposta sui celibi (Tax on all bachelors from 25 to 65 years of age).

(v) Imposta sui Terreni (Tax on Land).

(vi) Esenzioni alle Famiglie Numerose (Exemptions to large families. Citizens having seven or more children dependent on them if they are civil servants and others having ten or more children are exempt from taxation up to a yearly income of Lire 100,000).

(vii) Imposta sui Redditi Agrarion (Tax on profits derived by a farmer cultivating his own lands).

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(d) The present committee appears c petent, the services of technical experts are again available, and a full range of statistics and other data may be consulted. It is expected, therefore, that at least some of the short-term revisions which are most necessary will shortly become law.

2. Revenue restoration and stimulation

(a) The fabric of the taxation and revenue system in Italy is easily torn and difficult to repair. As has been pointed out above, to make the Italian tax system adequate as an instrument for arresting inflation and to raise the revenues to meet the necessarily large future expenditures will require changes in the present tax system so basic in concept and administration that the full effect on revenues cannot be realized except over a considerable period of years. Concurrently with the long-term program for revision of the tax system, the Finance Sub-Commission has not neglected immediate short-term measures designed to bring the present system to as full efficiency as possible. A specially trained group of revenue officers has been used in the forward Regions and Army areas to reactivate the Italian revenue offices and tax collection agencies. Many Italian people have been all too ready to accept the appearance of Allied troops as a sign that taxes need not henceforth be paid: this opinion, together with the lack of initiative and sense of responsibility manifested by many revenue officials when cut off from the central direction of Rome, made and still makes the task of revenue offices a peculiarly arduous one. In this field even more than usual the purely physical problems are encountered - alternative office accommodation must be found, staff reassembled or brought forward to fill vacancies, passes and travel permits provided, and deficiencies of paper, forms and revenue stamps made good. The Italian tax system depends for much of its assessment and enforcement processes on a technically trained body, the Guardia di Finanze. The existence of this military formation has been a

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(b) An important part of the revenue stimulation campaign has been the appointment and operation of the normal Provincial and District Appeal Commissions. As in the absence of these Commissions, appeals against tax assessments cannot be adjudicated, the collection of many additional millions of lire has been facilitated by our energetic action.

(c) The strenuous example set by revenue officers and the impression produced upon local officials by this indication of Allied interest have undoubtedly done much to produce the good results shown in the following

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statement of revenue collections. Cash collections of State Revenue for the 27 liberated provinces which have been under AMG/ACC control for a period sufficient to produce worthwhile statistics have been analyzed over the main revenue headings for the 11 months to 31 May 1944, and the results are shown in the following table. In comparing the monthly results, it should be borne in mind that January, March, and May are not main collection months under the Italian system of revenue collection. With the exception of those revenue heads, which are either directly affected by material scarcity and manufacturing difficulties, (monopolies), or by causes outside our control (Customs), the figures show a steadily sustained improvement over the whole period. For purposes of comparison, the corresponding revenue collections for the 11 months to 31 May,1943, have also been included on the schedule. The total revenue collections for the 11 Months to 31 May, 1944, amounted to 80% of the corresponding revenue collections for the 11 months to 31 May, 1943. If, for purposes of comparison, Monopolies and Customs are excluded for reasons mentioned above, the percentage is 92%. It will be observed that collections in respect to direct taxes for the 11 months to 31 May, 1944, are 109% of the collections for the corresponding period of the previous year. In view of the dislocation caused by war condition, the widespread destruction of assessable property, and the retrospective action of direct taxation, which necessitates the lapse of time before new values can be brought into assessment, it is suggested that the amount collected in respect to direct taxes for the period to 31 May, 1944, constitutes a very satisfactory achievement under difficult circumstances.

State Revenue Collections (27 Liberated Provinces)

Comparative Statement Analyzed over Main Revenue Heads for 11 Months of the Fiscal Year 1943/44, together with Corresponding Totals for the Fiscal Year 1942/43

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Comparative Statement Analyzed over Main Revenue Heads for 11 Months of the Fiscal Year 1943/44, together with Corresponding Totals for the Fiscal Year 1942/43

(Millions of Lire)

Source	Total 6 months to 31 Dec 43	Jan. 1944	Feb. 1944	Mar. 1944	Apr. 1944	May 1944	Total 11 months to 31 May 44	Total 11 months to 31 May 43	1943/44 to 1942/43
Direct Taxes	596.2	33.1	193.5	37.2	285.9	37.5	1.183.4	1.087.0	109%
Indirect Taxes	323.6	97.2	111.8	165.4	156.3	197.7	1.052.0	1.153.7	91%
Manufacturing Taxes	63.0	11.5	16.4	23.0	29.4	24.2	167.5	271.1	62%
Lotteries	14.6	3.6	8.7	7.6	10.3	10.6	55.4	154.5	36%
Sub-Total	997.4	145.4	330.4	233.2	481.9	270.0	2.458.3	2.666.3	92%
Monopolies	426.6	56.8	129.3	224.4	225.0	123.1	1.165.2	1.702.8	70%
Customs	15.0	.5	6.6	10.4	23.0	19.7	80.2	284.7	28%
Total	1.439.0	202.7	466.3	468.0	734.9	412.8	3.723.7	4.653.8	80%

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(d) As regards the State monoplies, of which tobacco is responsible for most of the revenue, steps have been taken to effect the repair of factories and machinery, and to obtain supplies of the necessary raw materials. Paper and supplies unobtainable in Southern Italy were requisitioned, and transport arranged. To counterbalance increased costs and loss of revenue due to diminished production, approval was obtained for a 100% increase in retail prices, coupled with a small increase in the price paid to growers for leaf. Approval was securedfor increases in theretail prices of salt, and a distribution plan adopted. Stock piling for newly liberated areas was arranged. The Consorzio dealing with the distribution of matches was reformed, rationing arranged, and prices fixed. Lottery drawings were revived in liberated areas as soon as communications permitted, and arrangements for securing paper for the printing of tickets and their distribution were made.

D. Budgets and Expenditure Control

1. General

In the first stages of the occupation of new areas in Italy, it is necessary to continue the use of the existing budgets and expenditure channels in order that local governmental functions may continue, or, if suspended, resume operation at the earliest possible. At the Regional and Provincial level expenditure control is primarily a problem of ensuring that expenditures are authorized and disbursements made to the proper payees. On the other hand, the provincial and communal budgets are part of the raw materials from which the Government constructs its national budget. Care and accuracy in their preparation are essential and it has been a major task of finance officers under AMG conditions to secure the submission of such budgets on times

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2. Budget control program

At the national level, efforts have been directed to the determination of the amount of the monthly budgetary deficit, the preparation of a provisional budget, and the elaboration of a program designed to control and reduce expenditures.

3. The budgetary deficit

As nearly as can be estimated at this time, the deficit on Italian Government account for all Italy for the year ending 30 June 1944 amounted to approximately 180 billion lire. This figure does not include 20 billion lire of Allied occupation expenses, but does include German occupation expenses. Thus the total excess of disbursements over income on "Government account" is well over 200 billion for the year, or approximately 2½ times the Government

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deficit for the preceeding fiscal year. The entire deficit was covered by an increase in the floating debt, which rose from 170 billion lire on 30 June 1943 to an estimated 350 billion lire on 30 June 1944 (this does not include any contingent liability for AM lire paid out by the Allied Financial Agency). The deficit on Government account in liberated Italy was effectively stabilized at approximately 3 billion lire per month beginning with January, 1944, to the end of the fiscal year.

4. Preparation of a national budget

Having ascertained the overall total of the deficit, it was next necessary to create a provisional budget to control expenditures by the several Ministries. The basic difficulty was of course the fact that the budget for the fiscal year ending 30 June, 1944, was prepared for all Italy and could not readily be adapted to the area under control of the Second Badoglio Government (at first four provinces of Puglia (the Heel of Italy), later extended to include Regions I, II, VI and VII). Up to March 1944, while Guido Jung was Minister of Finance under Badoglio, little or no control of government spending was possible. In spite of constant efforts by the Finance Sub-Commission to establish some form of budgetary control, practically no progress was made. This was primarily due to the resistance of Jung to every suggestion for reformed procedures. His attempt to control government spending on the basis of cash disbursement figures meant in reality no control. Eventually Finance Sub-Commission succeeded in having the Italian government work on the basis of provisional three-monthly budgets, and although these budgets were in no sense of the word adequate control instruments, yet they represented a considerable measure of progress. With the formation of the Third Badoglio Government, when the Committee of National Liberation was brought into

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ing was possible. In spite of constant efforts by
the Finance Sub-Commission to establish some form of
budgetary control, practically no progress was made.
This was primarily due to the resistance of Jung to
every suggestion for reformed procedures. His at-
tempt to control government spending on the basis
of cash disbursement figures meant in reality no
control. Eventually Finance Sub-Commission suc-
ceeded in having the Italian government work on the
basis of provisional three-monthly budgets, and al-
though these budgets were in no sense of the word
adequate control instruments, yet they represented
a considerable measure of progress. With the forma-
tion of the Third Badoglio Government, when the
Committee of National Liberation was brought into
the Government, some progress toward expenditure
control was made. The new minister, Quintieri,
recognized that he was without any information as
to government expenditures; and he proceeded to
put into effect measures which for months the Fi-
nance Sub-Commission had urged should be adopted.
Three steps were necessary: first, to provide a
provisional budget, appropriate to the existing con-
ditions, to run until 30 June 1944; secondly, to
prepare a proper budget for the fiscal year beginning
1 July 1944; and third, to re-establish the control
offices of the Corte dei Conti and the Central
Treasury. The provisional budget was prepared by
making a proportionate appropriation from the 1943-
1944 budget for the 22 provinces. For the 1944-1945
budget special forms were prepared and circulated,
not only in Italian Government territory, but also
in AMG territory, in order that the Italian State
budget could subsequently include data for any

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territory transferred to Italian Government control in the future. The Corte dei Conti was re-established by decree, and the office resumed its functions on 1 June 1944. At the same time a Central Treasury was set up with limited functions. The new budget forms were modelled on the Italian budgetary system, so that they could be readily understood by the Italian officials who would be required to compile them. With the beginning of the new fiscal year the forms were brought into use in AMG territory. Sufficient experience has already been gained to demonstrate that, when properly prepared and controlled, the new forms adequately fulfill the function for which they were designed. Moreover, when there is a turn-over of territory from AMG to Italian Government control the new forms provide an operative approved budget for each transferred province, and there is therefore no break in the continuity of control consequent on a change in jurisdiction. The five provinces recently transferred form an illustration of this, and, through the medium of these budgets, the Italian Government will in the future have current financial information in respect to all State and parastatal agencies, provinces and communes, in the transferred territory.

5. Recommendations for expenditure control

Having re-established the mechanisms of control, the Finance Sub-Commission, as part of its contribution to the report and recommendations of the Allied Anti-Inflation Committee (Italy), prepared the following series of proposals for the reduction of Government expenditure:

"a. From the standpoint of inflation control a crucial sector of Italy's financial structure lies in the area of the expenditure activities of the government. Such expenditures, however, are very difficult to evaluate and control. In part, some of these expenditures are beyond the control of any government. In order to effect economies, three conditions are prerequisite:

"(1) an economically-minded government, conscious of its responsibility to scrutinize each item of the expenditure,

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"(1) an economically-minded government, conscious of its responsibility to scrutinize each item of the expenditure,

"(2) a properly organized system of budgetary control which will enable the government to plan its expenditures by viewing the fiscal situation as a whole, and assure itself that only the scale of expenditures planned are actually made,

"(3) preparation of an annual budget with provision for periodical review in the light of changing circumstances.

"b. The following is a series of proposals which have been drawn up on the basis of the limited knowledge gained in southern Italy. A complete program cannot be framed until the conditions likely to be met in northern Italy are better known. In any case, such a program can be made complete only after the government has effectively established its expenditure control system. These proposals, however, taken together, can aid in forming a barrier to in-

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flation:

"(1) Policy towards payment of accumulated claims against the Government

"(i) An important inflationary item is the unpaid bills of the government and the accumulated claims which arise from unpaid obligations for wages, pensions, and for materials, houses, buildings, and services of all kinds requisitioned by enemy armies, Allied armies, and the Italian army, all of which will unquestionably be surpassed in magnitude by claims for war damage.

"(ii) No policy can be laid down to handle this most difficult problem except through a careful study by the Italian Government. But the stability of the economy and the prevention of inflation require that certain principles be embodied in that policy:

"(a) Past debts and established claims against the government, whatever their nature, should be subjected to individual study, and only those claims should be met currently where payment would either enable a work or service to be continued which is in the interest of the Allied cause, or obviate the necessity for making a different payment, e.g., relief.

"(b) No interest should be paid on unpaid claims including those for pensions, requisitions and war damage compensation, and no upward adjustment of claims should be made for changes in price levels.

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"(ii) No interest should be paid on unpaid claims including those for pensions, requisitions and war damage compensation, and no upward adjustment of claims should be made for changes in price levels.

"(iii) The determination of claims should be dissociated from their payment. Claims arising from any source may be determined at any time, but payment should not be made until the conditions in (a) are complied with.

"(iii) The disadvantage of this approach to the problem of government obligations is the possibly adverse effect on government credit, and the limitation of the program is the requirement to strengthen government credit. However, a definite attempt should be made to gain the confidence and cooperation of the people in not pressing claims for past due services and supplies, explaining the damaging results to their own economy by a policy of total payment in cash.

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"(2) Payment of Subsidies

The policy on subsidies must be coordinated with efforts to maintain a controlled price system. Subsidies can usefully contribute to the control of inflation. The bread subsidy is an outstanding example of such usefulness. A low price of bread to the consumer is the keystone of a controlled price structure in Italy, control of wages, and therefore of the control of costs of production. Subsidies which do not satisfy the test of being useful for the control of inflation should be dropped.

"(3) Service on Public Debt

The service on the public debt is a substantial part of the civil expenditure of the Italian Government. Interest rates on government borrowing have been maintained at artificially high levels and in the interest of economy should be lowered. The proposal for reduction in the interest rate on government borrowing is presented in detail in the section on Government Finance.

"(4) Military, Civil Service and other expenditures

(i) The three principal items of expenditure not mentioned above are military expenditures, purchase of domestic supplies and materials and the civil service. Military expenditures must be decided by policies of military necessity rather than inflationary aspects. At present such policies are determined by the Allies. There is a central purchasing agency in the Ministry of Finance whose powers should be extended to effect economies and apportion supplies and materials within the civil administration.

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(ii) It is recommended that the Italian Government create a strong Emergency Committee on Economy to review the whole field of government expenditure and make recommendations for the elimination of waste and duplication".

One part of the policy on payment of accumulated claims has been implemented - that of paying past-due bills only if such payment contributes to work serving the Allied or Italian war effort.

F. Exchange Rate

During the term of the Second Badoglio Government, September 1943 to April 1944, the Finance Minister, Guido Jung, who had been Finance Minister for Mussolini in the early thirties, devoted a good deal of his time to attacking the exchange rate established between the lira and the dollar

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at the time of the Allied landings. The technical phases of this question have been thoroughly covered in the Finance Reports from February 1944 on. The present attitude of the government has considerably changed from that of Guido Jung, as shown by the public statement of the Under-Secretary of Finance in the Third Badoglio Government and in the Bonomi Cabinet. In an article appearing in the second week of August, the Under-Secretary stated:

"In order to appreciate properly the reality of our problems, we must realize these facts: that there is a war going on and that all the resources of the Allies are mobilized for the war, that very soon other devastated countries will need the aid of the United Nations, that we have been an enemy country and we are up to now in a special position.

"The Allies landed in Sicily, received by the Italian people as liberators. But official Italy, Fascist Italy, was an enemy and remained such in the first days of occupation of the peninsula which occurred during and immediately after the Armistice. In order to understand the economic and monetary situation of Italy, there must immediately be recognized the following facts:

"1. There has been immense war destruction which has ruined the economic system of the country, destroying communications and therefore the market, reducing the quantity of goodsexisting in the market also in view of the fact that Southern Italy received the largest part of the industrial goods for consumption from the north.

"2. The available reserves - shipping, industrial equipment were - and we want it to be so - placed at the disposition of the war effort of the Allied Nations.

"3. In the Italian market there was an influx of a great number of persons with new purchasing power. This single fact would have by itself exercised a pressure for the increase of prices. The phenomenon was aggravated by the fact that the rate of exchange between the lire and the dollar and the pound was fixed very high, not in relation to the purchasing power

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"The situation is ameliorated now in its whole, even though because of the consumption of the small existing reserves, the amount of merchandise on the market has decreased; a certain amount of economic reconstruction, of reactivation of transport has been accomplished. If the Allies have consumed our products, they also have imported commodities into Italy in still greater quantity. The pressure which the high rate of exchange and the resulting high purchasing power of the Allies has exercised on the prices is much decreased, if not directly done away with. The increase of Italian prices is such that the exchange

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rates of the lira-pound and lira-dollar are no more so unfavorable, nor on the other hand is it possible to ask that it be changed just now to the damage of the Allied troops who are fighting for us."

(Article: "Noi e Gli Alleati" by Antonio Pesenti, appeared in Unita, second week in August 1944)

F. Social Insurance

1. Character of the Italian system and Finance Sub-Commission policy

(a) The field of social insurance in Italy embraces a number of complicated systems with many accretions of a non-insurance character imposed by the Fascist regime for purely political motives. The Finance Sub-Commission was forced to build from the ground up a systematic study of the various institutions, their sources of income, the methods of receiving contributions, the classes of insured persons, and the types of payments, of which there are an inordinate number.

(b) Finance policy in dealing with the Italian social insurance system is to do everything possible to eliminate the Fascist features of the system (e.g., the increasing scale of family allowances) and to encourage the Italian Government to undertake a far-reaching revision of the cumbersome, complicated, and administratively expensive system. An Italian Royal Commission is undertaking this task.

(c) As regards structure, the Italian system is needlessly complex. There are too many institutions, with extensive overlapping. It is evident that there can be overlapping as between insurance of sickness and industrial disease, or as between insurance of sickness and tuberculosis, or as between insurance of permanent disability and invalidity. For employers and employees alike a situation in which a single stamp or receipt registers all necessary contributions, and a single simple explanation conveys the essence of their rights and obligations, is highly desirable. A Royal Commission is at present studying the whole system of social insurance with simplification and more adequate

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only as regards adequacy of amounts, but also as regards types of personnel and facilities. Matters such as these are also being considered by the Italian Royal Commission.

2. Rehabilitation of desirable social insurance activities

(a) Simultaneously with the examination of the features of the social insurance system needing long-term revision, a host of measures looking toward the immediate resumption of the desirable activities of the various institutions were undertaken. In view of the joint responsibility of Labor Sub-Commission in this field andagreement was entered into in February between the Finance and Labor Sub-Commissions setting out the broad spheres in which each would operate. From that time there has been close collaboration and joint action in all matters affecting social insurance. Upon the establishment of ACC HQ in Naples, action was directed to setting up a competent office for all the various institutions to act in the place of the General Directions until Rome was reached. With this end in view, National Commissioners were nominated by the Minister of Industry, Commerce and Labor and approved by the two Sub-Commissions after "vetting" by representatives of each.

(b) On arrival in Rome it was found that anticipating the city's fall, the Germans had formed separate head offices of the social insurance institutions in the north of Italy. Some cash and documents were transferred at the time together with a number of the technical staff. There remained, however, sufficient records and reserves to carry on the necessary operations. When plans for Rome were being drawn careful consideration was given to the National Commissioners and it was decided that arrangements should be made for them to go to Rome at the earliest possible moment. Accordingly in consultation with the Italian Government, the National Commissioners were despatched to Rome to assume control and begin the work of recreating their head offices.

(c) The shifts of personnel to northern offices on orders of the Fascist Republican Government and the general atmosphere of charges, counter-charges, and recriminations generally placed all the Rome offices in a difficult and delicate position. As an instance of this state of affairs, the Ente delle Mutualita which had originally 700

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(c) The shifts of personnel to northern offices on orders of the Fascist Republican Government and the general atmosphere of charges, counter-charges, and recriminations generally placed all the Rome offices in a difficult and delicate position. As an instance of this state of affairs, the Ente delle Mutualita which had originally 700 employees found themselves with less than 100 reconstituted by a rump Direction-General. On the outside were two previous employees, who sensing the situation, had withdrawn the cash balance and vault receipts of the Institute which they refused to surrender except to the competent Minister. When this was brought to the notice of the Department immediate steps were taken to locate the men concerned and arrange for the money and vault receipts involved to be surrendered to the Government. Furthermore at our insistence the Minister ordered the National Commissioner to assume control of the Head Office to replace the self-appointed Direction General, and to proceed with the task of reorganizing and stabilizing its affairs.

(d) The special allowances granted to dependents of Italian workers called to arms to compensate for reduction of income which were originally abrogated in Sicily, called for re-examination. At the time of abrogation all such persons were regarded as enemies, and the families were assured nothing except public assistance in cases of

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proved need. As new territory was occupied and as our relationship with a reconstituted Italian government developed, these restrictions were relaxed to permit payments in liberated areas, and more recently to those in enemy territory unless known to be cooperating with the enemy. This latter step was taken as part of a program designed to promote collaboration of Italians in enemy territory with our own forces. Allowances are not paid to dependents of workers or civil servants who have gone north with enemy organizations, or of soldiers who have joined enemy units. Dependents of interned prisoners and of partisans, however, may be paid. Public assistance, of course, continues to be available to all families in cases where need is established.

(e) Pensioners appealed for an increase corresponding to that order for wage-earners, faced as they were by a reduction in the purchasing power of their payments. Approval was recommended subject to certain safeguards to prevent increases to Fascist pensioners. The decree passed in March was, however, without adequate safeguard. These were later provided in separate legislation largely as a result of our insistence. A special bill providing more generous pension treatment for members of the disbanded Fascist militia organizations was published 20 April, just prior to the dissolution of the Second Badoglio Cabinet and before the political parties entered the Cabinet. Approval was refused and a request made that it be abrogated. A new measure was prepared abolishing the militia pensions except as regards technical personnel of the highway, rail, port, communications and forest militia. This decree tightened the defensive provisions of the state pension bill referred to above.

(f) Because certain wage payments are reimbursed (or have been) by social insurance institutes, the Finance Sub-Commission has joined with the Labor Sub-Commission in considering wage matters. When it was found that different organizations were interpreting our wage orders in various ways, an amending instruction was prepared and issued in the same general terms by the Italian Government and ACC for the AMG Regions.

(g) Proposals for an increase of public employees' wages were made first in May and then in July, 1944. An

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(g) Proposals for an increase of public employees' wages were made first in May and then in July, 1944. An analysis of the earlier proposals has been prepared. The possibility of simplifying the extremely complex public wage structure, with its more than 70 indemnities, premia, and bonuses, is also being closely examined.

G. Commercial Insurance

1. Policy

Finance policy in the field of commercial insurance has been the rehabilitation and resumption of normal activities with such controls and restrictions as are necessary, together with the collection of information needed by Washington and London. A working plan was devised whereby a central authority could be set up for each commercial insurance company in liberated Italy. The plan agreed upon was:

(a) the appointment of a Commissioner for each company as the centralizing authority for liberated territory, and

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(b) the formation of an Advisory Committee with both Government and company representation, to examine the many technical problems that were continually arising.

Negotiations to implement these decisions were long-drawn out, mainly owing to the changes of Government and consequent slowness of action. By May, however, Commissioners had been appointed for fifteen Companies, including the State-owned Instituto Nazionale delle Assicurazioni, whose powers were promptly extended to AMG territory. The Committee decree was not published until 29 July. On appointment, each Commissioner became the highest authority for his company in liberated territory. Nearly all were the best technical employees of their own companies who could be found, the exception being a Treasury official appointed for the Instituto Nazionale delle Assicurazioni. Although thus forming a centralizing authority in theory, the placing of their responsibilities on a factual basis remained greatly hampered by lack of communications and other factors more or less unavoidable in the conditions prevailing. In the meantime plans were being laid for occupation of Rome, where the Head Offices of the Institute and half a dozen companies were located.

2. Conditions in Rome

Conditions on arrival in Rome were found to be much better than expected. Many northern companies had established offices in Rome to look after their affairs in liberated Italy, while head offices were largely intact, although a proportion of funds and organization had in some cases been removed north. It was found possible to reopen by the middle of July eight head offices and twenty three special offices, the Commissioners of one of the former and seven of the latter retiring. It was decided to leave closed organizations of a character requiring further investigation. In Rome were also reopened five Italian offices of French companies. Two Italian offices of German companies have been closed, while agencies (not autonomous offices) of three British companies are under the control of the Finance Sub-Commission.

3. Future plans

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3. Future plans

With the liberation of Rome, the functioning of the Advisory Committee for technical problems, which in Naples had been hampered by the inadequacy of qualifications, has become more promising and arrangements are in progress for the company representation to include some of the best insurance professionals in Italy, including the Direttori Generali of the two largest (stock) companies. Urgent problems to be considered include:

investment of surplus funds
revision of expense loadings
valuation of available investments
reinsurance facilities, and payments under existing reinsurances
staff problems
problems of branches outside Italy

This very considerable work of restoration has been accomplished under severe handicaps. There has been a serious shortage of competent technicians and executives in the Government, which has meant delays in obtaining even the simplest decisions and a lack of considered plans for dealing with over 100 commercial insurance companies. A CCS

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policy toward Italian insurance, especially in its international aspects, will become essential when the important Northern Italian cities are liberated.

H. Accounting

1. General comments

(a) Accounting work may be broadly divided into Financial Accounting and Supplies Accounting. These various aspects are dealt with in detail below after the following general remarks. The achievements in the accounting field can only be appreciated if the difficulties are first realized and the manner in which they have been to a large extent overcome from the start. The fundamental difficulty facing the pre-invasion accountancy planning was that the circumstances and manner in which the transactions to be recorded would arise were largely unknown. This difficulty still exists to a certain extent and has certainly existed in a marked degree until recently. Even now new types of transactions arise which it has been impossible to foresee and to provide for in accounting instructions. Consequently, in the past, and to a lesser extent at present, errors and failures to account have arisen which were not discovered until after some time and which could only be corrected with great difficulty.

(b) The main obstacle to the maintenance of accurate records in the initial stages of the Italian operation arose from the irresponsible attitude of many officers toward accounting for cash and property in their charge. The attitude was all too prevalent that "our job is to get the food to the people; we haven't time to keep accounts." Consequently, one of the most arduous tasks of the accounting staff has been to overcome this attitude and to create a sense of responsibility among officers, Regional Divisions, and Sub-Commissions who are responsible for handling cash and property. It may now be said that cases of wilful negligence in accounting are rare. It is still true, however, that Sub-Commissions and Regional Divisions do not always report to the accounting staff on transactions originated by them. This was one of the main preoccupations of the U.S. Finance Mission which visited ACC in March. The position has improved since their visit but cases of [illegible] transactions still arise in spite of

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(c) The accounting staff has of course been faced with the difficulties, common to all parts of ACC/AMG, arising from lack of personnel and transport. The former was appreciated and commented on in the report of the U.S. Finance Mission. The staff shortage is particularly serious in the case of accounting personnel because accounting is a continuous process, the various aspects of which cannot be dissociated. Consequently, if through

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shortage of staff one side of the process falls behind, the whole of the accounts are affected.

2. Financial Accounting

(a) The original planning for the financial accounting, i.e. the receipt and disbursement of funds, was based on experience gained in occupied Italian territory in Africa. It may be safely said that the planning was excellent and, as reported by the U.S. Finance Mission, has resulted in an extremely simple and adequate system of reports and accounting returns from accounting officers.

(b) The financial reports and accounts submitted to the Combined Chiefs of Staff by ACC/AMG consist of the monthly accounts of the Allied Financial Agency (AFA) and the monthly Revenue and Expenditure Account of ACC/AMG, which represents the cash receipts and disbursements incurred in the operation of ACC/AMG.

(i) The monthly accounts of AFA are based on transactions recorded originally at the AFA branches and the monthly consolidated accounts for the whole country have, from the start, been completed during the month following that in which the transactions took place.

(ii) The monthly Revenue and Expenditure Accounts of ACC/AMG are based largely on transactions reported by accounting officers in the field whose reports have to be sent in to Regional Headquarters for audit and consolidation. The consolidated monthly accounts for the whole country are prepared within two months of the end of the month during which the transactions took place.

(c) As from the beginning of July it has been found possible and desirable to centralise all financial accounting at Headquarters rather than having the Regions prepare their own Regional accounts for subsequent consolidation at Headquarters. This was made possible by (a) reduction in financial transactions owing to the financing of local government being taken over by the Italian Government through the Bank of Italy, and (b) improved communications. This centralization represents a big step forward in accounting organization and has resulted in

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(i) The monthly accounts of AFA are based on transactions recorded originally at the AFA branches and the monthly consolidated accounts for the whole country have, from the start, been completed during the month following that in which the transactions took place.

(ii) The monthly Revenue and Expenditure Accounts of ACC/AMG are based largely on transactions reported by accounting officers in the field whose reports have to be sent in to Regional Headquarters for audit and consolidation. The consolidated monthly accounts for the whole country are prepared within two months of the end of the month during which the transactions took place.

(c) As from the beginning of July it has been found possible and desirable to centralize all financial accounting at Headquarters rather than having the Regions prepare their own Regional accounts for subsequent consolidation at Headquarters. This was made possible by (a) reduction in financial transactions owing to the financing of local government being taken over by the Italian Government through the Bank of Italy, and (b) improved communications. This centralization represents a big step forward in accounting organization and has resulted in economy of staff and the provision of a Headquarters audit of accounting officers' records which was previously impossible owing to lack of personnel.

3. Supply accounting

(a) It must be admitted that the original planning for the accounting for supplies was not as successful as that for the handling of cash. General instructions regarding accounting for supplies were prepared by the accounting division but these subsequently proved inadequate, because:

(i) It was quite impossible to forecast the procedure which would be adopted for imports and distribution of the supplies.

(ii) Although the accounting instructions would have served as a basis on which to build up proper accounts no provision was made when planning the staff of the supply division for the inclusion of officers and WM/ORs with the necessary qualifi-

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cations to maintain accounts; the magnitude of the problems to be faced do not seem to have been realised.

(b) As a result the supply accounting fell into arrears from the start and eventually the Account Sub-Section of Finance Sub-Commission had to allocate a large percentage of its staff to supply work in order to retrieve the position. Extreme shortage of staff has made the work of bringing the accounts up-to-date a very time-consuming process and until recently the accounting sub-section has had both to clear away arrears of work from earlier periods and to reorganize the general system to deal with current transactions.

(c) An accounting branch has been created in all Regional Supply Divisions for which accounting officers have been provided by the Accounting Sub-Section, standard instructions have been issued based on actual experience, and the supply officers, Sub-Commissions, and Regional Supply Divisions have gradually been instructed in their responsibilities.

(d) Accounting for commodities is always more difficult and less current than accounting for cash and it is not to be expected that consolidated supply accounts will ever be presented with the rapidity with which financial accounts can be presented. An important factor in the speed with which ACC Supply accounts can be prepared is that many transactions to be recorded in ACC accounts originate in the first place with the Armies, e.g., issue of supplies by Allied Armies to Italian civilians and Italian Armed Forces. Considerable delay is often experienced in receiving these reports and difficulties are encountered owing to the manner in which they are reported to ACC. In spite of these difficulties consolidated supply accounts have been prepared for the whole of Italy for the period from date of occupation through 30 April 1944. Similar accounts for May are well on the way. It is felt that this achievement will compare not unfavorably with similar accounting maintained by other agencies in a battle area.

4. Accounts and problems of post-war settlements

(a) One of the main problems to be faced by ACC was the

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and less current than accounting for cash and it is not to be expected that consolidated supply accounts will ever be presented with the rapidity with which financial accounts can be presented. An important factor in the speed with which ACC Supply accounts can be prepared is that many transactions to be recorded in ACC accounts originate in the first place with the Armies, e.g., issue of supplies by Allied Armies to Italian civilians and Italian Armed Forces. Considerable delay is often experienced in receiving these reports and difficulties are encountered owing to the manner in which they are reported to ACC. In spite of these difficulties consolidated supply accounts have been prepared for the whole of Italy for the period from date of occupation through 30 April 1944. Similar accounts for May are well on the way. It is felt that this achievement will compare not unfavorably with similar accounting maintained by other agencies in a battle area.

4. Accounts and problems of post-war settlements

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(a) One of the main problems to be faced by ACC was the manner in which accounts were to be presented to Washington and London and the nature of the information to be contained therein. For a considerable period there was disagreement between Washington, London, and ACC on such questions as whether ACC should record the dollar and sterling value of imports into and exports from Italy, or whether such records should be maintained only in Washington and London; to what extent transactions by the Armies should be incorporated into ACC accounts; and, in general, to what extent ACC accounts should provide the basic records for post-war international settlements.

(b) In January, 1944, a suggested chart of accounting procedure was submitted to ACC by the War Department. The procedure and form of accounting contained certain principles which were not in accordance with the views of the War Office, London. When the U.S. Finance Mission visited ACC the chart of accounts was discussed and the desirability of making certain material changes was agreed upon. It was intended that these changes

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and in fact the whole accounting procedure should be discussed by the Finance Mission with the War Office in London in the hope that, if the War Office were able to modify their views in certain respects, a procedure agreeable to all parties might be arrived at. At the suggestion of the Finance Mission, the Joint Director of Finance Sub-Commission and the Chief Accountant accompanied them to London and took part in the discussions at which an agreement was reached. The decisions reached in London and subsequently confirmed by Washington are incorporated in TAM 228, which lays down the general accounting procedure to be followed with a view to maintaining suitable accounts for a post-war settlement.

III DEFASCISTIZATION

A. General Program

1. The Finance Sub-Commission has undertaken a comprehensive program to defascistize Italian financial institutions. Personnel have been removed from the following financial institutions:

   Banca d'Italia
   Instituto Nazionale per i Cami con l'Estero
   (National Foreign Exchange Control Institution)
   Regia Zecca (Royal Mint)
   Banco di Roma
   Credito Italiano
   Banca Commerciale Italiana
   Banca Nazionale del Lavoro
   Cassa di Risparmio
   Instituto di Credito Agrario per l'Italia Centrale
   Banco Nazionale dell'Agricultura
   I.M.I.
   I.R.I.
   I.C.E.
   Scambi e Valute

2. The program of the Finance Sub-Commission involves suspension from office of persons subject to defascistization. Definitive judgment will be passed by the Italian Government under the Defascistization Decree of 27 July 1944. [illegible] collaboration has been established between the [illegible] Control Commission. The

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Banca Commerciale Italiana
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Cassa di Risparmio
Instituto di Credito Agrario per l'Italia Centrale
Banco Nazionale dell'Agricoultura
I.M.I.
I.R.I.
I.C.F.
Scambi e Valuto

2. The program of the Finance Sub-Commission involves suspension from office of persons subject to defascistization. Definitive judgment will be passed by the Italian Government under the Defascistization Decree of 27 July 1944. Close collaboration has been established between the Italian Government and the Allied Control Commission. The Italian Government is determined to carry out a far-reaching program of defascistization and is wholeheartedly cooperating with the Finance Sub-Commission.

B. Procedure

1. When the vanguard of the Finance Sub-Commission arrived in Rome, it found that the heads of nearly all governmental financial institutions had gone North. General Bencivenga, leader of all the Rome underground forces, had made elaborate preparations to preserve all records and to prepare dossiers on the activities of leading Fascists in each institution. This was achieved through the secret appointment of committees for each institution composed of representatives of the six parties. They had been given full instructions as to their duties during the interim period between the German loss of control and the full establishment of Allied control. The same procedure has been followed in other areas subsequently liberated from the Nazis. When the Allied Military Authorities assumed con-

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trol of the city, the internal committees continued to function.

2. General Bencivenga, through Order No. 3, replaced in office all persons removed since November 1943 by the Nazis and the Fascist Republicans. This was an ad hoc measure which was intended to be of a temporary duration, since it was understood that it would include numerous persons obviously undesirable.

3. The Regional Commissioner issued a sweeping Order early in July which removed automatically from office a large number of Italians who could be considered Ideological Fascists. However, a review procedure was established which made reinstatement possible after investigation. A Commission was organized for this purpose by the terms of the Order. The provisions of this Order were restricted to local institutions only. Owing to the importance attached to the problem, and the particularly sensitive positions of financial institutions as such, the Allied Control Commission removed local financial institutions from the scope of the regional Order and concentrated all powers of defascistization in respect thereof in the Finance Sub-Commission.

4. Working under supervision of Finance Sub-Commission officers is a specially trained group of Guardia di Finanza. These officers have proceeded as follows: Printed forms containing a lengthy series of pointed questions are distributed to all personnel. When completed these are turned over to the internal committees of liberation representing the six parties (elected by the personnel). The personnel of these committees study and investigate the records and activities of each person on the rolls of the institutions. A written report is attached to each form and signed by all members. The documentation is then sent to the Finance Sub-Commission. A preliminary examination is made by the Guardia di Finanza. The latter make a report on the documentation submitted by the internal committees. Their recommendations are reviewed. The cases of all officials subject to defascistization occupying high positions in financial institutions are carefully scrutinized and given the personal attention of the Allied officers in question.

5. A series of meetings takes place with the Liberation Committees designed to thrash out all doubtful questions. The

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5. A series of meetings takes place with the Liberation Committee designed to thresh out all doubtful questions. The committees explain their recommendations. Meetings are also held with senior officials of the institutions. Suspected officials are requested to submit defensive memoranda. As soon as a definitive decision is reached regarding personnel to be removed, conferences are held with the interested ministries, and the Bank of Italy in those instances in which it is concerned. The Government is promptly informed of all decisions taken, and is requested to consider candidates for the position of Commissioners, where such appointments are necessary.

6. During the investigations of particular persons, liaison is maintained with CIC and FSS (American and British military security organizations) to obtain whatever data they may have. Data, interesting from the point of view of security, is turned over to these organizations.

7. Decisions are referred, with documentation, to the Italian Government organizations concerned with definitive defascistization. A financial committee, composed of representatives of the Ministry of the Treasury and of the Bank of Italy, has been set up for this purpose. Liaison is maintained with the committee, as well as the Italian High

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Commissioners for "Epurazione." Thus, there is a useful division of labor. The Finance Sub-Commission suspends undesirable persons from office, whereas the Italian Government passes definitive judgment. Ex-Governor Azzolini of the Bank of Italy is at present in the second stage of this process and will shortly come up before a special High Court of Justice established by the Italian Government. On the other hand, the Chairman of the Board of the Banco di Roma, Veroi, remains for the time being in the first stage.

8. Persons suspended from office by the Finance Sub-Commission are informed by letter, and are requested not to leave Rome. This request is made in order to facilitate any future steps which the Italian organizations of defascistization may wish to take. In certain instances, this has also provided the military security agencies (CIC and FFS) with an opportunity to complete their investigations regarding the persons involved. Suspended officials have been encouraged to submit any data or information regarding their position under the Fascist Regime.

9. The criteria of defascistization used are substantially those incorporated in a Royal Decree, issued on 27th July 1944, which established the basis for defascistization in all Italy. The criteria set up in this excellently conceived Decree have been highly useful. Particular attention is given to persons who were politically active Fascists, or who took advantage of the Fascist system to promote their own personal position. It has not proved difficult in practice to determine which officials fall into these categories.

10. The Finance Sub-Commission has concentrated its attention on the financial institutions of the Central Government as well as the head offices of the various banks. However, the smaller banks and financial institutions have not been neglected. The list given below of institutions and officials defascistized should not be taken as a complete list but as an indication of the progress which is being made by the Finance Sub-Commission. Much remains to be done, particularly in areas outside of the Rome area, such as north Italy, the financial heart of the country.

C. Results of Defascistization to Date

1. A list is given below of the prominent persons who have been removed from office in the institutions indicated.

Organization

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C. Results of Defascistization to Date

1. A list is given below of the prominent persons who have been removed from office in the institutions indicated:

Organization	Name	Office
(a) Banca d'Italia	Azzolini, Vincenzo	Governatore
	Giacomelli, Gaetano	Ispettore Generale
	Guido, Carlo Fausto and 14 other officials	Capo Servizio
(b) R. Zecca	Maltosi, Giuseppe	Direttore Generale
	De Bac, Procopio and 1 other official	Controllore Capo
(c) Istituto Nazionale per i Cambi con l'Estero	Lion, Giusto	Direttore Generale Condirettore
	and 27 other officials	

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(d) Banco di Roma	Vorci, Giuseppe Pietro	Direttore Generale ed Amministratore Delegato
	Cavanna, Filippo	Consigliere d'Amministrazione
	Thaon di Revel, Conte Ignazio	Consigliere d'Amministrazione
	Vasalli, Conte Romolo	Consigliere d'Amministrazione
(e) Credito Italiano	Berardi, Riccardo and 2 other officials	Procuratore
(f) Banca Commerciale Italiana	Colloani, Gualdino	Procuratore
	Trolanzi, Corrado	Vice Direttore
	Tosti, Giovanni	Vice Direttore
	Macor, G. Battista and 2 other officials	Vice Direttore
(g) Banca Nazionale del Lavoro	7 officials	
(h) Cassa di Risparmio	Battaglia, Luigi	Direttore Generale
	Carafali, Corrado	Vice Direttore Generale
	and 5 other officials	
(i) Instituto Credito Agrario per l'Italia Centrale	Principe, Chigi	Presidente
	Principe di Napoli	Vice Presidente
	Nestore, Carosi Martinozzi	Direttore Generale
	and 2 other officials	
(j) Instituto Commercio Estero	Schipani, Filippo	Direttore Generale
	Romano, Carlo Rondina	Primo Segretario
	and 4 other officials	
(k) Instituto Mobiliare Italiano	Azzolini, Vincenzo	Presidente
	Guido, Carlo Fausto	Direttore Generale
	Cao, Giovanni	Consigliere d'Amministrazione
	and 1 other official	
(l) Banca Nazionale Agricoltura	Armaniso, Giovanni	Presidente
	Borghese, Rodolfo	Amministratore
	Aghemo, Antonio	Amministratore

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(h) Cassa di Risparmio	Battocchio, Luigi	Direttore Generale
	Garofali, Corrado	Vice Direttore Generale
	and 5 other officials	
(i) Instituto Credito Agrario per l'Italia Centrale	Principe, Chigi	Presidente
	Principe di Napoli	Vice Presidente
	Nostoro, Carosi Martinozzi	Direttore Generale
	and 2 other officials	
(j) Instituto Commercio Estero	Schipani, Filippo	Direttore Generale
	Romano, Carlo Rondina	Primo Segretario
	and 4 other officials	
(k) Instituto Mobiliare Italiano	Azzolini, Vincenzo	Presidente
	Guido, Carlo Fausto	Direttore Generale
	Ceo, Giovanni	Consigliere d'Amministrazione
	and 1 other official	
(l) Banca Nazionale Agricoltura	Armonico, Giovanni	Presidente
	Borghese, Rodolfo	Amministratore
	Aghemo, Antonio	Amministratore
	and 6 other officials	
(m) Instituto Ricostruzione Industriale	Parenotto, Sergio	Vice Direttore Generale
	and 3 other officials	
(n) Banco di Santo Spirito	Rossi, Passavante Elio	Ispettore
	and 7 other officials	
(o) Ministero Scambi e Valute	Ferretto, Giuseppe	Ispettore Generale
	Ballorini, Elisio	Consigliere Comm. II'Classe
	Rossi, Aristide	Capo Sezione
	Ioloh, Mario	Capo Sezione
	Pastore, Enrico	Capo Sezione
	and 13 other officials	

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TRANSPORTATION

I. GENERAL REVIEW

The disruption of the transportation system so vital to the functioning of any economy has greatly changed the economy of Italy. The economic life of liberated Italy has been very largely confined to activities which are so simple, or so geographically restricted, that they operate independently of rail, motor or sea transport. There is not enough transport available to carry anything except food and fuel for cooking to the inland cities of the mainland. Consequently it is impossible to carry on manufacturing activities of most types in these cities until more transport is available. Liberated Italy consists of a number of rather isolated towns and villages trading, as in medieval days, by animal-drawn carts with adjacent rural areas, and of larger communities which are receiving what food they obtain by transport which is under official control. The condition of the roads and bridges makes difficult the transportation of food from many farms to towns, villages, cities, or railway terminals, while hi-jacking and highway robbery are frequent occurrences.

A. Industrial Transport.

The recovery of transport will be determined by three distinct lines of evolution. The first is the release of more railway tonnage by the military authorities for civilian purposes. This should occur progressively, as military operations become less extensive. For instance, in Southern Italy, and in the islands of Sicily and Sardinia, it may be roughly estimated that civilian tonnage, at 300,000 tons per month in July, was equal to about 40 to 50 per cent of pre-1935 tonnage. No estimate of ton-kilometers is possible. In Sicily and in Sardinia it has become possible to use railway transport for some items other than food or coal. The second essential for restoration of basic transport facilities is the provision of imported fuel, spares, tires, maintenance and animals for existing railway rolling stock and existing road transport. The third factor, the repair of bridges, roads and roadbeds, is partly a problem of internal administration, and in part waits on imported machinery.

The release of railway tonnage and the provision of fuel for railways will make available much more tonnage than any other development in the field of transport. In 1934-35 only about 16% of the volume of railway freight was accounted for by the principal food items, and the release of capacity by the military need not be great to effect a revolutionary change in the entire pattern of food distribution in Italy. At present [illegible]

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The release of railway tonnage and the provision of fuel for railways will make available much more tonnage than any other development in the field of transport. In 1934-35 only about 16% of the volume of railway freight was accounted for by the principal food items, and the release of capacity by the military need not be great to effect a revolutionary change in the entire pattern of food distribution in Italy. At present road transport is required on long hauls which would normally be carried by rail. For instance, trucks move some 50,000 tons per month of food and cooking charcoal to Rome, which is equal to about one-sixth of the total tonnage of civilian goods on the rails in Liberated Italy. Hence a resumption of rail haulage would also make possible more efficient use of road transport in short haul distribution. This will be true even prior to the repair of many railway lines which are not now in serviceable condition.

The rate of industrial rehabilitation of the inland cities in Italy will be limited by the surplus of rail transport facilities over that required for shipments of food and domestic fuel. This surplus of rail transport is in turn dependent, after the removal of military priorities, on the provision of adequate fuel to the railways, and the repair of lines not in service. At present only 125,000 tons of coal per month is scheduled to be imported for all Italy. In 1935, the railways consumed 300,000 tons of imported coal per month.

Railway transport must be relied upon to carry, not only the coal, raw materials, and food of peace time, but the building materials

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and equipment required to restore industry (see footnote). Until such time as the hydro-electric system is restored, the railways must carry additional quantities of coal for their own and for domestic consumption. That is to say, the restoration of hydro-electric power to the railways or to any city in Italy will release coal, and transport capacity as well, for other purposes. The restoration of hydro-electric power service, therefore, deserves a high priority, in a program of industrial reconstruction.

There cannot be any appreciable amount of industrial activity in the inland cities of Italy until the military authorities have released more substantial amounts of railway tonnage than has yet been possible anywhere on the Mainland of Italy. Industrial recovery will therefore be concentrated in port cities such as Naples, Palermo, Bari, Livorno, Genova, Ancona, Trieste, Fiume and Venezia, prior to such release of railway capacity. In the port cities the provision of additional fuel, tires, spare parts, gasoline and trucks should remove transport as a real bottleneck on industrial activity, provided that raw materials, machinery, and industrial fuel are brought in by sea to these ports. In other words, it is in these cities that a program of industrial rehabilitation in Italy may begin. From these towns a gradual extension will be possible as railway transport becomes available.

B. Transportation of Food.

Until such time as more railway tonnage becomes available for civilian purposes on the mainland of Italy, the attention of the governmental authorities must be devoted primarily to the enlargement of priority traffic in foods and charcoal. There is not enough of such traffic to provide the inland cities already liberated with rations equivalent to those now considered necessary in the port cities. There is small possibility that, without the assignment of a large number of military trucks and military personnel, even a fraction of this ration can be provided to the inland cities of Northern Italy within two months after their liberation dates.

There are two major problems of food transportation. Most difficult is the supply of food to inland cities, in which is included also the movement of excess supplies from a port of entry to other ports. Second is the attempt to move local food supplies from farms to railway terminals or to consuming centers.

In the areas of Italy liberated prior to 31 July, there were few urban concentrations of population, aside from Rome, which were not ports, and which did not therefore receive some Allied food directly by sea. Using the 1936 census as a rough guide, in all Italy

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In the areas of Italy liberated prior to 31 July, there were few urban concentrations of population, aside from Rome, which were not ports, and which did not therefore receive some Allied food directly by sea. Using the 1936 census as a rough guide, in all Italy some 22 million people reside normally in the urban communes which have 200 or more persons per square kilometer. Of this total approximately 7.5 million persons were resident in those urban areas, as defined above, which are situated in the Islands or in the compartments of the Mainland south of the northern boundaries of Lazio and Abruzzi. Probably no more than two million of those 7.5 million urban residents were in inland areas.

Breakdown of tonnage on the state lines, which carried most of the freight, was as follows: (in 1934-35)

	Tonnage	Percent
Fuel	8,957,000	20.8
Food and Feed	6,992,000	16.2
Raw Materials	8,627,000	20.0
Building Materials	2,663,000	6.2
Miscellaneous	6,613,000	15.3
For Railways (coal, etc.)	9,159,000	21.5
	43,011,000	100.0

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In the Mainland areas north of the above dividing line, 13.6 million persons were living in urban areas, and of this amount probably not more than 3.6 millions might be classed as residents of seaside areas. That is, Northern Italy may be said to require about five times the amount of road and rail transport which was needed to feed inland urban areas in the south.

Based on the Roman experience, it will require at least 400 trucks, 6,000 gallons of gasoline and 200 tons of railway freight per day per million inhabitants to attain the present Roman rate of food supply in Northern Italy, which is itself less than the ration in Naples or Palermo. Given the ten million urban inhabitants, there will be a minimum requirement of 4,000 trucks, 60,000 gallons of gasoline and 2,000 tons of food by rail per day to move such a ration to the inland urban regions of Northern Italy. Where rail transport cannot be provided, more trucks and more gasoline will be required in proportion. In Rome enough civilian trucks have been put on the road to fill the city's quota at the above ration to population, but their maintenance is difficult, and many may have a life of only two or three months, due to shortages of tires and parts, and the antiquity of the trucks.

Amassing of crops is proceeding more slowly than was expected, and shortage of transport from farms is given as a reason in many areas. It has been reported that many country roads will be impassible in winter, when the rains come, as many bridges which have been destroyed have not been replaced. In the tabulation of black market prices for foodstuffs in various areas which is included in this report, some indication is given of the shortage of transport between various centers of consumption in Southern Italy. This discrepancy became so great in May and June that a chain of human porters carried grain from Foggia to Naples.

C. Organization of Road Transport.

Road transport has been sufficient in Liberated Italy to provide the official rations which have in fact been issued, from imported food. In addition, some part of the harvests of wheat and of fruits and vegetables have been moved to the centers of consumption. It is probable that the amount of the Italian harvest which will be amassed will be smaller and the quality of such grain will be appreciably lower than would have been the case if more road transport had been available. A small amount of domestic fuel has been moved. Nothing else can be carried by road with official sanction.

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Without tires, many existing vehicles will be taken off the road within a short time. Only small quantities of tires have been forthcoming from AFHQ, relative to requirements. On many roads armed guards should be provided, or protective money paid.

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Without tires, many existing vehicles will be taken off the road within a short time. Only small quantities of tires have been forthcoming from AFHQ, relative to requirements. On many roads armed guards should be provided, or protective money paid.

In the liberated territory, much gasoline has been consumed and much rubber wasted in the transport of passengers and luxuries by vehicles not subject to any official control. The market price of large trucks (10 ton) has risen to as high as 7 million lire ($70,000.00). There is no way of limiting traffic to articles of official priority such as foodstuffs without extensive road blocks and a standard work ticket, (which has in fact been devised) so long as official rations are large and sale prices of necessities are low relative to those of luxuries. When official rations are small and prices of necessities high, in the black market, uncontrolled transport does shift from luxuries to necessities, through economic motivation. The Italian Government has delayed for three months the attempt of the Transportation Sub-Commission to install a system of roadblocks and tickets, with Italian personnel. Allied personnel has never been available in sufficient numbers for this purpose, except at the principal gateways to Rome and other large cities. This delay has had the effect of leaving with AGC's own military vehicles an unnecessarily large share of essential movement.

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Gasoline has not been available to civilian trucks through official Italian allocations at a sufficient number of points in proper amounts to avoid a substantial number of lost days, while much rubber has been consumed in hauling gasoline from existing petrol points established by the official Italian Agency (CIP), to actual consumption points. Gasoline on the black market has been expensive in some areas, providing an additional incentive to carry high-priced goods.

The ACC is definitely in no position to assume responsibility for transporting food to the urban centers of Northern Italy, should liberation occur promptly. The allocation of trucks requisitioned for the area south of the Pisa-Rimini line (1,700 trucks) has not been received, and almost certainly will not be received before the major portion of Northern Italy has been liberated. No requisition has been accepted for trucks to be used north of the Pisa-Rimini line. The distribution of official rations to the urban centers of Northern Italy can be carried out in the first instance only by the assignment of military organization to the job, with definite acceptance of responsibility by the military commander. It is impossible to state how long this condition may persist, or how soon supplementary road transport can be organized by ACC.

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II. RAILROADS

1. It is necessary to make clear from the onset that the Transportation Sub-Commission, on arrival in Italy in November 1943, were in no way connected with the operation and supervision of the Italian State Railways. An organization under the jurisdiction of the Director General, Military Railway Services took over the working of the I.S.S. in all its branches and operated the line with its personnel consisting of American and British.

2. The following four documents laid down what the functions of the Transportation Sub-Commission were to be:

(i) Appendix "P" to Planning Directive No 7 Dated 26 Sept. 43.
(ii) Issued under ACC/1614 dated 26 Sept. 43 (See APPENDIX "A").
(ii) General Order AFHQ No 60 dated 22 Oct 43 (See APPENDIX "B")
(iii) AFHQ Administrative Memorandum No 76 dated 9 Nov 43. (See APPENDIX "C")
(iv) Advanced Administrative Echelon AFHQ - Administrative Instruction No 14, dated 6 Dec 43.

3. AFHQ Administrative Memorandum No 76 dated 9 Nov. 43 laid down that:-

"In those parts of Italian territory where railways are under control of the Allied Forces, through their Movements and Transportation Organizations, the Internal Transportation Sub-Commission (as it was then called) will detail personnel to be attached to the appropriate Military Movements and Transportation Organizations. Such personnel of the Internal Transportation Sub-Commission will be commanded and administered through normal Allied Military Government or Allied Control Commission channels."

4. Advanced Administrative Echelon, AFHQ - Administrative Instruction No 14, dated 6 Dec. 43 laid down:-

"Disposition and functions of ACC or ASC Transportation Officers

The Internal Transportation Sub-Commission will arrange for ACC or ASC Transportation Officers to be attached to the more important British and U. S. Military Movements and Transportation Offices and for them to maintain close contact with the remainder, so that civil transportation requirements can be co-ordinated with those of the Allied Forces.

They will collect and collate demands for civil rail transport referred to in para 6 in addition to their other duties.

It may be convenient for the Transportation Committee to empower these ACC or ASC Transportation Officers to arrange through the appropriate Movements or Transportation Office of Allied Forces, such local transportation of passengers and freight as can be provided within the general allocation made, and limited additional special movement where this can be provided without detriment to

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Advanced Administrative Echelon AFHQ - Administrative Instruction No 14, dated 6 Dec 43.

3. AFHQ Administrative Memorandum No 76 dated 9 Nov. 43 laid down that:-

"In those parts of Italian territory where railways are under control of the Allied Forces, through their Movements and Transportation Organisations, the Internal Transportation Sub-Commission (as it was then called) will detail personnel to be attached to the appropriate Military Movements and Transportation Organisations. Such personnel of the Internal Transportation Sub-Commission will be commanded and administered through normal Allied Military Government or Allied Control Commission channels."

4. Advanced Administrative Echelon, AFHQ - Administrative Instruction No 14, dated 6 Dec. 43 laid down:-

"Disposition and functions of ACC or AMG Transportation Officers

The Internal Transportation Sub-Commission will arrange for ACC or AMG Transportation Officers to be attached to the more important British and U. S. Military Movements and Transportation offices and for them to maintain close contact with the remainder, so that civil transportation requirements can be co-ordinated with those of the Allied Forces.

They will collect and collate demands for civil rail transport referred to in para 6 in addition to their other duties.

It may be convenient for the Transportation Committee to empower these ACC or AMG Transportation officers to arrange through the appropriate Movements or Transportation Office of Allied Forces, such local transportation of passengers and freight as can be provided within the general allocation made, and limited additional special movement where this can be provided without detriment to Allied Military Movement or undue consumption of fuel."

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5. The personnel of the Transportation Sub-Commission collected at Tizi Ouzou, North Africa, between August and November 1943, and arrived in Naples on 11 November 43, where an office was set up alongside Military Movements and Transportation HQ. AAI (then known as Allied Force Headquarters Administrative Echelon, A.A.F.)

6. The Administrative Instruction referred to in para 4 above, outlined the procedure by which movement by rail could be obtained for civilian passengers and freight, and provided the setting up of a Transportation Committee under the direction of the Deputy Quarter Master General (Movements).

The functions of this Committee were to:-

(i) Examine the bids put forward for movement of civilian freight.

(ii) Ascertain the extent to which civilian bids could be accepted within the tonnage available after military requirements had been met

(iii) Arrange for movement of the required tonnage by means of transport available.

The composition of the Committee was:-

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Chairman: D.C.M.C. (M) AFHQ Adv. Adm Echelon.

Deputy : D/CCI AFHQ Adv. Adm. Echelon.

Members : A representative of:
MCS Advanced
HQ ACC } Supply representatives
HQ AMG
HQ AAG (15 Army Group)
Transportation Sub-Commission, ACC
Shipping Sub-Commission, ACC
Military Railway Service
"G" Branch, AFHQ Adv. Adm. Ech.
G-4 Branch, AFHQ Adv. Adm. Ech.
MEDBO
PRS
No 2 District
Undersecretary of State for Italian Railways and Highways

Secretary for the Committee was to be provided by the Transportation Sub-Commission, ACC.

Administrative Instruction No 14 read as follows:-

"Procedure for obtaining Rail Transportation.

The procedure described below will be followed by the appropriate headquarters of Allied Control Commission and Allied Military Government to obtain transportation by rail for civilian passengers or freight.

(a) The appropriate ACC and AMG Headquarters will submit as soon as possible to AFHQ Adv. Adm. Echelon, through Internal Transportation Sub-Commission an estimate of the number of passengers and freight trains per week or per day which it is considered to cover the minimum needs of the community on each main or secondary line of railroad. It is emphasized that to be of any real value, this estimated number must be the absolute minimum necessary for distribution of food, mails and other commodities essential to the life of the country and for the movement of work people engaged by military installations or war industries.

(b) These demands will be collated by the Internal Transportation Sub-Commission and submitted for consideration by the Transportation Committee.

(c) The Transportation Committee will submit their recommendations to DCAO AFHQ Adv. Adm. Echelon.

Basic Schedule of Trains.

(a) Recommendations accepted will be passed to DCMRS, who will arrange a Basic Schedule of trains to provide the service required throughout the country. Details of this basic schedule will be circulated for information of ACC and AMG Headquarters and of the Movement and Transportation Offices of the Allied Military

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The procedure described below will be followed by the appropriate headquarters of Allied Control Commission and Allied Military Government to obtain transportation by rail for civilian passengers or freight.

(a) The appropriate ACC and AMG Headquarters will submit as soon as possible to AFHQ Adv. Adm. Echelon, through Internal Transportation Sub-Commission an estimate of the number of passengers and freight trains per week or per day which it is considered to cover the minimum needs of the community on each main or secondary line of railroad. It is emphasized that to be of any real value, this estimated number must be the absolute minimum necessary for distribution of food, mails and other commodities essential to the life of the country and for the movement of work people engaged by military installations or war industries.

(b) These demands will be collated by the Internal Transportation Sub-Commission and submitted for consideration by the Transportation Committee.

(c) The Transportation Committee will submit their recommendations to DCAO AFHQ Adv. Adm. Echelon.

Basic Schedule of Trains.

(a) Recommendations accepted will be passed to DGMRS, who will arrange a Basic Schedule of trains to provide the service required throughout the country. Details of this basic schedule will be circulated for information of ACC and AMG Headquarters and of the Movement and Transportation Offices of the Allied Military Forces.

(b) Requirements of ACC, AMG, or civilians for movement by the trains included in the basic schedule will be arranged in the normal manner with the Italian authorities. Movements required by ACC and AMG will be given priority and those required by civilians will be subject to any permit or control system which may be introduced.

Additional Movements over and above Basic Rail Schedule.

Additional rail movements over and above the capacity of the basic schedule of trains will be arranged as follows:-

(a) A forecast (known as "binding") will be submitted for each period of ten days, ten days in advance to AFHQ Adv. Adm. Echelon by ACC and AMG Headquarters through the Internal Transportation Sub-Commission. Such forecasts will give as much information as possible of anticipated special rail movements required, so that a programme of special rail allocations may be prepared.

Additionally, where it is possible to forecast movements required for a longer period then ten days, this should be done and should include as much helpful information as possible.

(b) The allocation of additional rail tonnage will be advised to all concerned and the specific movements within the tonnage allocation will then be arranged direct with the appropriate Movements and Transportation Offices of the Allied Forces.

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(c) When local agreement cannot be reached and when, in exceptional cases, it may be necessary to request special rail movements which have not been included in the appropriate forecast, the request will be referred through the channels laid down for general use."

6. TRANSPORTATION MEMORANDUM No 1 DATED 10 DEC 43.

In amplification of the instructions given in above, Transportation Memorandum No 1, dated 10 Dec 43 was issued to all concerned. (See APPENDIX "D").

7. As has been stated, the personnel of the Transportation Sub-Commission had no responsibility with regard to the operation of the Italian State Railways, as all the railways in Italian territory occupied by the Allies, as well as those on the islands of Sicily and Sardinia, were under the full control of the Director General, Military Railway Services. The Transportation Sub-Commission personnel, therefore, acted as liaison officers in contacting bidders for civilian transportation, and in collating and obtaining the necessary rail movement through Military Movements and the I.S.R.

The progress made, month by month is shown in the following statements.

JANUARY 44.

The system of bidding took a little time before officers in the Field could give effect to it, and early in January, there were distinct signs of improvement in the operation of the system. In addition to the tonnage of freight moved, amounting to 31,259 tons arrangements had to be made for transportation of civilians, and some 3,000 refugees were transported by rail, mainly from the forward areas north of Naples to various places south of Naples. Military Movements agreed to accept these moves as military responsibility.

In this month, appreciable tonnages of imported foodstuffs commenced to arrive at the ports of Naples, Bari, Brindisi, Taranto, etc., and rail arrangements had to be made to transport this freight from the ports to the distributing centers.

With the increased tonnage offering for rail transportation, it became necessary to revise the Basic Train Services by which civilian freight was transported, and a Basic Schedule of civilian trains was introduced by the Director General of Military Railway Services, taking effect from 27 January 44. This train schedule is shown as Appendix "F".

Up to this time, the limited resources of the train services left a very meagre tonnage available for movement of civilian commercial freight.

Movement by rail of civilian freight was uncontrolled, but with the increase in demand for transport, it became necessary that some form of control over the movement of civilian freight should be introduced.

The system of authorization was made as simple as possible. Consignors desiring movement of their freight, other than less than a wagon load, had to put in their bids through a Provincial or Regional Supply Officer, who either authorised or not, the [illegible] according to the circumstances pertaining at [illegible] to the necessity for the move, tonnage available, and prior-

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movement of civilian freight should be introduced.
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movement of their freight, other than less than a wagon load, had to put in their
bids through a Provincial or Regional Supply Officer, who either authorised or
not, the [illegible] according to the circumstances pertaining at
the time, according to the necessity for the [illegible], tonnage available, and prior-
ity of the commodity in question.
Communication in any shape or form was most difficult and unreliable and this
greatly added to the difficulties in moving personnel and freight throughout the
country.

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SICILY.
With regard to the conditions in Sicily at this period, the railways were being
operated by the Director General of Military Railway Services. Three officer
representatives of the Transportation Sub-Commission were on the island with the
object of arranging for movement of ACC and civilian traffic.

SARDINIA.
The railways in Sardinia have from the outset been under the control of the Di-
rector General of Military Railway Services, and the volume of freight requiring
to be moved on behalf of ACC was arranged by military movements direct with the
railway authorities. A Transportation Sub-Commission representative who had
been assigned to the island (Region 6), but was withdrawn as his services were
surplus to requirements.

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FEBRUARY 44.

By the month of February 44, records began to show to a fair extent how the various procedures laid down for obtaining movement of civilian freight were functioning. The bidding system had established itself, and was by this time, understood by those concerned with the movement of freight, giving rise to better operation all round. A summary of figures, showing numbers of bids handled, and giving tonnages which passed through the records of the Sub-Commission up to the present time is shown in Appendix "G".

February 44 saw the inclusion in the Basic Schedule of trains of two daily freight trains - Catanzaro Marina - Cosenza on the Metre Gauge.

In addition to the Schedule a service of 18 suburban and workers' trains were by this time in operation. Services, varying from one to four trips per day operated in the areas of Brindisi, Bari, Taranto, Sibari, Catanzaro, Reggio, San Giovanni, San Eufemia, Salerno, Terre Annunziata and Naples.

Certain rail sidingsin Naples area hadbeen restored and put into operation as under:

(i) Rail siding for Cirio Warehouse, San Giovani
(ii) Rail siding for S. A. Gaslini.
(iii) Rail siding for 17 Via Emanuele, to serve flour mill of Soc. Meridionale di Macenazione.

In Sicily all civilian rail traffic was suspended with western part of the island on 11 Feb 44, due to a shortage of coal, as coal allotted for civilian traffic had to be utilized to meet urgent military requirements, but on 21 Feb 44 three workers trains from Palermo were restored, and the coal situation by that time became slightly easier.

MARCH 44

Further additions were made to the Basic Schedule of Civil Trains this month. They were as follows:-

STANDARD GAUGE:

POTENZA - METAPI - extended to Rocchetta as a tri-weekly mixed train with effect from 5 Mar 44.

ROCCHETTA - SPINAZZOLA - RAPLETTA - a tri-weekly mixed train with effect from 5 Mar 44.

SPINAZZOLA - GIOIA DEL COLLE - a tri-weekly mixed train with effect from20 Mar 44.

Drastic restrictions on commercial traffic required the continued use of authorization system. On the East side, a temporary cancellation of the Basic Schedule of Trains was necessary, owing to the shortage of locomotives and wagons occasioned by heavy requirements of the military forces. During this time, certain amount really essential civil traffic was however, conveyed by arrangement with Military Movements on military trains.

SICILY REGION.

The coal situation had by this time slightly improved but civil rail traffic was still restricted by necessity, to essential movements only.

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44 three months ... that time became slightly easier.

MARCH 44

Further additions were made to the Basic Schedule of Civil Trains this month. They were as follows:-

STANDARD GAUGE:

POTENZA - MELFI - extended to Rocchetta as a tri-weekly mixed train with effect from 5 Mar 44.

ROCCHETTA - SPINAZZOLA - BARLETTA - a tri-weekly mixed train with effect from 5 Mar 44.

SPINAZZOLA - GIOIA DEL COLLE - a tri-weekly mixed train with effect from20 Mar 44.

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SICILY REGION.

The coal situation had by this time slightly improved but civil rail traffic was still restricted by necessity, to essential movements only.

TRANSFER OF RAILWAYS TO ACC CONTROL.

One outstanding feature of this month was the handing over on 18 March 44 to ACC Transportation Sub-Commission by the Director General of Military Railway Services, the responsibility for supervision over the operation by the Italian Railway Staff, the whole of the Sicilian railways. The Transportation Committee of the Island was reorganized and reconstituted accordingly.

UNDER SECRETARY OF STATE FOR ITALIAN RAILWAYS AND HIGHWAYS.

Several meetings with General Di Raimondo, Under Secretary of State for Italia Railways and Highways were held and considerable progress was made. Prior to this, such meetings had not been possible owing to General di Raimondo headquarters being at Brindisi.

APRIL 44.

Experience brought out the fact that the method of obtaining movement of essential civil traffic, required amending and reorganizing. Accordingly, in connection with movements and transportation of the military organization of the Operational Forces, a revision was made of the existing instructions. Movements prepared and issued an Amendment No 2 to their existing AFHQ Administrative instruction No 14 dated 6 Dec 43 (See para 3 for text), and the Transportation Sub-Commission, ACC, issued its ACC Tn. Memorandum No 3, dated 27 April 44.

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This Memorandum was issued to all ACC Officers concerned with the movement of ACC and civilian freight. It was also issued to departments of ACC Headquarters. Copy of this Memorandum is shown as Appendix "H".

ACC TN MEMORANDUM NO 3 DATED 27 APRIL 44.

This Memorandum was headed "Transportation for ACC and Civilian Freight - Italian Mainland Only" and set out as much information as was possible from past experience.

The system laid down in this Memorandum was designed to work under a "bidding" system, bidding to cover a period of seven days, i.e., Monday to Sunday of each week.

Regional Supply Officers, having received requests for movement, forwarded their bids to the Regional Commissioner of their Region, who was responsible for collating them.

Bids for movement within the Railway Division, were passed to the Transportation Sub-Commission Field representative, who, having been allotted a certain tonnage for the period in which the movement was required, covered the tonnage against his allotment. The Transportation Sub-Commission representative prepared a list allocation, and passed them to the headquarters of the Transportation Sub-Commission. There, such tonnage as was being used was deducted from the over-all tonnage of the Basic Tonnage Allotment for ACC and Civilian Traffic. Any surplus tonnage then available on any section of the lines was notified to the Transportation Sub-Commission representative concerned for the inclusion of any further tonnage desired to be moved. Thus, it was possible to use all the tonnage allocation provided.

Bids for movement of civilian traffic operating on a commercial basis had to be bid for by the consignor to the Stationmaster of the Italian State Railways, who then forwarded them to the Capo Compartimento (Divisional Superintendent) for collation in rail Sections and onward transmission to the Transportation Sub-Commission representative concerned.

In all bidding for movement, the following priority of movement was laid down:-

(a) Military traffic.
(b) ACC proper traffic
(c) Civil traffic sponsored by ACC
(d) Ordinary civilian traffic on a commercial basis.

Traffic for Movement over Military Lines.

Where traffic required movement over military operated lines, the Transportation Sub-Commission collated bids,and inits turn bid for tonnage allocation at the military Priority of Movements weekly meeting. This procedure applied to all traffic which required movement East to West via Benevento, and Naples - northbound.

Wagon Labels.

The original "authorization form" system was not entirely satisfactory and consequently came under revision. An official ACC wagon label, specially designed, and distinctively printed for use with all ACC traffic was put into operation. Two labels for each wagon had to be prepared by the Regional or Provincial Supply Officers, the responsibility of seeing them affixed to the appropriate wagon being that of the consignor. As a further check against unauthorized consign-

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BASIC SCHEDULE OF TRAINS.

During the month of April 44, the Basic Schedule of Trains, as such, was in part abandoned at the request of the military (D.C.M.R.S.) and in its stead, the Transportation Sub-Commission was given a programme of daily lifts of freight over all major rail lines. This was a much better system of operation, as in many cases, uncompleted loadings could be made up to fully load military trains as well as civil trains.

SECONDARY LINES.

The following Secondary Lines, Metre Gauge were extended, repairs having been effected to damaged bridges andtracks:-

Potenza - Avigliano - Cravina - Altavura - distance of 97 Km. Continuation of line Matera to terminus of line Montelbano - distance of line 142 Km.

SICILY.

April found completion of first month of operation of the Sicilian railways under ACC supervision. No major difficulties had been experienced and some

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train services had been increased, and general repairs to and the rehabilitation of the railways proceeded satisfactorily.

UNDER-SECRETARY OF STATE FOR ITALIAN RAILWAYS AND HIGHWAYS

During April 44, much closer relations were maintained with General Di Raimondo. The General had collaborated actively in the preparation of the ACC Tn. Memorandum No 3, and assisted greatly by issuing to all his departments instructions regarding the responsibilities of the various officers.

CHANGE OF DIRECTORSHIP.

On 27 April 44, Lieut. Colonel L. R. Vining assumed control of the Transportation Sub-Commission as Director, relieving Colonel S. A. Fitch.

MAY 44

Early in May 44, the Hq. Transportation Sub-Commission in Naples moved its offices, in close proximity to the headquarters of the Allied Control Commission. Military Movements, together with HQ. AAI had moved to Caserta, in preparation of the move of that headquarters to Rome. Close contact was still maintained of necessity with the Movements and Transportation organization of the Operational Forces.

With the Armies advancing northwards, indications were that rehabilitation in the south would continue in view of the fact that demands of the Operational Forces lessened.

On 1 April 44, the Bari Division of the I.S.R., south of Termoli was handed over to the Italian State Railways.

Reports up to the end of April showed operating to be good, and train running satisfactory, the timetable being closely adhered to.

EXTENSION OF SERVICES:

Arrangements were made at the instance of ACC to introduce the following services, effective dates of operation as indicated:-

Salerno - Fiscino daily passenger service was introduced 15 May 1944.

Naples - Salerno daily passenger service introduced 1 June 1944.

Nocera - Avellino bi-weekly mixed service was made into a daily one to cope with the heavy traffic over the Avellino line.

Gioia - Tauro - Battipaglia daily passenger train extended through to Salerno as from 1 June 1944.

Military control, having by this time become less rigid, the extended territory in the north and preparations in anticipation of an expansion, led to an increase in traffic to the army railheads, from which points distribution to stockpiles was maintained. Although heavy army commitments passed over the limited rail routes to Corinaldo (AMG 5 Army) and to Vairano (AMG 8 Army), all requirements for rail movements submitted by the AMG Armies were met in full. As soon as rail extension became available plans were laid to inspect railheads in order to render maximum assistance to the forward elements.

POSTAL SERVICES.

Arrangements were made, with effect from 9 May 1944 for civilian mails to be conveyed twice weekly on the Naples - Bari military passenger train. It was

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POSTAL SERVICES.

Arrangements were made, with effect from 9 May 1944 for civilian mails to be conveyed twice weekly on the Naples - Bari military passenger train. It was also agreed to convey civilian mails from Taranto to Bari and return on the tri-weekly military passenger train from Taranto to Pernoli.

SICILY.

Towards the end of this month, a survey of the Sicilian Railways was made by Lieut. Colonel Brown of this Sub-Commission. He was accompanied by the Undersecretary of State for Italian Railways and Highways. A copy of the report submitted by Lt. Col. C. G. Brown is shown as Appendix "I".

JUNE 44.

By the end of June 44, considerable alterations had been made to the rail situation in Italy. Priority of reconstruction had changed in order that Line 90, thru Naples - Rome route via Frosinone could be brought into use at the earliest possible moment. The whole of No. 1 Railway Construction Group was supplemented by the entire 1212 Railway Construction and Maintenance Group, which was transferred from the Heel Area specially to deal with the reconstruction beyond Ferrentino to Rome.
Both groups are under the jurisdiction of the D.C.M.R.S.
All American railway construction strength was concentrated on line 89, the coastal route Naples to Rome, until the fall of the city of Rome itself, when priority of reconstruction was altered, and the bulk of the American forces

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were transferred to Line 265, Anzio to Rome, to enable the speedy clearance of the beachhead. Construction on the line north of Ortona had been almost abandoned for the time being, and the South African Railway Group also under the R.E.M.R.S. was brought over from that point for the urgent reconstruction of Line 50, Rome to Civitavecchia, in order that the best possible use could be made of the port.

The fluctuating decision of priorities of reconstruction became entirely dependent on the lines of communication and the best means of getting supplies to the troops, but ACC's concern was with the rehabilitation of the railways as an industry, and consequently, examination was made of all lines which the military passed by, but which would doubtless be of use in the distribution of food and supply to the population, as the Italian railway system has obviously grown up through the years based on the supply demands of the country. Unfortunately for this point of view, urgent military needs often led to complete cannibalisation of certain section of the railway such as on the line Vairano - Venafro where the track was . . taken up and used for more important immediate military requirements.

Although the Naples to Rome route via Frosinone had been opened for military traffic, its capacity at the time was but 4,000 tons daily, therefore, only the most immediate priorities of traffic could be accepted. It was anticipated that on the west coast route for the journey Naples to Rome, the line was likely to be opened by 15 July 44, but the tonnage capacity over the section Campoleone to Rome was limited to 1,500 tons daily. The Rome - Civitavecchia had by this time been opened, and traffic for ACC was passing by that route as port clearance.

Of the railways in the south of Italy, there were bottlenecks which restricted the flow of traffic. Military requirements continued to demand the movement of considerable tonnage. However, apart from the civil tonnage already agreed to, the military authorities proved very helpful in affording facilities for the movement of civilian supplies wherever it was possible, by military trains. On 7 July 44, the Reggio (Calabria) Division of the Italian State Railways was handed over to ACC for supervision. Steps had previously been taken for the training of a suitable officer to undertake this task, and in view of future divisions being handed over the training of other officers was put in hand.

SICILY.

Many of the railway conditions in Sicily had returned to normal under the supervision of the Transportation Sub-Commission. One interesting fact was that the Sub-Commission had taken steps to provide boots for Sicilian railwaymen, and in conjunction with the Undersecretary of State for Italian Railways and Highways had worked out a scheme for distribution. Boots supplied for Sicilian railway employees are stillin process of being distributed at a charge of 100 lire per pair. The low cost of boots is highly appreciated.

The safeguarding of rail traffic was also a subject for consideration. The creation of a Railway Police Force by Governmental Decree was introduced by the Public Safety Sub-Commission. On the engineering side, a tour of inspection was made of the Sicilian Railways by a Transportation Sub-Commission Officer with respect to permanent way conditions, which were found to be unsatisfactory, and [illegible] 18,000 sleepers for

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GENERAL.

A comprehensive indent by the Italian State Railways was received this month. After translation - a laborious process - it was passed to the Director General of Military Railways Services for necessary action.

During the first two weeks of June 44, ACC traffic was very heavy, with the result that very few civilian bids were accepted. Tonnages bid for were as follows:-

ACC traffic	29,842 tons
Civilian traffic	424 tons
ACC Wagon labels issued	1,890

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Civilian bids forwarded to the office of the Transportation Sub-Commission by the Capo Compartimento average 250 weekly, consisting largely of empty wine casks, charcoal and lemons. A large percentage had now been accepted and transported.

JULY 44

1. RAILWAYS.

(a) General.

The month of July saw considerable changes in the railway map. Line 90, the inland route between Naples and Rome was tested for operation on 2 July and opened on 4 July, by the Director General Military Railway Services, who was on the engine of the first train, conveying 400 tons of coal, into Rome.

The Anzio - Rome line, which conveyed a considerable tonnage at the beginning of the month, fell into disuse at the end of the month on the closing of Anzio as a port. Line 89, the coastal route from Naples to Rome was opened for traffic towards the end of July, but the section Campoleone - Rome was not the original track, but the section of the Anzio - Rome line to which a link was built at Campoleone. This line was a limited tonnage and not until the old original route is reconstructed, will the tonnage be able to step up.

The line to Civitavecchia from Rome was completed, and ACC used this port to the full, rail traffic from there to Rome being considered as port clearance. The line north of Civitavecchia has almost reached Grosseto.

An indication of the changing railway position is that in a very short time the 8th Army railhead moved forward from Roccasecca to Civitacastellana, a distance of 140 miles, and yet swiftness of the advance brought considerable difficulty in getting ACC 8th Army supplies to their forward points.

Line 87 was completed north of Rome to Bastia, and that point is now being used, with Assisi, as a limited railhead for 8th Army, the bulk of heavy traffic still using Civitacastellana.

On the east coast, the line was extended to Ortona, at which point it stayed, in view of the development of Ancona as a port.

Every tribute was due to the railway construction companies who so remarkably bridged the gap between the source of supplies and the advancing armies. But from the standpoint of ACC, every step forward brought added problems. In fulfilment of the essential task of winning the war, the railway engineers put in temporary bridges, single track lines, and plucked from all side lines of not immediate military importance, the valuable sleepers, ties and rails. Thus, the military demands were met, but the railways sprang up over a number of years to meet the economic demands of a nation's distribution scheme, and that distribution scheme was and is essential for the rehabilitation of the life of the people.

ACC was therefore, concerned with the necessity of rebuilding the railway tracks to their original plan. Double tracking, electric transmission to save valuable coal, are some of the considerations ACC must give to the railway needs of the community.

(b) Engineering.

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(b) Engineering.

The railway map of Italy had been divided into two areas, roughly on a line Grosseto - Rimini, and two experienced civil engineers were given a territory each, to survey. They were attached to the organisation of the Director General of the Military Railway Services to understudy his methods of working with the Italians, but at the same time carefully examine territory which was of no military value but of use for the distribution of food and materials. Unfortunately, supplies were very inadequate to enable them to start a full drive in repairing all railways, but immediate essential, like the linking of the gap in the railway Palermo - Messina, the gap which links Reggio and Naples at Gioia and the Termoli - Campobasso line, feeding the east coast route with the fertile inner land, were then being supervised. New and pressing demands were upon them in the recently released territory, where lignite mines offered means of supplying fuel to Rome. Links and bridges were surveyed, estimates prepared, and plans drawn up for the rebuilding of parts of the lines which would enable much useful traffic to be moved.

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(c) PRIVATE RAILWAYS

During the month a directive was issued to forward regions in respect of private railways. There is a natural desire on the part of such railways to resume traffic at an early date, and in some cases they actually re-started with stocks of German coal. Unfortunately, at this time, such stocks could not be replaced without a proof being available that the railway was either fulfilling a very useful service to the war effort, or moving supplies of produce and food in sufficient quantities to assist measurably the life of the people. Around Rome, several light railways were most anxious to resume. The line running north to Viterbo was partly available for traffic, and Rome region were able to offer electric power which would otherwise be wasted between 2400 and 0500 hours daily. The track is standard gauge, electrically operated, and the ACC Engineer examined the route to ascertain the feasibility of getting the full line in order for the conveyance of vegetables lying in the Viterbo area. The once popular line from Rome to the Lido commenced operations on the remnants of German coal available, to Acilia, but beyond that point the track was out of commission. The coal situation, coupled with a careful review of the economic factors existing, made it necessary for ACC to terminate the service owing to lack of coal. No justification for the lines, on grounds of military usage or movement of essential food supplies could be advanced, and for the time being, such requirements were paramount.

The light railway from Spoleto to Norcia, electrically operated, and narrow gauge, was in course of inspection, but in view of the very heavy gradients and the damage suspected, the reopening as a first priority was not likely to ensue.

A further light railway was operating from Rome to Palestrina on electric power. An inspection of the line was arranged and its immediate use as a means of moving food supplies assessed. (It was generally found the private railways were most anxious to resume, were concerned with the lives of their employees, and in many cases had material for reconstruction). It was not ACC policy to stop such repairs as could be carried out, unless the materials could be used immediately for the repair of a line with a number one priority. These light railways played a most important part in the ordinary life of the people, both for the movement of stores and for people, and in normal times, with electric current, their cost of operation was quite low.

It was, however, essential to watch the movement of traffic, for the black market could be easily fed. Regions were

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It was, however, essential to watch the movement of traffic, for the black market could be easily fed. Regions were continually asked to ensure that a careful check was kept on the movement of supplies, that all civil traffic by the main I.S.R. routes, or the private railways was sanctioned by the Supply Officers, and ACC freight car labels supplied as a means of enabling the immediate detection of traffic passing illicitly.

(f) POLICY.

On the trend of general policy, the Director General of Military Railways had made it quite clear that he was prepared to relinquish territory for ACC supervision of Italian railway operation as soon as circumstances permitted, and to this end, officers were attached to his organisation to understudy the methods of working with Italian personnel.

RAILWAYS. (Contd).

(a) POLICY (Contd).

Railway Divisions did not tie up with ACC Regional boundaries, and therefore, the Transportation Sub-Commission Divisional Superintendents overlapped a little in the administration of the railways. The swiftness of our recent advances was followed by the further nomination of selected officers to study for the post of supervisory divisional superintendent in railway divisions north of Rome, in order that continuity of control be maintained, and in order that they should be fully acquainted with the territory and personnel with whom they would expect to work.

The monthly meeting of the Transportation Committee, comprising representatives of all military personnel interested in the railways, led to additional facilities becoming available for the movement of civilians between Bari and Naples.

(e) DIRECTIVE.

At the beginning of the month, a directive was issued to ACC Railway Divisional Superintendent at Reggio, who had just assumed control of the Reggio Railway Division from the DCMRS. It defined fully his supervisory functions, and was based on the paramount ACC axiom for the territories now freed - that the maximum amount of work should be undertaken by the Italians themselves, and that ACC should be there in an advisory and supervisory capacity.

(f) RELATIONS WITH MINISTRY OF COMMUNICATION.

Our relations with the Ministry of Communications continued in a satisfactory manner, and it was pleasing to note a considerable increase in the carefully thought out demands being put for improved railway facilities. Each demand was carefully considered on the merits of actual application, but always the fuel consumption was a determining factor. For men who are trained railmen, it is always regrettable that services have to be cancelled, when the demand for their use is there.

(g) MOVEMENTS

The month saw a decided step in getting the Italians to undertake considerably more work in connection with the bidding system. Traffic was bid for, and Supply Officers submitted their requests for movement, indicating a degree of priority. In the southern provinces, local autonomy was granted to the ACC Divisional Superintendents, and after all inter-regional traffic had been covered by a weekly meeting at the Naples office, other local tonnage available was allocated by the local officers at Bari and Reggio. The system worked satisfactorily, and it was hoped to extend the local system to Naples area soon, upon the transfer of the headquarters (rear) to Rome. For areas north of Naples, the heavy military requirements limited ACC traffic considerably, but throughout the country, our relations with Army Movements was such that they would assist to the utmost any urgent traffic demand and [illegible] military trains when capacity was available.

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Plans were in hand to bring Regions IV, V, and VIII into the 'bidding' system, for movement of traffic, in view of the heavy demands and the extension of the Regional territory. Surplus foodstuffs were being found in the forward areas, and heavy demands for rail transport was being met by this Sub-Commission to assist southbound movement in the feeding of Rome, with full co-operation of the military forces who were authorizing the use of freight cars returning from railheads.

Tonnage and numbers of Bid Traffic are given below:

No. of Bids Received	Rejected	Accepted	TONNAGE MOVED
920	324	596	80,000
EMERGENCY BIDS.			
47	-	47	5,022
Local Civilian traffic within Bari Division			52,800
Reggio Division			32,500
TOTAL OF ALL TONNAGES			170,322

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ITEMS OF INTEREST FROM RAILWAY DIVISIONAL REPORTS.

(a) SICILY DIVISION:

R.T.O. office of the Island Pass Section at Palermo was withdrawn at the beginning of the month, and under ACC Tn. representatives' supervision, similar type of office was set up with English-Speaking Italian personnel, to be run by the railway.

Repairs to the Simeto bridge were inspected, and it was found that on completion of the most difficult part of the work, the materials were all on hand and hopes entertained of speeding up towards completion.

An exceptionally heavy move was handled during the month from Trapani - Palermo - Rosa, over the Palermo - Messina line. Approximately 150 car loads of materials were moved without difficulty.

On 19 July, the line was opened from Piumefreddo to Taormina - distance of 9 Kms. Train services to Taormina being extended w.e.f. 22 July 44. Further extension to Scaletta a distance of 21 Kms. should be in operation about 30 Sept. 44.

The following equipment was being moved from Sicily to the mainland:

Deisel Car Rocket No. 404
Deisel Car Rocket No. 401
Deisel Car Union Jack
Deisel Car equipped as kitchen car companion car for Union Jack
75 Tank Cars suitable for Petrol
50 various types of German andU.S. World War I cars
60 Refrigerators
80 Flats
80 Low-sided Gondolas
50 Highsided Gondolas
50 Box Cars

Further equipment was expected to be moved.

The Bailey bridge at Tusa was removed by the Royal Engineers, and the newly constructedbridge was put into operation.

It was anticipated that the Simeto bridge would be ready for service on or about 20 Aug 44.

Linee Marsala - Castelvetrano were due for completion by 30 Aug 44, and the Messina - Palermo line should be ready for service by 5 Sept 44, and Catania - Messina line by 20 Sept 44.

Tonnages moved during the month ending 30 July 44 are given below:

ALLIED FORCES	ACC	ITALIAN FORCES	CIVIL	TOTAL
12,045	207	473	19,380	32,105
4,396	285	317	15,471	23,464
2,614	259	345	20,598	23,816

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Tonnages moved during the month ending 30 July 44 are given below:

ALLIED FORCES	CC	ITALIAN FORCES	CIVIL	TOTAL
12.045	297	473	19,380	32,195
4,396	290	317	18,471	23,484
2,614	258	345	20,523	23,740
3,170	246	260	20,630	24,306
22,225	991	1,395	79,004	103,615

All sections of the line in Sicily were now in operation with the exception of the following:

BROAD GAUGE:

Messina-Catania-Termini-Scaletta	Bridge construction in progress.
Palermo-Messina-S.Agata-S.Stefano	Bridge construction in progress.
Palermo-Catania via Simeto, at Simeto	Bridge construction in progress.
Trapani-Marsala-Castelvetrano lines	
Marsala-Nicola di Mazara	Bridge construction in progress.

NARROW GAUGE:

Castelvetrano-Agrigento-Lercara	Damaged bridges being repaired, and lack of fuel
Agrigento-Canicatti-Licata	Lack of fuel
Dittenia-Leonforte	Lack of fuel

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RAILWAYS (Contd)

MOTIVE POWER AND ROLLING STOCK POSITION:

STANDARD GAUGE LOCOMOTIVES:

	Frt.	Pass.	Switch	TOTAL	DIESEL
(a) In service	114	36	25	172	18
(b) Spare	36	7	4	50	-
(c) Awaiting heavy repairs	73	9	20	102	1
(d) Rebuilding	44	10	-	54	-
TOTAL	267	62	49	378	19

NARROW GAUGE LOCOMOTIVES (All Freight)

	Adhesion	Rack	TOTAL
(a) In service	14	7	21
(b) Spare	9	4	13
(c) Awaiting heavy repairs	3	2	10
(d) Rebuilding	7	11	18
TOTAL	18	24	62

NUMBER OF CARS UNFIT FOR SERVICE BUT REPAIRABLE LOCALLY:

	BOX	CON.	FLAT	TANK	OTHERS	TOTAL
Heavy repairs:	502	590	377	40	10	1,499
Light repairs:	816	423	54	154	19	1,466
TOTAL	1,298	1,013	431	194	29	2,965

(b) SARDINIA DIVISION.

Tonnage conveyed in Sardinia is divided between four different railway organization. Total tonnage for the month of July are as under:

FERROVIE STATO:

Military	Civil	Total
13,015	12,274	25,289

FERROVIE COMPLIMENTARY:

Military	Civil	Total
771	3,178	3,949

FERROVIE MERIDIONALI SARDE:

Military	Civil	Total
105	27,478	27,583

STRADE FERRATE SARDE:

Military	Civil	Total
4,313	1,364	5,727

The civilian tonnage is made up of foodstuffs, coal and articles of manufacture.

(c) BARI DIVISION

Under the system of bidding for tonnage, the bidsare received from the Regional and Provincial Supply Officers, and the I.S.R. and S.E.R., and are collated and discussed at a meeting each Monday morning with the Chief Supply Officer, Region II, and screened for movement the following week.

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NUMBER OF CARS UNFIT FOR SERVICE BUT REPAIRABLE ON HAND.

	BOX	CON.	FLAT	TANK	OTHERS	TOTAL
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This system is now working fairly well, but a "tight rein" is necessarily kept on Emergency Bids, and on bids received from the Railways. Respecting the latter, at the request of the Regional Supply Officer, these bids are being forwarded by the Railways to the Consiglio dell' Economia first of all for screening, after which they are given next priority to bids made to the Supply Officers, when the tonnage screening takes place.

Additional unnecessary work is still being caused by Provincial Supply Officers not submitting their bids at the proper time, or on the proper forms and the latter numbered. The attention of the Regional Supply Officer has been drawn to this matter.

Irregularities in the correct use of ACC wagon labels have been noted during visits made to marshalling yards and stations in the Division.

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RAILWAYS (Contd)

(c) BARI DIVISION (Contd)

(i) Labels not dated.

(ii) Signatures being illegible due to use of rubber stamps instead of a proper signature.

(iii) Labels detachedin transit from wagons.

(iv) Old labels not removed from wagons or properly cancelled.

(v) Labels not in possession of Station staff when wagons loaded and ready for despatch, authority for loading having been signalled to Capo Stazione by I.S.R. Bari on authority of loading programme.

Those concerned with the above have been notified.

On the following sections of the line, the tonnage bid for has been up to the maximum allowed:

BARI DIVISION to NAPLES
BARI to BARLETTA
BARLETTA to BARI

On these sections it has not been possible to accept any tonnage not placed through ACC channels. Owing to the Regional ban on the movement of wine between Provinces, there has been a big drop inthe tonnage bids from stations on the Sud Est toBari. The movement of grain and flour has caused an increase in the tonnage on the Taranto-Bari line, due to the traffic coming into Gioia del Colle from the Rocchetta line. Military requirements during the period 10 - 16 July 44 resulted in a "stop" on all Civil and ACC traffic during this week.

Grain Traffic:

Movement of Grain from Matera, Potenza and Bari Provinces started early in the month. The total figure of tonnage accepted for rail movement during the month was 8.397 tons, of which 3.700 tons were for Calabria.

As far as this Sub-Commission is concerned, no difficulty was encountered, complications that have arisen, from the Economic and Supply point of view, appear to have been due to the failure to assess the location and extent of the tonnages to be moved, and to make the bids for movement ahead in the normal way. The procedure laid down in ACC Tn. Memorandum No. 3 was rather ignored in this respect, resulting in some delay to the movement. Bidding for grain movement is now taking place in the proper way and has passed the "nine days wonder" stage.

Civilian Traffic Irregularities.

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Few irregularities other than those mentioned respecting labels have come to notice during the month. A number of labels have been returned, in cases where the consignorshad not used the wagons placed for them. P.S.C.s have been asked to restrict future issues of labels to the firms concerned

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1293 Few irregularities other than those mentioned respecting labels have come to notice during the month. A number of labels have been returned, in cases where the consignorshad not used the wagons placed for them. P.S.C.s have been asked to restrict future issues of labels to the firms concerned and not to accept their bids, on account of the waste of war effort involved.

(d) NAPLES DI VISION:

Total tonnage of ACC bids for the month amounted to 28,672 tons. of this figure, approximately 5.000 tons were cancelled for the week 24-30 July by the Priority of Movements Conference. Bids in respect of this tonnage have however, been repeated. During the early part of the month a glut of potatoes, resulting in a large tonnage of both ACC and Civilian bids was handled. Subsequently, at the request of the Agricultural Section, Region 3, bids for movement of potatoes from Region 3, except the Province of Salerno, were cancelled at very short notice. A small number of Emergency bids were handled, including the movement of accumulators for I.S.R., bid for by the Cape Compartimento, Naples. Empty Oliva Oil Tankers and an urgent flour bid from Salerno to Sale Consilina were moved. A large number of Civilian Bids were handled, and these amounted to a tonnage greatly in excess of what could be carried. They were reduced accordingly.

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(e) MISCELLANEOUS REPORTS FROM SUB-COMMISSION OFFICERS:

Lt. Col. C.G. BROWN:

Activities of Lt.Col. C.G. Brown, attached to D.G.M.R.S' organization include the operation of the Caserta - Rome line during the absence through sickness of Lt.Col. Crymes, of 715th Railway Operating Battalion. Lt. Colonel Brown also took part in the transfer to the mainland of freight cars from Sicily Region, being responsible for securing L.C.Ts, and finally handing over the cars to 760 Railway Shop Battalion of the M.R.S.

Major W.S. WALKER:

Major Walker, who has also been attached to the D.G.M.R.S. organization for the purpose and with the function of co-ordinating demands for railway stores and supplies by the I.S.R., has been operating with that organization co-ordinating demands for the future operations on the I.S.R.

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III ROADS

1. Original Planning

In the beginning, all planning was based on the best methods to adopt to obtain the maximum amount of use of the civilian vehicles available, when we entered Italy. No mention was made or any indication given that military vehicles would be made available to ACC, although it was always understood that in the early stages of occupation road haulage transport would be furnished by the Army.

When it was agreed that the Transportation Sub-Commission should be close to Army Movements and when in fact the Sub-Commission arrived on the mainland (11 November 1943), it was thought that a better picture of road transport would be obtained.

The strong dividing line, however, between AMG and ACC put many difficulties in the way and it was not until 1 January 1944 that arrangements were made for Lt. Col. Borlase to tour the country and ascertain the position as regards Road Transport.

2. Conclusions drawn from tour of country

After visiting the Regional Headquarters and some of the Provinces, it was quite clear that little or no effort had been made to organize what road haulage vehicles were available. At every place one was met with the same remark. "We know, but we have not got the personnel to do it." At the same time the Regions and Provinces were all crying out for Road Transport.

A report was submitted to this effect and this was forwarded to the Central Economic Committee. In this report, a scheme was outlined as to how the Road Haulage Transport in Regions and Provinces should be organized. The Central Economic Committee, however, had a very short existence, but long enough to shelve the report.

It was not until the end of January that word was received that the Allied Armies were prepared and were going to hand over to ACC 1,000 vehicles for civilian supplies.

3. Effect of Military Vehicles being made available

The immediate effect was that some action had to be taken and the result was that the report and suggested scheme was brought out and its practicability discussed.

The Draft Plan called for one Regional Road Transport Officer at Regional Headquarters and a Provincial Road Transport Officer in every Province. Although the plan was approved in general, the immediate reaction was, "Where is the personnel coming from?" Unfortunately, it was finally agreed

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The Draft Plan called for one Regional Road Transport Officer at Regional Headquarters and a Provincial Road Transport Officer in every Province. Although the plan was approved in general, the immediate reaction was, "Where is the personnel coming from?" Unfortunately, it was finally agreed that the Provincial Supply Officer could combine with his other duties that of Provincial Road Transport Officer. As in every case, the Provincial Supply Officer was already overworked, this meant that the plan could never be put into effect with the vigor necessary to make it normally efficient.

It was stated that the Allied Armies were going to make military trucks available to ACC for civil supplies and it was also stated that the first 200 trucks would be organized on a military basis. This had been done because it was appreciated that forward areas, where civil organizations were not practicable, would require trucks for civil supplies. It was stated, however, that these first 200 trucks would be loaned to Regions, pending their call forward, during which time the Regions must go ahead fast with their civilian organizations. On this basis, a temporary allocation of the 200 trucks, when available, was made. As a result a directive was issued from ACC Headquarters on the 11th February (Copy attached).

Hq. AFHQ Adv. Adm. Sch. letter 36/21/Q3 dated 8 February 1944, in which it was shown from when and where the trucks were coming, now comes on the scene. This letter laid down that the DDST would form a General Transport

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Company of 120 x 3 tonners. It was desired that this should be formed with Italian Military personnel, but this was left to the discretion of the DEST.

It was also laid down that the PBS would form a Military unit of not less than 80 x 2½ GMC's with Italian Military personnel. The history of these two units must be shown in detail.

a. 1001 General Transport Co. (Italian)

This was formed under the jurisdiction of a British General Transport Co. and should have been ready in working order to be attached to ACC on 15 February 1944.

What actually took place was that the Company was formed with Italian Military personnel and 120 x 3 ton class 5 British lorries of eight different makes. The Company had little or no workshop equipment and in effect would have been nothing but a liability for ACC. ACC refused to take over the Company and a protest was registered to MMLA. MMLA were responsible for supplying Italian Military personnel and had a lot to do with the scheme for the formation of such companies. As a result, Brig. Duchesne, at that time head of MMLA, inspected the Company and agreed that it was not in an operational condition. After much correspondence and after the matter had been referred to high authority, the Company was equipped with 120 x new 3 tonners and a British cadre, consisting of four officers (1 Major, 2 Captains and 1 Lieutenant) and 21 E OR's, was attached to it. Maintenance and administration remained a S&T responsibility and on the 14th April, the Company was attached to ACC. For a fortnight the Company was assigned to Region II, when it was pulled out and assigned to AMG 8th Army with whom it has been working most efficiently ever since.

b. 1024 and 1025 QM Truck Co. (Italian)

In accordance with instructions contained in the letter of the 8th February, PBS formed two QM Truck Companies, each with 40 x 2½ GMC's, manned by Italian Military personnel. PBS delegated the responsibility of forming these Companies to a QM Group, who put a Lieutenant in charge. A certain amount of 2nd Echelon maintenance equipment was supplied, and the Companies began operating towards the end of March. In the first instance the QM Group agreed that the Lieutenant would remain with the Companies until ACC was in a position to provide replacement, and the Companies were allocated to Region III. Without a word of warning, the Lieutenant was removed and in fact a day or two elapsed before the Regional Transport Officer of Region III was aware that the Companies were with an Allied Officer in charge.

Owing to these difficulties the companies were transferred to AMG 5

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Owing to these difficulties the companies were transferred to AMG 5 Army, although they were still available to Region III for operations. It was decided that, as the need for transport in forward areas was considerable, the strength of these two companies should be doubled, and they became two companies of 80 x 2½ GMC's each. The extra vehicles required were taken from the balance of the PBS committment of 220 x 2½ GMC's.

When AMG 5 Army moved forward towards Rome, the 1024 and 1025 QM Truck Companies went with them. The Transport difficulties on the fall of Rome were such that the Army authorities loaned a British General Transport Company to ACC and this was attached to AMG 5 Army, which released the 1024 and 1025 QM Truck Companies to deal with the Anzio-Rome situation.

At the present time 1024 and 1025 QM Truck Companies are under the control of this Sub-Commission and are working on behalf of the Food Sub-Commission.

c. Plan for use of W. D. Vehicles by Civilian Organizations

The problem was now presented as to how to organize the allotted W. D. vehicles which had to be operated by civilians and this problem was

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divided into two parts:

(1) In "King's Italy"
(2) In AMG Territory

"King's Italy"

At first the plan was that all W. D. vehicles allocated to this part of the country should be sold to the Italian Government who in turn would sell them on the "hire purchase system" to firms of repute to operate. The reason for selling the vehicles was that it was considered that this method would induce the firm concerned to maintain and look after the vehicles 100%.

This scheme, however, was not acceptable to AFHQ, and therefore the Italian Government was asked to furnish us with names of the firms whom they considered reliable. The firms themselves were approached and agreement was signed by them. It was during these negotiations with the Italian Government that it was brought to light that in 1941 the Italian Government had put into force a scheme for the control of Road Transport. This plan covers the complete control of road haulage vehicles under the E.N.A.C., a governmental organization under the supervision of the Ministry of Communications and the Inspectorate of Civilian Motorization and Transportation in Concession.

ENAC is based on very similar lines to the organization set out in this Sub-Commission's Directive of the 10th of February. It has three levels:

(a) The General Inspectorate, which deals with movement by road affecting more than two compartments.

(b) The Compartimental Inspectorate, which deals with movement by road affecting more than two provinces of the same compartment or two adjacent compartments.

(c) The Provincial Commission which deals with movement by road within the province.

All motor vehicles must be registered with the Ente and all orders for road movement must be issued by Ente (a), (b) or (c) according to the movement entailed.

This decree, copy included in the Appendix, will soon become law

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This decree, copy included in the Appendix, will soon become law throughout King's Italy.

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A decree, copy included in the Appendix, has already been issued governing Road Haulage rates, which the Ente will work to and enforce.

The firms who are operating W. D. vehicles under the agreement referred to previously will come under the jurisdiction of the Ente for movement as soon as the ACC authorities are sure that the Ente is working efficiently.

In AMG Territory

The plan adopted here was that Regions set up their own truck pools with the W. D. vehicles allocated to them. They employed Italian personnel in the form of managers, clerks, mechanics, drivers, etc., but control was exercised directly by an Allied officer. The idea outlined in this plan is that, as the country is handed over to the Italian Government and as the Ente is being brought into being, it will be possible to allow these pools to be controlled for movement by the Ente and the degree of Allied supervision will not have to be so great.

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4. Allocation of W. D. Trucks made available for civilian supplies at the present time

a. 1001 General Transport Co. (Italian)

120 x 3 tonners - ASC 8th Army

b. 1024 and 1025 QM Truck Co. (Italian).

167 x 2½ GMC - Transportation Sub-Commission

c. Region II

110 x 3 tonners operated on their behalf by Ferrovie Sud Est (55 trucks) and S.I.T.A. (55 trucks) with supervision by Allied officers.

d. Region III

60 x 2½ GMC - 137 x 3 tonners operated in a pool directly under control of an Allied officer.

e. Region IV

40 x 2½ GMC operated in a pool directly under control of an Allied officer

f. Region V

[illegible] x 1½ ton - 15 x 10 tonners - 51 x 3 tonners operating in pools, each pool directly under control of an Allied officer.

g. Foggia Province

31 x 1½ tonners - 8 x 10 tonners - 69 x 3 tonners operated in a pool directly under control of an Allied officer.

h. Region VII

10 x 1½ tonners - 6 x 10 tonners - 9 x 3 tonners operated in a pool directly under control of an Allied officer.

i. Region VIII

40 x 3 tonners operated in a pool directly under control of an Allied officer.

j. Region "Z"

33 x 2½ GMC's operated in a pool directly under control of an Allied officer.

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IV SHIPPING

In the first place it must be recalled that under the Armistice terms all Italian merchant shipping was handed over to the Supreme Allied Commander. The Supreme Allied Commander nominated the Mediterranean Shipping Board to arrange the operation of this shipping on his behalf, within Allied Nations needs. So far as we are aware, nothing has been done which alters that basic principle. At a later date it was felt necessary that a Shipping Sub-Commission should be set up within the Allied Control Commission to advise them on matters regarding shipping, and two representatives of the War Shipping Administration were appointed to the Shipping Sub-Commission for this purpose.

It will be seen from the above therefore, that the actual physical operation of Italian ships running with the Mediterranean Shipping Board, and their employment shall be considered by that body in relation to all the demands made on shipping within this theatre, and that the duties of the Shipping Sub-Commission to ACC are of an advisory nature.

For the purposes of organization, the Mediterranean Shipping Board requested the Italians to constitute a body which would deal with such problems as are relevant to the owners' responsibilities in order that questions such as crews wages, allotments to dependents, marine insurance, and general upkeep, could be handled executively by the Italians themselves. This resulted in the setting up by the Italian Minister of Marine a body, which is known as CO.CE.NA, which, with the full approval of Washington and London, has been entrusted by the Mediterranean Shipping Board with the matters referred to above.

Attached to this paper is a statement of the tonnages which have so far come under the control of the Mediterranean Shipping Board, and it will be seen that for practical purposes it is disappointingly small. It is divided into three main categories:

1. Ocean-going vessels
2. Coasters of 500 tons and upwards
3. Schooners

As regards (1) and (2) these ships are, in fact, operating in Allied needs, but owing to the scarcity of the class of tonnage involved, have been, and will be for some time, almost entirely engaged in fulfilling military requirements. These, under the directive issued by Allied Force Headquarters, have first priority. It will be seen, therefore, that any contribution to civil or commercial cargoes which can be made on the tonnage in classes (1) and (2) is unlikely at the moment.

So far as the financial aspect of class (1) and (2) is concerned, discussions have taken place between London and Washington, and it has been accepted that these ships shall be presumed to be on charter to the Allied Nations, but that detailed financial arrangements as to the payment of hire shall be the subject

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Schooners present a more difficult problem. It was felt necessary in the early days that these should be brought under control, and the Shipping Subcommission might point out that this is an objective which, over many years, the Italian shipping authorities have found impossible to achieve. With the great assistance of British and American Naval Officers at the various ports throughout Italy, Sicily and Sardinia, Sea Transport Officers, Ministry of War Transport and War Shipping Administration Representatives, and Allied Control Commission officials, have a record of all these schooners which are rapidly approaching completion. They are being allocated, numbered for recognition and registration purposes, and it is not too much to hope that in the immediate future it will be possible to direct them in an organized manner into the proper trades. There are something short of 600 of these vessels with a total tonnage approximating 50,000 to 60,000 tons. Of those some 150 are of necessity engaged in military requirements; again of necessity the schooners which have been allocated to these military requirements are of a larger and better type, totalling approximately some 25,000 to 30,000 tons lifting capacity.

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The balance should be available for economic needs within the prescribed coastal area. The Shipping Sub-Commission, in consultation with the Mediterranean Shipping Board, has given very serious consideration to the means by which this balance of schooner tonnage should be operated, and after much thought has been driven to the conclusion that the simplest and most efficient method by which these vessels could be employed would be to leave their operation to the Italian authorities represented by CO.GE.NA, but that they should carry out the wishes and needs of the Economic Section of the Allied Control Commission by means of direction as to employment. It is the means by which this direction is applied which usually leads to some confusion and controversy. By 'direction' is meant a clear statement of wishes as to movement of cargo, not, as is so usually interpreted, a movement of ships. It will be necessary for ACC to formulate a program on a weekly basis of their requirements, and broadly speaking this might usefully be a statement based as follows:

1. The goods required to be transported.
2. The ports at which they are available.
3. Destination.
4. Names of shippers and receivers.

When such a program is produced, the Schooner Control Committee will direct CO.GE.NA to provide the necessary shipping and to arrange such matters as documentation, authorization, and payment of freights. By this latter means, it will be seen that no financial burden will fall upon the Allied Nations, so far as these schooners are concerned, and that the goods will absorb the cost of their transportation.

It is hoped that the above brief resume of the situation will help to clear up several matters which have reached the controversial stage.

Finally, there remains the means by which shipping is arranged for necessary civil supplies from overseas markets. The position in Italy at present, and for some time to come, required the most careful examination as to port capacity, and internal transportation, if shipping is not to be wasted. The Mediterranean Shipping Board is advising the Supreme Allied Commander on this matter, and in consultation with the various authorities examines program produced in advance of the intended imports to Italy of military and civil goods. These are closely vetted in order that the facilities shall not be overtaxed and that ships will arrive and be discharged in an orderly manner. This, of necessity, means that considerable sacrifices have to be made by both military and civil authorities on what they would like, as distinct from what is possible. It will be appreciated that congestion at ports and wastage of shipping is avoided by such an examination, and it is merely the normal means by which all imports to all Allied countries is arranged.

Of necessity, all this means the most careful programing by military, economic and other sections, of their requirements in the light of the continued facts that shipping port facilities and transport are still only available for the

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Of necessity, all this means the most careful programming by military, economic and other sections, of their requirements in the light of the continued facts that shipping port facilities and transport are still only available for the most urgent necessities.

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F O O D

I. GENERAL

A. The Situation Prior to July 1943.

1. In spite of all that the Fascist Government could do before the war through increasing production and decreasing consumption, Italy was not able to achieve complete self-sufficiency in food. Consumption before the war had decreased to a low level compared to most European countries. According to a statement of the U. S. Department of Agriculture, an official Italian estimate revealed that the attempt to secure self-sufficiency in food resulted in a decrease in the calories available per person per day from an average of nearly 2,900 (excluding wine) in 1926-29 to less than 2,600 (excluding wine) in 1934-37. Local production was able to meet the reduced consumption to almost 95 percent of the total Italian food needs. On balance, however, at the time of entering the war Italy was still a net food importer.

2. A study of food available for consumption in 1937-39 by regions shows that there were great differences in consumption of various foods from one part of Italy to another. (See Food Appendix.) The diet in Southern Italy was based mainly on wheat products, whereas in Northern Italy corn, barley, and rice were also important food cereals. Meat consumption was high in the north and diminished toward the south. Consumption of dairy products, too, was high in the north. In Puglia (Heel of Italy), the area of lowest milk consumption, the level was less than one-third of that in the north. Practically no butter was consumed in the south and this was not offset by a very much higher consumption of olive oil. And it is in this southern area of relatively low dietary standards over a long period of time that our troops first landed.

3. During the war prior to the Allied landings, the usual food phenomena of war-time Europe were duplicated in Italy. The rural sections fared relatively well. As the fascist controls, never efficient, gradually broke down, more and more of the food production was held out on the official marketing channels and went into the thriving Black Market. The initial 200 grams bread ration

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4. Agricultural production decreased somewhat during the war due to lack of fertilizers, deterioration of the available equipment, lack of supplies. In spite of this it is probable that a large portion of the agricultural classes actually increased their money

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incomes markedly through selling a decreased supply at much higher prices on the Black Market.

B. The Situation after the Allied Landings.

1. The Allies landed in Sicily on 10 July 1943 in the middle of the harvest season. War damage, interference with harvesting, wheat taken out of Sicily by the Germans, reduced substantially the amount of food in the Island. At the same time, the whole harvest collecting organization broke down completely. Sicily, normally, is either almost self-supporting or in good years has a food surplus. But by the end of August difficulty was experienced in providing a ration as low as 100 grams in a few towns while in much of the Island 200 or 300 grams was supplies. Before the harvest was completed, wheat had to be imported into Sicily.

2. The landings on the Mainland occurred in early September. Again, a food shortage was encountered within a few weeks even though the harvest was just finishing. By the middle of December there was no local flour or grain available even in most of the rural provinces.

3. No accurate figures can be secured on what happened to the movement of food in the period of German occupation prior to the arrival of Allied troops. An indication of the increasing food shortage under the Nazis is shown in the movement of prices. Prices of food in Naples quadrupled in the six months prior to our occupation.

4. The collapse of the normal food supply organization and the loss of food due to the war and the Germans meant that Southern Italy had to be fed on imported food during the winter of 1943-44. Wheat had to be brought all the way from Australia to feed Southern Italy while shipping tonnage was urgently needed to carry supplies to the Armies in Italy, in Russia, and to England for the Second Front.

5. By the summer of 1944 with the new harvest coming in most of Southern Italy was in a position to feed itself. The bread ration was increased from 200 grams a day to 300 grams or its equivalent (200 grams of bread and 80 grams of pasta). The main food problem became that of feeding Rome and re-organizing the food supply of the newly liberated provinces of Central Italy.

6. For the winter of 1944-45 the big task will be that of

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Prices of food in Naples quadrupled in the six months prior to our occupation.

4. The collapse of the normal food supply organization and the loss of food due to the war and the Germans meant that Southern Italy had to be fed on imported food during the winter of 1943-44. Wheat had to be brought all the way from Australia to feed Southern Italy while shipping tonnage was urgently needed to carry supplies to the Armies in Italy, in Russia, and to England for the Second Front.

5. By the summer of 1944 with the new harvest coming in most of Southern Italy was in a position to feed itself. The bread ration was increased from 200 grams a day to 300 grams or its equivalent (200 grams of bread and 80 grams of paste). The main food problem became that of feeding Rome and re-organizing the food supply of the newly liberated provinces of Central Italy.

6. For the winter of 1944-45 the big task will be that of providing sufficient food for the industrial cities of Northern Italy. How grave the problem will be will largely depend upon how much food the Germans take out of the country, how much damage is done before the Germans are driven out, and how much transport is available for food distribution.

II. ORGANIZATIONAL PROBLEMS

A. The War.

1. The big problems in feeding Italy all stem from the war. The major problem is transport which is adequately discussed in the chapter of the report on transport. As a result of inadequate transport, a large amount of food is lost to the cities through the inability to transport it from the country or even to food collection centers in the country. Local food surpluses in one section of the country are wasted through the lack of transport to carry them to the deficit areas.

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2. In the first phase of the food problem, that is, the feeding of recent liberated areas, the actual physical presence of the war complicates matters. In the first days of theliberation of Florence while theGermans were still sniping in the city and shelling various parts of it, the bulk of Allied troops in the city consisted of the AMG contingent bringing in food under fire. Right in the Allied advance guard going into Rome when the city was liberated were the food trucks of AMG. Immediately after an area is liberated, the first problem is always a food emergency to be met. Within three weeks after the Allied May offensive in Italy started, 200,000 people had to be fed and taken care of in the Fifth Army area alone.

3. The following is an example of thekind of food problems encountered under the immediate impact of the war. While referring to the province of Salerno, it is a situation which repeated itself all the way up to the Italian peninsula:

"The food situation was serious. Only one of these Communes had a grain ammass which was intended to serve several Communes in that locality. There was no stocks of flour available in either of the Communes. Grain had to be transported from the ammass by horse-drawn vehicles as no motor transportation was available from AMG or Army sources and none likely to be until sometime after D+12. Civilian transportation other than horse-drawn was practically non-existent, and much of the travel from commune to commune had to be effected on foot or passing military vehicles.

"The food problem was further aggravated in that area by the fact that the grinding mills powered by water or electricity were inoperative because of the lack of both sources of power. In the communes removed from the immediate vicinity of the grining mills, the situation has become more serious as all stocks of flour had been consumed and baker-shops consequently closed. Civilian officials in some of the communes could not be located and those available appeared hazy and reluctant to act in any official capacity. However, information obtained through a group of public-spirited civilians helped solve the supply of flour for two adjoining Communes. It was pointed out that in the commune there ar-

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Communes had a grain ammass which was intended to serve several Communes in that locality. There was no stocks of flour available in either of the Communes. Grain had to be transported from the ammass by horse-drawn vehicles as no motor transportation was available from AMG or Army sources and none likely to be until sometime after D+12. Civilian transportation other than horse-drawn was practically non-existent, and much of the travel from commune to commune had to be effected on foot or passing military vehicles.

"The food problem was further aggravated in that area by the fact that the grinding mills powered by water or electricity were inoperative because of the lack of both sources of power. In the communes removed from the immediate vicinity of the grining mills, the situation has become more serious as all stocks of flour had been consumed and baker-shops consequently closed. Civilian officials in some of the communes could not be located and those available appeared hazy and reluctant to act in any official capacity. However, information obtained through a group of public-spirited civilians helped solve the supply of flour for two adjoining Communes. It was pointed out that in the commune, there existed a discarded grinding mill which could be put in operation if some form of power could be made available. Following an inspection of the mill, a search of the territory revealed a hidden farm-tractor which was promptly requisitioned and put in use. Fuel for operation of the tractor was obtained from Army dumps. The mill was immediately set in operation on a twenty-four hour schedule which supplied the demands of one of the communes having a population of five thousand habitants and over one thousand refugees, as well as the adjoining commune with a population of approximately twenty-five hundred people."

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4. The dominant fact about supplying food to the cities in Liberated Italy was that it was taking place in an area which was primarily the rear supply area of the Allied Armies. Naturally, army interests predominated. All the usual military difficulties of operation were accentuated in the case of ACC as ACC was regarded as "marginal" -- i.e., as the organization which should bear the brunt of any unexpected difficulties. Military considerations were always dominant.

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5. It was never possible to know how much food was actually going to arrive. ACC would be advised that certain quantities of food were on the way. The quantities of food shown on the ships' manifests on arrival were almost never in agreement with the quantities advised. Furthermore, the supplies actually received often did not agree with the quantities shown on manifests. The discrepancies between advices and manifests were such that the advices could not be used in planning. ACC never knew exactly how much food it was going to get for Italy until it was actually unloaded. The following table illustrates the discrepancies in a series of six convoys which arrived in the winter of 1944.

	Flour transported according to: a) Advices	b) Manifests
	(In tons)	
UGS 24	8,000	90
UGS 25	8,000	45
UGS 26	21,952	21,898
UGS 27	18,467	11,293
UGS 28	18,667	14,891
UGS 29	-	5,070

6. The diversion of ships for military reasons also complicated the problem. Subsistence supplies were frequently loaded on ships which also carried strictly military equipment and supplies. Sometimes only in this way would supplies secure some shipping space. These ships were diverted frequently from their original destination for reasons of military necessity. Supplies scheduled to arrive at certain ports at certain times would arrive at other ports. There the supplies might have to be unloaded to make the ship available for some other military purpose, and then came the problem of getting the supplies to the place where they were needed. There was scheduled to arrive in Cagliari, Sardinia, during January 1944, 3,000 tons of supplies. These supplies were actually unloaded in Oran, North Africa and coastal shipping had to be procured to get the supplies to Sardinia. Though five grain ships were scheduled to arrive in July 1944, only one arrived. One was overdue and two others were scheduled to arrive on 3 August.

7. Some shipments that were needed for particular purposes were lost through enemy action. There were 1,000 tons of flour on the "Daniel Webster". The ship first had to put into Gibraltar for repairs, then when it sailed early in January, it was struck by a torpedo and had to be beached.

8. The shipping situation was never clear at any time during

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8. The shipping situation was never clear at any time during the summer months of 1944. Owing to universal port congestion in preparation for the Southern France invasion, last minute diversion of ships was a common occurrence. Food was loaded, then the ship would be needed for some military supply reason, and the food would be unloaded in Naples. After a few days, the food would be loaded again on another ship for a destination from which the ship might be diverted at the last minute.

9. A Liberty ship loaded with cargo at Naples was dispatched to Anzio, at that time a port in a forward area. Because of the conditions prevailing in Anzio, it was not possible for the consignee region to obtain a count of the cargo discharged. Before all had been unloaded, the vessel was redispatched to Naples. At Naples, the remaining cargo (quantity unkown to the Food Sub-Commission) was transferred to two other vessels, one of which was

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dispatched to Civitavecchia and another to Piombino, newly liberated ports in forward areas. It was later found that the manifests for these vessels had been inaccurately stated by the port at Naples and conditions at Piombino and Civitavecchia were such that accurate identification of the cargoes discharged was not possible.

10. Even after the railroad from Naples to Rome was re-opened it was some time before the Army allowed the use of any of the facilities for civilian supplies. Rome had to be supplied by schooners through Anzio when the city flour stocks were down to a 3 days' supply, and then because of a storm, the first five schooners had to take shelter in an intermediate port.

11. Phosphate rock from North Africa was needed for delivery by 15 August, 1944, to Italy in order to produce fertilizer; although promised for months no rock had been received by 1 September. No shipping was available all summer due to assembly of ships for the Southern France invasion. This meant that probably the fertilizer cannot be produced in time for this year's application to the soil.

12. During the middle of July 1944, the small amount of rail transport which had been available for movement of food from the surplus east coast district to the deficit cities on the west coast, Naples and Rome, was sharply curtailed by the Army due to military priorities; probably due to the assembly of troops for amphibious operations.

13. Operating in any army area, with the army tradition of every organization taking care of itself often by "moon-light requisitioning" led sometimes to the disappearance of civil supplies into thehends of the army. For instance, one case is reported of 180 tons of soap in cases plainly marked "AMGOT" being carried off in military vehicles; no trace of this soap was ever found.

14. A good idea of the kind of problems caused by the operations of the Armies in Italy can be secured from the following excerpts from a field report describing conditions in the area behind the Eighth Army on the Adriatic coast in April 1944. To appreciate the report properly, it is necessary to realize that Foggia Province, one of theprovinces discussed, was the main province producing surplus food in Liberated Italy at the time.

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"The amount of land occupied by the military varies from 25% in the Sangro River Valley - where mines are thick - to 5% in Bari Province.

"Practically all the draft livestock in upper half of Campobasso Province and liberated portions of Chieti Province was taken by the Germans as they left. While hand or hoe plowing is normal in this area, what little horse power they did have is gone and the area is nearly all being plowed and planted by hand.

"All local transport in the area north of Foggia was taken by Germans. One local consorzio (agricultural marketing agency) in Campobasso normally used 20 trucks in handling its supplies, amassing and general transport. It has none now. This is true for most of the Consorzi. If the Germans did not take the trucks, then the chances are good that the Allies took them. Work animals of all kinds are short, and draft

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for binders and hauling will be short. This is being further complicated by requisitioning or hiring of animals by the British and American Armies.

"In nearly all of the provinces many of the Consorzi ores collecting warehouses are filled with military stores or with troops. 110,000 quintals of storage at Foggia is now occupied by army units and nearly all of the storage in Campobasso and the 76 communes of Chieti Province in Allied hands are used by the military. Around Termoli and Vasto there is no warehouse space available to collect and store wheat still in farmers hands from the 1943 crop and no space to cure the 1943 tobacco crop.

"The Army is rebuilding and widening a great number of highways in the whole Eighth Army area and to get labor is paying a higher wage than farms can pay. The result is, the men are working on the roads, the women and children in the fields. Wheat is weedy in some places, no labor is available to handle it. Cart hire for military purposes is much higher than farm users can stand, result is little or no cart transport, even with oxen."

B. Other Problems.

1. After the first phase when food is almost exclusively a military problem, as much of the job as possible is turned over to the regular Italian civilian agencies. The difficulties here are organizational and almost heart)breaking. In common with the rest of the economic field, the organizations found on our arrival in the food distribution field were in a state of collapse. Personnel which had held key positions were generally Fascists and had either already fled or could not be wholly trusted. The traditions and habits of the organizations were bad, for under the fascist system, corruption and inefficiency rather than efficiency had been rewarded. There was a complete lack of the feeling of responsibility to the people.

2. The Food Sub-Commission has devoted considerable time to aiding in the building of an Italian food organization. The Italian Ministry of Agriculture prior to the liberation of Rome created a General Commissariat for food to work in this field. [illegible] for the first time possible to

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2. The Food Sub-Commission has devoted considerable time to aiding in the building of an Italian food organization. The Italian Ministry of Agriculture prior to the liberation of Rome had created a General Commissariat for food to work in this field. Upon the liberation of Rome, it was for the first time possible to secure sufficient capable and experienced people to create a functioning organization. The old parastatal office charged with the distribution of cereals, pasta, and bread was reorganized into a new General Food Directorate which will take over all distribution formerly handled by a multiplicity of offices and enti.

3. An administrative organization which will work properly needs time to build even under most favorable conditions. In an area which has just been a battlefield, it is a most difficult task. The existing rationing system had to be reorganized as best it could. The number of ration card holders had been considerably inflated. It is estimated that there were at least 35,000 illegal ration cards in Palermo alone when our troops arrived. In Naples, the population had broken into the ration card storage room and carried off tens of thousands of ration cards.

4. There is much scope for duplication or exaggeration in the Italian rationing system even if the ration control organizations had not crumpled under the impact of the war. Take the case of a

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large landowner with 100 persons in his employ, all of whom are entitled to a ration allowance. Many of these are registered in other communes where it is highly probable that a non-producer ration card has been issued in their favor. It depends entirely on inter-communal coordination between the organization who issues a milling card for the benefit of a person registered in another commune and the ration card section of that commune.

5. During the spring of 1944 a campaign was waged to take away ration cards from people who were not entitled to have them because of their having producers' allowances or because of their holding duplicate cards. During the course of this campaign more than 700,000 cards were found to be improperly outstanding on the Mainland alone. Little progress was achieved in Sicily during the summer due to passive, weak or inefficient local authorities. The Province of Messina in Sicily reported a reduction of 100,000 cards, however.

6. In Naples, the number of cards dropped from 1,016,000 to 850,000. One flagrant case was that of three bakers who were drawing flour for 7200 customers supposedly registered with them. In actual fact, one baker had 260 customers, the other two had no legal customers.

7. Perhaps only the general lack of manufacturing facilities in the south kept the inflation of ration cards under bounds. One set of ration card forgers was discovered who had printed 2600 cards and then had to stop due to lack of paper.

8. It was not only the forgers who were inconvenienced. In trying to get new ration cards printed, ACC and the Italian Government invariably found that the most reliable printing plants had been requisitioned by the Psychological Warfare Board. As a result, the ration cards for Calabria and Lucania (Toe and Instep of Italy) had to be printed in Palermo, Sicily. With the difficulties of transport, the cards could not be distributed to the authorities in time to assure of an efficient, unhurried distribution. With the haste resulting, it was not possible to take full advantage of the opportunity to reduce the number of improper ration card holders.

9. The percentage of total population having ration cards was reduced from 84% to 80% from February to August in Southern Italy and the Islands. This was still 6% higher than the normal

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9. The percentage of total population having ration cards was reduced from 84% to 80% from February to August in Southern Italy and the Islands. This was still 6% higher than the percentage having cards in this area during the six months, October 1941 through March 1942. For Liberated Italy as of 1 September, i.e. south of the Pisa-Rimini line about 76% of the estimated population had ration cards, again 6% higher than in October 1941 - March 1942. (A table in the Food Appendix gives the detailed figures.)

10. The comparison of percentage of present ration card holders to the percentage held during October 1941 - March 1942 gives an indication of the relative loss in efficiency in control due to the impact of actual war in Italy, a loss which has not yet fully been made up.

11. Another serious problem is the Black Market. At the time of our arrival in Italy, it has been estimated that over half of all food transactions were Black Market transactions. The police state of Mussolini could make little headway against the Black Market. With the extensive reorganization necessary to get a

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functioning police force, at first, little could be done to combat the Black Market. Black market control divisions were organized in the Regions to take steps against the Black Market with some success attained.

12. Probably the most successful single action taken against the Black Market was the increase in the ration in Southern Italy from 200 grams of bread to 200 grams of bread plus 80 grams of pasta a day. This has more largely eliminated the demand of the ordinary worker from the Black Market for bread or pasta.

13. The Black Market in Allied stores probably will continue as long as there are Allied troops in Italy. The temptation of an offer of 50-70 lire for a package of cigarettes which cost the soldier 5 lire is a temptation which some soldiers will always succumb to. From the standpoint of feeding Italy, the most reprehensible of the black market operations is the diversion of food destined for civilian legal channels into the Black Market. At one time in Naples, this is reported to have reached very sizeable proportions but the diversion was reduced by the institution of a better system of control of movement of supplies from the ships.

III. Feeding Southern Italy.

A. Fall and Winter, 1943-44.

1. Although Southern Italy is largely rural, the Allies found themselves confronted with an actual general food shortage soon after the liberation of the territory. This was due to many causes: The fighting took place during the harvest season and crops were damaged or lost. The Germans took what food they could with them on retreating, there was a complete break-down of the crop-collecting and marketing machinery due to lack of transport and to the collapse of the old amassing organizations which the peasants associated with the discredited fascism. The harvest itself was poor owing to lack of rain and lack of fertilizers over the preceeding years of the war.

A completely efficient collection of crops from the farmers would have required a strong force of military police and a reli- [illegible] civil police, neither of which were available. As it was in [illegible] food

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A completely efficient collection of crops from the farmers would have required a strong force of military police and a reliable civil police, neither of which were available. As it was in some areas of Sicily, around Catania, for example, to meet a food emergency seed grain was collected to use as food. As this grain could not be repaid in kind, the average acreage sown for the 1944 crop was decreased.

2. For Sicily, it had been requested that 9,000 tons of flour be sent forward from the stockpile which had been prepared for the invasion, for arrival between the first of August and 9 September. On 15 September another 15,000 tons was asked for and on 27 October a further 5,000 tons from this stockpile. On 21 September a requisition had been put in for 15,000 tons of flour each month from November to April. The total flour due to arrive by the end of November thus came to 39,000 tons. However, due to military reasons, the condition of the ports, and the shipping situation, actually only 9,000 tons had arrived by the end of November. 21,000 tons were brought in during December.

3. On 2 August 1943 the maximum ration had been fixed for Sicily of 300 grams bread and 40 grams pasta per day. In most parts of the Island it was possible to maintain this ration, but in Trapani and Palermo due to transport difficulties only 150

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grams of bread could be supplied. When Messina at the eastern tip of the Island where the Germans had been longest and had had most time to effect demolitions was taken, only 100 grams, sometimes less, could be supplied to the city. Because of the lack of the flour deliveries which had been ordered, a food crisis arose in October, causing a reduction of the ration to 200 grams in most places, to 150 grams in 2 or 3 towns. By the end of October the supply of local grain was exhausted in six of the nine provinces. The bread ration for Sicily was reduced officially to 200 grams but only 150 grams could be given in Trapani, Catania, Messina, and 100 grams in Palermo. On 3 November, direct producers were ordered to deliver to Amassi 50 kilograms of flour per person; and the others with milling permits, 30 kilograms from the allowance retained by them. On 20 November an order was issued requiring restaurants to collect coupons for bread and forbidding the manufacture and sale of pasta, biscuits and cake in any form. The bread ration was maintained at 150 grams in six provinces during December, at 200 grams in the three grain producing provinces.

4. The food situation in Region II (Instep and Toe) became critical in December. By the middle of the month there was no flour or grain left in the provinces of Reggio Calabria, Catanzaro and Cosenza, where the bread ration had dropped to 100 grams. Grain and flour were diverted and shipped from Sicily, Foggia and Naples. Salerno was in even worse condition as the bread ration there was only 50 grams on 21 December 1943.

5. It was clear that dependence could only be placed on imported foods if the people in Southern Italy were to survive through the winter. Large tonnages of food were sent to Italy. In the five months August-December 1943, a total of 83,000 tons of flour and wheat had arrived in Liberated Italy, but in the next 3 months a total of 250,000 tons arrived. There was a corresponding relative increase in the other foods, from August-December to January-March: Dehydrated soup increased from 2,000 in the first period to 16,000 tons in the second period; sugar from 6,000 to 15,000 tons; meats and vegetable stew from zero to 9,000 tons.

6. In computing the requirements for the food to be imported into Italy, the Allied Force Headquarters in the Mediterranean used as a basis that 1,000 calories per day of imported food would be supplied to 50% of the population south of Rome. AFHQ [illegible] operated on the assumption that [illegible]

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6. In computing the requirements for the food to be imported into Italy, the Allied Force Headquarters in the Mediterranean used as a basis that 1,000 calories per day of imported food would be supplied to 50% of the population south of Rome. AFHQ also operated on the assumption that food for the rest of the population plus an additional 500 calories for those to whom imported food was being supplied would come from local resources. The 1,000 calories were to come mainly from a 200 gram flour ration (707 calories) and the rest from dry vegetables, dehydrated soup, sugar, meat or cheese. Actually, it proved necessary to supply a minimum ration not to 50 percent but to over 80 percent of the total population in Southern Italy. It proved necessary to feed not only the large cities but the small towns and the villages.

7. During the winter and spring of 1944, 84% of the population of Liberated Italy received probably half or more of the food they ate from imports brought in by AFHQ. A basic ration scale was laid down in February 1944 of 200 grams of bread a day and of miscellaneous foods at the monthly scale of imported sugar, 250 grams; imported meat or meat and vegetable stew, 400 grams; imported dehydrated soup 250 grams; olive oil, 300 grams. Actually, due to the difficulties of supply and transport, it was not possible to maintain this ration scale at all times in all regions.

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8. The major part of the work of providing food to the civilian population during these months was one of hard administrative and organisational work. The task was always made more difficult by the lack of adequate personnel, adequate transport and the difficulties of operating in a war zone. The fact that the job was done and that supplies did move and reach the people against all difficulties must be considered a real achievement.

9. To gain an idea of the sort of problems which the supply officers had to meet, a report on the work of the supply officer in the four provinces of Puglia (southeastern Italy) is given as illustration.

After arrival in Italy from Civil Affairs Branch, M.E.F. in October 1943, the officer in question was posted within a few days as Supply officer to H.Q. Allied Military Mission, then at Brindisi. The Mission had then been established for about a month as a liaison with and to control the first Italian Government, operating at that time in the so-called "Free Italy", i.e. the 4 provinces of Bari, Brindisi, Taranto and Lecce.

Until his arrival there had been no officer to deal with this question. Upon arriving he found no staff, no records, and commenced work with a quarter share of an officer, and a quarter share in the one interpreter and one British clerk which the Liaison Officer, to which he was attached, possessed.

Puglia (or Apulia) up till then had been completely ignored on the supply side; no imports had been received, no provision had been made for any imports to arrive -- indeed, the view seemed to have been taken that as this was Italian Government territory it would supply itself and organise its own supplies.

Upon reporting on October 15th 1943 the Supply Officer was told that he was in general to be responsible for all supply questions throughout Puglia. In particular he was told that he had to have requirements for imported supplies for Puglia for the next 90 days prepared by October 19th, and long term requirements for the first six months of 1944 prepared by October 30. These requirements were to include coal and petroleum products in addition to food supplies.

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Until his arrival there had been no officer to deal with this question. Upon arriving he found no staff, no records, and commenced work with a quarter share of an officer, and a quarter share in the one interpreter and one british clerk which the Liaison Officer, to which he was attached, possessed.

Puglia (or Apulia) up till then had been completely ignored on the supply side; no imports had been received, no provision had been made for any imports to arrive -- indeed, the view seemed to have been taken that as this was Italian Government territory it would supply itself and organize its own supplies.

Upon reporting on October 15th 1943 the Supply Officer was told that he was in general to be responsible for all supply questions throughout Puglia. In particular he was told that he had to have requirements for imported supplies for Puglia for the next 90 days prepared by October 19th, and long term requirements for the first six months of 1944 prepared by October 30. These requirements were to include coal and petroleum products in addition to food supplies.

Guidance as to supplies that would probably be available was obtained from H.Q. A.M.G. 15 Army Group. Close liaison was established from the first with them. In the absence at that time of a central controlling and coordinating supply organization, that function was assumed by A&G 15 Army Group, and demands were channelled through them and attempts made to get a working policy going with them.

As complete a survey as possible of local resources was made particularly with reference to grain. In particular, estimates were made of the maximum amount of grain that could be amassed and requisitions for imports were based on this. To prevent any further misunderstanding, these estimates were submitted to Gen. Aliberti, then head of the Commissariato, and cards were placed upon the table, metaphorically speaking, he was told quite plainly that the future feeding of Puglia upon the existing exiguous ration scale depended upon efforts by them as well as imports by us. (Incidentally, a very substantial part of the program of collection imposed upon them was carried out.)

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Unfortunately this also involved a moral obligation on our part to "deliver the goods". Requisitions were placed, shipping meetings were attended at which every ten days supplies were called forward, but no supplies came forward. First arrivals were demanded for November 23rd, and the Italians eagerly awaited them; first supplies arrived on January 4th, 1944. It has to be remembered that the only rationed commodities supplied then were 150 grams bread daily and 400 grams of olive oil monthly. A complete breakdown of this limited supply program was only averted by the import from Foggia of over 2,000 tons grain.

In addition to being responsible for the supplies in a region with a population of nearly 2,500,000, the supply officer had to act as Liaison Officer on supply questions of all kinds with the newly formed Italian Government and furnish answers to all supply information requested of the Allied Military Mission by Allied Force Headquarters in Algiers.

An immediate problem was the one of the Italian Armed Forces. They were practically all concentrated in Puglia as far as the Mainland was concerned, and approximately 200,00 had to be fed. They were then being fed from civilian sources. Estimates had to be prepared for the amount of food required to feed them and bids were made for such supplies to be called forward; at the same time the most urgent representations were made that provision should be made for their supply, as a considerable strain was being imposed upon the extremely scanty civilian supplies available. It was not until the end of December 1943, however, that arrangements were finally made for their supply through military sources.

Finally, about mid-November three officers arrived from Palermo to assist in the supply work, two from the Finance Sub-Commission and one from the Interior Sub-Commission, all on loan. None had had any previous experience of supply duties, either in the army or in civil life; all had to be instructed before they could be sent out to provinces; all three, it must be said, turned out exceptionally well and did valuable work. It was not until early February before a staff was available on the lines suggested as early as October, and sufficient enlisted personnel was never available. In its heyday, Bari had one Provincial Supply Officer and one Port and Warehouse Officer who, with [illegible] listed men and

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All this time efforts were being made on the Mainland to get coordinated action for supplies for the whole of the then occupied territory. Sponsored by AMG 15 Army Group, and strongly supported by ACC in Puglia, representations were made to the Military Government Section, AFHQ, that a central body was urgently needed to coordinate economic activities on the Mainland. Particular stress was laid on the central allocation of imported supplies, transportation and movement of inter-regional surpluses, and the framework of the organization required was drafted. As a result of conferences held late in November, at which ACC HQ was strongly represented for the first time, a Civil Supply Committee was formed to act as an Executive Body. Later this was replaced by the Central Economic Committee, appointed by AFHQ and given very full powers in the economic sphere. It has to be noted, however,

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that until the Food Sub-Commission came into being at the end of January 1944, there was no single organization in complete control of food supplies.

When the Food Sub-Commission was constituted, personnel was available only to give the Director a staff consisting of himself and two staff officers with no clerks and no equipment to organize the job of food control, shipment, distribution, and to advise the Italian Government on policy.

The receipt at ports and the warehousing and accounting for supplies was a problem for which adequate provision at first did not seem to have been made. The "Salawati" was the first ship to arrive in Puglia and it literally came out of the blue. About a week after taking over the position of Supply Officer for Puglia, the Supply Officer was informed one day by Movements, Brindisi, that the "Salawati", from the Middle East, had arrived with a cargo of about 6,000 tons of flour for AMGOT and "what was he going to do about it?" It had been mined a few miles from Brindisi and had put in there instead of going out to Bari, where some arrangements had been made by AMG 15 Army Group, for its reception. Upon contacting AMG 15 Army Group the Supply Officer was told that 4,000 tons at least were urgently required at Reggio Calabria which was in much worse state for bread than Puglia, and would he get it moved down there. Movements were approached and a 2,000 ton coaster plus several large schooners were made available; 400 tons were moved by rail and the whole 4,000 tons were on its way within a week or so. 900 tons of flour were warehoused in Brindisi by arrangement with the Consorzio Agrario; besides this there were 766 tons of flour in No. 1 Lower Hold completely under water; when the water was pumped out, it was decided most of the flour could be salvaged. It was off-loaded, taken to the Consorzio Warehouse, taken out of the bags, screened, ventilated and resacked. Over 500 tons was made available for later distribution. Labor had to be obtained from the Italian military, and one of the incidental jobs of the Supply Officer was to draw rations for a Midshift Meal from a DID and distribute them at 11 p.m. each evening to the night workers.

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Another boat came in at the same time, also from Mid-East, equally unheralded, with 100 tons evaporated milk and 100 tons cottonseed oil. No one knew what the latter was for, so it was warehoused until months later, when it proved useful in increasing the edible oil supply in Naples.

All this time the solitary Supply Officer was still making an economic survey of his four provinces, preparing long-term requisitions, acting as liaison with the Alimentazione Section of the Italian Government, making surveys of Italian Army resources, surveying the Coal and Petrol situation, etc., etc.

Supplies from overseas began to arrive regularly after 4 January 1944 but it was not until the end of January that regular information began to arrive in advance of expected arrivals.

The"Famous case of the Seed Potato Ship" is worth recounting. Again Movements, Brindisi, acted as the "Deus ex Machina" and produced the thunderbolt on the afternoon of Christmas Eve 1943, that a ship was docking that afternoon with 298 tons seed potatoes for AMG and "what was to be done about it?"

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The Supply Officer [illegible] visions of his day-off, planned for Christmas Day (the first day-off since arrival on the job over three months before, naturally and inevitably) vanishing, but Fate was kind, and unloading was postponed for several days. He still has grateful memories, however, of a gang of fifty British Pioneers "borrowed" for the occasion, shovelling the last lorry load of seed potatoes into the warehouse at 7:30 p.m. on New Year's Eve (ably assisted by the 56 year old Director of the Consorzio Agrario) and thus saving the night from complete disaster.

There was a great shortage of charcoal and firewood in Puglia, there were large stocks in Calabria, Potenza, Cosenza, the normal sources of supply, but it was impossible to get them moved. From early in November, efforts were made to get charcoal, first by direct contact with Supply Officers in exporting provinces, later by placing rail pits when the "bidding" system for rail transportation was introduced, but by the end of February, less than 1,000 tons had been received. On the reverse side, efforts were made over a period of two months to get a 2,000 ton surplus of dried figs moved to Naples - perhaps 500 tons were finally moved. 4,000 tons of grain were allotted to Puglia from Foggia surplus early in December, to make up for the amount consumed out of civilian stocks by the Italian army and in view of the non-arrival of expected supplies from overseas. An American 2nd Lieutenant, virtually shanghaied while passing through Brindisi, was sent out into the field, in Foggia, to organize the movement: despite his great organizing gifts and energy, backed by constant liaison at the receiving end, less than 2,000 tons had been moved by the time the first flour ship arrived on 4 January.

Schooners were the mirage of the Supply Officer. They seemed an obvious solution to part at least of the transportation problem and efforts were made from the first to get some use out of them. But the control of them seemed to change hands from day to day, and the Supply Officer has happy memories of a visit one day to Toronto to Rear Admiral Barone, then Under-Secretary of the Italian Merchant Marine who said in the most pleasant manner: "I will talk to you about wine, or women or song: I will talk to you about anything but schooners. Yesterday I had 84 schooners; the Army has taken 70 and today I have 14 - tomorrow who knows how many I shall have?" He did arrange a schooner movement which,

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The introduction of the bidding system for the small amount of rail space available added another burden to the Supply Officer's life. Bids had to be submitted by ACC/AMG officers which meant that all applications for rail transport had to be made to them. The haunting spectre of the Supply Officer's life then was the tap at the door - the famous "Permesso?" - and in would walk the tenth, or twentieth or thirtieth applicant of the day for wagons to move wine, or figs, or something else. And all the time the Supply Officer would be dealing with one or more of the following problems, all of which were part of the normal routine of the Provincial or Regional Supply Officer:

a) Preparing estimates for supplies needed.

b) Handling all imported supplies arriving by sea or rail in the Region or Province.

c) Accounting for all imported supplies.

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d) Control of prices.

e) Investigation of and reporting on current official and Black Market food prices, and quantities available.

f) Estimating availability and deficiencies of foodstuffs and agricultural products.

g) Control of distribution of foodstuffs, including check of population figures and ration card holders.

h) Liaison with Army Authorities regarding:

(1) Requisitioned buildings

(2) Authorized and unauthorized purchases by the Army

(3) Supplying for prices

(4) Obtaining releases of supplies, controlled by Army, for approved Italian Organizations.

i) Control of civilian applications for rail transport.

j) Preparation of rail bids.

k) Control of motor vehicles, preparation of petrol demands, allocation of P.O.L. rations, etc.

l) General economic, industrial and agriculture investigations.

B. Spring 1944.

1. At the end of the winter, and with the new wheat and other crops, the situation in Southern Italy has become considerably better. As the armies have moved northward, and the government organization has improved, food conditions in the rural areas have become relatively easy. The food problem in Southern Italy has now largely become one of the large cities. Conditions here too have improved with the beginning on 1 July 1944 of a 300 gram bread ration, or its equivalent, a 200 gram bread ration and an 80 gram pasta ration.

2. The improvement in food conditions in the rural areas of

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2. The improvement in food conditions in the rural areas of Southern Italy in the spring and summer of 1944 can be graphically illustrated by extracts taken by civil censorship from letters written around this time. The first is a letter written from the Province of Avellino inland from Naples and the second is from the Province of Taranto.

"The city has had a magnificent re-birth and the things that are sold are in such great quantities that the place looks like the old, pre-war Avellino. In the midst of so much abundance I think with sorrow about you and the little ones existing in Rome among privations; I mean that in Rome you do not as yet see cottage cheese, butter, cheese and similar dairy products, and milk, bread, potatoes and fruit in the very great quantities that we have here. Our rations are quite abundant .... The market is overflowing with vegetables and the prices are very reasonable."

"Here at Martina life is back to its normal rhythm. Nothing has been lacking to us for some time now. The Black Market is disappearing daily so that all that may be

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eaten comes from our ration cards. Our rations are satisfactory, and weekly per head we get 400 grams of meat with vegetables, 400 grams of sausage, 250 grams of sugar, 250 grams of vegetables, 400 grams of beans and dried peas, 100 grams of soap, and besides we get 200 grams of bread daily, and 550 grams of flour weekly while we are waiting for finished pasta products."

3. The major food problem with the development of the May 1944 offensive was the feeding of Rome from 4 June 1944 on.

IV. FEEDING ROME

A. General.

1. Feeding Rome is the most difficult food problem in Italy. This is due to the inland location of Rome and to the fact that Rome under peacetime conditions draws all sorts of foodstuffs from relatively distant areas, whereas other cities in Italy depend on distant outside sources for, at most, only a few foodstuffs. For Rome, bread grains come from Umbria. Beef cattle are secured from Marche, Umbria and Sardinia. Milk is shipped from Lombardy; cheese from Puglie, Campania and Abbruzzi; lambs from Marche and Sardinia; and poultry from Northern Italy and Marche. Although production of fruits and vegetables is considerable, artichokes and tomatoes are imported from Sardinia and Campania. Considerable amounts of citrus fruits come to Rome from Sicily.

Milk supply from the Agro Romano (between Rome and Civitavecchia) depended upon a small number of highly productive animals. While a considerable number of cows were saved from the Germans a large number were slaughtered.

In recent years the expansion of the urban center has over-run many of the small suburban holdings which in the past had supplied the city with eggs and vegetables. The distances between Rome and the localities producing perishable commodities have therefore increased and the supply problems have become more complicated.

2. The already difficult situation is further impaired by the dependency on a few railroads: Rome-Naples, Rome-Ancona and Rome-Civitavecchia. The Rome-Naples railroad when opened again by the Army was largely devoted to the carrying of military supplies

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B. The Food Situation in Rome before the Armistice.

1. From the beginning of the war to the armistice in September 1943 the food situation of the civil population in Rome slowly worsened. The initial bread ration of 200 grams a day was reduced to 150 grams in March 1942. Agricultural production, which had to meet the growing needs of the armed forces, was confronted with difficulties of securing labor, seed, fertilizers, fuel, transport, and not least, the difficulties deriving from the inefficient fascist controls which made even the simplest agricultural activity complex.

2. Around the middle of 1943, the city began to feel a reduced supply of agricultural products from the south. The transport system of the south, scarcely efficient in normal times,

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besides being under aerial bombing, was experiencing an unprecedented congestion of military traffic (supplies for the Sicilian campaign) and of the growing exodus of the population to Central Italy.

3. A further worsening occurred during the months of July and August 1943 following the first two bombings of the city. The damage suffered by the rail network forced freight cars to halt far from the unloading centers. The supplies had to be unloaded under disadvantageous conditions and transported by trucks, already insufficient in number, which were feeling the lack of fuel, of spare parts and of tires.

4. The rapid increase of the population through the arrival of refugees and evacuees from the south contributed to the food needs of the city. This additional demand, which could not be immediately satisfied by the supplies in the official market, resulted in a greater demand on the illegal market. The illegal market, already being resorted to by the people, whenever the scanty rations were not distributed on the alloted days, came under increased pressure and prices increased rapidly.

C. The Food Situation in Rome under German Occupation, September 1943-June 1944.

1. While there continued to be distribution of bread after the armistice due to reserve stocks in the city, there was an immediate stop for some time in the supplying of fruits and vegetables.

The Allied landings at Salerno and in Puglia (9-10 September), the progressive interruption of the supplies from the Italian territory situated to the south of the line Salerno-Gargano, the occupation of the remaining Italian territory by the Germans, the temporary suspension of the rail and automobile traffic with Central and Northern Italy where the food situation was more satisfactory, and the disorganization of the food control authority, all decreased substantially the amount of food available for Rome.

2. With the passing of several weeks the situation became a little less abnormal. The small producers in the immediate vicinity of the capital began to send to Rome, small quantities of ver-

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2. With the passing of several weeks the situation became a little less abnormal. The small producers in the immediate vicinity of the capital began to send to Rome, small quantities of merchandise and of vegetables. These found their way, naturally, to the illegal market which registered higher prices as the difficulties of transport and of risk mounted. The Black market was directly encouraged by the absence of any rationing control on the part of the authorities. This control was no longer exercised because of the many other tasks being performed by the police in holding down the population for the Germans and because of the dissolution of the Corps of the Carabinieri in Rome.

3. Supplies for the Black Market were encouraged by the fear which became a reality that the Germans were going to seize food and animals from the peasants.

4. By the middle of January 1944, the city was almost totally cut off from the Italian railway system. The provisioning of the city was thus dependent on the civil automobiles and trucks which the owners had succeeded in withholding from the periodic and often sporadic arbitrary requisitions by the authorities or by the German troops.

5. After the landing at Anzio (22 January 1944) the supply position was worsened by the disorderly influx of refugees from

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the Alban Hills and from the Pontine Marshes which were precipitately evacuated by order of the German authorities and then flooded. The latter evacuation also resulted in a loss of another source of supplies for the city.

6. The authorities exerted the agricultural producers of the provinces to transport to Rome all the merchandise possible. A premium in cigarettes was promised to those who would take their products to the general markets. It was announced that the control of imports of foodstuffs into Rome would be removed. Due to lack of coordination between the Germans and the Italian authorities, the people who acted on the announcement were stopped at the control points and their merchandise seized. It was then announced that the old system of control remained in effect. The provisioning of the city became dependent on the black market operations.

7. On 25 March 1944, the bread ration was reduced to 100 grams per day and the city had to live on this impossibly low diet until after liberation on 4 June.

8. In the following table can be seen the notable worsening of the ration position from May 1942 to May 1943 to May 1944 just prior to liberation.

Monthly Rations Distributed in Rome

Item	Unit	May 1942	May 1943	May 1944
Bread	Kilos	4.500	1.500	3.000
Pasta	"	1.500	1.400	(
Rice	"	.500	.600	(.500
Beans	"	.150	5	0
Potatoes	"	.600	1.000	0
Olive Oil	Liters	.300	.300	0
Butter	Kilos	.070	.050	.050
Lard	"	.030	.050	0
Ham & Salami	"	.125	0	0
Beef	"	.600	.680	0
Sheep & Goat Meat	"	.200	0	.100
Sweetbreads	"	.150	.050	0
Sugar	"	.500	.500	(1)
Eggs	Number	4.	0	2.
		3.000	3.000	(1)
			100	.100

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Beef	"	.600	.590	0
Sheep & Goat Meat	"	.200	0	.100
Sweetbreads	"	.150	.050	0
Sugar	"	.600	.500	(1)
Eggs	Number	4.	0	2.
Milk	Liters	3.000	3.000	(1)
Cheese (hard	Kilos	.150	.100	.100
Cheese (semi-hard	"	.100	.050	(
Cheese (fresh	"	.180	.200	(.050

(1) Distributed only to sick persons and children.

D. Feeding Rome after Liberation.

1. Immediately accompanying the first Allied troops entering Rome were the AMG trucks of food. Although the Nazis had removed all but a small portion of the city's supplies, the amount of flour brought in made it possible to maintain the 100 gram ration without a break. Then on 21 June 1944 the bread ration was increased to 150 grams and on 25 June to 200 grams, making necessary the shipment into Rome of 300 tons of flour a day. Beginning on 18 June 1944, other imported foodstuffs began to be available to the Rome public. By the end of June, a total of 7,000 tons of food had been brought into the city and had moved into consumption channels.

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2. Due to the absence of organized messes in the first few weeks, many troops on leave ate in the restaurants which cornered the black market supply of food. With the low official ration, the disappearance of the black market for the average Roman, made the food supply of the average Roman family very difficult. After a few weeks, approved restaurants supplied by the Army were opened and eased the demand in the black market.

3. During July the situation continued to improve. 8,000 tons of imported foods alone were supplied to the people. The normal consumer received the following amount of food on the ration in July:

	Grams
Bread	6,200
Dry Vegetables	167
Sugar	160
Meat in Cans	186
Fish	100
Rice	42
Oil	50
Eggs (number)	1
Cheese	12

The total number of calories provided by this ration came to around 660 per day.

4. During July the most notable improvement took place in the provision of fresh produce for the markets. From an average of less then 300 tons per day at the end of June, the figure was increased by 50 percent to around 450 tons per day at the end of July.

5. In August energetic measures were taken to establish the lines of supply from the provinces of the south. Transport continued to be the big bottleneck. An extra distribution of 550 grams of pasta was made in the last two weeks of the month.

6. According to a study of the Public Health Sub-Commission, from the beginning of the war, the Italian basic ration in Rome gave 1391 calories per day. From September 1942, it dropped to 1129 calories per day and for the nine months before the entry of Allied troops, it dropped to 305 calories per day.

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Oil	30
Eggs (number)	1
Cheese	12

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5. In August energetic measures were taken to establish the lines of supply from the provinces of the south. Transport continued to be the big bottleneck. An extra distribution of 550 grams of pasta was made in the last two weeks of the month.

6. According to a study of the Public Health Sub-Commission, from the beginning of the war, the Italian basic ration in Rome gave 1391 calories per day. From September 1942, it dropped to 1129 calories per day and for the nine months before the entry of Allied troops, it dropped to 305 calories per day.

The Research Section of the Banca d'Italia is now computing the amount of food actually available on the ration for the normal consumer in Rome. According to these figures, the food actually on the ration increased from 400 calories in June 1944, to 660 in July and to 800 in August. In the month of August, the tonnage of all food moving into Rome was brought to over 30,000 metric tons per month including 13,000 tons of imported food. For September, the goal was set of 50,000 metric tons which would provide 2½ pounds of food per day for each ration card holder, of which there were 1½ million in the city.

7. In order to reach this goal, it is necessary to transport fish from as far away as Pantelleria, potatoes and other vegetables from around Naples, wine from Puglia (Heel of Italy). The usual districts which provide food to Rome from the north and northeast still were not available during most of September. The destruction of theRome-Ancona Railroad has made largely inaccessible to Rome, the rich food-producing districts of the northeast coast and has cast a heavy burden on the other food production areas.

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8. In the latter part of September, all restrictions were removed on the movement of unrationed foodstuffs into Rome carried by other than motor vehicles. The amount of food which could be carried in motor vehicles for personal use was raised from a limit of 10 kilos to 15 kilos per trip. The restriction was maintained, however, in order to keep motor vehicles in the service of supplying the population of Rome with food and to prevent diversion of the inadequate transport available to purely private uses.

V. FOOD PROGRAM

A. Wheat.

1. In the year ending 31 July 44, a total of 734,000 metric tons of food was imported into Italy for civilian consumption. Wheat and flour comprised the bulk of the imports, these two together totalling 570,000 metric tons. This figure of wheat and flour imports to feed a third of the Italian population is larger than the average imported by Italy under normal conditions for the whole country prior to the war.

2. Normally, around half of the calories secured by Italians from their food is provided by grain products, and during the war prior to the Allied landings this proportion increased to about two-thirds. Bread is literally the staff of life in Italy. For this reason and because bread is a concentrated source of energy, emphasis was placed by ACC on providing as adequate a ration of bread as possible.

3. The 200 grms bread ration scale was established in the winter of 1944 and as soon as sufficient supplies were available and permission could be secured from Combined Chiefs of Staff, the ration was increased. On 1 July 1944, the ration was increased for Southern Italy and the Islands from 200 grams of bread daily to 200 grams of bread daily and 550 grams of pasta weekly. With this increase and the other items on the March ration scale, total calories of the ration scale came to around 1130 calories daily. Prior to Allied landings in July 1943 and before Italy had become a battlefield, the ration scale provided by the Italian Government for Southern Italy gave 1060 calories daily. (See Food Statistical Appendix.)

4. The increased bread ration scale, the details of which are given in the Food Appendix, on 1 July 1944 applied to Sicily, Sardinia and the Mainland south of the northern [illegible]

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4. The increased bread ration scale, the details of which are given in the Food Appendix, on 1 July 1944 applied to Sicily, Sardinia and the Mainland south of the northern boundaries of Naples and Campobasso Provinces, that is to say, Liberated Italy as of 1 May 1944. The increased ration applied to a territory with a total population of 15 million people. In the newly liberated territory to the north from the front lines of 1 May, the ration remained at 200 grams of bread. This applied to a total population of around 9 million people.

5. In addition to the basic ration, it must be remembered that there were supplementary or special rations provided for workers for the armed forces (direct workers for the armed forces, Scale "A"; indirect workers, Scale "B"), for hospitals, prisons, police, etc. (See Food Appendix.) Flour requirements for such rations were about 11½ percent of the flour requirements for normal consumer scale in a number of regions. In the newly liberated territory, the figure appears to run around 16 percent of the basic ration. As of 1 September 1944 there were 200,000 workers on the Scale A ration.

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6. The rations provided for the workers employed directly by the Armed Forces as well as workers on railroads gives a total of 350 grams of bread and 100 grams of pasta a day, in addition to an extra 50 grams of soup and 6 ounces of fresh vegetables daily. (See Food Appendix.)

7. For the area in Italy south of the Pisa-Rimini line (i.e. front lines as of 1 September) and having a little over half of the total Italian population, that is, 24 million people, the estimate by Agriculture Sub-Commission of the total amount of wheat which will be collected from the1944 harvest comes to 1,100,000 metric tons. The situation, therefore, for this area can be summarized as follows:

To provide the ration scale in effect in Southern Italy (200 grams of bread and 80 grams pasta daily) and the ration scale in effect in Central Italy (200 grams of bread daily) plus the necessary supplementary rations will take for the year 30 June 1944 to 1 July 1945 -	1,700,000 metric tons of wheat
Estimated amount of wheat which will be collected in this area -	1,100,000
Deficit to be met if present ration scales remain in effect -	600,000
If the ration were increased to 200 grams of bread and 80 grams of pasta daily in Central Italy, from 1 October, total wheat needs for year year, 30 June 1944 to 1 July 1945, for area south of Pisa-Rimini line would be -	1,850,000 metric tons of wheat
Estimated amount of wheat which will be collected -	1,100,000

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Estimated amount of wheat which will be collected in this area - 1,100,000

Deficit to be met if present ration scales remain in effect - 600,000

If the ration were increased to 200 grams of bread and 80 grams of pasta daily in Central Italy, from 1 October, total wheat needs for year year, 30 June 1944 to 1 July 1945, for area south of Pisa-Rimini line would be - 1,850,000 metric tons of wheat

Estimated amount of wheat which will be collected - 1,100,000

Deficit to be met at increased ration scale - 750,000

8. North of the Pisa-Rimini Line is almost half the whole population of Italy, with a probable total of 17 million ration card holders compared to 18 million in Southern Italy. As of 1 September this area was still in German hands. What the condition of the harvest is, or how much may be collected are unkown quantities. Based on the experience in Central Italy to date, some sort of estimate may be made of the situation. At best any figure for this area cannot be regarded as much more than an informed guess as the factors which may affect the problem are unpredictable.

For this area, the situation may be summed up in the following way:

a. Wheat requirements at a 150 gram bread ration 1 July to 30 September and a 200 gram bread ration from 1 October 1944 to 30 June 1945 - 1,200,000 metric tons

Estimated wheat collection available for consumption - 900,000

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b. Wheat requirements at 150 gram bread ration from 1 July to 30 September and 200 gram bread and 80 gram pasta ration from 1 October 1944 to 30 June 1945 - 1,700,000 metric tons

Estimated wheat collection available for consumption - 900,000

Deficit - 800,000

10. In order to be able to provide all Italy from 1 October with the 300 gram bread ration (or equivalent of 200 grams bread and 80 grams pasta) the amount of wheat to be imported comes to 1,550,000 metric tons for the year 1 July 1944 to 30 June 1945.

11. The Public Health Sub-Commission prepared on 2 September 1944 a tabulation of minimum food needs per individual in Italy based on a family of five persons composed of two adults and three children. Calculated on this information, the estimated daily caloric needs averaged 1787 calories. In addition, 512 calories would be needed for the man if he were doing average work and 851 calories if he were doing heavy work.

On 29 September 1943 the Public Health Sub-Commission had stated that the estimated minimal average diet including worker needs required 2,000 calories of which 66% should be from grain. On 31 August 1944 Public Health Sub-Commission recommended that a ration of at least not less than 2,400 calories per adult be introduced.

12. On the basis of the 1,787 calory diet, without considering for the moment the extra needs of the workers, 2/3 of the diet to be met from wheat, a 400 gram bread ration per day(or 355.6 grams of wheat) would give the 1,162 calories and therefore would meet the requirements laid down.

On this basis, wheat requirements for Italy for the year 1 July 1944 to 30 June 1945 can be calculated as follows:

a. All Italy (35 million ration card holders) on a 400 gram bread ration from 1 October 1944 would need - 3,400,000 metric tons of wheat

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On this basis, wheat requirements for Italy for the year 1 July 1944 to 30 June 1945 can be calculated as follows:

a. All Italy (35 million ration card holders) on a 400 gram bread ration from 1 October 1944 would need -	3,400,000 metric tons of wheat
b. Southern Italy south of northern boundaries of Naples and Campobasso and the Islands, on a 300 gram bread ration from 1 July, with some variation, would use to 1 October -	300,000
c. The remainder of Italy, estimating an average bread ration of 200 grams, from 1 July would use to 1 October -	400,000
d. Total wheat requirements for the year 1 July 1944 to 30 June 1945 come to -	4,100,000
e. Agriculture Sub-Commission estimates of amassing (1,100,000 tons south of Pisa-Rimini and 900,000 tons north of Pisa-Rimini) total -	2,000,000
4. Total imports on a 400 gram ration needed are, therefore -	2,100,000

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13. According to the Health Sub-Commission figures, caloric value of the average diet should come to 2,000 calories, rather than 1,787 calories, i.e. an increase of 10% in the general average.

Applying 10% increase to the wheat requirements gives an additional requirement of 400,000 tons.

It is probable that this amount of rice and corn can be collected in North Italy to be used as a substitute for wheat. No extra import requirements are, therefore, asked for on this account.

14. According to information provided by Allied Force Headquarters, the following were the Italian import wheat prospects:

July-August 1944, shipped	90,000	metric tons
September-October 1944, program	87,000	" "
November 1944-February 1945, Allocation requested	400,000	" "
March-June 1945, probable request for allocation	400,000	" "
Grand total	977,000	" "

15. AFHQ expectations as to what imports should be required are, therefore, around 600,000 tons below what it is estimated would be required to provide a 300 gram ration for all of Italy from 1 October 1944 and 1,100,000 tons below what it is estimated would be required to provide a 400 gram bread ration for all of Italy from 1 October 1944.

B. Other.

1. In the summer of 1944, the fresh vegetable and fruit production of Liberated Italy appear to have been large enough to take care of consumption needs. However, with the lack of transport facilities this did not mean that consumption needs necessarily would be met. Actually, in dealing with the food problem in Italy it is always necessary to remember that the sum is less

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B. Other.

1. In the summer of 1944, the fresh vegetable and fruit production of Liberated Italy appear to have been large enough to take care of consumption needs. However, with the lack of transport facilities this did not mean that consumption needs necessarily would be met. Actually, in dealing with the food problem in Italy, it is always necessary to remember that the sum is less than the total of the parts. In spite of the fruit and vegetable surpluses, it was still necessary to provide dried vegetables, meat or meat and vegetable stew, and dehydrated soup to large urban areas, particularly near the front lines.

2. Since early 1942 there has been little milk available in Italy except on the Black Market. With the slaughter of many of the milk-producing animals during the war, the absolute supply appears to have been drastically diminished. The system of milk rationing which we found on our arrival in Italy was the provision of milk to nursing mothers, artificially-fed infants, children 0-3 years, invalids on medical certificate. In view of the milk shortage, this policy was continued with the addition that ACC has attempted to provide adequate supplies of evaporated milk or dry milk to supplement local fresh milk where the local fresh milk supplies were inadequate. Due to small imports, the implementation of this policy has been difficult.

3. Strenuous efforts have been made by ACC with varying success to prevent the armies in Italy from decreasing the supplies of food to the local population. In October 1943 the Allied Forces Headquarters in the Mediterranean set up the Allied Forces Local Resources (Italian) Board. The purpose of the Board on which all

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the Allied Forces operating in Italy were represented was to co-ordinate all Army major requirements from local resources, and to allocate to the agencies of the Armed Forces the local resources available for each. The Allied Control Commission is represented on the Board and makes recommendations as to what are the local food surpluses available for purchase by the Armed Forces. It is to be noted that as regards superior authority, ACC and the Local Resources Board are on the same plane. Any conflicts between them are referred to General Alexander's Headquarters of the Allied Armies in Italy.

4. The Local Resources Board allocated approximately 25,000 tons of fresh fruit and vegetables per month to the Armies, which were reported as the surpluses available for allocation, in the summer of 1944. This is almost equal in tonnage to the total amount of food Rome received during the same two months. An important special drain on the food supply has been the necessity of providing live sheep and goats to the Indian troops fighting in Italy. By September the total provided to date was well over 100,000 head. As the flocks have been depleted by the Germans and by the peasants slaughtering their livestock to forestall German requisitions, it is safe to say that the combined action of the various armies resulted in a decrease of a number of hundreds of thousands of head of livestock in Italy.

5. At the same time, it is to be noted on the Allied side that the Italian armed forces including the Carabinieri, draw Allied military rations. The food provided for this half a million or so men is not included in the figures on food imported for Italy which have been mentioned. The supplying of this food eliminates an important part of the demand on the food supply in Italy.

6. For the future, the basic policy of ACC is to turn over the responsibility and the power to deal with the food situation to the Italian Government. ACC's policy is to back up any action taken by the government to increase the food supply to the Italian people and ACC is attempting to secure an increased allotment for wheat imports into Italy necessary to make possible an increase in the bread ration in the entire country.

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7. To a large extent improvement in the food situation in Italy depends on general economic improvement. As is evident, the availability of food depends in large measure on the availability of transport. Once the war finishes in Italy and the armies have largely gone, both food production and food distribution should improve. As Italian industry begins to make available consumer goods again, the peasants will be more willing to make food available to the cities. After a certain point, there is a decrease in the willingness of peasants to collect paper money in exchange for their crops when no commodities are available for purchase. This seems to be one of the factors influencing the Italian situation today. Finally, the food supply for the cities will increase as the Italian Government has sufficient time to rebuild the crop collecting and the food distribution organizations.

8. While the prospects of an improvement in the food situation after the lapse of some time appear to be fair, it must be emphasized that the coming winter may bring with it an alarming

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food crisis. In this winter, there will be the added problem of feeding the industrial north, with a large population concentrated in a small area and lacking the reserves which a more rural population has to fall back on. The total population to be fed this winter will be three times the size of that of last year. Only with greatly improved transport facilities, good fortune in the amount of food we find and can collect in North Italy, and large imports will it be possible to prevent a most difficult situation.

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CHAPTER V

PRICES

I Background

Price policy in Italy under Allied control has consisted mainly of attempts to salvage the remnants of a broken-down system of controls that had been developed by the Fascist Government before and during the war.

In its broad outlines, Fascist price control policy was similar to the policies followed during the war in other European countries. Its general pattern was similar to that developed in the United States, but much more far-reaching. The basic necessities of life were rationed. These included not only the principal foodstuffs but also manufactured goods, such as shoes and clothing. Non-rationed goods and services were mostly subject to price ceilings, except for luxuries of minor importance. Wages and salaries were supposedly frozen.

In order to prevent the basic necessity of life, namely bread, from increasing in price, the necessary increases in the price of wheat were largely covered by government subsidies.

The administration of these policies, however, was characteristically fascist. Price controls were administered, or supposedly administered, by a multitude of semi-official trade associations, with top-heavy and costly administrative staffs, characterized by intrigue and corruption.

Moreover, as a means of checking inflation, the system had already begun to break down. Stability of wages, which is an essential part of any effective system to check inflation, was a mere fiction. Government salaries were progressively increased through a series of supplementary payments, while the basic rate of pay was unchanged. Although the population mostly received the food rations to which it was entitled, a considerable quantity of foodstuffs subject to rationing appears to have been distributed through the black market. Prices paid to agricultural producers had to be substantially increased to meet their increased costs of production. Legal rates of pay for agricultural labor were mostly disregarded.

On the invasion of Sicily in July 1943, and subsequently on the mainland, the Allied authorities posted a general order which froze wages at the level prevailing before the first landing in Sicily.

On occupation by the Allied Armies, however, the breakdown of controls became almost complete. Maintenance of existing levels of wages and prices became a physical impossibility because the basic necessities of life were no longer available at controlled prices. In the larger centers, where people had previously received their bread on ration coupons at lire 2,40 per kilo, they now had to buy a substantial part of their requirements at

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AMG authorized an increase in wages and salaries in Sicily in November 1943, amounting to 70 percent for the first 1,000 lire per month and tapering off in the higher brackets. This, it has been estimated, was equivalent to a general increase of 60 percent in all wages and salaries. The same increases were later authorized on the mainland also. Wherever they could be controlled, wages and salaries were prevented by law from increasing beyond these limits. In many occupations, however, and particularly in agriculture, the increase in wages went far beyond the legal limit. Thus, a general increase in prices, even where they could be controlled, was inevitable.

II Situation at the beginning of March 1944

Control over prices and wages had almost completely broken down. Control of wages was mostly confined to government, public utilities and banks.

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Control of prices was largely confined to that part of the wheat and olive oil crop which was amassed, and to imported foodstuffs. Public utility rates, railroad rates and fares also remained under control, and the law freezing rents was still being observed wherever tenants continued to occupy the same premises that they had occupied before the Allied invasion.

Furthermore, such control as existed was largely local in character, and without central coordination. In the four provinces of Apulia that had remained under the King's administration, price regulations in effect were largely those existing under fascism, with minor modifications but without effective enforcement. In Sicily, price restrictions had been removed on all but a few key commodities. In Naples, enquiry revealed the existence of an extensive list of price ceilings which AMG had imposed in October 1943, upon entry into Naples, but which no attempt was being made to enforce.

III Establishment of the Price Group

The Price Group was created on March 8, 1944, to reconcile and combine the viewpoints of the various sub-commissions on price policy. The Chairman of the Group was to be the head of the Economic Section and his Secretary a member of his staff. The following Sub-Commissions were represented at practically all meetings:

Industry & Commerce
Agriculture
Food
Labor
Finance

In addition, Transportation, Public Works and Utilities, and Communications Sub-Commissions were represented on matters which concerned them directly.

The function of the Price Group is to consider recommendations with regard to price-fixing and price control, prepared by the Economic Section with directly concerned with the matter under consideration. Recommendations on prices to be paid to agricultural producers are made, as a general rule, by the Agriculture Sub-Commission, on prices of industrial products by the Industry and Commerce Sub-Commission, on transportation rates by the Transportation Sub-Commission, and so forth. Such recommendations, as nearly as is physically possible, be accompanied by sufficient data and economic analysis to justify the recommendation. Upon receipt of the recommendation and formed its own opinion, the Price Group advises the head of the Economic Section, who makes the final decision.

The Price Group has been concerned primarily with the prices of domestically produced goods and services. Imported goods have, for the most part, been sold on the basis of landed cost. The Price Group did, however, work out rules concerning the distribution and pricing of certain imported foodstuffs.

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In the deliberations of the Price Group, there have usually been two principal points of view. First, the Sub-Commission which [illegible] mendation, usually either Agriculture or Industry and Commerce, is concerned with setting a price that will encourage production [illegible] temptation to sell through illegal channels. [illegible] mean, not merely a price that will enable producers to [illegible] but often one that will be sufficiently attractive to producers to create a spirit of semi-voluntary cooperation with the authorities. The perpetual shortage or absence of reliable police, inspectors and other controls available for the enforcement of controls makes it difficult to disregard the demands of producing interests for really remunerative prices. At the same time there has been, and still is, an absence of persons qualified to scrutinize critically and in detail the inflated cost statements habitually presented by producers. It has been possible to detect only the most obvious overstatements and inconsistencies.

The opposing point of view was usually held by the Finance [illegible] Sub-Commissions. Finance was influenced by its policy of holding the line against inflation into resolving every doubt in favor of a lower price

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rather than a f[illegible]her one. Labor was concerned with the fact that while the Price Group was continually recommending increases in official prices, the Labor Sub-Commission itself was under rigid orders to hold the line against an increase of wages, and was doing so with considerable degree of success, at least in those occupations in which some control of wages is possible.

The final recommendations of the Price Group have, on the whole, represented the first of these two points of view rather more than the second. The reasons for this were:

(1) that there was usually some doubt, often considrable doubt, as to whether any price limit would actually be enforced, and

(2) that a feeling of conviction, however strong, that a cost statement was inflated, did not suffice to indicate precisely what the correct figures would be, and

(3) an almost complete lack of relevant information

The following table and notes cover the prices fixed by ACC Headquarters since 8 March 1944.

PRICES FIXED BY ACC HEADQUARTERS
SINCE 8 MARCH 1944

Commodity	Price	Unit	Date
1. Soap			15 March 1944
Washing Soap "Standard" with 43-47% acidity:			
From manufacturer to wholesaler	Lire 1,400	Quintal	
" wholesaler " retail dealer	" 1,490	"	
" retail dealer " consumer	" 1,650	"	
The monthly ration	" 1.65	100 Grams	
Toilet Soap with 43-47% acidity:			
From manufacturer to retailer	Lire 5,400	Quintal	
" retailer " consumer	" 6,500	"	
The monthly ration	" 6.50	100 Grams	
Neutral Soap for Babies - Neutral Disinfecting Soap			
From manufacturer to wholesaler	Lire 8,000	Quintal	
" wholesaler " retail dealer	" [illegible]		

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since 8 March 1944.

PRICES FIXED BY ACC HEADQUARTERS
SINCE 8 MARCH 1944

Commodity	Price	Unit	Date
			15 March 1944
1. Soap			
Washing Soap "Standard" with 43-47% acidity:			
From manufacturer to wholesaler	Lire 1,400	Quintal	
" wholesaler " retail dealer	" 1,490	"	
" retail dealer " consumer	" 1,650	"	
The monthly ration	" 1.65	100 Grams	
Toilet Soap with 43-47% acidity:			
From manufacturer to retailer	Lire 5,400	Quintal	
" retailer " consumer	" 6,500	"	
The monthly ration	" 6.50	100 Grams	
Neutral Soap for Babies - Neutral Disinfecting Soap			
From manufacturer to wholesaler	Lire 8,000	Quintal	
" wholesaler " retail dealer	" 9,000	"	
" retail dealer " consumer	" 11,000	"	
The monthly ration	" 11	100 Grams	
			17 March 1944
2. Tomatoes			
Raw Tomatoes for making Paste			
Canners to Farmers	Lire 85	Quintal on 1943 crop	
" " "	" 250	" " 1944 "	
			18 March 1944
3. Leather			
Prices to Manufacturers:			
Sole Leather	Lire 90	Kilo	
Upper, Calf or Heifer, mineral tanning	" 35.10	Sq. Ft.	
" " " " vegetable "	" 31.20	" "	
Inner Sole	" 57	Kilo	
Upper, Goat or Sheep	" 36	Sq. Ft.	
Leather Lining, Goat or Sheep	" 25.20	" "	

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4. Matches

28 March 1944

By British Army to manufacturer	Lire	00.56	Box

5. Portland Cement

Armed Forces to manufacturer	Lire	55	Quintal except, ex-bags

6. Utility Rates

15 April 1944

Utilities companies may, subject to approval of Public Works & Utilities Sub-Commission, determine, after the end of each billing period, a surcharge sufficient to cover operating costs (not including long-term interest, dividends, or depreciation) during the period. This surcharge to be added to customers bills.

Electricity Rates

15 May 1944

Temporary rates effective on 1 May 1944 and continuing to 1 September 1944:

a. The basic rates which were in effect in November 1943.
b. Plus a surcharge of not greater than eighty percent (80%).

Water Rates

22 May 1944

Temporary surcharge of not to exceed three hundred percent (300%).

Gas Rates

Temporary surcharge of not to exceed five hundred percent (500%). (Compagnia Napoletana d'Illuminazione e Scaldamento col Gas)

Temporary surcharge of not more than two hundred and twenty five percent (225%) to all charges (calculated at the fixed selling rate of 1.03 Lire for cubic meter) in respect to gas consumed within 1.1.44 to 31.8.1944 (Compagnie Meridionale del Gas).

7. Wheat

2 May 1944

Consorzio to Farmer

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Water Rates — 22 May 1944

Temporary surcharge of not to exceed three hundred percent (300%).

Gas Rates

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7. Wheat — 2 May 1944

Consorzio to Farmer

Hard Wheat	Lire 1,000	Quintal
Soft Wheat	" 900	"

8. Barley — 25 May 1944

Consorzio to Farmer

Barley with hulls (Orzo Vestito)	Lire 700	Quintal

9. Dehydrated Soap — 29 May 1944

Lire 30 Kilo (Paid by consumer)

10. Wool — 1 June 1944

Prices for 1944, hundred percent (100%) above those of 1943.

11. Barley — 9 June 1944

Consorzio to Farmer

Hull-less Barley (Orzo Mondo)	Lire 950	Quintal

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12. 10 June 1944

Consorzio to Farmer

Horse Beans (fave)	Lire	675	Quintal
Chick Peas (ceci)	"	1,000	"
Dry Beans (fagiuoli)	"	1,250	"
Chickling Vetch (cicerchia)	"	750	"
Lentils (lenticchia)	"	1,300	"
Peas (piselli)	"	1,050	"
Corn (granoturco)	"	650	"
Oats (avena)	"	650	"
Rye (segala)	"	900	"

13. Increase of Medical Supplies, including Medicines, Serums, Vaccines, etc. of hundred percent (100%) 27 June 1944

14. Oil (Calabrian Oil distributed in Naples) 27 June 1944

Retailer to Wholesaler:

Grade I (vergine sopraffino)	Lire	3,700	Quintal
Grade II (fino)	"	3,600	"
Grade III (oliva)	"	3,550	"

Consumer to Retailer

Grade I	Lire	37	Litre
Grade II	"	36	"
Grade III	"	35.50	"

15. Sicilian Sulphur 3 July 1944

To the "Ente Zolfi Siciliani F.O.B. Catania, Porto Empedocle, Licata and Termini Imerese"

Gialla Superiore	Lire	4,500	per metric ton
" Inferiore	"	4,470	" " "
Buona Sicilia	"	4,430	" " "
Corrente	"	4,400	" " "

16. Tomatoes 3 July 1944

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Grade I (vergine sopraffino)	Lire	3,700	Quintal
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Buona Sicilia	"	4,430	" " "
Corrente	"	4,400	" " "

16. Tomatoes 3 July 1944

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Canners to Farmers

Canned Peeled Tomatoes	Lire	300	Quintal

17. Binder Twine and Rope 15 July 1944

Consorzio to Farmers:

Binder Twine	Lire	71.60	Quintal
Rope, large (over 8cm. in diameter)			
1st quality	"	69.80	Kilo
2nd "	"	66.30	"
3rd, 4th, 5th quality	"	64.00	"
Rope, small (under 8cm. in diameter)			
2cm	"	87.10	"
3-4cm	"	81.20	"
5-8cm	"	75.55	"

18. Bread, consumer to retailer Lire 5 Kilo 17 July 1944
Pasta, " " " " 7 "

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19. 100% Increase in Postal and Telegraph Rates — 17 July 1944

20. Matches — 17 July 1944

Consumer to Retailer

Type	No. of Matches in Box	Lire per Box
Cerini	100	2
Svedesi	50	1
" U.S.	50	1
Solforati	100	1
Minerva	48	1
" Naples	40	1
" "	28	0.50
" U.S.	20	0.50

21. Bran — 2 August 1944

Consorzio to Mill

Price ex-mill — Lire 160 Quintal

Explanatory Notes

1. Soap prices - proposed by the Italian Minister of Industry & Commerce for soap to be distributed on ration cards for the area of Salerno, Bari, Sicily and Sardinia. The prices were not widely different from a set of prices, fixed in Region III. At the following meeting of the Price Group it was agreed to approve the prices proposed by the Minister (15 March 1944). The price fixed was provisional and had to be reexamined in the light of the landed cost of caustic soda which was due to arrive at a later date.

2. Price for Raw Tomatoes be utilized for Tomato Paste- Agriculture Sub-Commission recommended (11 March 1944):

   a. The price for the new crop be 250 Lire a quintal, based on the following factors:

      (1) Recommendation by Italian Ministry of Agriculture that 300 Lire be paid farmers at the farm.

      (2) Canners in Naples area recommended 250 Lire.

      (3) A number of large tomato growers recommended various prices up to 250 Lire per quintal.

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Price ex-mill Lire 160 Quintal

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      (2) Canners in Naples area recommended 250 Lire.

      (3) A number of large tomato growers recommended various prices up to 250 Lire per quintal.

      (4) Data on cost of production.

   b. The price for the 1943 crop, processed and in storage ready for sale, 85 Lire per quintal. The previous year canneries had paid 70 Lire and private operators were reported to have paid 100 Lire and more per quintal. After two meetings of the Price Group it was agreed that a price should be set and the figures proposed be accepted (17 March 1944) 250 Lire was felt to be the lowest price which would induce growers to plant the tomatoes required.

3. Leather Prices - The determination of prices for leather was urgently needed by the Armed Forces, in order that they might purchase this commodity from domestic producers. It was also necessary in order to put the industry on a going basis for further production.

As a basis for fixing prices the current cost of sole leather was estimated (by Prof. A. E. Simonsini) to be 526 percent of the September 1943 cost. After carefully examining it appeared that the charges for tanning could be reduced, as it was proposed to control tanning materials. On March 11, it was determined to fix a tentative scale of prices 200% above those of September 1943. These prices were to continue in effect until the

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formeries could be put into operation and actual costs be ~~ascertained~~.

4. Price of Matches - Industry and Commerce Sub-Commission proposed that the price of matches, to be purchased locally by the British Army, should be fixed at 64 "centesimi" per box. After consideration of the proposal, it was agreed that the price should not be higher than 56 "centesimi". (28 March 1944) that was the price which the manufacturer was then receiving on matches sold to the local population. Even this price was believed too high, but in view of the fact that the British Army was in a hurry to get a decision, this price was approved for a contract of 250,000 boxes.

5. Price of Cement to be fixed was recommended by Industry and Commerce Sub-Commission on 18 March 1944. Urgency was pointed out, as the Italian cement production had to be restored as rapidly as possible to supply the large military and civilian requirements. A price had to be fixed to give a basis for army contracts. As a basis for fixing prices, Industry and Commerce Sub-Commission presented the following information:

a. Survey of the Industry and a report on plants made in January 1944.
b. The gathered cost data for 3 plants; Taranto, Modugno and Salerno.
c. Cost study made by Region III for the Ilva plant.

Since the costs varied considerably from one plant to the other and only about half a dozen plants could be put into operation, it was agreed (meeting of Price Group on 20 March 1944) that the price should be based on the cost of the lowest cost plant, and that adjustments should be made for those plants which were proved to be incapable of operating at this price.

On April 4, 1944, a memorandum was prepared by the secretary of the Price Group recommending, on the basis of available incomplete information, a price of 55 lire per quintal, ex-coal, ex-bags.

On account of the urgency this price was recommended and approved without spending further time on analysis.

6. Utility Rates - Public Works and Utilities Sub-Commission proposed on 28 March 1944:

a. To postpone revision of the basic rates for electric power on the mainland and for water and gas in the city of Naples until adequate records of operating costs were available.

b. In the meantime, to add a surcharge to bills rendered at the end of each billing period, the surcharge being sufficient to cover operating expenses (not including interest on long-term indebtedness and depreciation). The main reason given for this interim arrangement was that if rates were determined then, they would have had to be based on estimates of future costs.

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At the meeting of the Price Group on 15 April a disadvantage in the surcharge proposal was pointed out: Consumers would not know in advance how much they would have to pay for their normal consumption.

Hence it was agreed that the rate of surcharge should be announced for each billing period at the earliest possible date. The proposal was approved.

7. Wheat - The principal arguments brought out in the long and frequent discussions that led up to the fixing of the prices for wheat have been outlined in the main text of this report. In order to provide background, a copy of a memorandum prepared by the Secretary of the Price Group is attached hereto as appendix C.

8. Barley with Hulls (Orzo vestito) - The Minister of Agriculture at Salerno informed (13 May 1944) ACC that he had examined the possible price to be set for barley in relation to wheat. The Minister believed that the price of barley with hulls upon delivery to the people's granaries had to be set at 80% of the price of soft wheat.

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The cultivation production and price in recent years of barley with hulls (Orzo vestito) in relation to that of soft wheat was examined. 80% was felt justified as a reasonable price relationship and a price of lire 720 per quintal recommended. Then the price of 760 lire per quintal was fixed by the Price Committee as being acceptable to ACC.

9. Dehydrated Soup - On suggestion of AMG, 8th Army, the price of dehydrated soup has been reduced from 50 lire to 30 lire per kilo on 29 May 1944.

10. Recommendation that prices of wool be increased 200% above the levels, prevailing the previous year, was made by the Italian Government and endorsed by the Agriculture Sub-Commission.

Members of the Price Group stated that it was impossible to determine what price should be set, since the material presented by the Agriculture Sub-Commission not only failed to justify their proposal but also failed to provide adequate basis for any judgment. The Group decided, however, to recommend an increase of 100% on the understanding that a decision must be made immediately.

11. Barley, hull-less (Orzo nondo) - On 24 May 1944, a price for hull-less barley of 1,500 lire per quintal was proposed by the Italian Minister of Agriculture. He based his proposal on:

a. The price relationship between hull-less and hulled barley in 1943.
b. The special methods of cultivation.
c. The nature of its industrial destination.

Since hull-less barley does not contain any additional food value and is used for semi-luxury purposes, Agriculture Sub-Commission believed the price proposed by the Minister to be excessive, and recommended lire 950 per quintal. The Price Group concurred in this recommendation. So the Minister was informed on 9 June that the price for hull-less barley had been fixed at 950 lire per quintal.

12. 1944 Prices for the principal pulses and grains other than wheat and barley recommended by the Italian Minister of Agriculture, based on 1938 price relationships with wheat and submitted on 26 May 1944. With the exception of corn, the prices, approved by ACC Price Committee (10 June 1944), were the same as recommended.

While the Price Group was not convinced that the 1938 price relationship basis on the Ministry's recommendation could be relied upon, additional data showing price relationships in earlier years seemed to indicate that the prices recommended were roughly in line with the price already fixed for wheat. These additional data are to be found in Appendix B.

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13. Increase of Medical Supplies, requested by Public Health and Welfare Division 25 April since they said the anomalous prices prevented the free sale and manufacture of essential medicinal substances. Proposed increases ranged from 50 to 200 percent over last prices published in 1935, based on actual costs and considering an increase of prices requested by the "Istituto Sieroterapico Nazionale" of 100 to 400 percent.

The Economic Section upon recommendation by the Price Group approved an increase of price of medical supplies, including medicines, serums, vaccines, etc., of 100%. The approval of these increases was made subject to the condition that medical supplies sold by manufacturers at these increased prices should be sold to consumers at controlled prices.

14. Prices of Olive Oil (Calabrian oil distributed in Naples), recommended by Food Sub-Commission on 31 May 1944, based on:

a. Former prices for olive oil, issued to the population of Naples province during the months of March, April and May 1944. The oil in question had come from stocks collocated by the "Consorzi Agrari" in Apulia Region.

b. Prices for oil in Calabria, fixed by the Prefect and the Civil Affairs Officer and published in February 1944. The Price Group gave pro-

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visional approval to the prices recommended in order to avoid delay in distribution. Food Sub-Commission was furthermore requested to reexamine the entire structure of costs of distributing oil as soon as possible and make a new recommendation to the Economic Section.

15. Price of Sicilian Sulphur recommended by Mining Division on 23 June 1944, based on estimates of cost of production (including cost of materials requisitioned for one year's production of sulphur in Sicily and expected to arrive soon). It was urgent to improve the stability of the Sicilian sulphur industry. Prices on crude sulphur delivered alongside ships at ports were fixed on 3 July.

16. Price for Raw Tomatoes to be utilized for Canned Peeled Tomatoes of 300 lire for 1944 crop recommended by Food Sub-Commission, endorsed and substantially approved by Agriculture Sub-Commission on 23 June 1944. In proposing the price:

a. Its relation with the price on raw tomatoes for tomato paste
b. The price paid in past years

were considered. Food Sub-Commission stated its reasons for recommending price in substance, as follows:

> Canners stated that in the past it had been customary to fix a price for the peeled variety 10 to 25 lire above the price paid for ordinary tomatoes. They believed a price of 300 lire for the peeled variety would be in line with the price of 250 lire for tomatoes for paste, the latter being the price fixed by ACC on 17 March 1944.

The price of 300 lire a quintal was approved on 5 July 1944.

17. Binder Twine and Rope Prices were urgently needed, in order that these commodities could be sold to the farmers in time for the harvest. In setting up the factors entering into the price the following data were presented by Agriculture Sub-Commission:

a. Hemp costs and plant production costs.
b. The F.O.B. factory costs at "Frattamaggiore".
c. The operation cost charges for recent years.

Time was not available to check the price of twine f.o.b. factory, which had been previously determined on the basis of the price of raw hemp and the manufacturing cost. The Group therefore limited its action to recommending approval of the cost of distributing hemp from factory to provincial consorzio warehouse. It was understood that costs of distribution beyond provincial warehouses would be added, in determining prices to be paid by farmers.

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18. Bread, flour and pasta - The principal policy discussions connected with the price of bread have been outlined in the main text of the report. Certain technical aspects will be dealt with here.

On 25 June 1944, a communication was sent to the Regions and the Italian Government informing them that the price at which wheat was to be sold by the "Consorzio" to "Sepral" (provincial food administration), and the price to be paid by bakers, was to be fixed, for each province, by the Prefect.

These prices were to be set at a level which would permit bread to be sold at not more than 5 lire per kilo. Since baking costs vary from one locality to another, it was hoped that this would make it possible to sell bread at less than 5 lire per kilo in some localities.

A maximum of 7 lire per kilo was set for pasta, and it was believed that a price of flour which would be low enough to make possible the sale of bread at 5 lire would permit pasta to be sold below the maximum of 7 lire.

Before the Allied invasion there had been a system by which wheat, flour

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bread, and paste prices had been maintained at a uniform level, and differences in transportation, milling and baking costs had been compensated through a central accounting office. By this method, surplus funds in some areas were used to compensate for deficits in others. It was believed to be neither practical nor desirable to reestablish this complicated and cumbersome system.

19. 100% Increase in Postal and Telegraph rates. Recommended increase by Telecommunication and Postal Sub-Commission approval recommended by Price Committee 17 July 1944.

20. Prices of Matches - Commerce Sub-Commission recommended certain prices for matches on July 11, 1944. The prices were based on former prices and black market prices were also considered. The Price Group recommended that prices of matches be fixed at 50% of the prices recommended by Commerce Sub-Commission. This recommendation was made on the ground that even with these prices the sale prices of matches to the public would be more than sufficient to cover cost. The recommendation of the Price Group was approved.

21. Price of Bran - Price of 160 lire a quintal recommended by Agriculture Sub-Commission on 22 July. The Price Group has recommended as follows (2 August 1944):

a. The price ex-mill should be 160 lire per quintal.
b. The "Consorzio" should be the sole purchaser from the mill.
c. Whenever bran is sold by the "Consorzio" to milk producers selling milk in accordance with an official milk control scheme, the bran should be sold at cost, including transportation and handling charges.
d. Whenever bran is sold to others, the "Consorzio" should charge the highest price at which the bran can be sold in order to reduce the burden of the bread subsidy on the public treasury.

The recommendations as set forth above were approved.

IV Price of Wheat

By far the most important decision on prices made during the time in which the Price Group has been in operation has been the setting of a price of 1,000 lire per quintal for hard wheat and 900 for soft wheat of the 1944 crop. Estimates of cost, based on varying assumptions, varied correspondingly. Arguments adduced in favor of a high price, as against a lower price, were as follows:

a. Current plans for wheat collection, which have since then been put

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a. Current plans for wheat collection, which have since then been put into operation, not only relied on Italian officials, but placed their reliance for an absolutely essential part of the task on local committees appointed in each commune. Obviously, if the prices were fixed at a level which public opinion in the rural areas would regard as unjust to producers, these local committees would not operate effectively.

b. The collection of wheat constituted by far the most important aspect of the food problem which was, and still is, more important than any other problem (including the inflation problem) with which ACC has to cope.

c. If the price were fixed at a level lower than at which the wheat could be collected, the result, far from helping to check inflation, would promote it. With the wheat selling in the black market instead of moving through controlled channels, people would have to pay about 10 times more for their bread, and wages and salaries would, sooner or later, have to be increased in consequence.

Those who argued for a low price maintained that price could not be used as an incentive to wheat collection, since this would mean raising it to black market levels which everyone agreed was out of the question. Therefore,

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coercion and not price was the only means by which the wheat would be collected. It was claimed by some of those who favored a very low price that the question of price had nothing to do with the success or lack of success of collections.

An important argument for fixing the price of wheat as low as possible was the effect of the price of wheat on wages. It was believed that the price of wheat would influence wages in two ways:

a. A high price of wheat would make necessary either (1) a high price of bread, which would raise the cost of living and call for an increase of controlled wages, or (2) a heavy subsidy to maintain the price of bread at a low level, which would have serious inflationary effects.

b. The wages of agricultural laborers were, and still are, as the Labor Sub-Commission pointed out, "uncontrolled and uncontrollable." The level of agricultural wages could, however, be influenced by controlling the prices of agricultural products. A high price of wheat, it was believed, would make wheat producers, competing against each other for labor, offer wages considerably higher than those being paid by the Armed Forces in the cities. Labor would be drained away from employment with the Armed Forces, who would then be compelled to offer higher wages.

On the basis of these considerations, the problem with which ACC was faced in determining a price for wheat may be stated briefly: to determine the lowest price at which wheat could be collected without seriously impairing the effectiveness of the collecting machinery.

The decision of the Chief Commissioner to fix the prices at 900 lire for soft wheat, and 1,000 for hard, was accepted with great reluctance by the Italian Government, which favored a higher price.

In Italy, however, official circles in Rome, particularly those concerned with financial problems, held the view that these prices were too high for Central and Northern Italy. The Minister of the Treasury, together with the Minister of Agriculture and the Minister of Industry, Commerce and Labor, requested that ACC approve a reduction of wheat prices in all areas liberated since the beginning of the offensive which started on 11 May 1944. It had become clear by that time that prices in these areas were lower than those in the South. Hence, ACC was sympathetic to a reduction of price in the Northern and Central areas.

Wheat collections, however, had already begun and the prices of 900 lire and 1,000 lire had already been posted in the newly liberated areas. It was found to be impracticable to lower these prices, at least in Central Italy.

In August it was decided that the price should remain unchanged also for [illegible] completed before entry of

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In August it was decided that the price should remain unchanged also for Northern Italy. The harvest would have been completed before entry of Allied troops; a price incentive would be required to make producers withhold their wheat from collection until liberation, but deliver it to the official purchasing agency after liberation. Under the lower prices in the North, the price of 900 for soft wheat will, it is believed, constitute such an inducement. Radio propaganda had already been directed to producers in the North, telling them to hold their wheat in order to get the 900 lire price when our armies enter the area.

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V Price of Bread

At the time when the wheat prices were determined by the Chief Commissioner, in early May, it was decided that the price of bread should not be raised above 5 lire per kilo, in order not to make a substantial increase in the cost of living.

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In July the Italian Minister of the Treasury, and other ministers, urged strongly that the price of bread should be raised to an "economic level", in other words, to a level which would eliminate the need for a subsidy. The Ministers proposed that government wages and salaries be increased sufficiently to cover the increased cost of bread on the average family budget. They claimed that this would involve a much smaller cost to the Treasury than the bread subsidy.

ACC, however, was not prepared at the time to let the bread price rise above 5 lire per kilo. Although on purely substantial grounds this need involve only a minor readjustment, it was felt that a major increase in the price of bread would enormously increase the political pressure which was then building up towards a major move to raise wages.

VI Regional Price Fixing

Price determination by ACC headquarters has been only a minor part of the total price-fixing activities of ACC/AMG. In many areas, at least, prices fixed by regional AMG authorities have covered a far larger part of the family budget than prices fixed by ACC headquarters. The general practice of the regions has been to fix prices on anything of which the price has not been fixed by ACC headquarters.

This situation has to some extent been unavoidable for two reasons:

a. Owing to the lack of transportation facilities, and the existence of artificial restrictions on the movement of goods between regions, and, in some regions, between provinces, prices of many commodities have necessarily been determined on the basis of the regional rather than the national position of supply and requirements.

b. The shortage of available personnel in ACC headquarters has limited price fixing by that headquarters to what was urgently required from week to week, with the result that there has been a lack of overall planning.

VII Recommendations

1. To widen the field of control: Price control is desirable mainly to accomplish two purposes:

   a. In the case of commodities in short supply, to prevent the entire supply from being sold to the highest bidder, and to enable persons with limited purchasing power to obtain a reasonable share

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VII Recommendations

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   a. In the case of commodities in short supply, to prevent the entire supply from being sold to the highest bidder, and to enable persons with limited purchasing power to obtain a reasonable share

   b. To make the basic necessities of life available to consumers at controlled prices, in order that the inflationary spiral of price and wage increases may be avoided.

In order to achieve these results, two things are absolutely essential:

a. Price control must be combined with control of supply and distribution, including rationing.

b. Controls must be expanded to cover the entire range of the basic necessities of life. In particular, food distributed on ration or point coupons must include enough to support life, bearing in mind the physiological needs of persons doing various types of work.

The extension of the area of control must proceed methodically. The limited means of enforcement of controls must be used with greater economy. They have been spread too thin. They are being wasted on futile attempts to control price by imposing price ceilings without control of supplies and distribution.

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The principal means of control are the following:

a. For agricultural products: (1) compulsory marketing of the principal crops through officially controlled channels, including "ammassing"; (2) control of animal slaughtering, funneling all animals through the communal slaughtering plants; (3) control of supply through allocation of fertilizers, bran for dairy cows, and other producer goods, in proportion to deliveries of the product to authorized marketing agencies.

b. For industrial products: the larger producers can be controlled through inspection of their books. Smaller units can be controlled through allocation of key raw materials, particularly imported materials and fuels.

c. For control of distribution to consumers: rationing, the point system, and development of consumers' cooperatives. A consumers' committee should be established in every centre to investigate and advise on the operation of such controls.

2. Price-level Policy - A flexible policy should be followed in determining the level at which controllable prices and wages should be set.

a. Government salaries and wages have been made to lag far behind the cost of living and behind the incomes of other groups of persons. In general, the government is greatly handicapped by its present salary scale in recruiting men of talent and integrity.

b. Controlling the prices of basic commodities while leaving unessential articles to sell in a free market tends to discourage production of the controlled essentials. It becomes more profitable to use the available supplies of labor, land, materials and other basic resources for the production of unessentials. In order to check this tendency, a strict control should be maintained over the allocation of fertilizers, industrial materials, coal, electric power, etc., in order to encourage the production of essential commodities.

3. In order to make possible the extension of the area of control, everything should be done to strengthen the hand of the Italian Government. Attractive wages and salaries should be paid to its employees both in the lower and the higher brackets.

A vigorous campaign should be instituted against corruption, starting among police and officials responsible for food controls.

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CHAPTER VI

PUBLIC WORKS AND UTILITIES

I. GENERAL

A. Organization

1. The Public Works and Utilities Sub-Commission was created on 17 Sept. 1943 at Tizi Ouzou. Various studies were made and time was spent on planning for future operations. However, it was very soon apparent that, unlike other Sub-Commissions, the Public Works & Utilities Sub-Commission could do very little advance planning because of the fact that its principal function is that of reconstructing and re-habilitating destroyed facilities. For this reason this Sub-Commission is placed at a considerable disadvantage. As soon as new territories are occupied, it must send officers into these advanced areas and learn from first hand inspection what the damage is, and what must and can be done in the way of first-aid repairs to re-habilitate such facilities as water, sewers, electricity, streets, bridges, ports, buildings, etc.

2. A ten days trip was consequently made through Sicilly in September, 1943 by automobile and Public Works problems were discussed with the men on the ground at that time. A few days gave convincing proof of the necessity of going to Sicilly or to Italy at the earliest possible moment to get on the ground, and to get first-hand information as to what the real requirements were. It was also apparent that the "planning" done at Tizi Ouzou was wholly worthless in so far as Public Works were concerned. As a consequence, upon his return to Algiers, the Director discussed this problem with General HOLMES and asked for authority to transfer the Sub-Commission to Sicilly at an early date. On the 12 Oct. 1943 an Advance Party of all Sub-Commissions was sent to Palermo.

3. Every month since November, 1943 full reports on the work of the Sub-Commission has been submitted. Efforts were consistently made to ensure that the monthly reports (now covering a period approaching a year) should be a statement of result s positively achieved; a consecutive record of difficulties encountered; what was done to overcome them; and indications as to what was intended in the near future.

4. The main objective of the Sub-Commission has been, and continues to be, the early restoration of public utilities and the progressive taking over of engineering and structural tasks from the 5th and 8th Armies

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4. The main objective of the Sub-Commission has been, and continues to be, the early restoration of public utilities and the progressive taking over of engineering and structural tasks from the 5th and 8th Armies as they advance Northwards, so as to relieve them of responsibility at the earliest possible moment and to enable large numbers of officers and men of the Corps of Engineers (American) and the Royal Engineers (British) to move forward. Correspondingly, close contact has always had to be maintained with the Chief Engineers of the Island Base Section (Sicily) and with the Peninsular Base Section (on the mainland, - Headquarters at Naples, and recently elsewhere). Similarly, on the British side, there has had to be the closest coordination, on specified priorities which have changed from time to time, with the Chief Engineers of Nos., 1,2, and 3 Districts (Military.).

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Everything else has been regarded as secondary to the taking over and prompt execution, through Italian agency, of innumerable engineering tasks, many of them being of considerable magnitude and some complexity.

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5. At the Headquarters of the respective Chief Engineers an Engineer Officer of the Sub-Commission was posted; his duties being that of liaison on one side, and control of the activities of the Genio Civile on the other. (The "Genio Civile" is the term generally used as covering the Italian Public Works Department, which is responsible directly to the Italian Minister of Public Works).

6. Within the last few months there have been three different Ministers of Public Works in the Italian Government, one of them being in office for less than two months, whilst the present one(Sig. Mancini) has now been in office about the same period. These political changes, occurring during a period of almost complete chaos in the internal organization of the Genio Civile, have acted as a severe handicap to continuity of policy and execution. The same points of policy and the same problems, in increasingly accentuated form, have had to be explained to successive Ministers, and their understanding and assistance invoked.

7. Another difficulty, found at the beginning, was the number of separate and semi-autonomous organizations found in Italy engaged on tasks which may be broadly described as "Public Works" but working along separate lines. The principal of these was probably the A.A.S.S. ("Azienda Autonoma Strade Statali") which concerned itself with highways and bridges. Another was an organization dealing with land-reclamation for agricultural purposes and also carrying out remedial works of an anti-malarial nature ("Bonifiche"). There were others on a parallel plane, not to mention Municipal engineering staffs, Communal, and so on. It was almost impossible to deal with these as separate entities, and therefore over a period of months orders and instructions were increasingly channelled through the Minister and through his Director-General (corresponding to Chief Engineer). Some confusion continued until comparatively recently, when the Minister published a Decree legally and finally abolishing the A.A.S.S. In Sicily, some time ago, the Minister (at our request) brought under direct control the technical staffs serving several separate Departments - e.g. railway, housing, public health, etc.

The different units and agencies have had to be brought under one control as a part of the Sub-Commission's activities, but their existence (peculiar to the Fascist organisation of the country) did militate against rapid action from time to time. There were misunderstandings both administrative, technical, and financial, and it has taken a long period to get these "straightened out". Particularly the latter as to provision of funds, prompt payment of contractors' bills, methods of accounting, and other details on which a "lead" had always to be given by us.

8. In the early operations of the Sub-Commission it laboured against two handicaps

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8. In the early operations of the Sub-Commission it laboured against two handicaps.

a. By not being permitted to get on the scene of action early enough to help the Regional Engineers in their struggle with countless difficulties, and thus holding back our various experts, whose assistance was needed in the Regions, and

b. The Regional Staffs functioned, as independent little watertight units, where officers from H.Q. were frowned upon and considered as interlopers when they appeared in any Region. H.Q. had to beg for information and cooperation, and when it was given, it was only casual and with reluctance.

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This lasted until, at a Staff Conference with all Regional Commissioners, held on 14 April 1944, at Naples, General Mac Farlane made the position of the Sub-Commissions very clear to Regional Commissioners, and requested their full cooperation. It was not until that date that H.A. were able to begin to function properly, and to direct the work in the Regions with some authority.

That was one of the principal reasons why, when the Armed Forces asked the Sub-Commission to take over the Military Highway program (In Jan. and Feb. 1944) it was organized as a H.Q. function, since in that work the Sub-Commission had to have absolute authority and be able to cut across Regional Boundaries where needed in the effort to serve the Armies.

B. Military Works.

1. The day-to-day work of the Sub-Commission has probably been more bound-up with the advance of the Armies, and with the wishes of the Army Commanders as expressed through their Chief Engineers, than any other Sub-Commission in the Economic Section. Its activities have always been guided, and subordinated to that main purpose. It is claimed, moreover, that in this it has been successful.

2. Leaving out for the moment the deplorably damaged state of the highways and bridges in Sicily, and public utilities serving its principal cities, when the Sub-Commission arrived at Naples in December 1943 a most pressing problem presented itself. It was asked by Advanced A.F.H.Q. to to take over responsibility for over 2,000 Kms. of military highways in the whole area from Reggio and Brindisi, up to Naples and Foggia, together with the reconstruction of many hundreds of destroyed bridges. This program was immediately followed by heavy additional milenages north of Naples, extending right up almost to the Combat Zone, and also further milenages north and east of Foggia. The latter tasks were specifically entrusted by the Chief Engineers of the 5th Army and Peninsular Base Section, and the former by by the Director of Works, A.A.I. They necessitated the immediate setting up of a special organisation by the Genio Civile, and the selection (from a T/O far below strength) of a number of the Sub-Commission's Engineer officers to work with, and control them.

3. Each of the Regions had at that time a nucleus Engineering Staff that concerned itself not only with Public Works matters (including Utilities), but also with "Communications" which embraced such things as transport, telephones, and telegraphs. The staff was largely engaged in these latter tasks, and they had neither the time nor the specially experienced personnel to take over a highways and bridges program of such size and urgency. For a period of about 6 months, therefore, this special

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4. By the month of May progress in meeting these tasks, and our control over Regional engineering staffs was such, that it became possible to consider the unification and integration of all engineering activities

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under the respective Regional Engineers. The actual change took place on the 15 June 44 and since then it has worked increasingly satisfactorily. Regional Engineers continue to have responsibility for certain transport and communication questions on the staff of the respective Regional Commissioners, but their main function is now the control of the Engineer Officer personnel under them in all matters pertaining to highways, bridges, buildings, land-reclamation, repairs of war damage, electric power production and the working of a complicated rationing system, together with the operation of major public utilities such as water-works, gas, sewers, etc. In a technical and professional sense they are responsible to the Sub-Commission. On the spot they are available as advisors, to the Regional and Provincial Commissioners.

5. When it is considered that the Sub-Commission did not even have a spade or a wheelbarrow at its disposal, and had to beg, borrow or steel equipment for these tasks, it is a wonder that as much progress was made. Proof that the work which the Sub-Commission has done in direct relief of the Armed Forces, has been carried out to their satisfaction, may be found in the fact that the Armed forces are still turning over to the Sub-Commission works, in increasing numbers.

C. War Damages.

1. Whilst the Islands (Sicily and Sardinia) and considerable portions of Southern Italy have decreased in importance in a Military sense, with a corresponding reduction in our Engineering personnel, responsible for them, there has been a continually increasing responsibility as the Armies have advancednorthwards. On balance, the work of the Sub-Commission is at present (Sept. 1944) heavier than it has been at any time in the last 11 months. This is brought about not only by the ever-extending geographical areas to be covered, but also by the heavily increased degree of war damage that the retreating enemy has inflicted on the country. In the electrical field alone, for example, Central Italy shows complete destruction of generating capacity (hydro-electrical and thermal stations) of the order of well over 90%. In Sicily only the thermal stations were destroyed, and in Sardinia not even these. In South Italy, generally speaking, the principal hydro-stations were left intact, although there were grave other electrical damages, sufficient to make it necessary last February to impose over the whole of the country south of Naples a newer electrical rationing system. The working out of this, and more particularly its actual enforcement, involved an immense amount of work on the electrical Division of the Sub-Commission. The Central Italy position is, by comparison, plainly disastrous. A far stricter rationing system has to be involved, and every kind of temporary expedient to cover [illegible]

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C. War Damages.

1. Whilst the Islands (Sicily and Sardinia) and considerable portions of Southern Italy have decreased in importance in a Military sense, with a corresponding reduction in our Engineering personnel, responsible for them, there has been a continually increasing responsibility as the Armies have advanced northwards. On balance, the work of the Sub-Commission is at present (Sept. 1944) heavier than it has been at any time in the last 11 months. This is brought about not only by the ever-extending geographical areas to be covered, but also by the heavily increased degree of war damage that the retreating enemy has inflicted on the country. In the electrical field alone, for example, Central Italy shows complete destruction of generating capacity (hydro-electrical and thermal stations) of the order of well over 90%. In Sicily only the thermal stations were destroyed, and in Sardinia not even these. In South Italy, generally speaking, the principal hydro-stations were left intact, although there were grave other electrical damages, sufficient to make it necessary last February to impose over the whole of the country south of Naples a severe electrical rationing system. The working out of this, and more particularly its actual enforcement, involved an immense amount of work on the electrical division of the Sub-Commission. The Central Italy position is, by comparison, plainly disastrous. A far stricter rationing system has to be involved, and every kind of temporary expedient to cover first-aid repairs is being adopted. Even with this we cannot hope, within the next 3 or 6 months, to bring back into operation more than about 5% of the destroyed productive capacity. The Central Electricity Board was dissolved in July at short notice. All its functions became merged in those of this Sub-Commission, probably quadrupling its responsibilities.

2. Again, in the field of highways and bridges, systematic destruction by the enemy in the whole area from Cassino to Florence is found to be more serious than ever. The Armies cannot leave behind them for an indefinite period portable steel bridges (generally of the "Bailey-type"), and dates are continually being fixed, quite rightly, by which on even an important highway (Military lines of Communication) such a bridge has to be taken forward and substitute provided, either of a temporary or semi-permanent nature. Some of these bridges were found to have been left behind even as far away as Sicily, quite recently.

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From there, and in the South of Italy practically all have now been transported to the North, with substitutes, designed by the Sub-Commission in conjunction with the Genio Civile, of one kind or another, being undertaken.

D. Miscellaneous

1. Administration. Over a period of months, with activities constantly expanding, the volume of correspondence has greatly increased, viz. to and from Sections and Units within A.C.C. itself, with Regional Engineers in the field, Regional and Provincial Commissioners and others; also with Directors of Works, Chief Engineers, and other Army Units, and with numerous Italian organizations from the Ministry of Public Works downwards. To this is to be added technical reports of all kinds, and control of a drafting-room staff (plans and projects).

2. Office Staffs. A nucleus staff was got together in North Africa at Tizi-Ouzou in September-October 1943, and again a new one between October and December at Palermo. This was supplemented by Italian civilian staff, and in December/January, when the Sub-Commission moved to Naples, an entirely fresh office staff had again to be engaged and trained. Also in July '44, when a further transfer was made from Naples to Rome. The language difficulty, already acute, was made much worse by these inevitable transfers and changes. No sooner did the Italian staff reach a certain minimum standard of efficiency than it had to be left behind and a new staff engaged. English speaking short-hand typists were conspicuous by their absence.

American and British EM/OR were very small in number, they had no specialised office experience, and they were also continually changed. As to the control staff, of officer status, in common with other Economic Sub-Commissions, the Sub-Commission has never had an adequate number of personnel.

3. Reduction of Output. Compared with conditions in America or England, in this matter of administrative control, the factors taken together have probably resulted in both the quantity and the quality of output, being about 50% below what one would expect it to be, with a normal office staff. The time of senior officers has been too much occupied in tasks that should have been carried out by suitably trained subordinates. The Sub-Commission should have had, months ago, anything up to half a dozen such men or women (Service or civilian), but it has never had even one. Time that should have been devoted to strictly professional and technical work, viz. re-organising and re-vitalising the Genio Civile to meet

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II ORGANISATIONAL PROBLEMS.

A. Italian Public Works Dept. (Genio Civile).

1. Referring to external matters, i.e. the carrying-out of a large public works program, the difficulties encountered in the various Regions through lack of transport for materials, and lack of structural materials themselves, will be noted later in this report.

2. Generally speaking, immediately after the armistice in September 1943, the Italian Public Works Department found itself almost completely without transport, plant, and equipment. The same applied to its principal firms of contractors. Almost everything had been either taken north by the Germans or destroyed by them. In some cases, no doubt,

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transport and equipment may have been hidden away; first of all to protect it from the Germans, and in the second place to try and avoid requisitioning by the Allied Armies. But the amount so dealt with was small, in comparison with what had been destroyed or taken north. The Genio Civile was also extremely short of engineering personnel in the supervisory grades, many being in the north of Italy voluntarily or otherwise, others in (Ltd ian) Army service, and others still prisoners of war in Africa, India, or elsewhere. (Attempts have been made repeatedly by the Sub-Commission to get back between 20 or 30 such prisoners of war, but so far without success.).

3. The end of 1943 saw the Ltd ian Public Works Department in a state of complete chaos as to organisation, notably lacking in experienced personnel, and with literally neither plant, equipment nor supplies of materials.

4. By way of assistance this Sub-Commission could and did help in the matter of personnel, i.e. our Engineer officers regularly assumed technical responsibilities that should have been wholly shouldered by the Genio Civile. This still continues, and must probably go on for some time. It could give nothing else, by way of actual assistance. (No vehicles, no plant, no tools; not even a wheelbarrow).

5. The program of reconstruction in South and central Italy thus facing the Genio Civile, even on a minimum scale amounting to little more than first-aid repairs, was an enormous one. It still remains so. Their resources were next to nil, and in the absence of re-starting factories or getting in large quantities of imports, these resources are still almost negligible. Factories producing even simple things like cement, bricks and tiles cannot be restarted because of lack of suitable fuel for burning them. There is a desperate shortage of these primary materials, and their allocation even in minimum quantities is a source of continual consideration, and re-consideration. The Armies are operating some of these plants and are taking all they can get. Their needs must always come first. Steel is virtually unobtainable, and timber only in most limited quantities. Factories that might produce engineering and structural materials even of a simple type (excluding machinery altogether) cannot be re-started because of the destruction of electrical generating plants. There is no electricity, and on this they are wholly dependent.

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B. Transport.

1. The only transport equipment available for assignment to the Sub-Commission was 6 jeeps to be used exclusively in military highway reconstruction and these were taken away before the move to Rome. Throughout the months when Headquarters were at Naples, the getting of even a few cars of jeeps (to carry out essential tours of inspection) was an endless pre-occupation. It was only after arriving in Rome that even this ceased to be a major handicap.

2. Such vehicles for Allied officers, and for supervisory officials of the Italic Civils are however only a minor fraction in comparison with the transport required for materials for the reconstruction of hundreds of miles of highways, an equal number of bridges, buildings, and other war damage repairs needed over distances of hundreds of miles.

3. These tasks having been handed over by the Armies, and on Military priorities, it required months of almost superhuman effort to get (from the Armies) trucks and lorries in even inadequate numbers. When they were obtained, finally, they were in poor condition and often

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only 50% of them could be put "on the roads" at any given time. Provision of drivers, spare parts, petrol and lubricants, responsibility for garaging and control, and other matters presented great difficulties. They were solved to some extent (but even now incompletely) in conjunction with the Army on one hand, and the Genio Civile on the other. Supplies of stone, machinery for quarries operations, steam-rollers for roads, cement and bitumen and many other things were arranged in part through the Armies, and in part through the Genio Civile and their contractors. But this only applied to specific repair and reconstruction operations of direct military importance and on military priorities. It was a case of continually buying, begging or borrowing; in fact, anything and everything short of stealing. When such equipment was found many parts were missing, and our Engineers had to spend a disproportionate amount of time in trying to help the contractors in finding parts, and then find shops who could repair such parts and put them together. This was particularly true for such items as steam-rollers, crushers, and trucks.

However, contractors woes were our woes, and whilst they existed no results could be produced.

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C. Requisitions.

1. In March 1944 a very large consignment, approximating 4000 tons in weight of heavy engineering plant, equipment, and transport, was requisitioned for from the United States. Washington cancelled the order, but the Director of Works A.A.I. sent a cable urging reconsideration as this was needed to permit the Armed Forces to use their own equipment in forward areas. There is no information as to when it may arrive, either in whole or in part.

D. Utility Companies.

1. Apart from the Genio Civile itself, all the Public Utility Companies in South and Central Italy, providing engineering services such as gas, water and electricity, are at present in a semi-paralysed condition because of lack of transport. Even where they have a few vehicles left these have no tyres, or their tyres are in an almost worn-out condition. The daily life of the people depends on these things, and the Armies also require (at least) water and electricity. Repair works even on a minimum scale are continually being delayed. Utility Companies have given warning that they can not be held responsible for breakdowns in service if they are unable to go to the scene of trouble and make repairs. Materials and spare parts for these Utility Companies are also most difficult to get. Their reserves are exhausted, such as they had, and the method of supply

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2. The Companies are faced with enormous bills for war damage repairs, and their financial position is precarious.

3. Current revenues are in many cases very low due to (a) destruction of parts of their plant, (b) stoppage of industries, (c) damage to consumers' houses, (d) departure of population and (e) the rise in prices. The Italian Government has been asked to arrange a special system of financing, so that at least first-aid repairs can go ahead rapidly.

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4. The Sub-Commission has dealt in detail with many applications from the Companies to be allowed to increase their charges - varying from 100 to 500% above pre-war scales. Some have been allowed, some reduced, and some disallowed.

E. Regional Engineers (Other Duties).

1. Reference has been made to the nucleus Engineering staff found in the Regions and the fact that they were responsible for other things beside Public Works. In Region I (Sicily), for example, the officer responsible dealt (in addition) with road and rail transportation, mining, telecommunications, and Marine works such as lighthouses. Convenient as it may have been for Senior Civil Affairs officers, and more recently Regional Commissioners, to have all these various subject under one control, experience has proved that no single individual can have either the experience, the qualifications, or indeed the necessary time to deal adequately with them. This has been a real difficulty, and apart from the objections to it mentioned, there is the addional one that the officer in charge has had to be responsible to different Sub-Commissions of the A.C.C., instead of to one Sub-Commission.

III. ELECTRICITY SUPPLIES

A. General

1. Italy hasdeveloped its Hydro-electric power largely for the reason that fuels for the production of electricity were not available within its territory. As a result the whole economy of the country both industrial and domestic has been geared to its Hydro-electric power resources.

2. This fact has been recognized by the enemy and he has carried on a definite program of demolition and mining directed at the electric power resources of the country for the purpose of hampering the Allied war effort. The effect has been that factories, railroads and food processing plants have been unable to function, with resulting unemployment requiring the importation of food and finished products, in order to carry on military operations and keep the civilian population alive.

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III. ELECTRICITY UTILITIES

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3. The Utilities Division of the Public Works Sub-Commission of A.C.C. has been charged with the overall program of conserving and restoring this vital natural resource, keeping in mind at all times the military necessity of the situation. Therefore close relations are maintained with the engineering units who perform first aid work in the first and second phase operations.

B. Sicily.

1. In 1942 the island of Sicily had an electric generating plant capacity of:

Hydro	39,250 KW
Steam	38,400 KW
Diesel	2,800 KW
Total	80,450 KW

2. The power companies were actually short of generating capacity and had more potential market for electric power than they could supply. In late years they had confined their electric development to

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Hydro-electric projects. The original plants were Thermal stations, the principal ones being located in Palermo, Catania and Porto Empedocle.

3. The island had an adequate transmission line system which interconnected the plants. These lines, however, were considerably damaged by combat operations in some areas which required many months to repair andget back into operation. The principal difficulties were repair materials, conductors and transport.

4. The 70,000 volt trunk line connecting the east and west side of the island was not repaired until May of 1944, nearly a year after the enemy was driven from the island. In order to obtain sufficient conductors to make this repair it was necessary to recover and salvage most of the over-head trolley wire from the street car system of the city of Messina.

5. The steam power plants were in a bad state of repair from lack of maintenance and damage sustained from shell fire and bombing operations. Repairs of an emergency nature were effected in order to provide power for port facilities military and essential civilian services. Repair work extended over a period of 9 or 10 months.

6. The speed with which the enemy was driven from the island prevented any major sabotage operations to the Hydro-plants. Much deferred maintenance was evident and lack of materials delayed repairs. In addition the period previous to the invasion was an unusually dry season resulting in lower, than normal water stages in the Hydro-electric plant reservoirs.

7. As a consequence electricity on the island had to be quite severely rationed and service was only allowed to military and essential civilian operations. The principal civilian operations were hospitals, flour mills, olive oil presses, bakeries, wineries and other food processing plants. Water supply systems were classed in the category of military requirements, other military requirements were hospitals, docks and shipyards, cement plants, foundries, machine shops , sulphur mines.

C. Sardinia.

1. The Electric Utilities on the Island of Sardinia have escaped the damage that was experienced on the mainland of Italy. The plants are, however, showing the effects of lack of maintenance brought about by material shortages. Quantities of needed supplies and repair

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C. Sardinia.

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As a result the situation on the island can be considered as good. There is, however, a shortage of tires and tubes which tend to handicap the operating functions of the companies.

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2. The "effective" generating capacity on the island is as follows;

Hydro	42,300 KW
Thermal	53,600 KW
Total	95,900 KW

D. Southern Italy.

1. In the Sila mountains in Calabria there is a group of Hydro-electric generating plants known as the "Sila Group".

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The total capacity at the "Sila Group" is 170,000 KW and this was only slightly damaged. Repairs were effected to most of the equipment shortly after the enemy was driven from the territory.

2. The enemy's failure to demolish the "Sila" plants has contributed in a large measure to the success of the Allied military operations during the Italian campaign. The saving of this very large plant from destruction has been attributed to bands of patriots, composed of employees of the company owning the plants, preventing the Germans gaining access, and to the speed with which the Allied forces conquered Southern Italy. The latter probably prevented the enemy from placing mines, which require some time to prepare, in order to do an effective job. The plants are difficult to get to and situated in a mountainous, rugged section of the country.

3. As the enemy retreated northward, however, he had more opportunity to plan and carry out demolition work at power plant installations. The attached separate report on "South Italy" dated 26 Aug 44, sets forth the present situation. (Appendix B).

The transmission line system of "South Italy" was damaged by shell fire and bombing. The main 150 KV system was, however, put back into operation within a few months. This line runs from the "Sila" plants north along the west side of Italy to Naples and along the east side of Italy to Taranto, Bari and north to Foggia. This grid provided the necessary arteries for distributing the available power and for the purpose of collecting power from generating stations that were left undamaged or were repaired.

5. Total requirements for 1942 were 1,300,000,000 KW with a system peak demand of 295,000 KW of this amount Industrial customers used the following quantities.

	KW Demand	KWH
S.R. railroad lines	22,000	125,000,000
Montecatini (Crotone)	43,000	330,000,000
Pertusola (Crotone)	7,000	55,000,000
Anic refinery (Bari)	500	400,000
		80,000,000

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5. Total requirements for 1942 were 1,800,000,000 KW with a system peak demand of 295,000 KW of this amount Industrial customers used the following quantities,

	KW Demand	KWH
S.R. railroad lines	22,000	125,000,000
Montecatini (Cretone)	43,000	330,000,000
Tortusola (Cretone)	7,000	55,000,000
Anic refinery (Bari)	500	400,000
S.R. railroad lines (Foggia)	14,000	80,000,000
Cotton mills (Salerno)	1,500	4,000,000
Ilva (Torre Annunziata)	4,000	15,000,000
Alfa Romeo (Pomiglinno)	3,000	9,000,000
Ilva (Bagnoli)	13,000	115,000,000
Cotton mills (Naples)	4,000	6,000,000
Paper mills (Chieti)	3,000	16,000,000
Railroad (Sangro Valley)	1,500	4,000,000
Bussi Chemical plants (Pescara)	10,500	60,000,000
Line loss on delivery to R.R.	7,000	25,000,000
Total large industrial	134,000	844,400,000

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6. The comparison therefore between the year 1942 and the present time is as follows:

	Demand in KW	Units of Electricity KWH
Year 1942	295,000	1,800,000,000
Year 1945 (based on present monthly consumption)	125,000	700,000,000
Annual loss in electric consumption in Southern Italy	170,000	1,100,000,000
Percentage loss 1942/1945 year	58%	61%

7. A part of this loss is represented by industries which have not resumed operations since the occupation due to damage and lack of raw materials. This is estimated at 115,000 KW of demand and 900,000,000 KWH. annually. This left about 55,000 KW of peak load and 200,000,000 KWH that had to be denied civilian users who formerly used this.

8. To control the use of power by both the military and civilians, a committee known as the Local Resources (Italian) Board, electrical committee, was formed on which ACC was represented by a member of this Sub-Commission. Each month this committee examined the power availability and allotted quantities to various districts in the territory. This committee also considered all requests for blocks of power required by industries which were to resume operations either for military purposes or essential civilian needs.

9. Early in 1944 it became evident that economies in the use of electricity by non essential civilians would be necessary. To meet this situation arrangements were made by the Public Works and Utilities Sub-Commission A.C.C. with the Italian Government, through the Ministry of Public Works, to issue a Royal Decree directing all civilian users of electricity to reduce their consumption. This decree became law on April 5, 1944.

10. As a result of the control maintained over the use of power, the reservoir position was improved to the point where the water in

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10. As a result of the control maintained over the use of power, the reservoir position was improved to the point where the water in storage equalled the best year that had been experienced in the last four years. This program has permitted the orderly resumption of some important industries and insured that power to operate them would be available when needed.

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11. In certain areas special treatment was necessary in order to reduce the consumption of power. In Apulia, comprising most of east Italy in the southern area, the load was exceeding the allotment both as to peak and units. In addition an important military railroad was due to begin operation in April 1944 requiring a block of 6000 KW. In order to meet this situation and to reduce the excess load being taken, the Sub-Commission found it necessary to remove approximately 12,000 KW or about 25% of the system peak load in the Apulia area. This was accomplished by selecting certain feeders and arranging that service on them be entirely discontinued during specified periods each day. Simultaneously an intensive advertising program was carried on through local newspapers, posters, and company employees asking the electricity users to conserve their use of power during certain hours of the day. In addition the area

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was divided into seven sections and each section allotted a rest day using different days of the week. All industries in a given area were required to observe the rest day assigned on penalty of having their service discontinued. This was equivalent to reducing the system peak by 1/6. This program produced excellent results in that the system load was reduced from 48,000 KW to about 39,000 KW. As the public response became more evident it was possible to restore all feeders which were being interrupted to full 24 hours service at the end of one month's time, and the load has not exceeded the allowable limit of 42,000 KW at any time since then. This included the service required by the Military railroad mentioned heretofore.

12. In another area the substation capacity in the vicinity of Naples was being exceeded and in addition an industrial load of military necessity required additional power for increased production requirements. In this case the Sub-Commission found it necessary to physically disconnect non-essential users from the lines entirely in order to accomplish the necessary reduction in load. It will be seen therefore that the Electrical rationing schemes developed and put into operation by A.C.C. were responsible for making the electricity available for military and essential civilian services. By careful management a limited supply was given to the civilians which without a proper control would not have been possible.

13. Before transmission service was available to the Naples area, in the early days of occupation, power was obtained by utilizing the generating plants of submarines which were found more or less intact in the Naples harbour. These plants helped to produce enough power to get part of the water system operating and give service to some important establishments. An undamaged Diesel engine at the Volturno plant was also utilized.

14. The 45,000 KW Capuano steam plant located in Naples was thoroughly mined by the enemy but due to faulty detonation only portions of the boilers and turbines were damaged. Work of repair was started immediately by the Royal Navy and the first unit of 15,000 KW was placed on the line in May 44. The second unit of 15,000 KW began operating August 44. The third unit of 15,000 KW will be restored shortly.

15. In all the work of reconstruction the principal difficulties encountered were shortage of insulating materials for the repair of transformers and generators. The lack of automotive transport together with tyres and tubes caused difficulties carrying out repair work. The military units in the area have loaned transport to help out. The

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15. In all the work of reconstruction the principal difficulties encountered were shortage of insulating materials for the repair of transformers and generators. The lack of automotive transport together with tyres and tubes caused difficulties carrying out repair work. The military units in the area have loaned transport to help out. The companies are however in dire need of additional transport, tyres and tubes to carry on the maintenance and repair work necessary to keep the electric system in reasonable operating condition.

16. The Sub-Commission initiated orders for insulating repair materials in January and February of 1944 and they began arriving in August 1944. The supplying of such material will permit the utilities to repair equipment that otherwise remains useless and will eliminate the necessity of importing manufactured transformer and generator windings.

17. The delay in delivery of simple lightweight material such as insulating material for electrical repairs slows down the rehabilitation work very materially.

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E. Central Italy

1. During the winter of 1944 while the combat lines were more or less stabilized, the enemy was able to arrange for and put into effect a well planned program of mining and demolition of electric utility facilities in Central Italy. The work was done by persons experienced in demolition and familiary with electric power machinery.

2. Out of a total of 862,000 KW of capacity, after some early rehabilitation, only about 57,000 KW is capable of being operated, at the present time. Of the 57,000 KW, 30,000 KW is located in the City of Rome which the enemy did not destroy.

3. With the program which the Sub-Commission has worked out with the various power companies for rehabilitation of certain selected plants and the relocation of others, it is estimated that the following productive output capacities will be available,

Sept. 1944	53,000 KW
Oct. "	76,000 KW
Nov. "	88,000 KW
Dec. "	114,000 KW
Jan. 11945	155,000 KW
Feb. 1945	154,000 KW

The drop in production capacity Feb. over Jan. is due to the expected lessening of rainfall.

4. Here again the need for insulating materials, trucks, tyres and tubes will be of utmost importance in carrying on the scheduled program of rehabilitation.

5. In the City of Rome the use of power has been severely curtailed in order to provide for the needs of the military and essential civilian services. This can best be proved by the fact that in normal times the peak demand of Rome was about 110,000 KW. At the present time and for several months to come Rome will not have more than 35,000 KW available, indicating that not much more than 30% of the city's normal activities will be able to function.

The unessential civilian users are allowed electric energy once every four days for a period of 16 hours.

6. From the tabulations on the power situation in Central

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Nov.	"	88,000 KW
Dec.	"	114,000 KW
Jan.	1945	155,000 KW
Feb.	1945	154,000 KW

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6. From the tabulations on the power situation in Central Italy it is apparent that the repair of the electric plants will require many months, in fact several years to complete.

In the meantime the need for generating capacity is such that it is necessary to ask for the use of special generating plants in the form of floating power plants.

It has been determined that two 30,000 KW floating units for a period of several months will get Central Italy through a difficult period and will provide power to accelerate the restoration of essential industries as well as providing the power to operate factories and shops needed to make repairs to the generating stations to be rehabilitated. Afterwards, these plants can be moved to other areas to perform a similar duty.

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7. In addition to the large units mentioned above a number of small portable units have been asked for as follows,

10 units - 25 to 50 KW Capacity
10 units -100 to 200 KW Capacity
10 units -300 to 400 KW Capacity
5 units - 2000 KW Capacity

Total capacity is 15,000 KW (approximate)

It is the intention to use these units to render initial service to important establishments, such as flour mills, water systems, hospitals and food processing plants, mines, etc. These units can be moved from place to place as the need arises and will provide power until generating and transmission line facilities can be restored to important centers of population.

8. Our Engineer officers are busily engaged in working out plans and getting repair work underway towards the rehabilitation of those plants which can be put back into operation during the next six months. This entails close attention to the work being carried on in order that necessary materials and contacts with military authorities and organisations are maintained. Repair materials and supplies, Gasoline, transportation and food for heavy workers rations are some of the important liasons functions that are carried out. Close collaboration and frequent conferences are held between officers of the Sub-Commission and officials and engineers of the power companies, regarding plans, progress of work and obstacles encountered. The engineers of Ministry of Public Works of the Italian Government are also kept in close contact with the rehabilitation work in order to build up harmonious relations between the Government and Power companies.

9. The Sub-Commission has electrical officers located in each of the activated regions who deal direct with problems and restoration work arising in these areas. Lack of personnel has hampered the work in the past and some additional officer personnel has been assigned in the last two months to overcome this difficulty. The Utilities Division of the Sub-Commission now totals 20 Electrical officers. An additional 15 Civilian Engineers and technicians are employed in order to carry on this important work.

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F. Northern Italy.

1. A study is being made of the electrical facilities in Northern Italy and the electrical officers who are to go in the Northern Regions of Italy are developing plans in an endeavour to meet any emergency conditions which may arise similar to that encountered in Central Italy.

2. Fully 80% of the electric power producing plants of Italy are located in the North as well as most of the large industrial operations.

3. In view of the damage and demolition which has been wrought by the enemy in Central Italy, considerable concern exists as to what the situation will be and whether the enemy will carry on the scorched earth policy in the North of Italy.

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Realising the importance of saving the important installations the Sub-Commission has already taken steps to plan to safeguard key installations.

G. Financial Problems of Utility Companies.

1. The financial problems confronting the Utility Companies are of tremendous proportions. The vast sums of money needed for rehabilitation of plants, lines and equipment, the pressure for increased wages by their personnel, both laborer and official, to meet increased living costs, the loss in income, have all required careful study and planning.

The preliminary estimates on the cost of rehabilitation of the Electric Utility systems in Italy south of Pisa-Rimini are as follows;

	In Billions of Lire
Electric Power Stations	19
Electric Switching Stations	8
Electric Transmission	6
Total estimated cost (preliminary)	33

2. To meet this situation and to provide the necessary working capital the Sub-Commission arranged, through the Ministry of Public Works, the Ministry of Finance and the Finance Sub-Commission of A.C.C., to set up the necessary procedures and controls, whereby funds would be made available to the Utility Companies to carry on the rehabilitation work. Certain selected and important plants and transmission lines will be handled in this manner. These selected are the ones which will contribute most to the war effort and provide power to essential industries. The time required to effect repairs is of first consideration. These plants and facilities requiring long periods of time will be held in abeyance until after the war ends.

When it has been decided to rehabilitate a given plant or line a preliminary estimate is prepared and approved. Each month thereafter the power company submits certificates covering costs incurred on the project for the month and they are reimbursed from the Italian treasury by the Ministry of Finance. This procedure enables the companies to maintain sufficient cash to carry on the work and make payment for labor and materials used. The companies are required to maintain a separate set of books of account for this particular work in order that such accounts may be made available for inspection and audit.

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Total estimated cost (preliminary)	33

2. To meet this situation and to provide the necessary working capital the Sub-Commission arranged, through the Ministry of Public Works, the Ministry of Finance and the Finance Sub-Commission of A.C.C., to set up the necessary procedures and controls, whereby funds would be made available to the Utility Companies to carry on the rehabilitation work. Certain selected and important plants and transmission lines will be handled in this manner. These selected are the ones which will contribute most to the war effort and provide power to essential industries. The time required to effect repairs is of first consideration. Those plants and facilities requiring long periods of time will be held in abeyance until after the war ends.

When it has been decided to rehabilitate a given plant or line a preliminary estimate is prepared and approved. Each month thereafter the power company submits certificates covering costs incurred on the project for the month and they are reimbursed from the Italian treasury by the Ministry of Finance. This procedure enables the companies to maintain sufficient cash to carry on the work and make payment for labor and materials used. The companies are required to maintain a separate set of books of account for this particular work in order that such accounts may be made available for inspection and audit.

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3. It is estimated that in the neighbourhood of 4000 men are now directly engaged in the work of clearing away debris, dismantling machinery and repairing and rehabilitating power plants and lines. This does not take into account the personnel employed in factories and shops repairing electrical machinery or the personnel of military units engaged in the first aid repair work.

4. The destruction of power producing and distribution equipment has, obviously, reduced the electric energy, which many of the Companies have to sell to their customers, to a mere fraction of what it was before. On the other hand it is important that experienced employees,

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who have been working for the companies for years be retained in order that the companies can carry on their business and rehabilitation work. Increased costs of living and consequent unrest of employees and officials alike, makes it almost mandatory that wages and salaries be increased. In addition it has been necessary to put into operation obsolete and inefficient power plants which require fuel, resulting in much higher unit production costs for energy than those which the companies have had heretofore. Other materials and supplies required by the companies in the ordinary conduct of their business have also risen in price.

5. All utility rates were frozen by law in 1935 and no modifications have been allowed since that date.

In order to meet the situation the Public Works Sub-Commission has developed a procedure whereby a surcharge would be added to customers statements to cover the companies out of pocket expenses, leaving the basic rates unchanged.

In order to arrive at the surcharge an analysis is made of 1943 operations and the year 1944 to date to determine the operating deficit. All items of interest, depreciation, stock dividends and war damage expenses are excluded from the calculations leaving only taxes, maintenance and operating expenses to be considered. A forecast is then made for 4 months ahead and the estimated deficit plus the accumulated deficit for 1944 then constitutes the amount of surcharge required. This is spread over the projected 4 months period and added to the customers statements as a separate item. All customers of a given company have their statements increased by the same percentage. At the end of the 4 months period the situation is examined in the light of the actual results and the surcharge percentage adjusted to meet the then existing conditions.

6. This procedure does not disturb the existing rate structures, it being the consensus of opinion that any modification of the basic rates should be made by the Italian Government after a thorough examination of the Utility Companies financial structures at a time when the country has reached a more stabilized condition.

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IV. WATERWORKS, GASWORKS, SEWERS, ETC.

In recent monthly reports on Public Works the details have been given about the waterworks, sewers, etc., i.e. damages found, incurred through enemy action, and as to repairs in progress.

The only gasworks in Italy, Sicily and Sardinia are those serving the larger cities. At places like Messina, Catania and Naples there was very heavy damage. In other places it was less, such as at Palermo and Trapani, whilst in Rome and Cagliari the damage was nil Apart from this, and a grave shortage of spare parts for repairs, the main difficulty has been throughout that of coal supplies. Neither lignite nor Sardinian coal is of any value for gas production; it must all be imported by ship from the U.K. or elsewhere. A few of the smaller installations are operating; Naples and Palermo have partial supplies; and Rome will have one early in September.

Damage to waterworks have throughout been most severe, e.g. reservoirs and aqueducts destroyed, together with pumping stations, purification plants and distribution mains. A fairly adequate supply was restored at places like Palermo and Naples within a few weeks of their occupation, and similarly scores of other smaller towns. Damage to the

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Rome system was severe and it is still not fully repaired. In the Provinces immediately south of Rome the water systems of 15 or 20 towns were completely wrecked and a very large task remains, as yet only just begun.

Damage to sewer systems in the various towns was only moderate in extent and could be repaired without difficulty, largely due to the fact that practically none of the towns were on level sites. and so were not dependent on the working of pumping-stations. This will not be the case when Northern cities are reached, on the plains. It is to be expected that the Germans will destroy all pumping-stations raising sewage, and also dealing with run-off water from streets and roofs of buildings during times of heavy rainfall, i.e. the winter season. Similarly, all those operating as parts of many land-reclamation areas.

V. HIGHWAYS AND BRIDGES.

A. Highways.

1. As of 31 August 194[illegible] the available figures on highways which were under the care of the Public Works Sub-Commission for maintenance. heavy repairs and reconstruction were as follows:

Highways of military importance	2,950 miles
Highways of civilian importance	882 "
Total	3,832 "

2. In addition, there were several thousands of secondary roads being handled which required only minor repairs and maintenance.

3. The figures on civilian roads include only those under direct supervision of the Sub-Commission. There were many miles of roads repaired under supervision of the local AMG organization which were not recorded by headquarters.

B. Bridges.

1. The number of bridges on main routes which were destroyed up to the Pisa-Rimini line total 776. There were also hundreds of bridges destroyed on secondary highways which have not been completely recorded. [illegible] 800 bridges demolished in Lazio alone. Of the

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2. Many of the other bridges listed as destroyed are not to be rebuilt now for one or other of the following reasons:

a) Semi-permanent timber structures were constructed on permanent alignments by Armies, and reconstruction can be postponed.
b) Adequate all-weather diversions have been constructed, round or through the bed of the ravine or river.
c) They are large structures (requiring prohibitive quantities of critical materials and equipment) which can be by-passed by re-routing, and reconstruction of which therefore can be postponed.

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C. Finance and Personnel

The total amount of funds expended on military highways or under obligation for expenditure totalled 628 million lire. The average number of workmen occupied in working on the military highways totals 22,500. In addition, the related public works of all kinds involves an estimated 50,000 additional workers.

VI. TASKS REMAINING

A. Sicily

1. Palermo Power Plant.

All three boilers will need retubing as soon as tubes can be secured. Tubes in the Riley grate boilers are bad and it is rather difficult to keep these boilers in service even on reduced load. The rebuild of the pulverized fuel boiler will be completed; however, it is a makeshift job and will need new tubes as well as many other parts. Parts of the Palermo distribution system need overhauling. Many circuits are stripped in order to carry out the rationing program. Wire is generally short and much unsuitable wire has been used that will need replacing.

2. Porto Empedocle Power Plant.

One 5000 KW turbine will have to be rebuilt. It is a factory job. The other 5000 KW turbine will need a new rotor for the generator as it is running on a welded shaft and can carry only half load. Some metering instruments are damaged beyond repairs. Some of the repair work was done with unsuitable materials and will have to be replaced.

3. Catania Power Plant.

Two condensers remain to be retubed. Some of the boiler tubes will need replacing. Repair work on the building remains to be done. The 70 KV line near Catania in which considerable trolley wire was used, should be rebuilt with stranded aluminum wire. Many cabins were damaged and will need complete rebuilding. Many wooden poles were used to replace damaged steel towers and concrete poles. These will need replacing sometime in the future.

Hydro-plants are in good condition, except that one unit from Casuzze was shipped to the mainland and should be returned to Sicily

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2. Porto Empedocle Lower Plant.

One 5000 KW turbine will have to be rebuilt. It is a factory job. The other 5000 KW turbine will need a new rotor for the generator as it is running on a welded shaft and can carry only half load. Some metering instruments are damaged beyond repairs. Some of the repair work was done with unsuitable materials and will have to be replaced.

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Hydro-plants are in good condition, except that one unit from Casuzze was shipped to the mainland and should be returned to Sicily when there is no further need for it in Italy.

4. Gas Works - Messina, Catania - rebuilding.

5. Waterworks - Aqueduct repairs in certain areas.

B. Sardinia.

1. Transportation

Lack of tyres and trucks is the most important and increasing problem for every phase of Public Work activities.

The Railroad situation will be improved only by increase in receipt of imported coal.

2. Highways.

The abolition of A.A.S.S. seems to be producing administrative and organisational changes in two directions: either to assign person-

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nel and duties, formerly within the jurisdiction of the A.A.S.S., to special divisions of the Provincial Genio Civile, or retain control of State Highways directly by the Provv.Op.Pubb.

The latter system seems preferable in order to produce uniform control and efficiency of results.

While patch-repairs of concrete to main highways for badly damaged surfaces is possible to a limited extent, improvement to long sections of road by surface treatment, such as tar and chips, has not been possible. Requests for reasonable amounts of asphalt have been made. Local production of tar seems to be entirely inadequate.

3. Critical materials.

The long period of isolation of Sardinia from normal connection with sources of manufactured articles has had effects not only on repairs, but has practically exhausted the possibilities of continuity of service of machinery of all kinds.

Sardinia has and will suffer for unavoidable neglect of maintenance. Finished materials formerly imported from the mainland are in urgent demand. Metals except lead, glass, electric equipment, shoes and clothing are prime necessities. When such materials are received, existing Italian organisations may be expected to operate all Public Works and Utilities.

C. Region II (Puglia, Lucania, now merged in Southern Region).

1. Bridges.

In Bari province there are two bridges; in Potenza, six; and in Foggia, five; which are in course of reconstruction and which should be finished within three to four months.

2. Roads.

a) The road program laid down by the Military is due to be completed by the end of October, and in some cases November. This will depend on transport and plant resources. T.D. vehicles that have been issued are a constant source of trouble, due to breakdowns. They are "reclassified" ones which have already had many months of hard wear, and are therefore only capable of a short life.

b) The crushing plants being used by contractors are also

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b) The crushing plants being used by contractors are also wearing out. In spite of these difficulties, every effort is being made to complete the program by the scheduled dates.

There are three roads which remain to be completed after September 1st and six roads in Foggia province which are scheduled to be seal coated before winter.

c) A constant patching program is to be maintained during the next three months, and for this it will be necessary to obtain emulsion. This the Army has ceased to produce for two months.

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d) Maintenance

General maintenance to be made on Military Highways, and other State Highways, during the next three months.

e) Communal and Provincial Roads.

There are a number of projects in operation on provinciel roads, chiefly special works required on roads to Hospitals and Military Camps.

Roads in the Communes are now being repaired by the Genic Civile, some materials being obtained from the C.R.E. for these purposes.

f) Public Works

A number of projects submitted by the Genic Civile have been approved, and work is now proceeding. The more important now in progress are as follows:

Repairs of the port of Molfetta	8 projects
Extensions to Civil Prison, Bari	
Improvements to V.D. Hospital, Bari	
Installing sanitation at Criminal Prison, Lecce	
Drainage for Malaria Prevention	
Repairs to Colony for Refugees, Potenza	
Repairs to Aqueduct of Commune S.Fele, Potenza	
Work on Francavilla Canal against Malaria, Brindisi	

D. Region VII (Reggio Calabria, now merged in Southern Region).

1. The greatest problem still unsolved in this Region from a public works viewpoint is lack of transportation. This is increasing and is not only effecting the efficiency of the Engineers, but is raising the price strucure of all works. It is an extremely difficult situation. The price of all materials and commodities seems to hinge on this factor. At the present time the Genic Civile in Cosenza are without any transportation whatsoever. Prices for excart travel have increased about 500% due to

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2. As to the remaining work to be done in this region it depends upon what is contemplated for the ensuing year. For complete restoration there remain many problems, and a great program could be outlined. Such a program can not be carried out with the present means.

There are, for instance, about 60 Communes in the amountain areas in Catanzaro Province alone that are in danger of destruction or partial destruction, due to landslides. The proper security of these towns involves a program of river control. Such a program would run into many millions of lire, and requires great amounts of materials not available. Housing construction in this area from the point of view of the civil population is necessary. Plans for this type of work involve finance, transport, and necessary materials.

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3. If, however, conditions on transport and materials remain as at present, work to be done in this Region will consist of repair of necessary public buildings, military highways, roads bridges, and utilities.

4. On military highways there are six bridges to be completed, two smaller jobs, two landslides, and ordinary maintenance. The construction program is about 30% complete.

For public works there are 27 projects, approved and approximately 50 to complete (inspection and review). These consist of repairs to public buildings, hospitals, demolitions, schools, and flood control. The Formamonti camp improvements are still being designed and estimated. Non-military highway work is limited to general maintenance, repairs of landslides, and temporary bridges.

5. There are three cases in this Region where towns are isolated by landslides, and these must be repaired immediately. There are 12 projects on military highways approved, and 15 still in process. Public utility problems consist of water aqueducts, of which at present there are three to be repaired, and three sewer problems.

6. The Genio Civile are capable of carrying on by themselves as far as engineering problems are concerned. The real necessity is a coordinator for supply problems, and a remedy in the way of transportation.

7. The amount of remaining work in this area after Sept. 1st will depend upon the policy of the A.C.C. and the Italian Government. With money, materials, and transportation we could put 10% of the population on Public Works projects.

E. Region III (Campania, now merged in Southern Region).

1. Naples City.

Work of an emergency nature will be practically completed. However, general repairs caused by war damages will be held up if provision is not made for the following:

a) Tyres and tubes for Public Utilities and contractors vehicles have been requisitioned, and all forms have been submitted. [illegible] made for delivery, yet no tyres have been distributed. [illegible] truck services will become

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b) Continued adding of Military loads (electrical) to the present power allocation of this territory will mean a reduction in priority of civilian loads, which are being serviced for direct benefit to Allied Military needs. Power company officials report that power is available, but due to the present allocation of power, no increased essential civilian loads can be authorized. This condition is hampering normal restoration of industrial operations, essential to the economic life of this territory.

c) A seriously involved problem is to keep the continuous flow of construction and maintenance materials, needed in the operation of large Municipalities.

Essential industries must be rehabilitated. Some surplus supplies and condemned equipment (of the Armies) could perhaps be made available by private sale to them.

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2. Military Highways.

Work on military highways will be complete; there being left only maintenance.

F. Rome

1. It is believed that the water situation will be back to normal, so far as supply is concerned, by the 1st of October. Until electric power is avilable in all sections of the City at all hours there will continue to be a water shortage in the higher areas of the City and in all buildings. Suburban lines are being placed back in operation and both the Lido and Fiumicino on the coast are receiving quantities of water, although it is often necessary to shut down the line due to new breaks being located.

2. The electrical Section will continue to have as a major job the generation of power locally, which also includes the necessity of supplying fuel. Fuel consists of coal, Diesel Oil, and Bunker Oil. The furnishing of this has been and will continue to be, a major problem.

The second major problem will be the question of rationing which is complicated, and needs constant supervision. Repairs to the power-lines in Rome and vicinity are necessary, and also the rebuildings of war damaged circuits. This work is progressing but requires supervision, since the Military are dependent on the power.

3. The Gas Company has now been instructed to operate for 12 hours each day and has been allotted 150 tons of coal a day (by Coal Section AAI). The service was practically undamaged and, with the exception of work in the bombed areas consists only of maintenance. Electric power is being supplied to the GasCompany in quantities needed for operation.

4. No supervision is necessary of the tram lines; only routine examination and the obtaining of supplies, fuel and tyres.

5. The Public Works Section is now organized and is getting works in order that the flow of projects will be handled smoothly. At present military highways, city streets used by military traffic, and numerous building projects are furnishing the bulk of the work to be done.

6. The "Bonifices" (land-drainage) in the Rome Region have received attention and are carrying on [illegible]

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6. The "Bonifices" (land-drainage) in the Rome Region have received attention and are carrying on operations. Electrical current is being furnished for irrigation purposes, and ditches are being cleaned so as not to hinder the flow of water. This work will have to continue. Also in the Bonifices numerous small unimportant bridges were blown by the Germans. These will have to be repaired in the near future.

7. Along the river certain levees were cut. These are being replaced, but will have to be watched when flood waters come. River stages must be watched and reported, since at high water certain airfields in the vicinity of Rome will be flooded.

8. Cut-fall sewers in the vicinity of Rome, damaged by war action, are being repaired and it is not believed that they will be a future problem.

9. The Rome port-town Fiumicino will need extensive rebuilding of ditches which were blown by the Germans. At present the dikes leading to the sea on each side are being repaired and the harbour is being cleaned of sunken ships. The road blocks, tank traps, and other fortifications erected by the Germans have been removed.

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10. There are numerous bridges in the Rome area which require rebuilding. The most important roads are now served with bridges either in operation or building.

Bridges destroyed are being surveyed by the Genio Civile. These structures are not essential to the community, since traffic can flow over the established routes. However, they are desirable.

C. Lazio (outside of Rome)

1. Water Supply.

a) 9 towns or villages remain practically without water except by carting or local wells. Schemes for all are advanced, or in hand.

b) Solutions have not yet been made for 12 towns, including 7 of the above. Reports and recommendation have been made on all. Final solutions depend on the decision whether towns are rebuilt on old lay out, or on new sites in vicinity.

c) Included are 4 in mined areas.

2. Sewage and debris.

With no water, or shortage of water for flushing, and damage, sewers are in many cases inaccessible owing to superimposed debris and intermingled with buried mines.

There has been and remains a grave danger of illness.

Removal of debris has been started in Army Area. The attention of the Genio Civile was early directed to need of initiating removal schemes combined with salvage.

An enormous amount, however, remains to be done and it must be continued to the limit of transport and labour available.

First aid repairs are done locally.

It is not sufficient that some part of the sewage entering at one end of a sewer should reach the outflow. Eventually, complete tests will be necessary as to soundness.

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3. Housing Problems.

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a) In summer it is possible for large numbers of people to exist in grottos, shelters, and in damaged houses. In winter it is not so. In the devastated towns there is at present a grave shortage of Housing. In the Region there are at least 27 towns with 95% to 100% of houses uninhabitable in winter. Of these 14 are over 60% uninhabitable.

b) Schemes have already been approved for repair or partial repairs to Hospitals, Prisons, Schools, and Public Buildings. Attention ofGenio Civile was drawn to the need and discussed with Ispettore Generale, who was in agreement that the only way of providing maximum accomodation quickly was;

1. to repair at once every repairable building whether private or public, which could be made fit for winter accomodation.

A necessary corollary of that policy would be a compulsory billeting scheme, or alternatively requisitioning of all houses

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to be used (to the best advantage of homeless people.) This probably involves legal changes, by a new Italian Decree.

Schemes are under preperation for:
Civitavecchia - Cassino - Frosinone - Terracina - Anzio, and Nettuno.

2. Scheme for a simple type of house, using mainly salvage and local materials, that would serve for 10 years at least. A scheme for Cisterna to house 2000 has been received. The general idea is on right lines, but not satisfactory in lay out or detail design of houses. It is being revised. A Scheme is under preperation for Valmontone for 2000. A tentative scheme was put up for Cassino. (This has been examined and settled by the H.Q. of the Sub-Commission; end of August.) A scheme for Terracina is under preperation.

c. Such plans, with present difficulties of transport and materials, will take 6 to 8 months. Provision must meanwhile be made for tents, or large scale temporary removal to any town into which more people can be crowded. Rome (with strict and impartial billeting) could accomodate all.

d. Problems arising out of above.

Transport will be the limiting factor and timely arrangements must be made to utilise surplus animal transport, during the agricultural slack seasons. Also ruthless removal of transport from many places, which already have the essentials of life must be carried out.

As the quantity of work grows, the limits of local labour will be reached, and men will have to brought in from elsewhere. This may involve feeding and housing, or daily transport.

Cement is almost entirely required for bridges. Lime must be burnt in large quantities - Ispettore Generale of Genio Civile has already asked for supply of 500 tons of Coal for one month, for one large firm. Demand has been submitted; he has been advised to arrange for wood fuel, as supply of coal is unlikely. Bricks are also required for bridges (coal necessary) although olive-refuse has been successfully used, for burning them. Large quantities of stone with careful selection, can be obtained from CALVACE, and is therefore best for walls. Large quantities of wood are necessary. Timely exploitation of all wood essential (even the pines in the UMBERTO Park, if no other is available).

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d. Problems arising out of above.

Transport will be the limiting factor and timely arrangements must be made to utilise surplus animal transport, during the agricultural slack seasons. Also ruthless removal of transport from many places, which already have the essentials of life must be carried out.

As the quantity of work grows, the limits of local labour will be reached, and men will have to brought in from elsewhere. This may involve feeding and housing, or daily transport.

Cement is almost entirely required for Bridges. Lime must be burnt in large quantities - Inspettore Generale of Genio Civile has already asked for supply of 500 tons of Coal for one month, for one large firm. Demand has been submitted; he has been advised to arrange for wood fuel, as supply of coal is unlikely. Bricks are also required for bridges (coal necessary) although olive-refuse has been successfully used, for burning them. Large quantities of stone with careful selection, can be obtained from SALVAGE, and is therefore best for walls. Large quantities of wood are necessary. Timely exploitation of all wood essential (even the pines in the UMBERTO Park, if no other is available). Timely assessment of glass supply and limitation of use must be carried out. Floors can be of mud, or lime concrete, surfaced with BITUMEN. A light roof-covering is desirable to save timber. Resort may have to be made to old fashioned lime concrete roofs (beton with wood-beaters), still used in India successfully. Block latrines may at first be necessary, and central bath-houses.

4. Highways and Bridges.

a) A very heavy program is necessary. The problem cannot be solved before the winter rains set in, and therefore provision must be made to store sufficient food in all places liable to be cut off before that time. The time to deal with that is before mid September.

5. Mines.

About 70,000 mines were removed from a small area in GAETA. Casualties in LITTORIA Province emphasise the problem in that area, the maximum being 100 casualties in one day.

Rome Province is also severely affected, and other Provinces in lesser degree.

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It is necessary to approach this problem on a wide scale,

1st) by training personnel and provision of detectors.
2nd) sweeping of all areas in which mines prevent important work,
3rd) a methodical sweeping of all areas recorded as mined,
4th) finding and delimiting areas not so recorded on maps, and eventually sweeping them.

Casualties among skilled troops engaged in Mine Clearance are high, and with untrained men they may rise very high. Meanwhile the two untrained and unequipped Mine Sweeping Companies (Italian) are training, and may commence operations. They should remain for 3 months. As they become skilled they can train civilians for prodding, and so speed up operations.

Responsibility for this clearance should be placed entirely on the Italian Government with necessary liaison with the Disposal Board for disposing of mines found.

6. Electricity

Regarding unsolved electrical problems in the Region (exclusive of Rome City) the following notes are submitted for consideration,

a) With increased demand for electrical energy, without a corresponding increase of generating capacity, a general rationing scheme is necessary throughout the Region.

Due to the conditions existing it is believed that an adequate rationing scheme can be best accomplished by each Commune or Province, controlled by the Provincial Commissioner under advice from the Public Utilities Section of the Regional Engineer's Office. Provincial Commissioners have already been given authority to direct re-connections, or connections of electric power for essential uses, forwarding copies of approved applications to office of Regional Engineer.

Also steps are being taken to institute a local rationing program in Terni Province - more or less on a "trial and error" basis. Energy rendered surplus by this rationing program will then be available to the general pool.

b) Priority of repairs to main generating stations and [illegible] being co-ordinated in close contact with the

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Also steps are being taken to institute a local rationing program in Terni Province - more or less on a "trial and error" basis. Energy rendered surplus by this rationing program will then be available to the general net.

b) Priority of repairs to main generating stations and transmission lines are being co-ordinated in close contact with the large Companies. This also includes inter-company arrangements, and arrangements with other Allied agencies (not local in character).

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7. The main problem is in the LITTORIA BONIFICA, a scheme for Lire 50.000.000 was prepared and technically approved. When completed it will solve the problem as regards Acqua Alta and Acqua Media. There remains the problem of Acqua Passa.

Acqua Passa cannot be solved without:

a) Motors to run the pumps and supply of electricity to run motors. This is unlikely to be available for some 5 or 6 months. Meanwhile all that can be done is to ensure that when the flood reaches a level above the gravity canals, it can get into them.

A close study of the problem is necessary in order to reduce flooding on Route 7 to a minimum depth, and perhaps by use of some pumps reduce the period of flooding.

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S. Transport

1. Of the many limiting factors, to quantity of work that can be undertaken, this is likely to be the first to assert itself. In fact it is already limiting work, in three ways:

a) Inspections by supervisory staff, which tends to bureaucratic delays, which, with pressing problems existing such as Housing and Building, should not be tolerated.
b) Mobility of junior engineers getting out, and seeing and preparing schemes.
c) Supply of materials getting to a job and slowing it down.

H. REGION V (Abruzzi, Marche).

The first and most important deficiency is lack of transport. The Germans scoured the country, and apparently our troops took what was left of that which would run. Where there is transport, it lacks parts, tyres, batteries or something essential to operation. These parts and accessories together with gasoline have been unavailable, or at best scarce, and most difficult to get. Materials, and in some cases labour have to be brought from long distances, which is the justification for rating this difficulty so high.

The second lies in the deficiency and consequent difficulty of procuring materials and supplies. If they must be procured through the Resources Committee they are seldom forthcoming; if they must be released by the Army the chances are a little better, but it means numerous personal conferences and much delay (although most of our materials have been procured this way). If they can be procured directly they must be "dug up", and assembled from many locations.

Heavy equipment is practically nil, although we find that conditions in the forward area here are better than they were in Foggia and Campbasso. In these areas, what the Germans had not taken our Armies had requisitioned. Rollers, crushers and other heavy plant were practically non-existant. In fact, even in these forward areas the standard Italian stone crusher is a man or even more often a boy, with a hand-hammer. (The output is approximately 1 cubic meter per day).

Last, but not least is the shortage in many places of good labor; the only laborers left are the very young men or very old; the

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Last, but not least is the shortage in many places of good labor; the only laborers left are the very young men or very old; the middle aged who are not in the Army are on their farms; or on some one else's farm, where they can get greater return for their labour than on the roads.

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CHAPTER VII

INDUSTRY AND COMMERCE

I. GENERAL

The Industry and Commerce Sub-Commission was formed on October 24th 1943 when the Economics & Supply Division became absorbed in the general reorganization of Amgot as a result of which the activities of the latter were passed on to:

a) H.Q. Region I in all that pertained to Sicily
b) Fuel Sub-Commission
c) Industry and Commerce Sub-Commission in respect of exports, requirements, imports, industry and mining.

The most important responsibility of the Industry and Commerce Sub-Commission during the first two or three months of its existence consisted in trying to solve the food problem in Sicily due to the scarcity of wheat in the Island and to the non-arrival of the wheat which had been requisitioned for the end of October 1943.

The food situation is covered in Chapter IV.

The policy of the Industry and Commerce Sub-Commission on the rehabilitation of industry has been based on the following directives received from A.F.H.Q.:

> "No industrial rehabilitation will be undertaken in Liberated Italy which is not
> a) Absolutely essential to military needs whilst the war is going on and
> b) Essential to the minimum civilian needs of individual territories.3 (Letter A.F.H.Q. M.G.S. 17th February 1944.)

Military needs have been looked after by the appropriate services of the Allied Forces and for the purposes of this report we need only consider what are the essential civilian needs mentioned in para b) and what has been done to meet same.

No clear definition of essential civilian needs can be laid down but the interpretation of this Sub-Commission is that it must include food, clothing, accomodation

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No clear definition of essential civilian needs can be laid down but the interpretation of this Sub-Commission is that it must include the provision of sufficient food, clothing, accomodation and public services to keep civilians healthy and sufficiently contented not to hamper the war effort, and, in the case of workers for the Armed Forces, able adequately to perform the duties they were called upon to do.

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II. MAJOR PROBLEMS

A. General.

The major problem-groups faced in the rehabilitation of industrial Italy are five in number:

1. War damages
2. Communications
3. Raw materials and supplies
4. Dispersion of labor
5. Psychological

It will be convenient to treat these separately, and they may be taken as applying in greater or less degree to all industries.

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3. War damages.

Under this heading are listed all types of damage resulting from military activity whether Allied or Axis, and also damage consequential upon military action due to the relaxation of discipline and controls. In order of immediate importance war damage can be subdivided as follows:

1. Most important is the destruction of hydroelectric installations upon which 90% of Italian Industry and a large part of communications depend. Italian industry, due to the difficulty of financing imported coal, has been adapted to use electrical energy produced by water power. Before the outbreak of war the annual consumption was 16 billion KHW and increasing. With this source of power destroyed to a very great extent a major problem arises. The small amount of energy still available has to be carefully husbanded and the prospects of rehabilitation of each power producing plant studied. Allocation must then proceed according to the importance to a) the war effort and b) the civilian economy, of the industry in question. Where low consumption exists, an industry may receive priority for electric power, where, were circumstances normal, another would be preferred. Large quantities of cement and reinforcing steel are required for rehabilitating hydro-electric plants, and the cement and steel industries themselves require rehabilitation which also involves consumption of power. Thus the vicious circle and the necessity for the most intimate coordination between Public Utilities Sub-Commission and Industry Sub-Commission of A.C.C., as well as close collaboration with the Italian Companies charged with the duty of getting their plants back into operation at the earliest possible moment.

2. Enemy demolition has generally been found to have been much more effective than the results of aerial bombardment, which as a rule is only sporadic in effect, except perhaps in areas subjected to concentrated bombing.

Such demolitions vary from the scientific to the sheerly wanton. Examples of the first type are the destruction of motive power, the sabotage of the same part of a number of similar machines to prevent cannibalization, or causing irreparable damages to vital parts and thus necessitating complete rebuilding. Wanton damage is well illustrated by the reported destruction of some three hundred looms in a weaving factory at Ponte Felcino

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These extremes of types of demolition are usually only found where the enemy has had sufficient time to give methodical attention to the task, when retreat has been hasty an intermediate type of demolition has been resorted to, as for example, dropping the roof or heavy overhead equipment or burning out electrical gear. In such cases salvage of large portions of the plant is generally practicable, provided that this is carried out before the effects of weather supervene.

The presence of booby traps in the most unmilitary machinery should also not be ignored.

3. The removal of vital equipment is equally effective but as a short term policy only, and it is often possible by

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rehabilitation to make good the deficiency from other local resources. This is the case with electric motors and electrical gear, which have been removed in large quantities by the enemy but which can in some instances be replaced from factories whose rehabilitation is not immediately contemplated. Other examples are the removal of platinum spinnerets from rayon production machinery and of leather transmission belting, the loss of which is paralyzing until it can be restored.

4. The results of Allied air attacks and or military action are in general less effective than demolitions, in that they are not selective, and the destruction of a complete plant is rare, although a chance hit on a vital piece of equipment may achieve the same result.

The important factor here is the degree of concentration, and a consequence of some gravity is the lack of storage and warehouse accomodation which frequently follows.

5. Wanton or unwitting damage by troops occupying premises as billets, etc. includes not only unskilled removal of plant to provide space, but also interference for no apparently justifiable reason with delicate equipment such as electrical gear.

6. Uprooting of machines by Allied Forces for use elsewhere for military purposes, is often carried out in an unplanned and uncoordinated manner whereby more machinery is displaced than the total exigencies demand. This could be overcome by broad based planning, to reduce such necessary dislocation to a minimum.

7. Removal of raw materials by Allied Forces, especially fuel is sometimes authorized, often not.

8. Looting by the civilian population includes almost every imaginable commodity, but the one which has been especially felt is that of transmission belting which has been used to repair footwear.

9. Hoarding and hiding of essential commodities or equipment for fear of requisition was widespread. To compensate for this, however, considerable quantities have come out of hiding since the withdrawal of the enemy.

C. Communications.

The absence of adequate communications, sea, rail and road, needs no stressing, but the problem has been complicated by the diver-

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C. Communications.

The absence of adequate communications, sea, rail and road, needs no stressing, but the problem has been complicated by the diversion of shipping from the designated ports to others, often far removed from the consumer. This leads not only to delays in the implementation of plans, but also to losses in transit. It is realized that this problem is difficult to solve, in that of specific shipments only a small proportion may be on account of ACC, and it is natural that the port of unloading shall be selected to accommodate the bulk. A small but quotable example is imports of dyestuffs which were required at Naples and Sicily. From information so far received this commodity has been shipped to Civitavecchia, Bari and Taranto as well as Naples; instructions for re-shipment of all these to more suitable ports have had to be arranged by Industry Sub-Commission.

Allied to the lack of communications is the cost of what little there is: a cost which is astronomical and in many cases bears no relation to the production costs of the goods themselves.

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D. Raw materials and supplies.

1. The Fascist drive towards autarchy created a completely unbalanced economy, in that internal industry tended to be built up more and more upon imports of raw materials. This is the case in all the major Italian industries, and drastic rationalization will be called for, in that manufacturing or conversion capacity is far in excess of every conceivable home production of the materials with which to feed it. Coupled with this was maldistribution of industries, which were established in localities for purely political or propaganda reasons and without regard to suitability. Although essentially rationalization is for the future, steps have already been taken to anticipate the need for it, as by closing the Guidonia Cement works whose sole purpose was to cater for the expansion of Rome.

2. Most raw materials, even for a rigidly limited economy, must therefore be imported, and form the subject of requisitions. In this connection delays, however, inevitably ensue, and it has been found by experience that in general, requisitions, even if approved, average six months before they are met and delivered.

3. Cement is one example. It is obvious that Central and Meridional Italy lie to a considerable extent in ruins, particularly the vital services, and that this will call for a world wide cement program. Yet a requisition for 324,000 sacks has been denied, not on the grounds of non-availability, but as requiring further justification.

4. Phosphate rock is another. After all the work of rehabilitation of fertilizer plants has been completed, shattered factories cannibalized under the direct supervision of the Industry Sub-Commission, and all brought in order to secure superphosphate fertilizer to increase crops and cut down food imports, phosphate rock from North Africa which was requisitioned five months ago and which is reported to be available in such quantities that it is an embarrassment to the producers, has only arrived in trivial quantities.

E. Dispersion of labor.

In addition to the problem of population movements on account of military action, and by unemployment due to the same cause and

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E. Dispersion of labor.

In addition to the problems of population movements on account of military action, and by unemployment due to the same cause and by the re-orientation of effort from military to civilian activities, there is added a difficulty of immediate importance, with which industry has had to deal, namely, the demand by military organizations for unskilled laborers at rates of pay higher than those given for specialized work.

F. Psychological problems.

Fascism was not creative; it was essentially elaborative: without hope of completion it began grandiose schemes, covering up the lack of reality with political camouflage, employing many, paying little, doing less.

The industrial consequences were inevitable - dishonesty, evasions, bribery and corruption, bureaucracy run mad until it became an integral part of the national economy.

And this tendency is found, even after defascistization, to persist in the form of individual selfishness, which evidences itself in a disinclination to cooperate, mis-statements with an

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ulterior motive, and flagrant aversion to discipline. This attitude must be taken into account; though it may be ameliorated, it will not be entirely rooted out in a generation.

III. SOLUTION OF PROBLEMS

A. General.

The officers comprising Industry Sub-Commission have carried out personal research and reconnaissance and made surveys, appreciations and recommendations, and reports of all important plants in the Cement, Fertilizer, Iron and Steel, Chemical, Textile and Industrial Gases industries in Liberated Italy, have been widely circulated. This personal investigation has been essential on account of the absence of skilled technical personnel in AMG in the field, and it should also be appreciated that these officers, although probably specialists in one particular industry or industries, have been responsible for whole groups of industries; for example, the Textile Section covers Woolen, Cotton, Artificial Fibre and Rayon Manufacturing, Tanning and Leather products with all their manifold ramifications. In addition to the rehabilitation of industries, these officers are also charged with devising expedients and improvisations, preparation of justified estimates for requisitions of raw materials, machine parts, packing and other items for industrial firms, and with making arrangements for supply and fuel, power and petrol, oil and lubricants.

The attempt to give a full account of all the steps which have been taken by Industry Sub-Commission towards the solution of the problems enumerated would expand this report to unreasonable dimensions. A selection of specific examples, extracted from Reports and Surveys which have been forwarded through channels is therefore given below. These are representatives of the different activities of Industry Sub-Commission, and while presenting many features in common, each case naturally has its own difficulties. Studies of five industries are included in the Industry Appendix.

B. Mining.

A separate chapter has been devoted to Mining which follows this one.

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1253 Hemp Industry.

This industry can clearly be divided into two distinct parts:

(1) Growing and preparation of the raw material

(2) Manufacture from raw materials supplied.

1. The condition of the primary producer when first encountered was:

a. Raw material problems.

(1) The price fixed by A.C.C. was so low that producers were not bringing in their product and attempts made to force product into the control warehouses had met with physical resistance.

(2) The ration scale as fixed was insufficient for the heavy agricultural work of scutching.

(3) Great distrust of the Ammasso and its officials.

b. Steps taken to remedy these conditions were:

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(a) a careful ~~study was made of conditions and~~ meetings were held with several producers and a new price established.

(b) approval obtained for a heavy workers extra bread ration based on actual amount of raw hemp turned into the warehouses.

(c) scrupulously fair dealing and payment of full value of hemp with no deductions.

(4) From then on little trouble was experienced, except that all goods such as rope, cloth, string, shoemakers twine were in such short supply that a very strong demand for black market hemp was soon felt.

2. Manufacture.

a. Problems.

(1) Practically no factories were working owing to short power supply and lack of raw material, most factories preferring to keep their raw and semifinished products to exchanging them for currency in which they had no faith.

(2) Labor wages in this industry were shocking, ACC approved wages for women factory workers were 25 Lire per day average, for an eight-hour day.

(3) No means of getting labor to the factories, no possibility of night work owing to curfew and fear of women to go out at night. Lack of sufficient food to do a full day's work and to walk several miles to and from the factory. Lack of essential supplies, coal, oil, soap, lubricants, industrial gases, etc.

b. Steps taken by ACC.

(1) As the products of these factories were urgently needed by the Armed Forces, it was pointed out that considerable shipping space would be conserved if factories were brought into production and urgently needed raw material would be available for our own factories overseas. Most supply troubles were got

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(2) The wages problem was more difficult, as the wages committee refused to increase wages. This was countered by a Production Incentive Bonus to be passed on to the workers in agreement with factory managers. This plan was approved by labor and wages groups. An extra mid-shift meal ration was obtained for hemp-workers.

(3) In order to counter black market operations orders were issued making it illegal to move hemp from one place to another without permission of the controlling body; all raw hemp and manufactured or semi-manufactured hemp products had to be reported under a confiscation penalty and were bought by the Ammasso at a price fixed by ACC. Guards were placed on roads but were not reliable, as the Black Market could well afford to bribe guards heavily. No hemp was sold to factories but factories were kept supplied with raw

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material which was strictly accounted for, and they are paid for their production, the value of which is bought by the Ammasso.

c. Present position.

Factories are working to capacity of one shift a day but difficulties of replacement of worn parts are arising, despite the arrival of spare parts from England as a result of requisitions made in anticipation of this contingency. The wage position is still not entirely satisfactory and transportation of raw and finished products is difficult. Contraband is increasing owing to reduction of Allied control personnel.

3. Future prospects.

It is expected that production in the south will continue but problems of the hemp area in the for the resting of this year's crop, the amount of damage done to factories, what facilities are available to feed factories with raw material, whether the new price fixed for hemp will be sufficient to bring in the crop without trouble, the power supply available, number of factories and warehouses occupied by the military and damage done to them.

in the north depend greatly on whether we can get control

4. Specific examples of difficulties.

a. The Corderia Napoletana, one of the best rope factories in Naples Province, was early occupied by a Quartermaster Unit. To make room for stores, spinning machines were unshipped by unskilled and inexperienced men and dumped anywhere out of the way. This factory could not be used until the unit moved out and the re-assembly of the spinning plant will take at least three months.

b. One of the largest warehouses for hemp in the Naples district was occupied as a bakery, and to compensate for this loss storage had to be hired all over the town. The bakery could well have been located in a smaller warehouse instead of one specially designed for hemp storage and classifications.

c. In one large factory the whole of the employees changing and dining rooms was occupied by an Air Force Unit, who refused to move although there were several other buildings avail-

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c. In one large factory the whole of the employees changing and dining rooms was occupied by an Air Force Unit, who refused to move although there were several other buildings available. When this unit did move on all the useful furniture was taken from this part of the factory.

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d. Similar difficulties are anticipated in the future and especially a great increase in transportation and fuel problems is foreseen.

D. Textiles and similar industries.

1. Until July 1944 the approach to these industries was complicated more than to any other by the union of the Industry and Commerce Sub-Commissions as one organization. In July 1944, the two were separated. The advantage, namely, that the overall relationship of production to requirements was more easily comprehended, was mitigated by the intrusion of clouds of routine or retail details which tended to obscure the primary function, primary, that is, in sequence, of production.

2. Fortunately, in the early stages this was not a very serious factor, as textile industries uncovered up to the

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liberation of Rome, represent less than 10% of the total in Italy, and it was, therefore, possible to give some degree of individual attention to specific firms.

3. There are only two major textile producing units in hitherto Liberated Italy, namely, the Manifatture Cotoniere Meridionali, Naples, and the C.I.S.A. Viscosa, Rome. The latter has only been liberated recently.

4. The M.C.M. can, therefore, be regarded as a sample, and although it is unwise to base general conclusions on particular cases, it did at least produce useful data and experience, and in default of other information, a brief summary of the conclusions drawn may serve as an indication of what may be expected when the chief textile centers are liberated. Detailed reports on the M.C.M. and C.I.S.A. Viscosa are included in the Industrial Appendix.

5. The Manifetture Cotoniere Meridionali.

a. This group or combine consists of six plants, three of which were so heavily damaged, mostly by German demolitions, that rehabilitation would be necessarily a long term policy. Fortunately, the other three had not only escaped with superficial damage, but formed a completely balanced plant, able to process cotton from the raw material to the finished pieces, and having the useful potential output, subject to the provision of cotton, machinery spares and commodities used in manufacture, of 25/30.000,000 meters per annum, plus a surplus production of yarn capable of taking care of all other cotton weavers in Meridional Italy.

b. A detailed survey was, therefore, made of the condition of the plant, the machinery, and requirements for one year's maximum production, and the results of this survey were embodied in a comprehensive report upon which requisitions were based and submitted through channels to C.C.A.C.

c. The main difficulties encountered in this specific case were connected with shortage of raw materials and other supplies. The Italian textile industries in general are very largely dependent on imported raw materials [illegible] the war years.

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c. The main difficulties encountered in this specific case were connected with shortage of raw materials and other supplies. The Italian textile industries in general are very largely dependent on imported raw materials, and though during the war years, resort had been made to "autarchy", this was an expensive substitute, uneconomical, unsatisfactory, and as the north was still cut off, unavailable. The firm had small stocks, sufficient to run at about one third production for a few months, and, therefore, pending the submission of fully justified requisitions, all available supplies of raw materials were earmarked and allotted to them. These included what was left of the mainland crop of cotton, the 1943 Sicilian crop, and a "stop-gap" requisition was made for 150 tons of Egyptian and/or American cotton.

d. The mainland crop was early in the hands of M.C.M., but only after long and protracted negotiations has the Sicilian cotton been released by the Banco di Sicilia who had a lien upon it. This cotton was originally held on behalf of the Istituto Cotoniere Italiano, and though it was blocked and allotted by the Italian Government, confirmed by A.C.C. to M.C.M. as early as December 1943, it was only at the end of July 1944 that the bank agreed to release. The difficulties made by the bank only came to a head in May, when representatives of the M.C.M. went to Sicily to arrange transportation; previously no objection had been made by them to the proposed transfer, and at this stage it was

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considered that it would be prejudicial to the prestige of the Italian Government if A.C.C. had to intervene. At length, after repeated pressure the government was successful in obtaining the necessary cooperation from the bank. Meantime, for reasons still under investigation, the amount available had declined from an estimated 670 tons to about 300, and it appears probable that the Banco di Sicilia's real reason for holding out was to obtain an increased price to cover themselves against losses and also possibly to make a speculators profit. This, if this was the reason, introduced an element into costings which was not acceptable to this HQ., namely, the passing on of the cost of war damages direct to consumers goods. The price of this cotton is still under discussion between the Government and the Bank, and the cotton itself has not yet been in fact released, although renewed arrangements are in course of implementation.

e. The 150 tons of imported cotton was first requested early in April, and a cable has just been received indicating that it is in course of shipment.

f. Meantime, as a result of these delays, the already reduced production of the firm has been dwindling still further, with consequent mounting costs and lessening employment.

g. To meet the over-all requirements of the firm, requisitions for one year's production were submitted covering scores of different items comprising millions of articles, and ranging from American and Egyptian cotton to nuts and bolts, all with dimensions, specifications and in some cases scale drawings and samples. These requisitions were based upon estimates made by the firm, and were screened qualitatively by this Sub-Commission.

h. Arising out of the general program outlined above, many subsidiary questions have required consideration, e.g. estimates of and justification for fuel, power and lubricants, all of which involve different channels; cotton by-products, e.g. sewing thread, twine, candle wicks and shoe laces; the study of imported consumer needs, and although these are now matters for Commerce Sub-Commission and not for Industry, prices, warehousing, distribution and rationing, releases and availability.

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i. On a smaller and less comprehensive scale the same procedure is required in dealing with the rehabilitation or reactivation of any firm however small; for example, in the case of the Alas Woolen Mill, Maccmer, who have no spinning plant, requisitions of yarn to maintain six months production have been submitted, and steps taken to locate and free machinery parts and commodities belonging to the firm, which were blocked in transit.

j. Improvisations involving the setting up of small scale production to tide over immediate crises have been made, as the conversion of unserviceable military garments to civilian use by repair and dyeing. This has meant the calculation and requisition of findings, the rehabilitation or conversion of dyeworks, and the organization of a program in conjunction with the military authorities, who supplied the garments and arranged the contracts.

E. Leather and footwear.

1. Leather and footwear deficiencies constitute unquestionably the gravest problem in essential consumer goods. Although producing an exportable surplus of tanning extract before the war,

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Italy has always been a heavy importer of hides. The situation was exaggerated by factors due to the war; wholesale slaughtering and requisitions by the enemy both of cattle and hides, the collapse of legal control and black market activities, looting of transmission belting, local shortage of tannin , as most producers are located in Northern Italy, and three or four years leeway to make up.

2. The only available supply to the consumer was (and is) a meager supply from the black market at astronomical prices. The action taken by A. C. C. was, therefore, first to establish maximum prices, to inventory and block all stocks and production wherever found, and to arrange for the release of hides from Consorzi under control as to price and distribution. Subsequently legislation was drafted in conjunction with the Italian Government to regulate the whole of the industry in Liberated Italy by controlling the production and output of tannin.

3. Serious obstacles have been encountered - irresponsible action by local authorities, refusal to cooperate by extract manufacturers, 'ca canny' attitude of tanners, and above all the continuing deficiency of tannin itself and consequent lack of production and deterioration of hides; the whole scheme for discipline of justification for the costings prepared by and submitted on behalf of the industry concerned. A conference at which all interested parties will be represented has, therefore, been arranged to settle this matter. The small amount of finished leather which has emerged has been devoted entirely to use of the Allied Forces or ACC and none has gone direct to private consumers.

4. ACC use their allotment to repair discarded Army shoes in a factory organized and managed by ACC with a production of approximately 5,000 pairs per week, all of which are sold at a nominal price to high priority civilians. In addition, some scores of thousands of unrepaired shoes have been released to Agriculture Sub-Commission for distribution and repair under decentralized arrangements by farmers and agricultural laborers. This has considerably eased harvesting difficulties.

5. From the beginning, Industry Sub-Commission employed the services of the best available expert, the Director of the R. [illegible] Industrie delle Pelli, and appointed

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5. From the beginning, Industry Sub-Commission employed the services of the best available expert, the Director of the R. Stazione Sperimentale per l'Industria delle Pelli, and appointed him Special Commissioner for Hides, investing him, in concurrence with the Italian Government, with powers to act executively on behalf of A.C.C. and the Government in all matters pertaining to the tanning and leather industries. This has proved a fairly satisfactory solution, as it has removed an enormous amount of routine and technical detail from Industry Sub-Commission. The Government itself is now trying to take a more effective part by dealing with recalcitrant producers in their territory, so far, however, without notable success.

6. As all the measures referred to above were, in view of the extent of deficiencies, merely stop-gaps, heavy requisitions, particularly for 500,000 pairs of heavy workers shoes, have been submitted, and decisions on them are awaited, though in view of the world leather situation, with some lack of confidence in the result.

7. The over-all position remains, therefore, that until further sources of tannin are liberated the shortage will continue, and even when that occurs indigenous supplies of hides will still be totally inadequate for consumers needs.

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8. Requisition of clothing and footwear.

a. Bulk requisitions for clothing and footwear, based upon figures of essential requirements in a study prepared by NAEB were submitted by this Hq. under date 10 March 1944, to cover the needs of the territory south of the Appenines. Although these figures purported to represent minimum civilian requirements, they were reduced, in screening, by this Hq. by approximately one half.

b. Subsequently a mission from the Combined Supply Group visited the theater and formed the conclusion, with which this Hq. did not agree, that local availability was such as to render the importation of cloth or clothing unnecessary, and of shoes limited, if at all.

c. However, in view of the recommendations of the C.S.C., this Hq. modified its proposals by substituting a considerable proportion of semi-manufactures, e.g. piece goods, for ready-made clothing, and by eliminating certain articles altogether. A comparative table of original and proposed revised requisitions follows.

F. Fertilizer Industry.

1. The re-activation of the production of superphosphate fertilizer in Liberated Italy is a typical example of the work of Industry Sub-Commission and aptly illustrated the difficulties wh which it has been necessary to meet and overcome, with inadequate personnel, without directive and without news of the fate of requisitions for essential raw materials from overseas.

2. When the first Industry Officer reached Italy in October 1943 he immediately occupied himself, without transportation, clerical staff, or even a typewriter, with investigation into the position of the fertilizer plants in Apulia. A survey was made of the Montecatini Plant at Barletta, the only one in then Liberated Italy, which was fit to work. Recommendations as to raw and packing materials were put forward. The later arrival of an officer with Chemical Engineering experience allowed the work of survey of fertilizer production possibilities to go forward with greater speed, and by the end of January 1944 data on the whole of the 10 fertilizer plants in Liberated Italy, i.e. Sicily, Apulia, Calab-

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a) Phosphate rock
b) Nitric acid or sodium nitrate
c) Pyrites
d) Paper sacks

with elaborate justifications went forward in February 1944 to AFHQ.

3. It is now August, and only meager supplies of the requisitioned raw materials have reached Italy. In the meantime, intensive work has been put in by officers of the Industry Sub-Commission, and to quote but one example, the partly demolished Montecatini Bagnoli plant has been completely cannibalized to put a similer factory at Portici to work.

4. Apart from the non-arrival of raw materials, no advice has ever been given, in spite of requests for information, as to whether pyrites or nitric acid will ever be sent. Bags have

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Comparative Table of Requirements

Item	Requisition Dated 18 March 1944 Totals	New Requisition	
		Ready Made	Cloth in Piece
Blouses (girls & women)	4,897,000	1,000,000	6,000,000 yds.
Brassieres	1,285,000	-	-
Buttons, plastic	562,500 gr.	Considerable increase	-
Dresses (girls & women)	4,897,000	1,000,000	14,000,000 yds.
Flannel, infants	326,800 yds.	-	326,800 yds.
Needles	7,612,000	Considerable increase	-
Pins	9,260,000 pkts.	"	-
Pins (safety)	108,900 doz.	Some increase	-
Shirts (boys & men)	6,484,000	1,950,000	11,350,000 yds.
Shoes (boys & girls)	1,629,000 prs.	1,629,000	-
Shoes (men)	1,629,000 prs.	1,629,000	-
Shoes (women)	2,857,000 prs.	-	-
Shoe Repair Soles	4,502,000 prs.	4,502,000 prs.	Delete any for
Shoe Repair Heels	4,502,000 prs.	4,502,000 prs.	womens shoes
Shoe Laces	4,502,000 prs.	4,502,000 prs.	" "
Short Trousers	1,088,000 prs.	544,000 prs.	544,000 yds.
Skirts (girls & women)	4,897,000	1,000,000	3,000,000 yds.
Socks (men & women)	11,432,000 prs.	11,432,000 prs.	-
Sweaters (all types)	6,878,800	3,500,000	1,750,000 lbs.
Thread (for boots)	34,160 lbs.	34,160 lbs.	-
Thread (mending)	273,500 lbs.	Considerable increase	-
Two-Piece Suits	1,098,300	550,000	1,925,000 yds.
Two-Piece Overalls	1,078,400	1,078,400	-
Undershirts (male & female)	11,966,000	11,966,000	-

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1921

Shirts (boys & men)	108,900 doz.	Some increase	-
Shoes (boys & girls)	6,484,000	1,950,000	11,350,000 yds.
Shoes (men)	1,629,000 prs.	1,629,000	-
Shoes (women)	1,629,000 prs.	1,629,000	-
Shoe Repair Soles	2,857,000 prs.	-	-
Shoe Repair Heels	4,502,000 prs.	4,502,000 prs.	Delete any for
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Two-Piece Overalls	1,078,400	1,078,400	-
Undershirts (male & female)	11,966,000	11,966,000	-
Underdrawers (male)	4,354,000	4,354,000	-
Underdrawers (female)	7,612,000	3,806,000	2,000,000 yds.
Union Suits (children)	1,740,500	870,000	-
Union Suits (boys)	2,132,000	1,066,000	-
Waterproofs (male & female)	452,500	-	-
Work Dresses	343,800	-	-

Summary:
(i) Garments reduced by - 28,300,400
(ii) Cloth required in lieu - 39,475,000 yds.
(iii) Knitting Wool - 1,750,000 lbs.

Note: (ii) and (iii) subject to re-checking

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arrived in very small quantities, always without pre-aivice of dispatch, and in some cases have been deli red at the wrong ports, and production is still gravely handicapped by a shortage of phosphate rock. It is of little use to send packing materials for goods for which the basic raw materials are still hundreds of miles away.

5. What the reaction of the Italian plant owners and managers is to this situation it is better not to enquire. They have been badgered and spurred into activity, helped with technical and transportation problems, encouraged to do work essential to the provision of food for their countryment, and they still do not know when they can start production or whether or not they should retain or discharge their workpeople.

G. Engineering and metallurgical industries.

1. No complete account can be given of this important group as almost without exception plants are occupied and operated by the Allied Forces. This management has in many cases been superior to that of the owners, and although there are exceptions, in general it may be said that the contribution so made to the war effort has been substantial.

2. The activities of ACC in this field have, therefore, largely been limited to detailed surveys and appreciations, of which printed copies have been circulated to all concerned, and to active collaboration with the military forces.

3. It should be noted, however, that there has been a lack of coordination, leading to duplication and wastage of plant, and of unimaginative cannibalization which will inevitably lead to serious difficulties in rehabilitation of rationalization when the plants are handed back to their original owners.

H. Miscellaneous industries.

In addition to all the major industries of Liberated Italy, ACC has taken steps to rehabilitate and directly control various minor industries whose production is essential to the national economy. These include:

1. Paper production, including banknote paper for the Banca d'Italia.

2. Soap manufacture for all Central and Meridional Italy.

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2. Soap manufacture for all Central and Meridional Italy.

3. Sulphuric acid.

4. Production of edible olive oil, and the use of its derivatives.

5. Assistance to the Armed Forces in the production of industrial gases.

6. Leather transmission belting.

7. Sewing thread and similar manufactures.

IV. THE ITALIAN GOVERNMENT

The primary function of A.C.C. is advisory to, and supervisory over industry and it acts through the Ministry of Industry, Commerce and Labor. In the early stages A.C.C. must inevitably adopt an executive role also, on account of its superior communications, wider experience and greater powers, but should revert to its primary function at the earliest possible moment.

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This moment has, however, been long delayed owing to the inability of the Italian Government to exercise effective control under the circumstances, and to its frequent changes in personnel. Only now, since the proposed setting up of the Industrial Advisory Board, is the possibility of transferring executive responsibility to the Italian Government coming within the sphere of practicability. Hence, up to the present date, with a few minor exceptions which have been usually fruitless or dilatory, the activities of the Italian Government in the industrial field have been nil.

V. OUTLOOK FOR THE FUTURE

The future is inseparable from the present and the past, and a study of what has already been encountered is a more accurate reflection of what may be expected than an estimate based upon incalculables. However, as the bulk of Italian industry still remains to be uncovered, past experience and problems can only be regarded as approximate bases for appreciations of what will be found when the whole country is liberated.

But it is not thought that any marked differences to the problems which have been outlined above will be met. The extra time which the enemy has had for the preparation of demolitions may be compensated by the speed of his withdrawal, the effects of allied bombardment may have already resulted in readjustments, and in any case the essential industries are likely to have escaped more lightly than those of a military nature, whose rehabilitation would in any event not be considered. Such information as has filtered through appears to indicate that industries, other than war industries or those which have been in battle area, have not suffered extensively, and on this information and on past experience there has been estimated a probable potential of 60% of pre-war capacity within one year after the cessation of hostilities; a percentage moreover which it is thought will approximate very closely to the final potential after rationalization. It should be noted, however, that it is assumed that equivalent power and raw materials will be available and account has been taken of the use of all probable local resources, whether by way of restoration, absorption, or cannibalization.

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CHAPTER VIII

M I N I N G

INTRODUCTION

From a mine products standpoint, Italy is a poor and dependent nation. Only about [illegible] of the coal and a quarter of the iron ore requirements are produced within the country. The value of the pre-war exports of mineral products amounted to about $17,000,000 in 1938 and consisted principally of sulphur, marble and mercury. The imports of mineral products had a value of about seven times this amount and consisted principally of coal and oil.

November 1943 was the month of the lowest post-war depression of the mineral industry, with a production in the mine employment of about one third. Many mines were shut down entirely and there was no production from the Sicilian sulphur mines.

The Mining Division, A. C. C. was created 11 November 1943 and since that date has examined 131 mines and ordered mining supplies with a value of about $4,000,000.

Sardinian coal production increased from 7,500 tons in November 1943 to 41,250 tons in January 1944. Production is now limited to a maximum of 35,000 tons per month by order of AFHQ. Fused sulphur production in Sicily increased from nothing in November 1943 to 2,200 tons in July 1944.

It is believed that future mining policy, together with that applied to the whole industrial plant of Italy, should be directed toward a return to sound economic policy in contrast to the largely artificial economy which existed under Fascism. Attempts to make Italy self-sufficient with respect to the major parts of the minerals consumed cannot succeed.

Certain re-adjustments of administrative procedure are suggested with respect to requisitioning mining supplies, the notification of the Mining Division as to time and place of their arrival and the need for preventing the diversion of shipments to points other than those to which initially directed. The securing of local supplies by requisition or manufacture has not yet proved of major importance but will probably be more so as time goes on.

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The mine labor situation is improving and no serious delays in production are anticipated in the near future although increased production may result in shortages. Financial and political considerations are important to mining as they are to all industrial activities and a return to sound economics will probably offset in large part the harmful effects of financial and political forces which might otherwise prove destructive.

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1. ECONOMY OF MINERALS IN ITALY

a. Pre-1941 Situation.

The value of all minerals produced in Italy in 1938 was $71,100,000 (lire $.0536). As agricultural products of that year were approximately valued at $2,300,000,000 the relatively small magnitude of the mineral business (3%) is apparent. Of the production, mineral exports made up a value of $17,300,000 or 23% while import

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of minerals were valued at $179,000,000, or about seven (7) times the export value. Eighty-six percent of the value of all exports consisted of three items, namely sulphur, 33% marble and alabaster 33% and mercury 20%. Ninety-four percent of the value of all imports consisted of two items, namely coal, (including lignite), 75% and petroleum 19%. In addition to these exports, it is to be noted that only about 25% of the iron ore requirements are of domestic origin. It is also to be noted that non-metallic minerals made up 61% of the total production value, metallic minerals 25% and fuels only 16% during 1938.

The upper portion of Chart I, following, indicates the domestic production and import situation in 1938 with respect to the more important minerals. The only important minerals produced in excess of domestic requirements and which are exported are shown in the lower half of Chart I.

From the relations shown in Chart I, it follows that the basic weakness of the Italian mining situation is that the country is far from self sufficient with respect to coal, petroleum and iron ore, all of which are of basic importance to the economy of the country. If these are not imported in amounts sufficient to supply the industrial and social machine, the life of the country is immediately affected.

Chart 2, following, shows the mineral products, imports, exports and apparent consumption of minerals for the year 1938. This year is used because (1) it is the last year for which reliable and complete figures are available, (2) it is the latest prewar year during which the industrial life of Italy functioned on a relatively "normal basis". It is noted, however, that during 1938, over one half of the steel output of Italy went into the war industries.

The employment by the mineral industry in 1938 was 127,017 workers, out of a total industrial employment of 3,857,142, or 4%. The mining employment payroll for that year is estimated at about $27,628,000.

The 1938 situation with respect to detailed production and value of mineral items are shown in Charts 3, 4, and 5.

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far from self sufficient with respect to coal, petroleum and iron ore, all of which are of basic importance to the economy of the country. If these are not imported in amounts sufficient to supply the industrial and social machine, the life of the country is immediately affected.

Chart 2, following, shows the mineral products, imports, exports and apparent consumption of minerals for the year 1938. This year is used because (1) it is the last year for which reliable and complete figures are available, (2) it is the latest prewar year during which the industrial life of Italy functioned on a relatively "normal basis". It is noted, however, that during 1938, over one half of the steel output of Italy went into the war industries.

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The 1938 situation with respect to detailed production and value of mineral items are shown in Charts 3, 4, and 5.

The consumption of electrical energy by the more important mineral industries for the year 1938, is shown in the following table:

	K.W.H.
Coal	58,106,690
Lead & Zinc	50,540,696
Sulphur	17,884,845
Industrial Salts	10,721,378
Cement Rock	5,320,119
Iron Ore	9,329,008
Mercury	3,349,851
Other Mining	12,797,219
TOTAL	185,418,309 K.W.H.

Appendix I, contains a list of the 195 important mines of Italy, as of 1943, classified as to products, monthly production per mine, and number of workers.

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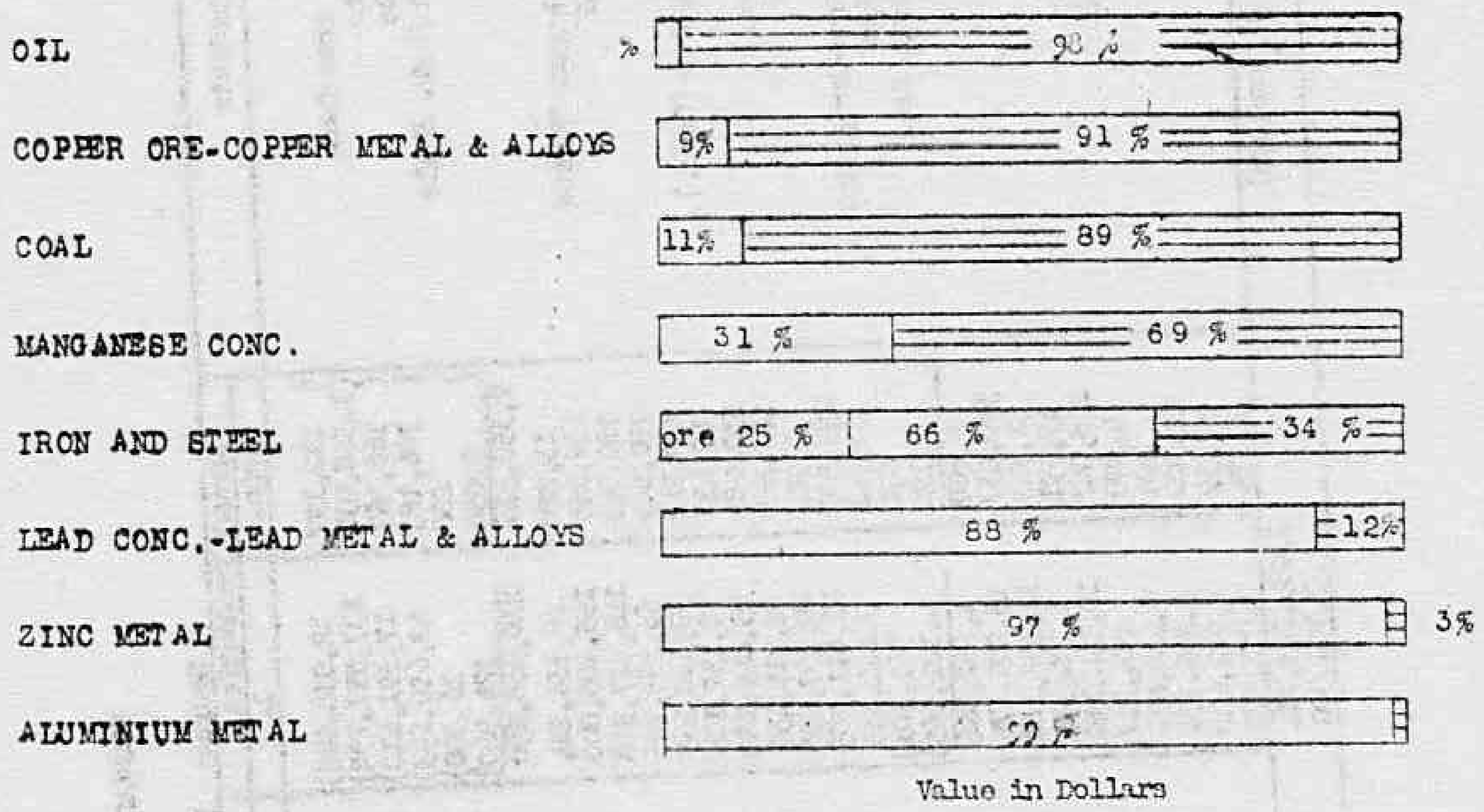
CHART 1

RELATION OF PRODUCTION TO IMPORTATION OF IMPORTANT MINERALS

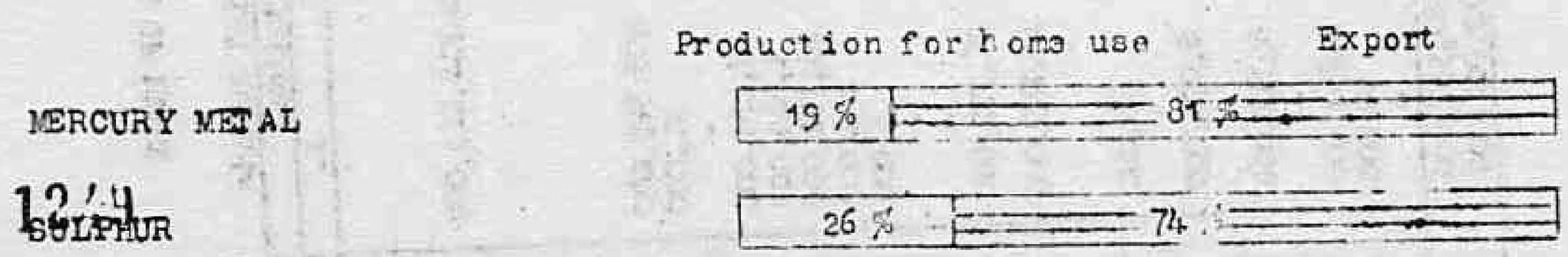
1938



Value in Dollars

RELATION OF PRODUCTION TO EXPORTATION OF IMPORTANT MINERALS

1938



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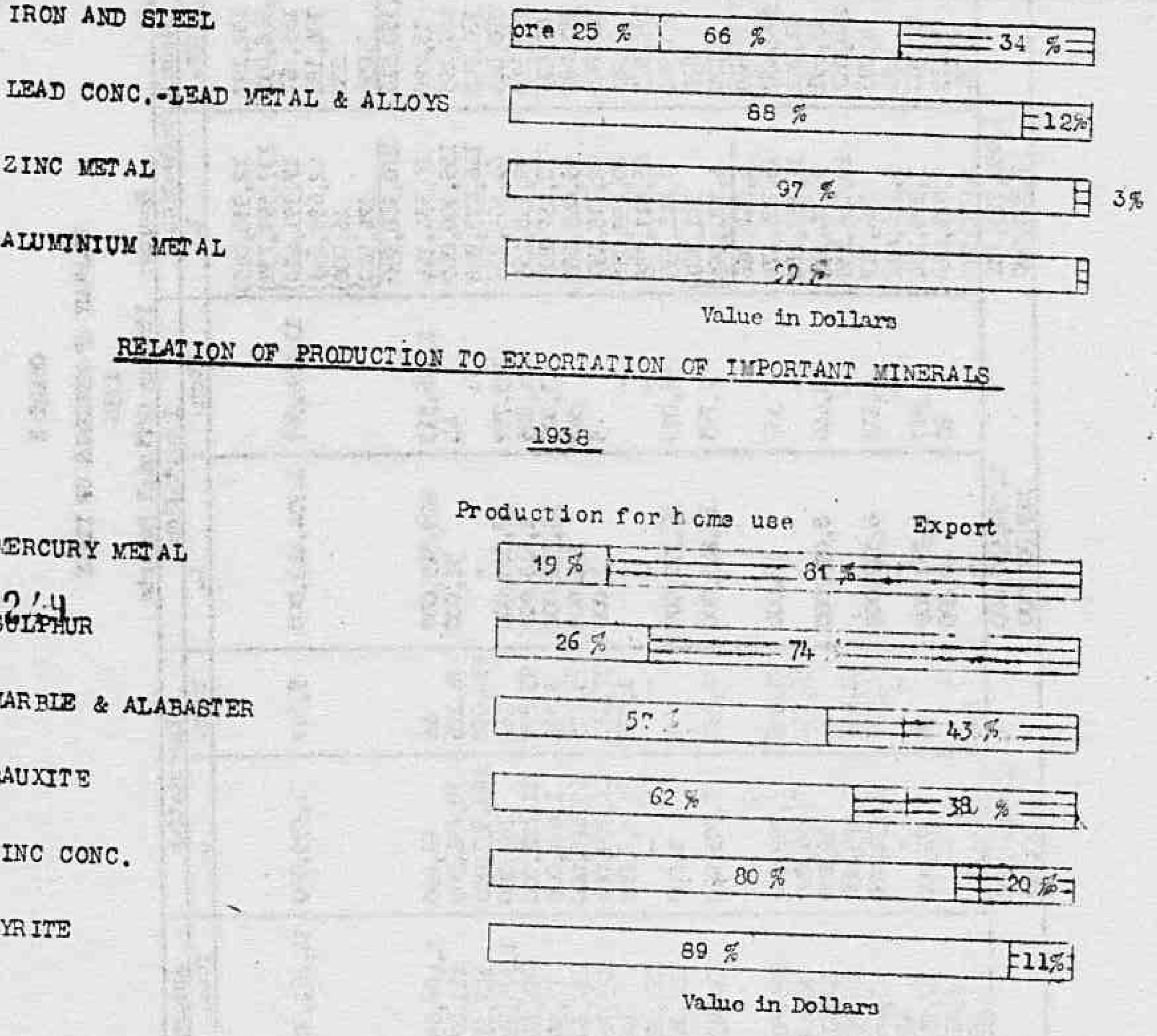

RELATION OF PRODUCTION TO EXPORTATION OF IMPORTANT MINERALS

1938

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CHART 2

ECONOMY OF MINERALS OF ITALY
1938

Source: Italian Official Reports

Minerals Products	Annual Production Tons.	Annual Production L.	Importation Tons.	Importation L.	To
Anthracite	132,197	12,938,015			
Sardinian & Arsa Coal	1,348,031	137,597,732			
Black Lignite	168,767	17,391,410	11,914,967	1,714,443,000	9
Brown Lignite	704,183	42,699,693			
Bituminous & Carb. Shale	280	16,800			
Turf	5,056	324,940			
Total	2,358,516	210,968,590			
Oil	13,220	10,534,244	1,476,519	429,325,000	
Marble & Alabaster Worked	187,155	155,900,000	44	52,000	74
Sulphur Fused	380,345	146,477,918	-	-	230
Iron Ore	990,043	66,565,726	385,792	58,383,000	
Pyrite	990,312	99,338,165	14,825	1,645,000	93
Lead & Silver Ore (Conc.)	67,493	78,152,109	13,809	15,792,000	3
Raw Marble	331,089	93,045,288	345	144,000	93
Zinc Ore (Conc.)	200,848	82,715,457	5	1,000	77
Mercury Metal	2,301	80,257,038	-	-	1
Mercury Ore	195,523	66,811,285	-	-	-
Manganese & Iron-Manga. Ore	63,962	7,441,335	58,079	26,772,000	
Asbestos of Mine	670	561,301	7,783	18,249,000	1
" " Dust, Etc.	6,190	4,101,565			
Total	6,860	4,662,866			
Bauxite	360,837	15,285,474	357	38,000	75
Milled Talc	51,742	11,332,180	-	-	12
Kaolin	13,991	3,204,311	28,446	8,095,000	
Asphaltic Rock	258,047	10,154,130	-	-	1
Graphite Worked	4,005	904,317	4,115	6,317,000	
Tin Ore	494	6,416,412	-	-	
Copper Ore	22,700	3,205,794	4,967	1,261,000	
Antimony Ore	5,139	2,071,410	80	40,000	
Raw Alabaster	3,874	1,072,970	-	-	
Total L. (Incomplete)		1,089,705,734		2,280,557,000	
Total $ "		57,300,000		119,000,000	

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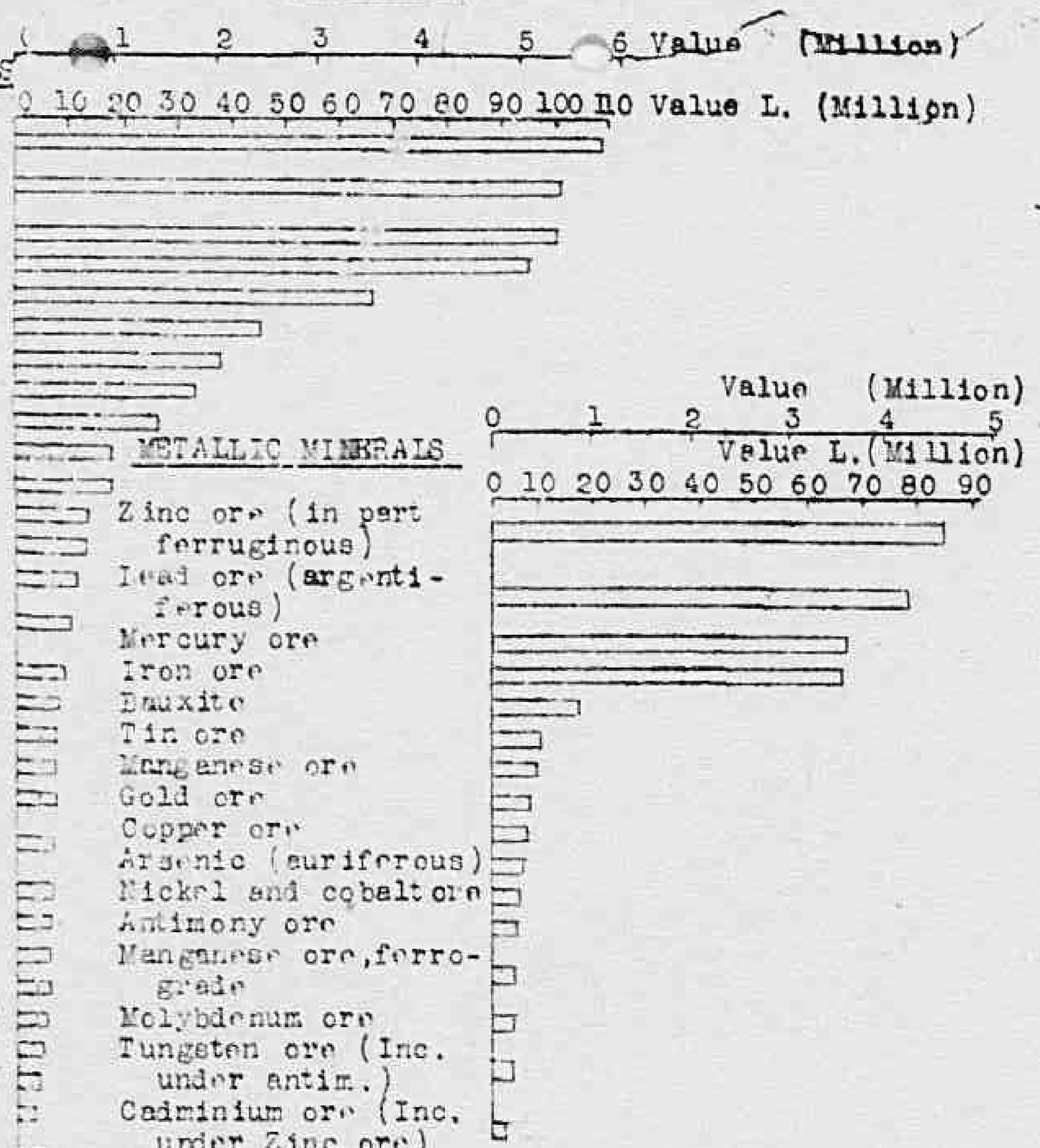
CHART 2

ECONOMY OF MINERALS OF ITALY
1938

Source: Italian Official Reports

Production		Importation		Exportation		Apparent Consumption	
	L.	Tons.	L.	Tons.	L.	Tons.	L.
	12,938,015)						
	137,597,732)						
	17,391,410)	11,914,967	1,714,443,000	9,872	1,599,000	14,263,609	1,823,812,590
	42,699,693)						
	16,800)						
	324,940)						
	210,968,590						
	10,534,284	1,476,519	429,325,000	46	66,000	1,489,693	439,793,244
	155,900,000	44	52,000	74,126	78,191,000	113,073	77,761,000
	146,477,918	-	-	230,992	108,857,000	149,353	37,620,918
	66,565,726	385,792	58,383,000	161	163,000	1,375,674	124,785,726
	99,338,165	14,825	1,645,000	93,272	11,121,000	851,865	89,862,165
	78,152,109	13,809	15,792,000	3,334	1,824,000	77,968	92,120,109
	93,045,288	345	144,000	93,625	29,618,000	237,809	63,571,288
	82,715,457	5	1,000	77,152	16,079,000	123,721	66,637,457
	80,257,038	-	-	1,839	65,316,000	462	14,941,038
	66,811,285	-	-	-	-	195,523	66,811,285
	7,441,335	58,079	26,772,000	1	1,000	122,040	34,212,335
	561,301)						
	4,101,565)	7,783	18,249,000	1,792	1,703,000	12,851	21,208,866
	4,662,866						
	15,285,474	357	38,000	75,386	5,759,000	285,808	9,564,474
	11,332,180	-	-	16,254	8,691,000	35,488	2,641,180
	3,204,311	28,446	8,095,000	24	16,000	42,413	11,283,311
	10,154,130	-	-	11,258	1,495,000	246,789	8,659,130
	904,317	4,115	6,317,000	2,337	1,531,000	5,783	5,690,317
	6,416,412	-	-	-	-	494	6,416,412
	3,205,794	4,967	1,261,000	74	71,000	27,593	4,395,794
	2,071,410	80	40,000	-	-	5,219	2,111,410
	1,072,970	-	-	606	288,000	3,268	784,970
	1,089,705,734		2,280,557,000		332,389,000		3,037,873,735
	57,300,000		119,000,000		17,300,000		159,800,000

CHART 3

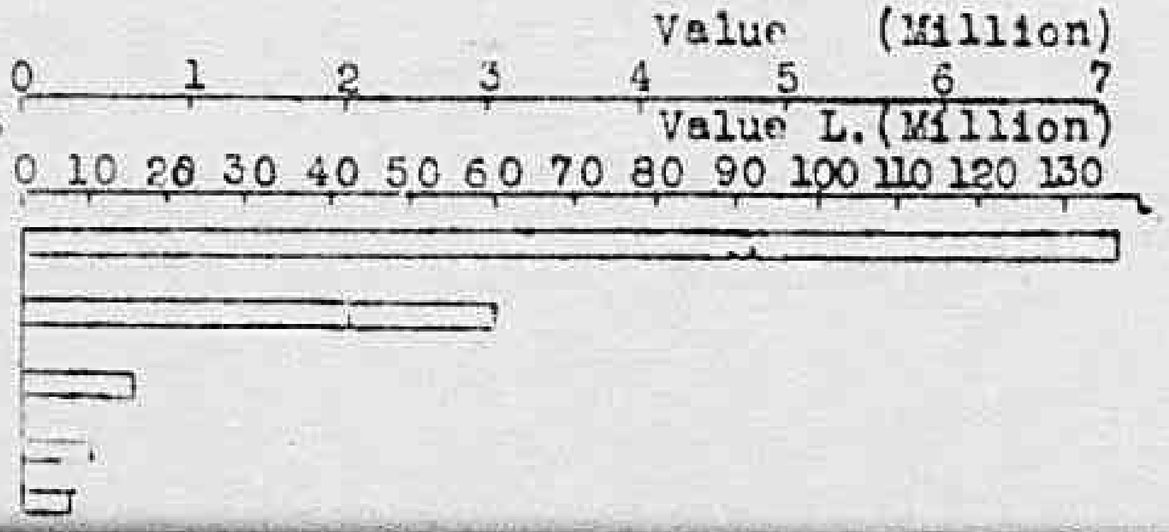


NON METALLIC MINERALS

Sulphur ore
Iron pyrites (Copper bearing)
Limestone
Marble
Sand and gravel
Cement rock
Clay
Mineral water
Rock salt
Trachite
Boric acid
Calcareous tufa
Lava
Asphalt rock
Travertine (Hard building tufa)
Porphyry
Kaolin
Pumice
Granite
Volcanic tuff
Tufa for cement manufact
Quartz sand
Talc and steatite
Sandstone
Refractory clay
Quartz and quartzite
Various earths
Gypsum
Stone
Asbestos and asbestos rock
Gneiss granite
Barite
Hydrated aluminium silicate
Carbon dioxide
Breccia and conglomerate
Basalt
Slate
Alabaster
Feldspar

METALLIC MINERALS

Zinc ore (in part ferruginous)
Lead ore (argentiferous)
Mercury ore
Iron ore
Bauxite
Tin ore
Manganese ore
Gold ore
Copper ore
Arsenic (auriferous)
Nickel and cobalt ore
Antimony ore
Manganese ore, ferrograde
Molybdenum ore
Tungsten ore (Inc. under antim.)
Cadminium ore (Inc. under Zinc ore)



FUEL MINERALS

Bituminous coal
Lignite
Anthracite coal
Petroleum
Natural gas

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- Pumice
- Granite
- Volcanic tuff
- Tufo for cement manufact
- Quartz sand
- Talc and steatite
- Sandstone
- Refractory clay
- Quartz and quartzite
- Various earths
- Gypsum
- Stone
- Asbestos and asbestos rock
- Gneiss granite
- Barite
- Hydrated aluminium silicate
- Carbon dioxide
- Breccia and conglomerate
- Basalt
- Slate
- Alabaster
- Feldspar
- Fluorspar
- Diatomaceous earth
- Seyenite
- Magnesite
- Diorite
- Bituminous rock
- Dolomite
- Graphite
- Pumice pebble
- Ammonium sulphate
- Serpentine
- Bauxite clay
- Volcanic tuffu(Peperino
- Lithographic rock
- Serpentine schist and calcite schist
- Crude alum
- Soft white limestone
- Augite seyenite manzonite
- Oil shale
- Mica
- Volcanic sand
- Clayey schist

- Tin ore
- Manganese ore
- Gold ore
- Copper ore
- Arsenic (auriferous)
- Nickel and cobalt ore
- Antimony ore
- Manganese ore, ferrograde
- Molybdenum ore
- Tungsten ore (Inc. under antim.)
- Cadminium ore (Inc. under Zinc ore)

Value (Million)
0 1 2 3 4 5 6 7

FUEL MINERALS

Value L. (Million)
0 10 26 30 40 50 60 70 80 90 100 110 120 130

- Bituminous coal
- Lignite
- Anthracite coal
- Petroleum
- Natural gas

MINERAL PRODUCTION OF ITALY

1938

SOURCE : CORPO REALE DELLE MINIERE

SUMMARY

Value (Million)
0 10 20 30 40 50

MINERALS
Value L. (Million)
0 100 200 300 400 500 600 700 800 900

- NON METALS — 58 %
- METALS — 25 %
- FUEL — 17 %

TOTAL L 1,[illegible],000 = $ 71,100,000

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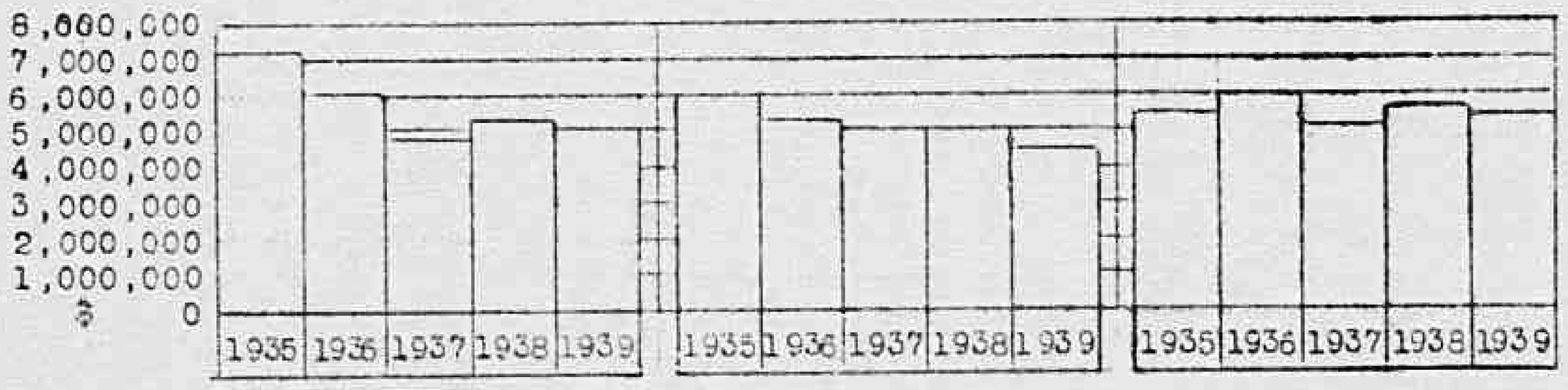
CHART 4

VALUE OF PRINCIPAL MINERALS PRODUCTS IN ITALY

1935 - 1939

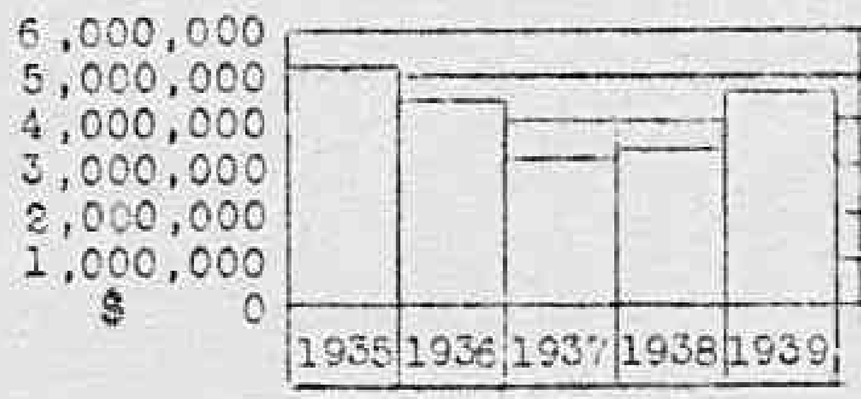
LIMESTONE



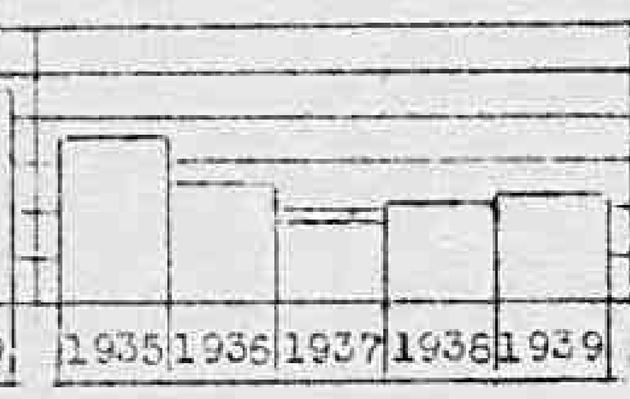
MARBLE

SULPHUR ORE

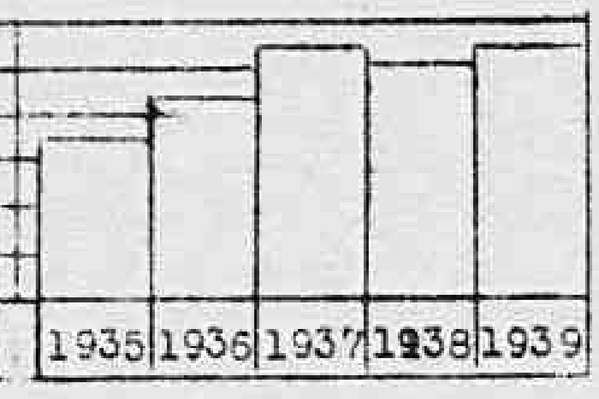
SAND AND GRAVEL



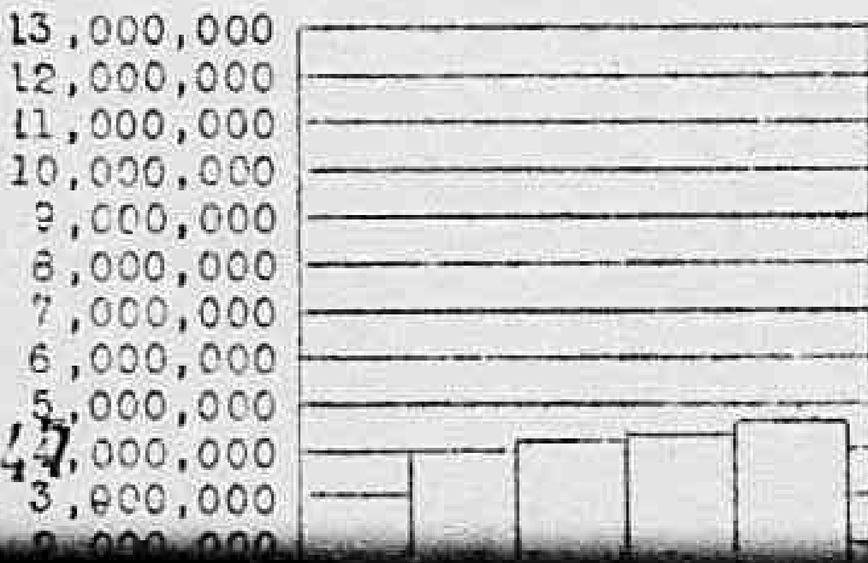
CLAY



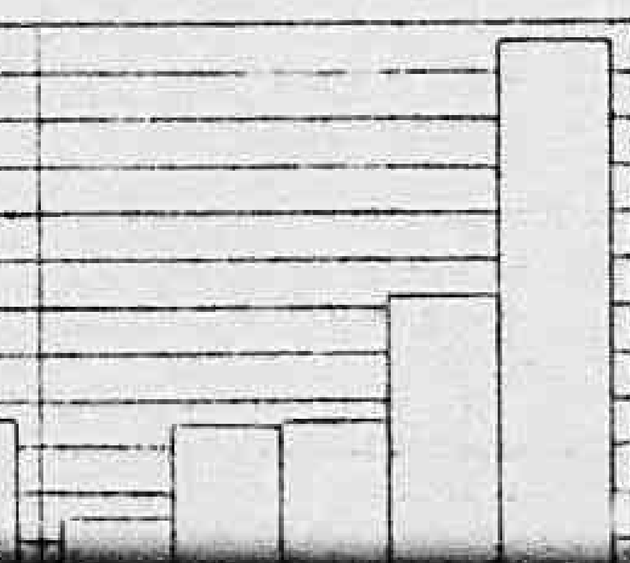
PYRITE



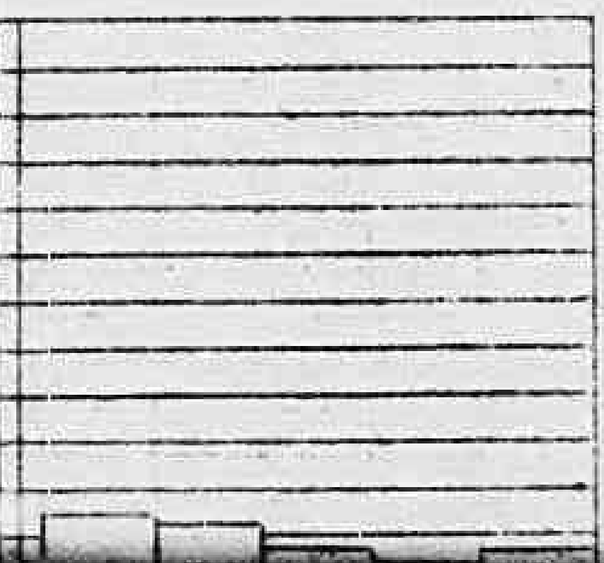
ZINC ORE



COAL-ISTRIA & SULCIS



MINERAL WATER



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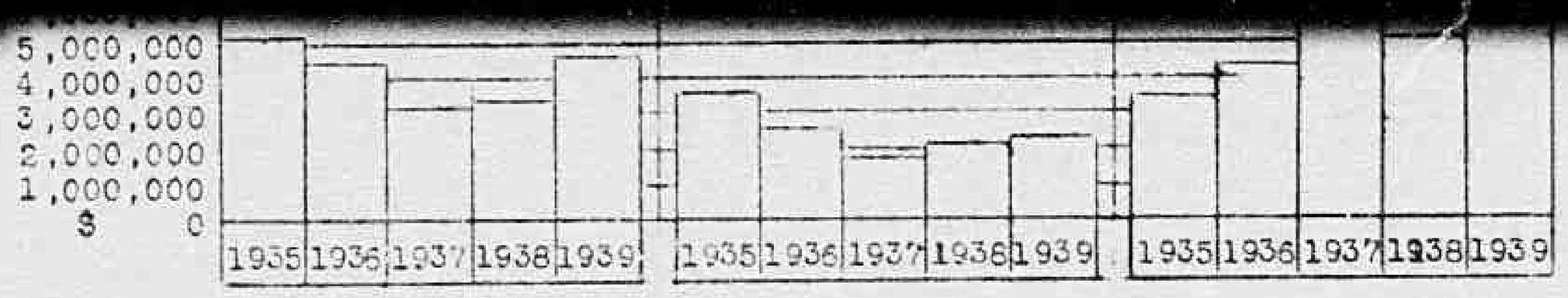
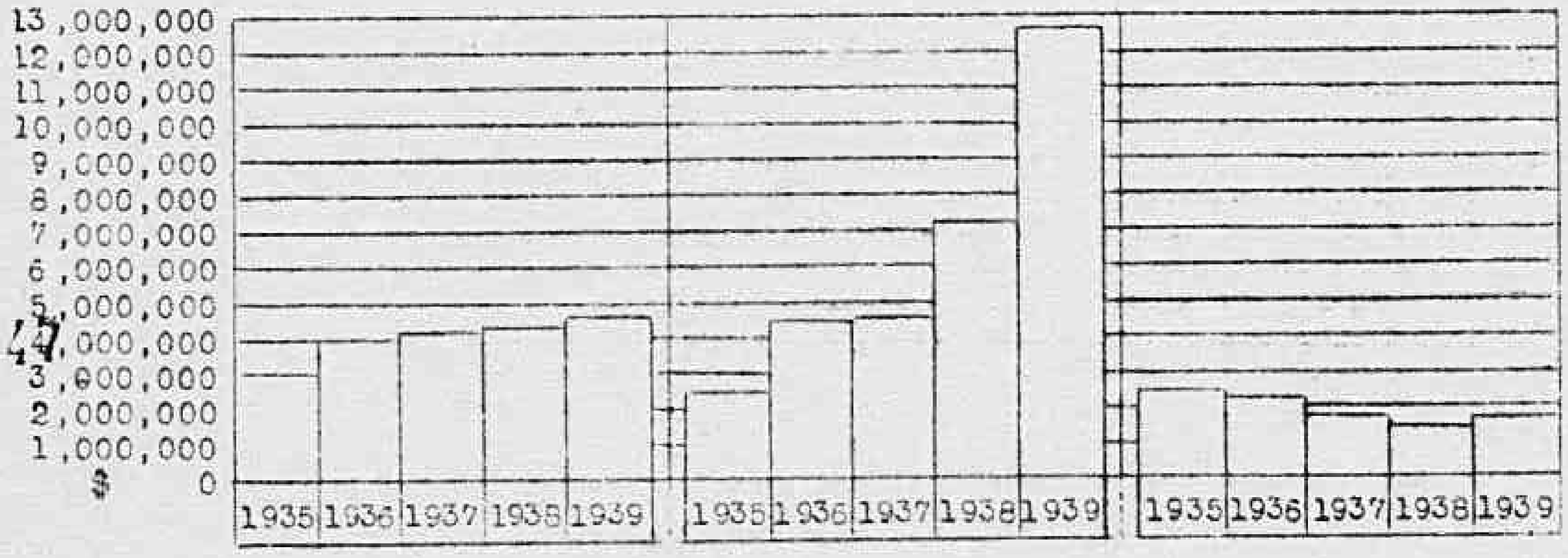


ZINC ORE COAL-ISTRIA & SULCIS MINERAL WATER



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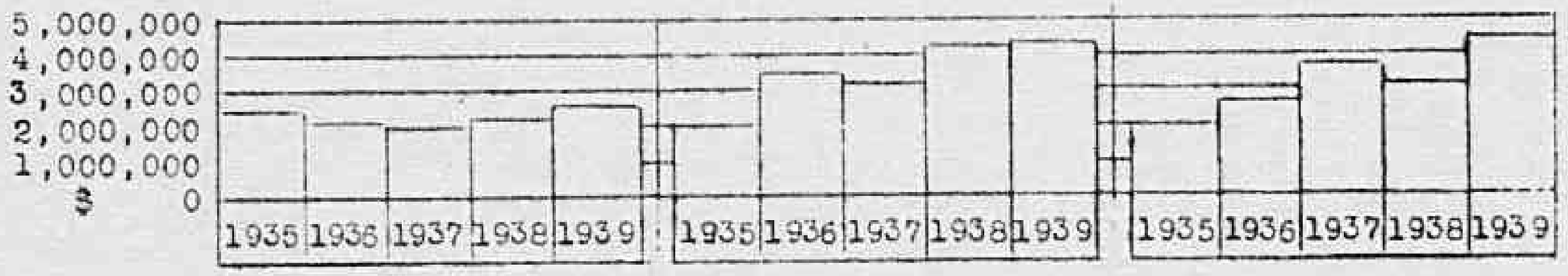
CEMENT ROCK LEAD ORE LIGNITE



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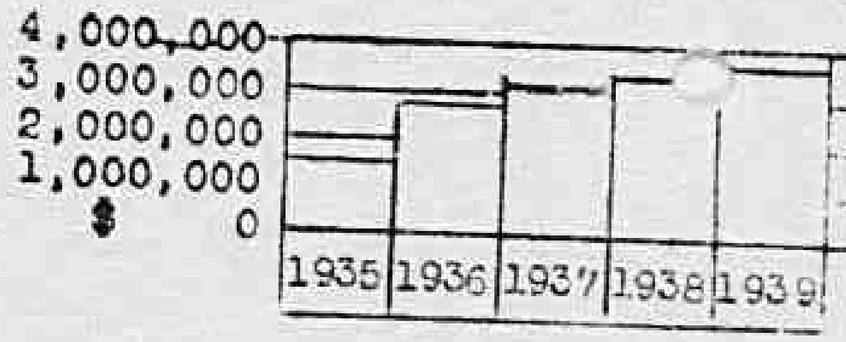
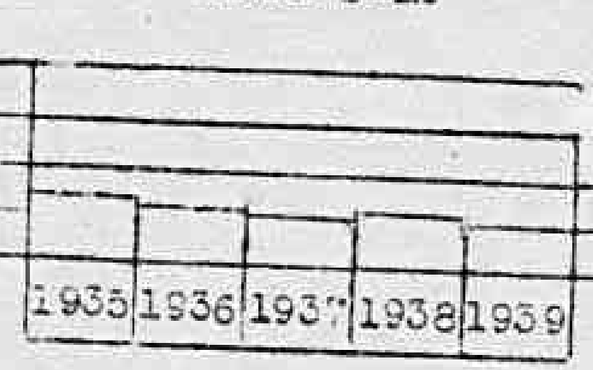
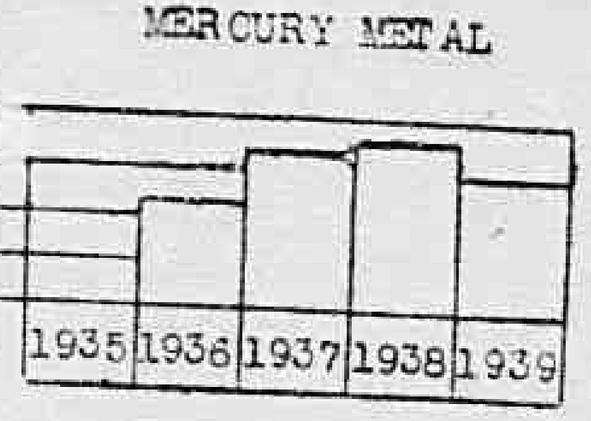
IRON ORE



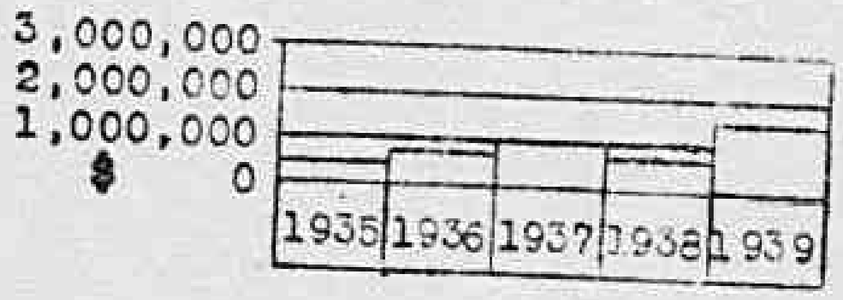
ROCK SALT



MERCURY METAL

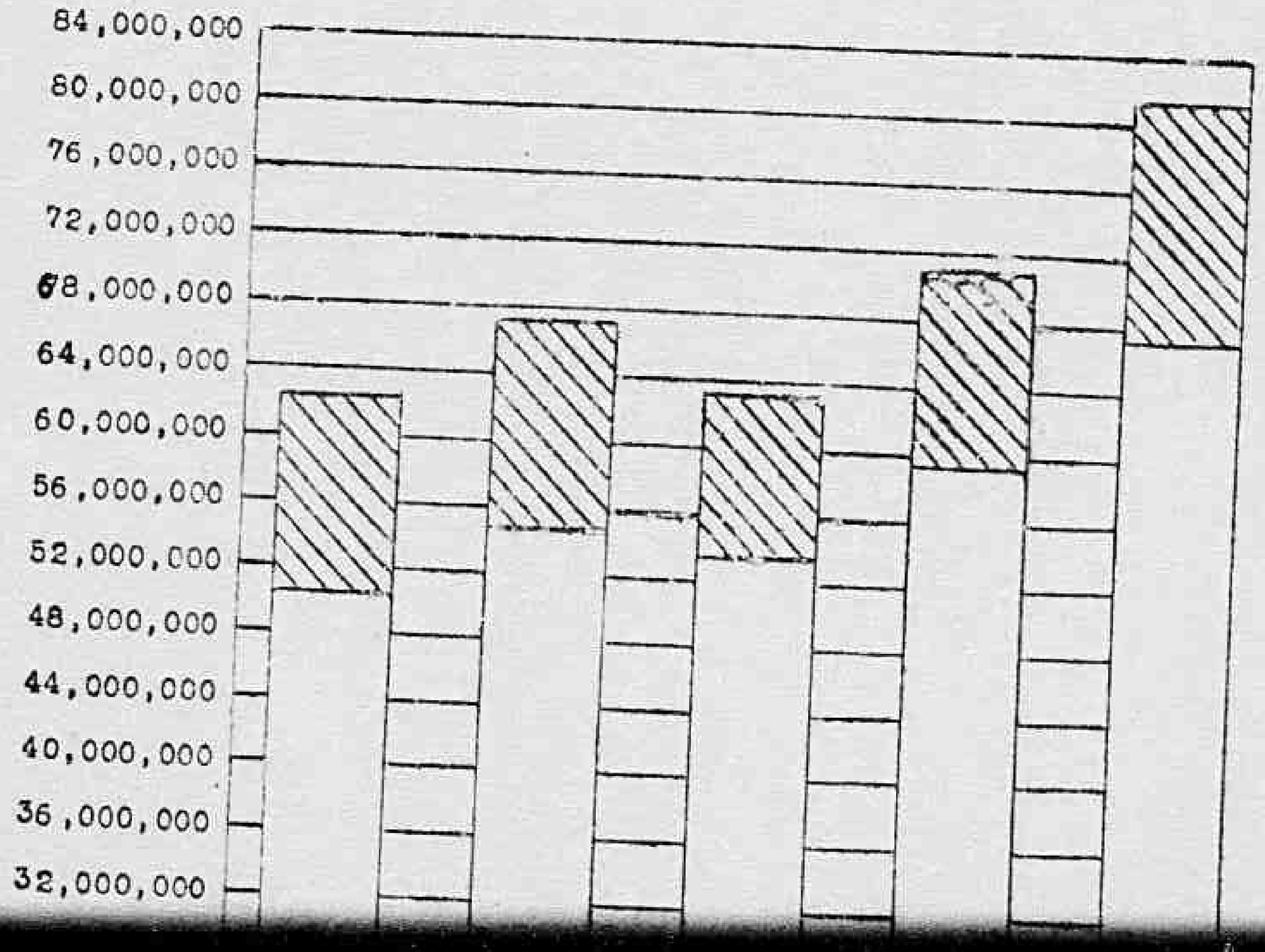


BAUXITE



ANTHRACITE

TOTAL VALUE OF MINERAL PRODUCTS



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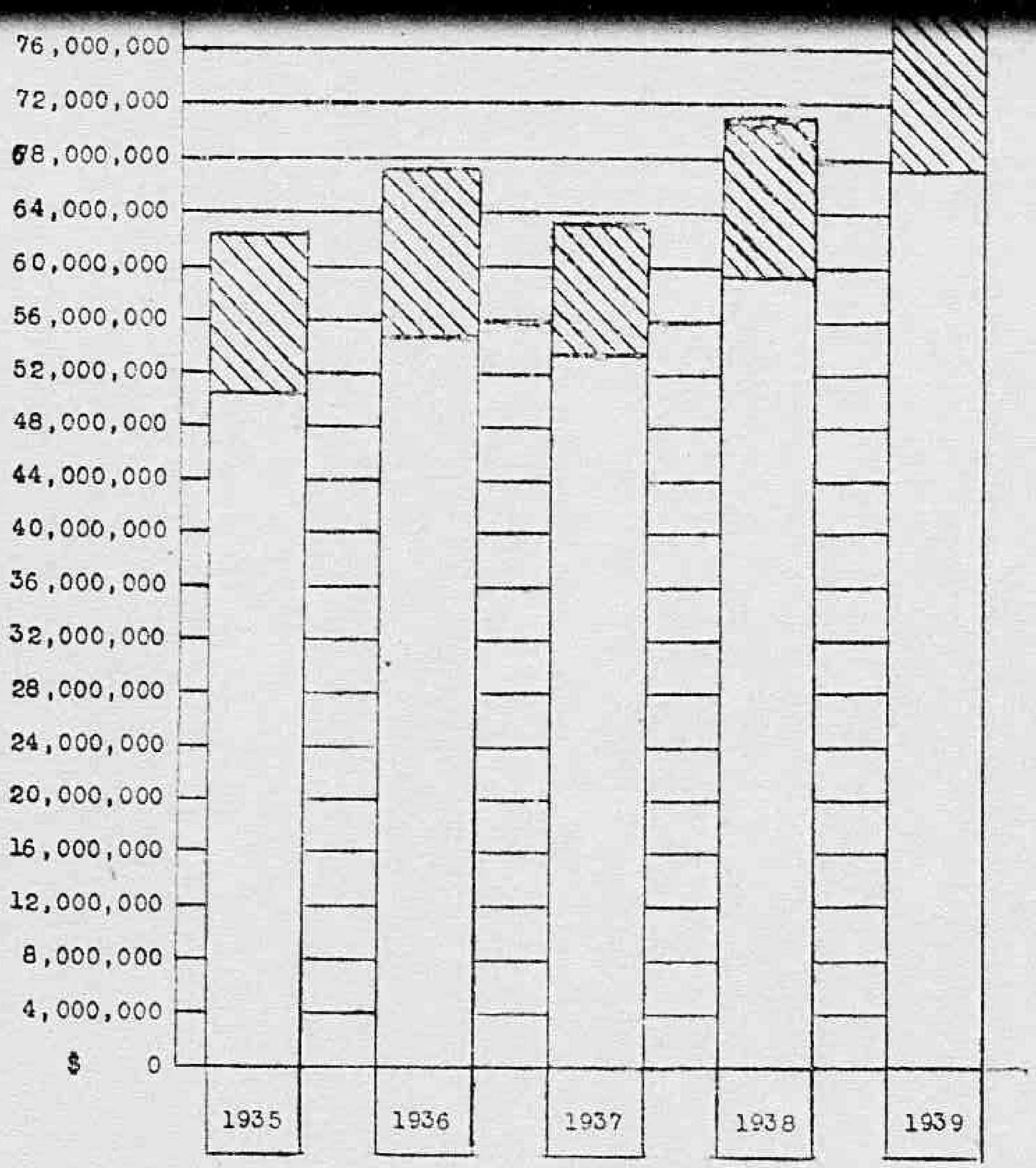
1248



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The above charts and figures indicate in a broad way, the degree to which development may be carried during the years of recovery from the present war depressed condition.

2. SITUATION IN NOVEMBER 1943

a. Production and Employment.

In order to compare the production and employment situation in Italy in 1938, with the situation immediately following cessation of hostilities on 8 September 1943, the following table has been prepared. Figures for 1938 are shown in parallel columns. The 1943 estimates given were obtained from the Corpo Reale Delle Miniere, Rome Office. In the case of the number of workers shown for November 1943, it is to be kept in mind that many mines kept, and are keeping, a considerable number of workers on their payrolls even in case of shutdowns.

Item	Est. Tons Produced Nov. 43 Met.tons.	Av. Monthly Production 1938 Met. tons.	Est. No. Workers Nov. 43	No. Workers 1938
Lignite	80,000	72,769	6,000	6,390
Iron Ore	27,000	83,809	1,800	3,737
Pyrite	24,000	77,526	2,400	5,332
Anthracite Coal	13,000	11,016	560	979
Mercury Ore	10,640	16,293	1,970	1,466
Sardinian Coal	7,500	38,814	2,500	6,614
Fused Sulphur (Mainland)	4,000	10,245	2,505	2,502
Zinc Concentrate	4,000	16,737	5,500	10,933
Lead Concentrate	1,600	5,624		
Total			26,235	37,953

It is to be noted that in this estimate the number of workers em-

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	Produced Nov. 43 Met.tons.	Production 1938 Met. tons.	Workers Nov. 43	1938
Lignite	80,000	72,769	6,000	6,390
Iron Ore	27,000	53,809	1,800	3,737
Pyrite	24,000	77,526	2,400	5,332
Anthracite Coal	13,000	11,016	560	979
Mercury Ore	10,640	16,293	1,970	1,466
Sardinian Coal	7,500	38,814	2,500	6,614
Fused Sulphur (Mainland)	4,000	10,245	2,505	2,502
Zinc Concentrate	4,000	16,737	8,500	
Lead Concentrate	1,600	5,624		10,933
Total			26,235	37,953

1245

It is to be noted that in this estimate the number of workers employed in November 1943 was about two thirds of the workers employed in 1938.

3. PROGRESS OF MINING IN LIBERATED ITALY SINCE NOVEMBER 1943.

a. Creation of Mining Division, A.C.C.

The Mining Division, A.C.C. was created on 11 November 1943 by order of A.F.H.Q. (FHMGS 498) and made responsible for:

(1) Production by mines.

(2) Recruitment of labor for mines.

(3) Requisition of mine supplies.

A total of twelve officers were approved for appointment to the Division which was constituted a section of the Public Works and Utilities Sub-Commission on 2 December 1943. It was transferred to the Industry and Commerce Sub-Commission on 16 February 1944.

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The Industry Sub-Commission and the Commerce Sub-Commission were separated 9 July 1944 the Mining Division remaining with the former.

b. Mines Examined.

A total of 131 mines have been visited by officers of the Mining Division since November 11, 1943. These were of 20 different types. Forty three of these have been reported in detail and 88 informally reported upon. The list is as follows:

Type of Mine	Total Mines Visited	Formal Reports Rendered
Anthracite	1	1
Antimony	2	0
Barite	5	5
Bauxite	6	3
Bentonite	1	1
Coal	4	4
Copper	5	2
Iron	3	3
Lead & Zinc	11	0
Lignite	10	10
Manganese	2	0
Mercury	3	3
Mica	1	0
Molybdenum	1	1
Pumice	6	6
Pyrites	8	7
	1	1
		17

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Bentonite	1	1
Coal	4	4
Copper	5	2
Iron	3	3
Lead & Zinc	11	0
Lignite	10	10
Manganese	2	0
Mercury	3	3
Mica	1	0
Molybdenum	1	1
Pumice	6	6
Pyrites	8	7
Salt	1	1
Sulphur	59	17
Talc	1	1
Tin	1	1
Total	131	43

1244

c. Production and Employment.

Sardinian Coal.

Officers of the Mining Division under direction of AFHQ, took charge of the Sardinian coal mines early in November 1943. Production was then about 7,500 metric tons per month. The loading facilities at the port of Sant'Antioco had been bombed, a ship sunk beside the pier, and the harbor mined.

Under the direction of Mining Division Officers, the pier was repaired, the sunken ship floated, and the harbor cleared of mines. Mine supplies were requisitioned from the U.S. to supple-

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ment local stocks, some of which have been delivered.

The production record is:

Dec. '43	33,077 Metric tons	Apr. '44	26,241 M. tons.
Jan. '44	41,250 " "	May '44	34,537 " "
Feb. '44	21,336 " "	June '44	32,462 " "
Mar. '44	14,084 " "	July '44	25,023 " "

Production is now limited by AFHQ to 35,000 metric tons per month. On 1 July 1944 there was a stockpile of 51,435 tons at the port of Sant'Antioco. About 4,000 men are now employed. Production, shipment, local sales and stocks for grades of coal are shown in Chart 6.

It is estimated that, on thirty (30) days' notice, production can be increased to 50,000 tons per month, and increased thereafter in six months to 70,000 tons per month. Requisitions have been prepared on the U.S. for operating supplies for the first six months of 1945.

Lignite.

The activation of the Ribolla lignite mine near Grosseto, north of Rome, is in progress. Shipments from this mine into Rome amounted to 1,035 tons during August 27, 28, and 29th, 1944.

Sulphur.

1. Sicily.

During the first six months of 1938 production was 20,600 metric tons. There was no production from 1 August 1943 to 1 December 1943.

Production starting December, 1943 was:

Dec. '43	300 metric tons	Apr. '44	1,504 metric tons
Jan. '44	400 " "	May '44	1,623 " "
Feb. '44	549 " "	June '44	1,900 " "
Mar. '44	1,084 " "	July '44	2,200 " "

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0 5 2 6

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Mar. '44	1,084 "	"	July '44	2,200 "	"

1243

Production stocks and shipments are shown graphically on Chart 7. Approximately 1,500 persons are now employed in this industry. Little damage occurred due to demolition, but transport, electric power, mine supplies and sufficient food for the miners were almost entirely lacking. Necessary supplies have been requisitioned from the U.S. and are now beginning to arrive for use during the remaining months of 1944. Obstacles of insufficient power, low price of sulphur, insufficient food rations and inadequate selling arrangements have not been entirely overcome, but progress is being made. The Italian Government is now in the act of publishing a decree making the Ente Zolfi Siciliand, the legal sales agency for Sicily. The present form of this organization is in accordance with Mining Division recommendation. Supplies are on requisition from the U.S. for use during the first half of 1945.

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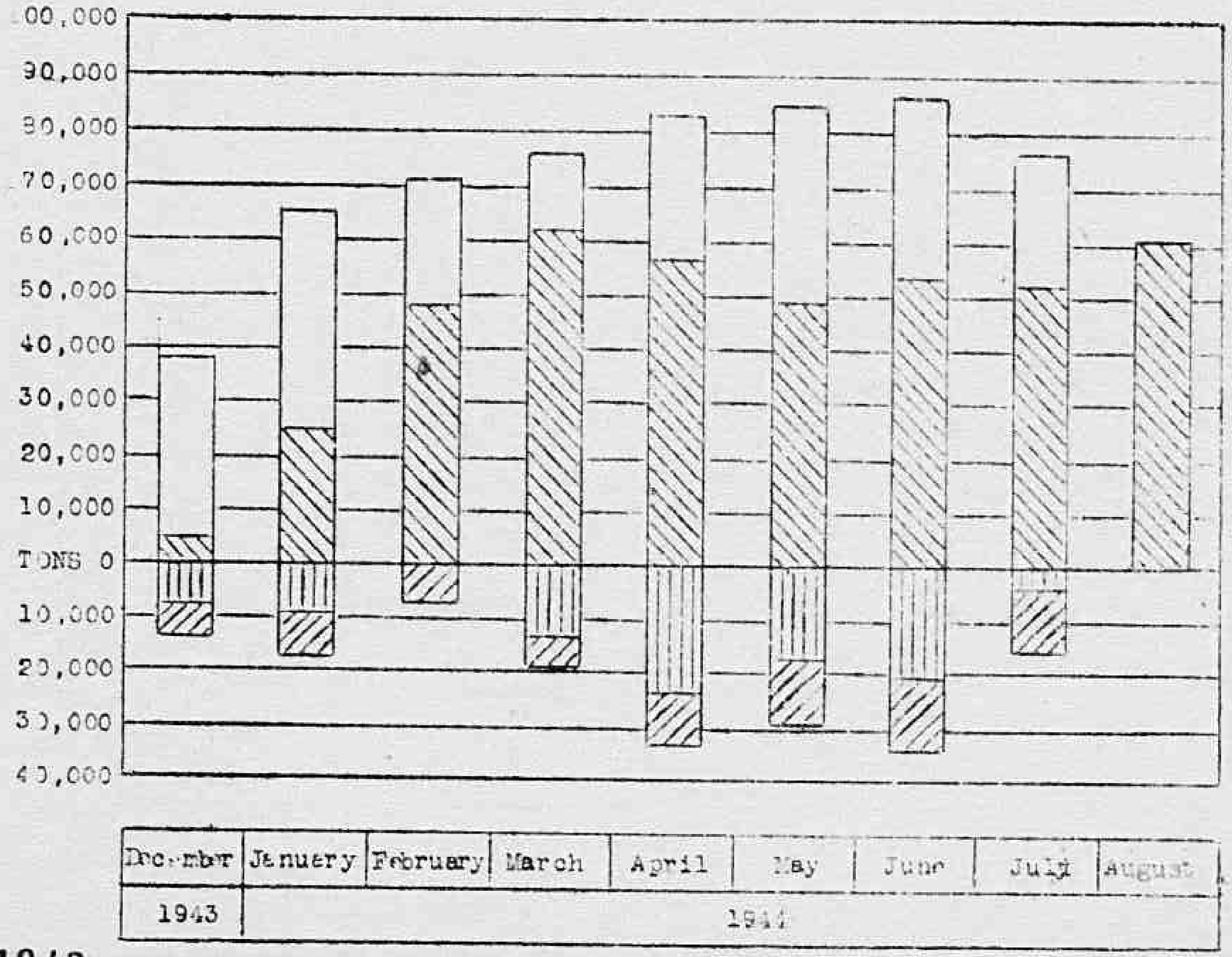
CHART 6

PRODUCTION SHIPMENTS AND STOCK OF SARDINIAN COAL

FROM Dec.1943



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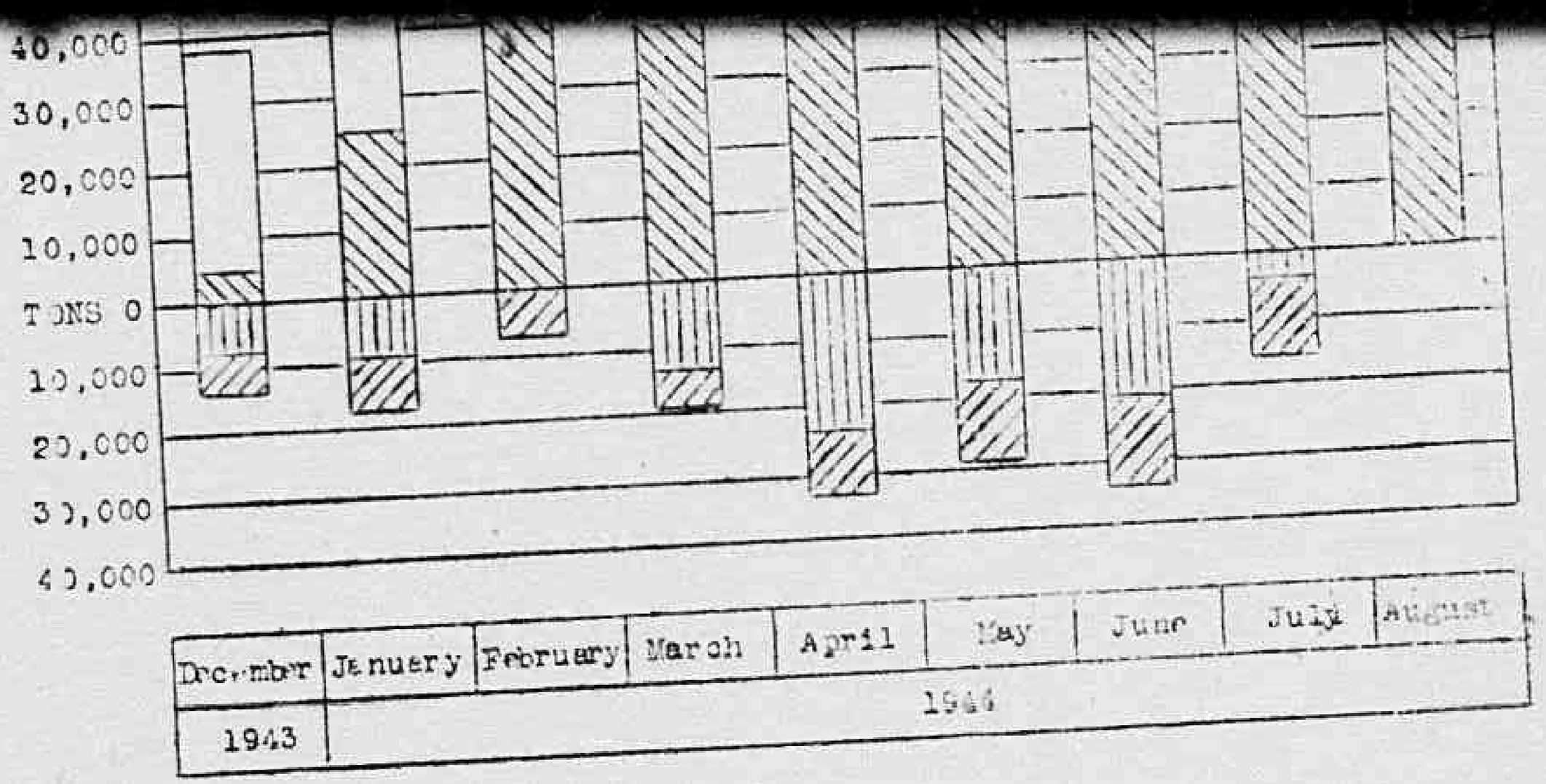

1242

PRODUCTION

STOCK ON HAND 1ST OF MONTH

EXPORT

LOCAL SALES

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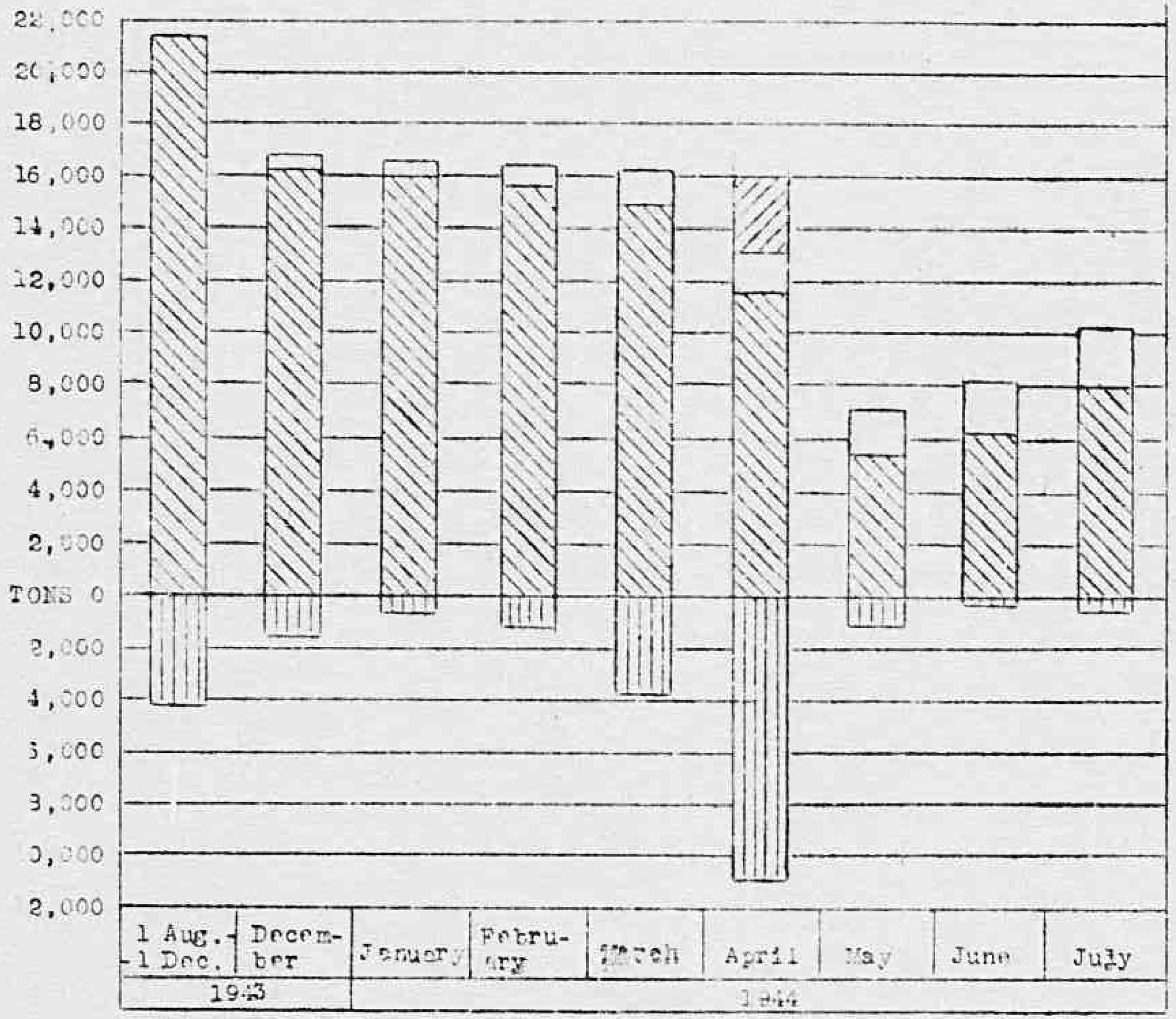
CHART 7

MINE STOCKS - PRODUCTION - SHIPMENTS - SICILIAN SULPHUR



TOP-BEGINNING OF MONTH ▨ NEW STOCKS DISCOVERED ▨

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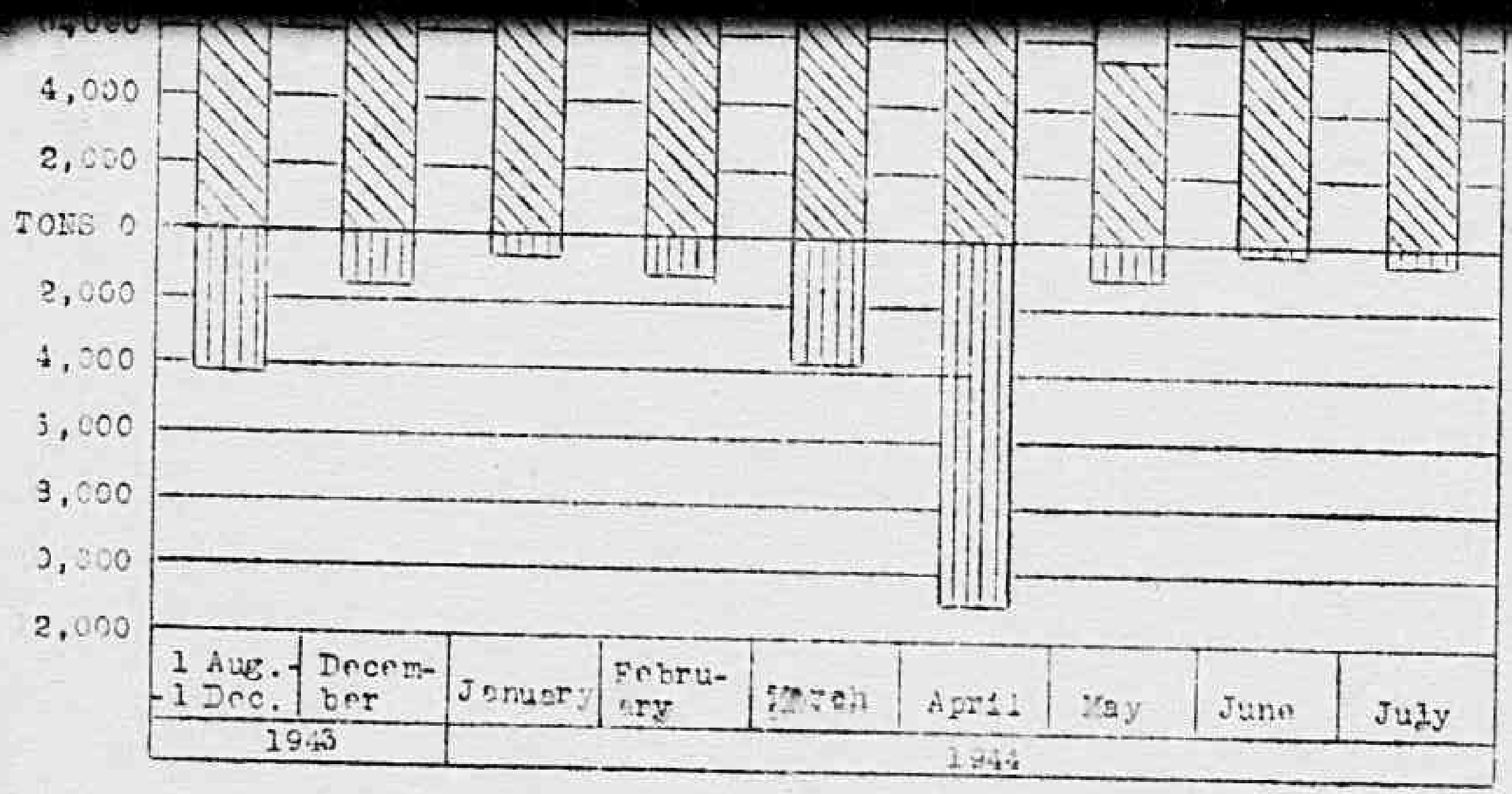


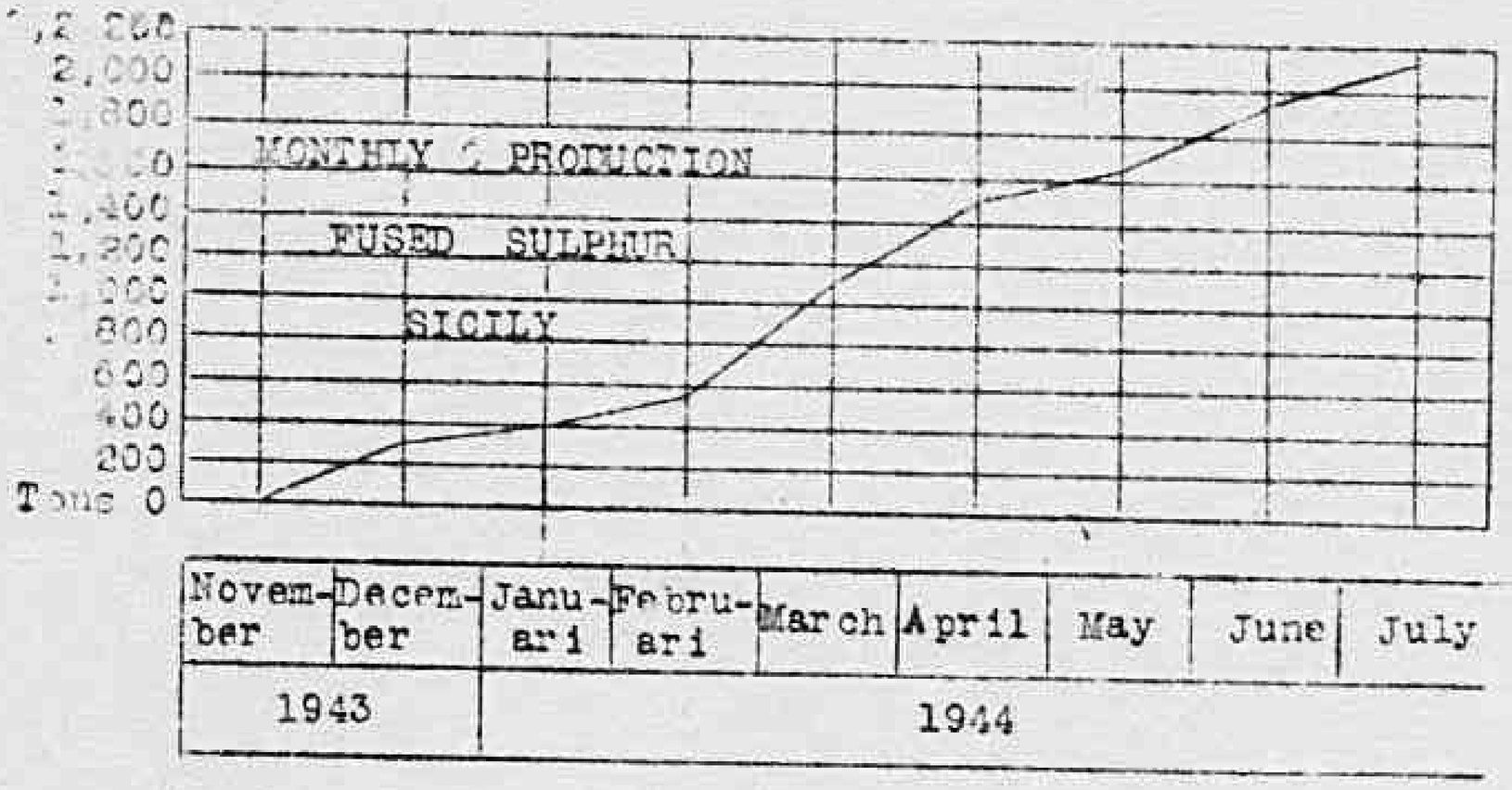
OPEN-BEGINNING OF MONTH

1241

PRODUCTION

NEW STOCKS DISCOVERED

SHIPMENTS



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2. Mainland Production.

The aggregate production of fused sulphur and equivalent fused sulphur from four mines south of Rome for the four years 1939-42 inclusive was at an average of 15,000 tons per year or about 1,100 tons per month. The production of the Carbernardi and Percozzone mines north of Rome, in the Province of Ancona were respectively 3,402 tons and 1,173 tons in April 1943. The production of the six mines in liberated Italy was therefore about 5,675 tons per month prior to the armistice of 8 September 1943. The four mines south of Rome are active at present but figures on production are not yet available, but it is estimated at about 1,000 tons per month of fused sulphur equivalent. Supplies have been ordered for these mines.

It is anticipated that sulphur production from Sicily and the Mainland will increase slowly from month to month from approximately 10 to 15% of normal where it now stands to an eventual normal of 30,000 tons per month.

Metal Mining.

The zinc and lead mines of Sardinia continue on a maintenance basis pending decision by higher authority as to whether or not, mining should be resumed. Higher authority is now considering requisitions that have been filed for supplies necessary for the resumption of operations.

Miscellaneous Minerals.

Asphalt Rock.

An average of 2,500 tons of ground asphalt rock and 75 tons of type B road oil are being produced by asphalt mines at Ragusa, Sicily for use on the highways in Sicily. The mines have been assisted by the Mining Division.

Zinc Oxide.

Two hundred and ninety tons of zinc oxide were shipped from Sardinia to the British Ordnance Paint Factories at Naples in June 1944.

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Zinc Oxide.

Two hundred and ninety tons of zinc oxide were shipped from Sardinia to the British Ordnance Paint Factories at Naples in June 1944.

Yellow Ochre.

1240 Fifty tons of yellow ochre were shipped from Sardinia to the British Ordnance Paint Factory at Naples in June 1944.

Talc.

Seventy-five tons of Sardinian talc have been shipped.

Orders have been received for the production and monthly shipment from Sardinian mines of 200 tons of zinc oxide, 100 tons of yellow ochre, 10 tons of red lead, 10 tons of burnt umber, 125 tons of barite and 30 tons of red ochre.

d. Supplies.

Supplies have been requisitioned from the United States and U. K. for the period January 1 - June 30, 1945 for the Sardinian coal mines, the Sicilian and Mainland sulphur mines and for the Ragusa, Sicily, asphalt mines. Items which are of common use in most mines are explosives, fuse, caps and calcium carbide. The quantity of these ordered for the period beginning 1 February 1944 and

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ending 30 June were as follows:

Item	Amount	Value
Explosives	2,690,500 lbs.	$672,625
Fuse	23,650,000 ft.	$236,500
Caps	4,481,000 (ea)	$ 67,215
Calcium Carbide	4,178,800 lbs.	$250,728
	Total	$1,227,068

It is estimated that the value of all materials requisitioned by this division for the period ending 30 June 1945, is about $4,000,000. The value of the four above items constitutes about one third of that amount.

A total of 59 classes of items were requisitioned for mine supply for the period ending 31 December 1944. A few of the more important of these are:

Angle, steel and plate	138,730 lbs.
Cable, Wire	18,000 ft.
Chemicals, various	990,765 lbs.
Cable, Electric, various	1,320,995 ft.
Hand tools, small	12,624 ea.
Oil, fuel, lub., etc.	304,000 gals.
Pipe, steel, various	57,800 ft.
Steel Drill 7/8" to 1 1/8"	140,500 lbs.
Tubing Copper, various	23,000 ft.

4. ESTIMATE OF POST WAR SITUATION

The following three tables set forth an estimate of the possible production, employment and supplies needed for the years 1945 to 1950 inclusive. These estimates are based on the assumption that 1950 mineral production will equal the 1937 production, an assumption which may, or may not prove to be true. It is believed,

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a. Possible production of the chief mineral products of Italy ba
hat 1950 production will be equivalent to 1937 production.

Product	Rate Aug. 1944	1945	1946	1947
	Metric tons per year			
Sulphur Ore	24,000	300,000	600,000	900,000
Mercury Ore	0	30,000	60,000	90,000
Marble	0	80,000	160,000	240,000
Coal	360,000	600,000	850,000	1,100,000
Lignite	0	170,000	300,000	500,000
Zinc Concentrate	0	30,000	60,000	90,000
Lead	0	10,000	20,000	30,000
Iron Ore	50,000	200,000	350,000	500,000
Pyrite	0	150,000	300,000	450,000

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he chief mineral products of Italy based on the assumption
l be equivalent to 1937 production.

Metric tons per year

Aug.

944	1945	1946	1947	1948	1949	1950
000	300,000	600,000	900,000	1,100,000	1,300,000	1,500,000
0	30,000	60,000	90,000	120,000	150,000	180,000
0	80,000	160,000	240,000	320,000	400,000	480,000
000	600,000	850,000	1,100,000	1,350,000	1,600,000	1,900,000+
0	170,000	300,000	500,000	670,000	850,000	1,000,00
0	30,000	60,000	90,000	120,000	150,000	180,000
0	10,000	20,000	30,000	40,000	50,000	60,000
000	200,000	350,000	500,000	600,000	700,000	800,000
0	150,000	300,000	450,000	600,000	750,000	900,000

+ 1939 Production

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b. Possible employment for possible mineral production 1945-1950 production will be equivalent to 1937 production.

Mines

Number of W

	1945	1946	1947	1948
Sulphur	3,000	4,000	6,000	8,000
Mercury	550	700	950	1,100
Marble	4,000	5,500	7,000	8,500
Coal	12,000	13,000	15,000	17,000
Lignite	4,000	4,500	5,500	7,000
Zinc & Lead	2,500	3,500	4,500	6,000
Iron	1,000	1,200	1,600	2,000
Pyrite	1,000	1,500	2,000	3,000
TOTAL	28,050	33,900	42,550	52,600

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ossible mineral production 1945-1950 based on assumption that
quivalent to 1937 production.

	Number of Workers				
45	1946	1947	1948	1949	1950
00	4,000	6,000	8,000	10,000	12,000
50	700	950	1,100	1,250	1,400
00	5,500	7,000	8,500	9,500	10,200
00	13,000	15,000	17,000	20,000	25,000
00	4,500	5,500	7,000	8,400	9,700
00	3,500	4,500	6,000	7,600	9,500
00	1,200	1,600	2,000	2,500	3,000
00	1,500	2,000	3,000	4,000	4,800
50	33,900	42,550	52,600	62,250	75,600

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c. Estimated Supply Requirements for possible mineral product

Mines	Total tons of ore to be mined	Requirements Explosives Tons	Caps No.
Sulphur ore	5,700,000	1,700	3,800,00
Mercury ore	630,000	520	700,00
Marble	1,680,000		no da
Coal	7,400,000	5,500	10,500,00
Lignite	3,490,000	3,490	2,500,00
Zinc & Lead Concentrate	840,000	2,200	3,900,00
Iron Ore	3,150,000	490	2,500,00
Pyrite	3,150,000	1,500	2,400,00
TOTAL		15,200	26,300,00

The percentage of the above totals required each year wil

	1945	1946	1947	1948	1
Coal	8%	11%	15%	18%	
All other	5%	9%	14%	19%	

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y Requirements for possible mineral production, 1945-1950 (incl)

Total tons of ore to be mined	Requirements			
	Explosives Tons	Caps No.	Fuse ft.	Carbide Tons
5,700,000	1,700	3,800,000	18,000,000	7,400
630,000	520	700,000	2,600,000	370
1,680,000		no data		
7,400,000	5,500	10,500,000	57,000,000	2,200
3,490,000	3,490	2,500,000	14,000,000	780
840,000	2,200	3,900,000	20,000,000	1,500
3,150,000	490	2,500,000	12,000,000	530
3,150,000	1,500	2,400,000	16,000,000	900
	15,200	26,300,000	139,600,000	21,780

of the above totals required each year will be approximately as follows:

1945	1946	1947	1948	1949	1950	
8%	11%	15%	18%	22%	26%	100%
5%	9%	14%	19%	24%	29%	100%

Electrical power.

An estimate of future electrical power requirements follows:
Figures are in millions of K.W.H.

	1945	1946	1950
Coal	35	50	60
Lead & Zinc	10	35	50
Sulphur	5	12	15
Pyrite	5	12	15
Iron Ore	4	8	8
Industrial Salts	1	5	8
Cement Rock	4	5	5
Mercury	2	3	3
Others	1	4	6
	67	134	170

5. RECOMMENDATIONS WITH RESPECT TO MINING POLICY

It is clear that the present situation should be improved as rapidly as possible so as to move toward the re-establishment of a sound and realistic economy as far as economic and social factors permit. This will provide:

1. Employment for unemployed miners.

2. Supplies of raw materials for the support of domestic industry. This applies particularly to coal, sulphur, pyrite, zinc, lead, iron, manganese and bauxite production. For the immediate future stimulation of the mineral industries supplying materials for reconstruction is important. This applies particularly to cement rock, sand and gravel, crushed rock, building stone, limestone for burning and brick clays.

3. Foreign exchange. This, international fiscal policy permitting, will provide a basis for the importation of essential supplies of industrial raw materials the principal of which are coal, cotton, oil, machinery, wood plup, wool, chemicals and copper. The total value of exported minerals will probably not exceed a value of $ 20,000,000 per year for some years to come. As previously indicated the important exportable mineral surplusses are sulphur, marble, mercury, zinc and pyrite.

6. DIFFICULTIES WHICH MAY BE ENCOUNTERED.

a. Requisition of Supplies.

Supplies for the Sardinian coal mines were first requisitioned 12 October 1943 and forwarded through channels. To date some of thesupplies on the initial requisitions have not been received. In case of certain requisitions, prepared by the Mining Division on 12 October 1943, screening through various headquarters

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1233

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b. Delivery of Supplies to Italian Ports.

Delivery of Mining supplies to Italian Ports can be definitely improved if AFHQ is required in all cases to secure and forward to the Requisition Division, A.C.C. data on shipments of A.C.C. goods en route. This includes (1) shipping numbers (2) shipping manifests and (3) shipping documents. If these items are received by the Requisition Division, A.C.C., before a ship docks at an Italian Port:

(1) Arrangements can be made for the receipt and warehousing of shipments.

(2) Shipments can be individually identified.

(3) Stock records can be maintained.

(4) The Sub-Commission for which the shipment is intended can be notified without delay that a specific shipment has arrived and as to its location.

There is also room for much improvement in connection with the warehousing and forwarding of shipments of mine supplies. In several instances shipments have been delivered to ports far removed from the port intended and warehousing facilities and means of transport to the point of use have been lacking. The total Elapsed time between the filing of a requisition with the Requisition Division and the receipt of goods at Italian ports has varied from six to nine months.

c. Securing Local Supplies.

Only a few supplies, namely pig iron and boiler tubes, have been obtained from local sources because of the local shortage of items needed by the Mining Division and the appropriation of the greater part of available materials for military use.

Arrangements have been made for the local manufacture of explosives on a small scale but this is an experiment which may or may not be successful in the near future.

d. Transportation of Mine Products.

Owing to the topography of Italy, the principal movements of ore and minerals for national consumption have been by coastal steamer. The railways were only developed in the Po Valley to carry large volumes of merchandise and to that fact is due the development of Porto Marghera near Venice.

Mineral export have been shipped principally from Trieste, Cagliari, and

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1234

The recovery of heavy industry in Northern Italy depends largely on the condition in which the railway systems are left in Piedmont and Lombardy. Many of the railways were electrified over long stretches. With the destruction of power stations and the consequent shortage of power for transportation, electric traction will have to be replaced by steam traction. A serious shortage of locomotives and railway trucks will be felt.

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The distribution of Axis rolling stock will probably follow the defeat of Germany, but it is believed, that the share of Italy, in what stock is available, will be small.

The peninsular traffic will continue to be mostly coastal.

e. Labor and Wages.

Sardinian Coal Mines.

1. Present: About 4,000 men are now employed in the Sardinian Coal Mines. Coal mining operations have been interrupted on at least five occasions by strikes. The disturbances so far have not interfered greatly with production. The following have been the chief causes of the strikes:

a. Food. Although the underground workers receive a larger bread and pasta ration (approximately 460 grams per day of bread and pasta) than the average non-mine worker, the ration is not sufficient to keep the workers satisfied. In addition, supplementary local food is scarce in the Carbonia area, chiefly because of a shortage of transportation facilities.

b. Wages. Present wages are not high enough to permit purchase of adequate unrationed local food at current prices.

2. Future: It is probable that a labor shortage will occur if production is increased to 75,000 or more tons per month. Continued strikes would have a serious effect at such a rate of production.

3. Remedies:

a. An increased food supply at prices within reach of workers.

b. Elimination of the old Labor Syndicate and the formation of unions.

Sulphur.

No serious delays in the production of sulphur are anti-

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3. Remedies:

a. An increased food supply at prices within reach of workers.

b. Elimination of the old Labor Syndicate and the formation of unions.

Sulphur.

1233

No serious delays in the production of sulphur are anticipated with respect to the Sicilian sulphur mines. The food situation is still serious to some degree but it is anticipated the situation will gradually improve with the recovery of industry. The present wage scale, recently put into effect in Sicily, meets with the approval of the Labor Sub-Commission and it is believed that it will prove satisfactory to the workers, at least for the present few months. Politics interfere to some degree with the production program but this is to be anticipated from time to time during the economic adjustments now taking place. The designation by Government Decree of the Ente Solfi Siciliani as the official sales agency for Sicily will have a constructive effect. The mainland sales are not controlled by the Sicilian organization. The reactivation of the Ente Solfi Italiani is a problem that will have to be met in coming months after all mainland producers have had an opportunity to consider the matter.

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It is belived that there are definite opportunities for the improvement of the sulphur extractive processes now in use and that increased recoveries of sulphur may result without increased recovery in cost. It is also believed that scientific prospecting in the sulphur rock areas, including the use of geophysical methods, may well result in a substantial increase in known reserves.

Metal Mining.

A resumption of production at the metal mines, coupled with increased coal production will definitely bring about a labor shortage in Sardinia. This will be particularly true if thefood supply is not increased sufficiently to attract workers from other parts of Sardinia and the Mainland where food is more plentiful. With anything like normal production at both coal and metal mines it will probably be necessary to recruit labor in Southern Italy. Total employment in coal and metal mining was 22,000 in January 1943. Southern Italy was a source of labor before the war. About 5,000 of these workers were returned to Italy from Sardinia when production fell off early in 1943. The most serious labor shortage will be in skilled underground workers, which comprise about 30% of the total.

Pigments.

A demand of 480 metric tons per month for the Sardinian pigments, barite, zinc oxide and yellow ochre has been met, however, the program is in danger of collapse due to lack of sea transport on the one hand and refusal of AFHQ on the other to approve requisitions for these urgently needed supplies.

f. General Financial Considerations.

1. Mining under the Fascist Regime:

Owing to the lack of mineral wealth coupled with successive phases of economic experiment, sanctions and re-armament, the Fascist Government introduced cash subsidies, the granting of special privileges, artificial price schedules and other aids into the mineral industry from 1930 to the signing of the Armistice 8 September 1943.

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"Aziende" or Business Agencies were formed by the Government of which 50% or more of the shares were held by the Government, the remaining capital being subscribed by the banks. These aziende proceeded to buy up such properties as could not be run economically by their owners and produced minerals of which the State had need. Uneconomic properties could be paid for only in part by those which were economically sound but the aziende received State assistance in the form of special concessions, monopolies and guaranteed markets with prices fixed by the State. These forms of State assistance were indirect rather than direct and resulted in the creation of powerful groups which largely froze out the small operators.

The prices established by the State were often unrelated to world prices, an example of which was the pegging of soft lead and zinc prices in 1938 at twice the price quoted on the London market. Inflation of prices began in 1937 and reached a peace time peak in 1938.

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As a result of these artificial and unsound practices few mines were able to operate on an economic basis.

2. Future Conditions:

The mining industry will doubtless be handicapped in the postwar years by lack of working capital. Foreign capital is not likely to be attracted to Italy and the small operator has little or none left. Shares in the aziende only represents real capital in part and as a consequence do not attract the investor. Furthermore, the investments of the public will be governed by the fear of inflation. Serious currency inflation is, of course, an ever present danger affecting the economy of Italy.

State aid will be necessary and it seems likely that a certain degree of nationalisation will, of necessity, occur. State control of industry of the type referred to was a failure under Fascism and will doubtless be even a greater failure if attempted in the post-years.

Only the large companies whose capital is subscribed by the public will probably be capable of carrying on and the tendency to form monopolies will increase.

To combat the monopolies the small producers will doubtless want loans. The only security available will be their plants or their concessions, the latter, being granted by the agency from which the loan is demanded, has no value as security.

Raising funds by the issue of new shares to be bought at an agreed figure by the State means a further trend toward nationalization.

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CHAPTER IX

LABOR

1. The Labor Sub-Commission

The Labor Sub-Commission was formed in North Africa in September, 1943, with Colonel J. T. R. Bain, Director, and Colonel J. R. Smith, Deputy Director. The Sub-Commission has never had sufficient personnel for full field coverage, the strength in both headquarters and field staffs never exceeding 20 officers. It has been necessary, therefore, to operate with a small policy and liaison staff at Headquarters, and with widely placed officers as advisers and trouble-shooters in the field. The Headquarters staff has dealt with all matters of labor policy for Allied Armies in Italy as well as for the Allied Control Commission and ACC, and has maintained regular liaison with the Italian Government. The field staff has represented the ACC in threatened or actual labor difficulties and in organizing labor offices staffed with Italian personnel.

2. Status and Summary

Allied efforts in the labor field began in Sicily with the first establishment of the Allied Military Government. Fascist Syndicates, Confederations of employers and employees and the labor offices depending on them were in a state of confusion, abandonment and in some cases physical destruction. There was widespread non-compliance by all groups with collective labor contracts and with labor and wage laws and regulations.

To meet this situation and in order to serve the labor needs of the military, General Orders were issued freezing wages and prices, establishing Provincial and Regional Labor offices and providing machinery for the handling of labor disputes. This action formed the basis for the program which was to be followed on the Italian mainland.

From September, 1943, to September, 1944, the following positive accomplishments have been made:

a. Fascist organization and control of labor have been abolished.
b. The rights of free labor organization have been established.
c. An adequate and continuous supply of labor has been furnished to Allied Armed Forces and for other Military needs.
d. Work stoppages have been avoided, and all disputes have been settled, without a single serious strike, by conciliation or arbitration and without military or other compulsion.
e. Regional and Provincial Labor Offices have been established to provide an Employment Service, to handle Industrial Relations, to

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e. Regional and Provincial Labor Offices have been established to provide an Employment Service, to handle Industrial Relations, to compile Labor Statistics, and to perform other labor and related services as field offices of the Ministry of Industry, Commerce and Labor.
f. Social Security Agencies have been returned to normal functioning and coordinated with the Labor Offices.
g. A policy of "hold the line" on wages has been maintained in an effort to combat inflation but a temporary wage adjustment was made when legal prices rose far above the comparative wage level.

3. The Italian Ministry

The labor responsibility of the Italian Government is vested in the Ministry of Industry, Commerce and Labor. When the Allied Military Mission commenced to work with the Italian Government in Brindisi there was no Ministry or Minister of Labor. Ministers or Secretaries were appointed in October, in November, in April and in June, but each change meant further delays and it was not until some time after the transfer of the Ministry to Rome on 15 July 1944, that there was established within the Ministry of Industry, Commerce and Labor a Directorate of Labor with divisions responsible for the organization and development of a labor program.

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In spite of many proposals, and ~~tentative~~ draft laws, no labor legislation has been enacted by the Italian Government and all present labor provisions depend upon AMG/AMG orders in Military Government territory and their continuation by agreement of the Italian Government in Italian Government territory.

4. Labor Offices

One of the basic problems of labor organization under Military Government and in the absence of Italian Legislation, was the establishment of Labor Offices. Following the plan begun in Sicily in September 1943, Regional and Provincial Labor Offices have been established by General Orders as new territory has been freed from German occupation. These offices, staffed completely by Italian personnel and operating under the supervision of the Labor Sub-Commission in Military Government territory and of the Ministry of Industry, Commerce and Labor in Italian Government Territory, have three principal purposes:

a. Employment Service
b. The handling of industrial relations
c. General Labor Services including Labor Statistics and co-operation with social insurance agencies

Legislation for the formal recognition of these Labor Offices is now in preparation by the Italian Ministry. It has usually been necessary to establish entirely new offices, not only from the standpoint of office space, but also from the standpoint of personnel and procedures. The improvement and continued development of these offices depends upon legislative recognition by the Italian Government and through training and supervision of local office personnel.

5. Labor Recruitment

Labor recruitment for the Armed Services and other military needs has been handled by the British DALLs (Deputy Assistant Directors of Labor), American Units, and by the newly established Provincial Labor Offices. Wherever practicable, the work of all of these offices has been coordinated and frequently combined in order to minimize the use of military personnel and to encourage the development of the Italian Government agencies. Every effort has been made to develop these Labor Offices into effective working organizations prior to the time of transfer to the Italian Government.

6. Labor Relations

There has not been an important strike in liberated Italy since the Allied landings. Strikes have been threatened and there have [illegible]

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6. Labor Relations

There has not been an important strike in liberated Italy since the Allied landings. Strikes have been threatened and there have occurred a number of "white strikes" as demonstrations of the demand for additional food rations or higher wages. Field and Headquarters representatives of the Labor Sub-Commission have held numerous conferences with union leaders and independent workers concerning demands and complaints, and have served as mediators in employer-employee meetings where strikes were threatened. Insofar as is possible, all disputes have been referred directly to the Italian Labor Offices both in Military Government territory and in Italian Government territory. In Italian Government territory the recommendations of the Labor Offices are acted upon by the Ministry of Industry, Commerce and Labor with the approval of the Labor Sub-Commission.

7. Trade Unions

The first article of the ACC/AMG General Orders abolished the Fascist syndicate structure, which under Fascist Party control had been the only legal organizations of workers and which controlled the conditions of work in a totalitarian manner. With the abolition of the old syndical structure, there was restored to labor the right "to organize, hold meetings and select representatives of their own choosing for the problems of collective bargaining."

In the early occupation of Sicily and Southern Italy, few underground labor

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organizations were [illegible] to exist. In some cases personnel of the dissolved syndicates chose new leaders, changed the name of the organizations and continued as a group representing their interests. A few new and independent unions were formed. The formation of unions and confederations, however, was largely directed from the top rather than by the formation of small independent groups and the gradual merger into federations and confederations. Political leadership and influence was manifest in the new confederations, the Communist, Socialist, Democratic-Christian parties and the Party of Action predominating. Confederations were formed in Bari and in Naples and a partial merger was effected between the two. After the liberation of Rome, the Socialist, Communist and Christian-Democratic political parties signed a cooperative agreement, forming a Rome headquarters known as the General Confederation of Italian Labor and inviting all confederations to join in order to achieve national trade unity. This CGIL is headed by general secretaries representing each of the three political parties of the pact of cooperation. Because of the formation from the top, the difficulties of communication and the claims of political interest, it has been impossible to ascertain the size of membership in local unions or in the confederations.

Trade union representatives from the United States and the United Kingdom have held meetings in Rome and throughout Southern Italy in consultation with Italian Labor Leaders, and have urged that political activity be kept separate from labor organizations.

The United States and United Kingdom representatives invited trade union representatives from liberated Italy to meet with them in a general conference in Rome on 15 and 16 September. In cooperation with the United States and United Kingdom delegates, the Labor Sub-Commission, ACC, arranged transportation, food and other accommodations for the delegates.

8. Wages and Labor

To combat inflation the policy has been to hold the line on wages. Only one general increase in wages has been given. This increase amounting to an average of about 50% was originally granted in Sicily, and was based on findings that legal prices had been fixed well ahead of legal wages. The increase which was granted to all Government employees and made permissive for private employees was based on the total salary in effect September 1, 1943, and amounted to 70% on the first one thousand lira per month or fraction thereof and sixty, thirty, twenty and ten percent on the second, third, fourth and fifth thousand liras per month or fraction thereof. The Italian wage structure, consisting of base wage, temporary increase and family allowance is complicated by some 67 other indemnities for any or all of which wage earners may qualify. This confused system developed under Fascism in order to conceal relative wages and to maintain the illusion that general increases had not become necessary [illegible]

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The wage problem in Italy has been due to scarcity of food rather than a low monetary wage. The principal purpose of all labor demonstrations and disputes have been to secure more adequate food in order to be able to continue work. After a large number of individual solutions, in the Spring of 1944, a uniform policy was adopted to provide for heavy workers' supplementary rations of two kinds: to heavy workers working directly for the Armed Forces (Scale A), and to heavy workers working indirectly for the Armed Forces (Scale B). The discussion of these two scales is given on the chapter on Food. Although there was an early tendency on the part of some Army units to disregard existing wage scales, an agreement was finally reached setting a uniform scale for all civilian employees of all branches of the Allied Armed Forces.

9. Social Insurance

The Labor Sub-Commission, working with the Finance Sub-Commission, has reopened all social insurance offices in AMG territory. The Social Security structure, like the wage structure, is extremely complicated and confused with an unreasonable percentage of the contributions going into adminis-

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trative costs rather than to the workers and claimants. There are some 85 different types of stamps to be affixed to 9 different cards, and there is much duplication in procedure and administration. Cash benefits, based on former contributions and on the former purchasing power of the lire, are pitifully inadequate. Since so many factors of governmental policy and fiscal difficulty exist during the present transition period, efforts have been directed toward rehabilitating rather than reforming the system.

Fascist officials have been replaced, offices reorganized and procedures clarified and adapted to new conditions. The Italian Government has appointed a representative National Committee to study the needs and to prepare the reforms for the entire Social Security Program.

Italian employees of the Allied Armed Forces are treated as Italian State employees for purposes of accident insurance and will probably be made eligible for all other types of coverage.

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C H A P T E R X

AGRICULTURE, FORESTRY, FISHERIES

INTRODUCTION

1. Until the liberation of Rome on 4 June 1944, when it became possible to begin to utilize the central Ministry of Agriculture; there were only a handful of people available to work on the control and rehabilitation of agriculture in Italy. There were normally only five officers working on agriculture in national headquarters of the Allied Control Commission. The Italian Ministry of Agriculture formed in Brindisi, Puglia after the Armistice recruited local personnel from Puglia and had 30 or less persons in the entire Ministry. Only one of these was an agricultural expert technician and none had had any experience on a national level. To this total of less than 40 persons which had to contend with the problems of agriculture in war-time Italy are to be compared the around 4,000 departmental personnel concerned with a smaller range of work in peacetime Great Britain. The score of agricultural officers in the field had a similar difficult task in covering vast areas without adequate transport and working with Italian organizations which were badly disorganized as a result of war. These organizations, moreover, had the bad habits of twenty years of Fascism to overcome.

A major activity of the Agricultural Sub-Commission for many months was to assist the Italian Ministry of Agriculture to construct an efficient organization which could do the necessary work in the field of agriculture. The goal was to replace the top-heavy and cumbersome group of corporate organizations which had grown up in agriculture under Fascism with a simplified, straight-line organization, manned by technically-competent personnel running down from the Minister through the compartments, provinces, and communes.

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While plans and draft decrees were worked out during the fall of 1943 and winter of 1944 to carry through the necessary reorganization, the Minister of Agriculture in the Second Badoglio Cabinet delayed and stalled the execution of the program. Not until the entrance of the Committee of National Liberation into the government in April 1944 was any substantial action taken. Within a few days of the entrance into office of the new Minister of Agriculture, the old fascist structure was swept away and the whole agricultural control system reconstructed on the simple and direct lines recommended.

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The large number of agricultural bodies on a national level which had previously exercised control: corporations, National Association of Agricultural Economic Bodies, Ministry of Corporations and Enti of all kinds were eliminated or coordinated under the Ministry. Now the Provincial Inspector is responsible to the Compartimental Chief Inspector, who is responsible to the Ministry. There is likewise provision for the institution of representative provincial and communal committees which should form the basis for democratic control.

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With the institution of the new form of organization and and reactivation of Italian agricultural officials generally, it has been possible to go forward with the preparation of the agricultural, forestry and fisheries program.

The overall objective of this program is to provide the responsible headquarters and field officials of the Italian government and of the Allies with a substantial basis for developing and executing realistic plans of action to maximize the harvest in 1945 of the most agricultural, forestry, and fisheries production. On the basis of this program, it is then possible to compute what are the minimum requirements of fertilizers, insecticides, farm equipment which must be provided in order to make possible the achievement of the production goals set down.

2. Preparation of the proposed agricultural program was begun in May 1944, in accordance with policies and procedures approved by the Ministry of Agriculture and the Agriculture Sub-Commission, ACC.

A few of the important policies or criteria used as guides, may be summarized as follows:-

a) Basic economic policy of allies is to revive economic life and stimulate production in order to reduce to a minimum the needs of Italy from the Allies and to develop Italy as a source of supply for further operations.

b) The question as to what is best for Italian agriculture from a long-term policy viewpoint is not a strong factor under war conditions when shipments of civilian supplies must be justified in detail in terms of developing self-sufficiency in food and livestock.

c) An established policy is that emergency rehabilitation measures may be undertaken only if they will lighten the relief-import burden during the emergency period. Supplies must not be requisitioned for reconstruction programs that will bear fruit only after an extended period of time.

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d) The overall criterion of essentiality in emergency rehabilitation is that of saving shipping space and conserving essential Allied Supplies. If the import of a few tons of parts of drainage or irrigation machinery would result in the production of large quantities of essential foods that would otherwise have to be imported during 1945 there is reason for a specific request accompanied by a well considered statement of justification.

3. In general, the procedure called for preparation of preliminary plans for each Province in that part of Italy then liberated; all facilities and information available through Italian Agricultural Officials and Allied Officers were used. Unfortunately Reports were not received from all areas, and some of the Reports received were incomplete. Materials received from the field, plus other pertinent information developed by the Agriculture Sub-Commission, were pooled with materials available in the Ministry of Agriculture at Rome, for use as the basis for this report.

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4. To assure the development and execution of a realistic plan of action, this Report is being distributed to all key Agricultural Italian and Allied field Officials down to provincial levels. In addition to National and Compartment statistics included in this Report, each Provincial Agricultural Inspector will receive detailed data for his Province and similarly each Compartment Agricultural Inspector will receive under separate cover detailed data for each Province involved.

Policies, plans and procedures which must be considered in this connection, are outlined on pages 1 to 10 in publication entitled: "Re-activation of Italian Agriculture" dated July 1944, which was distributed to key Italian Agricultural Officials, from National to Communal levels, and to all responsible Allied Officers throughout Italy. Distribution will continue to be made to responsible Officials in areas as occupation takes place.

5. Forecast of a crop production program is hazardous even in normal times; under war conditions the task becomes even more speculative, particularly in a country where previous Government policy purposely called for prostituting facts. Every effort was made to proceed on as realistic basis as possible in regard to statistical information of previous years, both with regard to the area normally devoted to the various crops and to the consumption of input requirements. It is pointed out, first of all, that data available for 1940-41 to 1942-43 seasons, could not be used for several reasons: effect of the war in general; planned distortion-ment of facts and information in the interest of aims, policies and propaganda goals of the Government; difficulty of procuring input requirements and raw materials needed to produce them; reduction, change or elimination of export out-lets for agricultural products, with consequent changes in production; inadequate central control measures etc. For these and related reasons, it was decided to use 1936 data, instead of more recently published data as the major point of reference in planning the 1944-45 program. It is believed that reference to the 1936 figures represents a more accurate and realistic base than the data for periods since 1936.

Besides indirect effects of the war as suggested above, the following types of direct effects have been given consideration in the planning of this program: depletion of work stock and other livestock; state of repair of farm machinery; destruction of farm buildings; flooded and mined areas etc.

An equally important consideration is lack of assurance that [illegible] each estimated input requirement will

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An equally important consideration is lack of assurance that all or a specific portion of each estimated input requirement will be available at the time and place needed. Some crops could and will be planted in almost normal quantities regardless of the absence of fertilizers. Fertilizers will be drawn from certain crop to make up the deficiency of others. On the other hand, sound procedure necessitates reduction of other crops almost in proportion to available fertilizers. Still other crops should not be planted at all unless fertilizers are made available. For these and related reasons, a Crop Priority List was prepared and used as a guide in the preparation of this plan. In the execution of the plan, priority ratings provide guidance in the allocation of scarce resources (local and imported).

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6. CROP PRODUCTION PRIORITIES.

The determination of crop priorities for any area is essential in the preparation of a firm production program. The following is a suggested List of Crop Priorities in terms of importance to (a) Civilian Supply; (b) Army and (c) United Nations.

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CROP PRODUCTION PRIORITIES.

Commodity	Importance to Civilian Supply	Importance to the Army	Importance to United Nations
Wheat	A	B	A
Barley	A	C	B
Beans and peas	A	A	A
Olives for oil	A	B	A
Chick peas and lentils	A	B	B
Broad Beans	A	C	A
Potatoes, early and late	A	A	B
Onions and garlic	A	A	A
Tomatoes	A	B	B
Rice	A	C	C
Corn	A	B	B
Oats	B	A	C
Rye	B	D	C
Oil Seeds	B	B	A
Hemp	A	C	A
Flax	B	D	D
Oranges	C	B	C
Lemons	C	C	B
Vetch and Lupines	C	D	C
	C	D	C

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and late	A	A	A
Onions and Garlic	A	D	B
Tomatoes	A	C	C
Rice	A	B	B
Corn	A	A	C
Oats	B	D	C
Rye	B	B	A
Oil Seeds	B	C	A
Hemp	A	D	D
Flax	B	B	C
Oranges	C	C	B
Lemons	C	D	C
Vetch and Lupines	C	D	C
Tobacco	C	D	D
Cotton	C		

Key: A is "top" priority; B and C intermediate and D is "bottom" priority.

The rating for the United Nations is based on estimated deficiencies of these goods experienced by many of the United Nations and their value for relief in areas to be liberated. Products meeting these classifications must be non-perishable, available in surplus and suitable for relief distribution. In the following tabulation an attempt has been made to amalgamate the three priority classifications as a basis for providing a suggested focal point for a broader perspective in the development of a detailed provincial plan of action. This amalgamated priority listing recognizes that the importance of certain crops in the Italian diet has materially changed during the war. For example - the reduction in the quantity of available fish, place a greater load than normal on vegetables as a source of vitamins. Certain

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vegetables, such as tomatoes, were normally exported in considerable quantity. The crop priority rating for tomatoes permits an adequate production for Italian consumption and does not propose normal exports to begin from the 1946 crop.

Priority A.

Wheat
Barley
Rye
Rice
Olives (for oil)
Beans (fava and kidney)
Peas and lentils
Corn (for cereal)
Hemp
Potatoes (for food)

Priority B.

Sugar beets (for sugar)
Carrots
Tomatoes
Beans, fresh
Onions and garlic
Cauliflower
Cabbage
Fennel
Eggplant
Oats
Corn (for forage)
Other forage crops

Priority C.

Lemons
Almonds
Figs
Olives
Spinach
Pears
Peaches
Apricots

Priority C. (cont'd)

Sunflowers
Potatoes (for starch)
Carob bean

Priority D.

Oranges
hazel nuts
Artichokes
Tangerines
Asparagus
Pumpkin
Melons
Walnuts
Cotton
Other fruits
Flax

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Priority B.

Sugar beets (for sugar)
Carrots
Tomatoes
Beans, fresh
Onions and garlic
Cauliflower
Cabbage
Fennel
Eggplant
Oats
Corn (for forage)
Other forage crops

Priority C.

Lemons
Almonds
Figs
Olives
Spinach
Pears
Peaches
Apricots
Plums
Cherries
Tobacco
Beets (for forage)
Pepper
Peanuts

Priority D.

Oranges
Hazel nuts
Artichokes
Tangerines
Asparagus
Rapskin
Melons
Walnuts
Cotton
Other fruits
Flax

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The proposed 1946-47 program represents an overall decrease in the area devoted to field and garden crops of 623.000 hectares, using 1936 as a basis. This figure appears justified because of local situations which will prompt or force farmers to plant a smaller hectarage in forage crops. Lessened supplies of fertilizers less need for forage due to livestock depletion, and possible tendency of farmers to utilize additional areas of fallow land, are among the reasons for this decrease. Other reasons for such a reduction include: impossibility or undesirability of continuing the practice of "ringrano" (planting of wheat on the same field for two or more years without any other intermittent crop); the absence of profit should there be an increase of acreage of dry legumes due both to the certain scarcity of chemical fertilizers and the decreased possibility of implementing same with organic fertilizers produced on the farm; reduced local markets and transportation difficulties to move crops to deficit areas or to foreign markets, which will also contribute to this overall decrease in area planted. However, even with the above and many other observations which could be enumberated, it is essential to establish minimum goals for the Nation, for Compartments and for Provinces, leaving to the farmer the option of increasing or of decreasing the area of the more important food crops in the event that supplies of input requirements are larger or smaller than expected.

7. SOURCES OF SUPPLY OF INPUT REQUIREMENTS.

Normal sources of supply have been almost totally disrupted. Super phosphates have been reduced to a trickle, due largely to destruction of manufacturing plant and reduction of imported rock phosphate and other necessary ingredients. All normal potash requirements were imported from Germany. Suspension of imports of raw materials and destruction of fertilizer plants, has made Italy almost totally dependent upon imports. The shortage of tools, of properly selected and suitable seeds, of fuels, of motors, of machinery, of draught animals, and of many other input requirements, increases the importance of allocating and distributing whatever input requirements are available to the most important priority crops in those areas which will assure the greatest yields. Thus - for example - the scarcity of chemical fertilizers, plus a reduction in the availability of organic matter, due to depletion of livestock will exercise an increasingly important influence on yields. In [illegible] single input requirement would in normal

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the option of increasing ... in the event that ...
important food crops in the event that ...
ments are larger or smaller than expected.

7. SOURCES OF SUPPLY OF INPUT REQUIREMENTS.

Normal sources of supply have been almost totally disrupted. Super phosphates have been reduced to a trickle, due largely to destruction of manufacturing plant and reduction of imported rock phosphate and other necessary ingredients. All normal potash requirements were imported from Germany. Suspension of imports of raw materials and destruction of fertilizer plants, has made Italy almost totally dependent upon imports. The shortage of tools, of properly selected and suitable seeds, of fuels, of motors, of machinery, of draught animals, and of many other input requirements, increases the importance of allocating and distributing whatever input requirements are available to the most important priority crops in those areas which will assure the greatest yields. Thus - for example - the scarcity of chemical fertilizers, plus a reduction in the availability of organic matter, due to depletion of livestock will exercise an increasingly important influence on yield. In theory, a reduction in any single input requirement would in normal times result in a proportionate decrease in yield. Under present conditions a like reduction would undoubtedly produce a greater and more damaging reduction in addition to upsetting the production potentiality and chemcial balance of the soil. This would be particularly true in the case of insecticides and fungicides, when a lessened or untimely use thereof may reduce or destroy the current crop and decrease the productive life of the plants. It must also be remembered that fertilizers have been in short supply for a period of years, and that the comparatively high yields this past season were due in large part to exceptional climate.

8. USE OF CERTAIN INPUT REQUIREMENTS FOR GROUPS OF CROPS.

Since survey data concerning need of specific crops in various areas for special treatment by input requirements are not available, the 1945 estimates were based on a conservative judgment of needs for groups of similar crops. For this reason, statistical data presented in this Report apply to the following five major groups of crops:-

a. Cereals

(1) Wheat
(2) Rye
(3) Barley

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(4) Oats
(5) Rice (total production and production per hectare are expressed in unhusked rice).
(6) Corn (acreage and production figures represent a total of both spring and summer plantings of corn in the form of grain).

b. Dried seeds and legumes and other Food Crops

(1) Horse beans (only those used for food in the dry state).
(2) Other legumes (includes all other legumes consumed in the dry state; beans, chick peas, chickling peas, other peas, lentils, lupines, etc.).
(3) Potatoes (acreage and production figures represent a total of both common and early potatoes for food, grown either in the open field or in industrial plantings).
(4) Tomatoes (acreage and production figures represent a total of both tomatoe crops grown in the open field and of those grown in industrial plantings).
(5) Vegetable crops (acreage and production figures represent total vegetable crops raised both in the open field and in industrial plantings, consisting of the following: asparagus, artichokes; chards; fennel and celery; cauliflower; onions and garlic; peas; horse beans and beans; all for consumption in the fresh state; cantaloupes and watermelons.

c. Industrial Crops

(1) Sugar beets (data referring to this crop do not include beets for forage:
(2) Tobacco.
(3) Hemp (total production for hemp fibre while production per hectare is not indicated for hemp seed).
(4) Cotton (area statistics are given only for the total while for production both total and per hectare is

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(5) Tomatoes (acreage and production figures represent a total of both tomatoe crops grown in the open field and of those grown in industrial planting).
(5) Vegetable crops (acreage and production figures represent total vegetable crops raised both in the open field and in industrial plantings, consisting of the following: asparagus, artichokes; chards; fennel and celery; cauliflower; onions and garlic; peas; horse beans and beans; all for consumption in the fresh state; cantaloupes and watermelons.

c. Industrial Crops

(1) Sugar beets (data referring to this crop do not include beets for forage:
(2) Tobacco.
(3) Hemp (total production for hemp fibre while production per hectare is not indicated for hemp seed).
(4) Cotton (area statistics are given only for the total while for production both total and per hectare is indicated separately for fibre and seed).
(5) Flax (acreage as well as total production and production per hectare are indicated separately for fibre and those for seed).
(6) Other crops (this represents a grouping of data pertaining to industrial crops quantitatively and qualitatively less important, viz.: "Colza" (rape) "ravizzone", peanuts, sunflower, sesame, soy beans, castor beans, etc.).

d. Forage crops grown on a rotation basis.

In category D, total production and production per hectare is expressed in normal hay. Figures given do not involve other than area devoted to forage production; such as natural meadows, pasture meadows, or permanent pastures and all other areas devoted to forage production on fallow land and on all types of productive marginal land.

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(1) Meadows, not of first year planting.

(2) Meadows, of first year planting.

(3) Annual meadows for forage.

(4) Intermittent meadows for forage.

e. Tree and Vine Crops.

(1) Grapes
(2) Olives
(3) Citrus fruits
  (a) Oranges
  (b) Tangerines
  (c) Lemons
  (d) Other citrus fruits (figures represent a total of all other varieties of citrus fruits cedars "chirotti" (citrus aurintium sinensis, bergamots, limes).

(4) Pomaceous Fruits
  (a) Apples
  (b) Pears
  (c) Quinces and other pomaceous fruits

(5) Drupeaceous fruits
  (a) Cherries
  (b) Peaches
  (c) Apricots
  (d) Plums

(6) So called dried fruits
  (a) Almonds (production figures refer to unshelled almonds).
  (b) Walnuts
  (c) Hazel nuts
  (d) Carob beans

(7) Other fruits
  (a) Figs

9. GROUP A. CEREALS.

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bergamots, limes).

(4) Pomaceous Fruits
- (a) A plès
- (b) Pears
- (c) Quinces and other pomaceous fruits

(5) Drupaceous fruits
- (a) Cherries
- (b) Peaches
- (c) Apricots
- (d) Plums

(6) So called dried fruits
- (a) Almonds (production figures refer to unshelled almonds).
- (b) Walnuts
- (c) Hazel nuts
- (d) Carob beans

(7) Other fruits
- (a) Figs

9. GROUP A. CEREALS.

a. Wheat (priority A).

The wheat area increased almost every year after 1936. This was not justified by the requirements of the normal operation of Italian farming enterprises but was, rather, inspired by the policy of self-sufficiency, in addition to the need or desire for profit on the part of the farmers. Thus, independently of scientific rotation systems, the practice of "ringrano" was widely adopted in the past several years.

As a precautionary measure, at least for such time as the war lasts, and until world wheat markets shall have been stabilized, it will be necessary to plan on maximizing wheat production, always, of course, in relation to the available amount of input requirements and the chemical condition of the soil.

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In the ~~corresponding schedule~~ are shown the amounts of ~~fertilizers needed~~ and the area which it is estimated will benefit by the application thereof. Top dressing with ~~phosphatic~~ fertilizers was reduced for wheat; top dressing with nitrogenous fertilizers though more widely used is still only partial; applications of potassic fertilizers constitute the exception and apply to extremely limited areas.

Any marked reduction in the estimated fertilizer requirements - especially nitrogenous ones - would reflect, under normal weather conditions, a reduction up to 3,000,000 quintals of wheat. Such a reduction would undoubtedly become larger if instead of about 25% of the wheat area which is expected to receive phosphatic fertilizers (843,300 ha. against a total area of 3,377,500 ha.) a smaller area was actually fertilized: In the event phosphatic fertilizers were totally absent, wheat production would undergo an additional reduction of as much as 5,000,000 quintals. In short, therefore, requirements of: 766,710 quintals of ammonium nitrate covering a wheat area of 1,423,300 ha. equal to about 37.7% of the area occupied by this crop; and phosphatic fertilizers derived from an estimated 424,485 quintals of phosphoric anhydride, the fertilizing element, equal to about 2,830,000 quintals of 14/16 mineral superphosphates appear fully justified by the certainty of an increase in wheat production. These fertilizer and yield relations are considered normal on the basis of agronomic experience of soil reaction and performance with average growing weather.

Under normal conditions in the past partial exchanges of seed took place whereby many areas benefited from improved stocks. High grade and selected seed were supplied by bodies and commercial firms specializing in this work. In view of present conditions there is little likelihood of transfers of large quantities of seed because of transportation difficulties and because farmers will, as a precautionary measure, preserve their seed wheat from their own stocks.

b. Rye (priority A).

There is forecast the cultivation of 23,360 Ha. of rye against an assessment of 25,726 Ha. in 1936, representing a re-

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ha. equal to about 37.7% of the area occupied by this crop; and phosphatic fertilizers derived from an estimated 424,485 quintals of phosphoric anhydride, the fertilizing element, equal to about 2,830,000 quintals of 14/16 mineral superphosphates appear fully justified by the certainty of an increase in wheat production. These fertilizer and yield relations are considered normal on the basis of agronomic experience of soil reaction and performance with average growing weather.

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b. Rye (priority A).

There is forecast the cultivation of 23,560 Ha. of rye against an assessment of 25,726 Ha. in 1936, representing a reduction of about 8.4%, a reduction that affects principally Campania.

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Due to the secondary importance of the crop which is grown principally in high hills and mountains, and because of its low return of food per hectare, it was believed proper not to increase its culture; also because in zones where grown the difficulties of technical and practical nature are always more emphasized.

There is not forecast for this crop any requirements of fertilizers. The same holds for seeds which will be supplied through lawful retentions by the farmers concerned.

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c. Barley (priority A).

An increase of 37,3[illegible] is forecast in the area devoted to barley, i.e. more than 21% in excess of the area grown in 1936 season. Such increase concerns in a greater measure Sicily, Puglia and Lucania for 19,000, 9,000, 8,000 hectares respectively. The increase in barley acreage, is reliably explained by the necessity of replacing "ringrano" which was formerly widely practised, with a less costly crop, both as concerns fertilizer applications and subsequent culture.

For this crop, where is forecast the requirement of 4,050 quintals of phosphoric anhydride, equal to about 27,000 quintals of 14/16 mineral superphosphates and of about 6,000 quintals of ammonium nitrate 33/35. The direct chemical fertilization of barley is practised in Tuscany and in Puglia.

If only half of the minimum essential fertilizers indicated could be made available, barley production would undergo a reduction of about 50,000 quintals. Normally with the exception of limited transfers between adjoining provinces, the seed is found locally and farmers will retain their own seed requirements.

d. Oats (priority B).

Oats cultivation undergoes a slight reduction in all the regions considered except Puglia, where there is forecast the increase of about 18,000 Ha. over the year 1936. In short, the area of oats is forecast at about 2.4% more (i.e. a little over Ha. 5,000 than the base year). The estimate of increase of the cultivation of the oats for Puglia is explained by the necessity to replace wheat with a crop less exigent, in the practice of "ringrano". The requirement of fertilizers for this crop can be considered nil, since in any case the farmer does the top dressing with nitrogenous fertilizers, drawing them from the total requirements forecast for the other minor cereals already referred to in the cultivation of barley.

e. Rice (priority A).

Except for Emilia, the bulk of the Italian rice production is furnished by some provinces of Piedmonte, Lombardia, [illegible] to a limited extent, by Veneto. Nevertheless, there is fore-

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found locally [illegible]

d. Oats (priority B).

Oats cultivation undergoes a slight reduction in all the regions considered except Puglia, where there is forecast the increase of about 18,000 Ha. over the year 1936. In short, the area of oats is forecast at about 2.4% more (i.e. a little over Ha. 5,000 than the base year). The estimate of increase of the cultivation of the oats for Puglia is explained by the necessity to replace wheat with a crop less exigent, in the practice of "ringrano". The requirement of fertilizers for this crop can be considered nil, since in any case the farmer does the top dressing with nitrogenous fertilizers, drawing them from the total requirements forecast for the other minor cereals already referred to in the cultivation of barley.

e. Rice (priority A).

Except for Emilia, the bulk of the Italian rice production is furnished by some provinces of Piedmonte, Lombardia, and to a limited extent, by Veneto. Nevertheless, there is forecast an increase of about 3,000 Ha., equal to cover 41% more than was planted in 1936. The principal increase will be in Emilia, where an increase of Ha. 2,[illegible] is forecast in addition to the Ha. 7,260 previously cultivated in Emilia. A small increase is also expected for Tuscany, Puglia, Calabria and Sardinia. Fertilizer requirements - viz. 4,410 qtls. of phosphoric anhydride, equal to about qtls. 29,400 of 14/16 mineral superphosphates and quintals 5,946 of ammonium nitrate 33/35 must be regarded as an indispensable minimum. Any reduction of such requirements, besides ensailing a marked reduction of the average production will surely cause the reduction or even the elimination of rice cultivation. At the present time there is not forecast any transfer of seed since producers are expected to reserve their own requirements.

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f. Corn (priori y A).

Even though acknowledging the very great importance of corn and the need of expanding it to the greatest possible extent, a reduction of about 10% is forecast, that is, in round figures 70,000 Ha. less than in the year 1936. Such a contraction is expected principally in Abruzzi and Molise, Lazio, Emilia, Campania and to a less extent in other regions except Puglia where some increase is expected. This reduction is explained on grounds of the difficulties which will be encountered on the normal cultivation, such as reduction in organic and chemical fertilizers, reduction in farm equipment and work animals and the reduced availability of agricultural labour. The reduction in corn acreage cannot, unfortunately, find compensation in the increase of other field and garden crops; since the contraction itself is due, for the most part, to a reduction in the cultivation of second crops and it will, at any rate have to be assumed that even if corn were to become the main crop, the reduction itself, would rather cause an increase in fallow land.

Of a total of Ha. 642,100 of corn it is estimated that about 36% will benefit by phosphatic fertilization, that is Ha. 231,500, wherefore we estimate requirements at quintals 850,000 of 14/16 mineral superphosphates, equal to about 127,000 of phosphoric anhydride. Nitrogenous fertilizer is required for about 44% of the area, i.e. Ha. 283,500 in the amount of 121,575 quintals of 33/34 ammonium nitrate.

For the above reasons and in order to avoid a further reduction of the area planted to corn, the fertilizer requirements indicated should be regarded as an absolute minimum. A reduction by one half of such minimum requirements would cause the reduction of over 2,000,000 quintals, while the total absence of required fertilizers would surely bring a reduction of about 40% in the total estimated production.

In previous years there was an increasing transfer of seed corn from the northern provinces viz. Lombardia, Veneto and

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In previous years there was an increasing transfer of seed corn from the northern provinces viz. Lombardia, Veneto and Piedmonte, to central and even southern Italy, totalling 15,000 tons. At present, for obvious reasons, inter-regional exports will be much reduced, or even suspended. Therefore farmers will have to provide seed exclusively out of their own supplies or through small transfers within the region or with adjacent regions.

1223 10. GROUP B - DRIED SEEDS OF LEGUMES AND OTHER FOOD CROPS.

a. Horse Beans (priority A).

Horse beans among cultivated "rinnovo" crops for food, show the largest reduction in our estimate: i.e. more than 19% less than in 1936 amounting to 123,133 Ha. This affects for the most part Sicily, where the area of 270,000 Ha. will be reduced to 160,000 Ha., Abruzzo and Campania by about 5,000 Ha. each, Puglia by 3,000 Ha. The only off-set to the above reduction is a slight increase in Lazio of Ha. 3,000 in Tuscany and in Lucania of about Ha. 2,000 each and Umbria of 1,000 Ha.

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The reduction in the area occupied by horse beans in Sicily is explained by the grave difficulties of supplying mineral superphosphates and the present shortage of labour in rural districts. The same applies even if to a somewhat lesser extent, to Sardinia.

Such acreage reductions will unfortunately lead to an increase in the already high percentage of fallow land.

The only fertilizing element for the cultivation of horse beans is phosphoric anhydride which will be required for almost the whole area of 96% thereof.

Any reduction in the indicated requirements, i.e. 273,740 quintals of phosphoric anhydride, equalling about 1,825,000 quintals of 14/16 mineral superphosphates, would inevitably cause a proportionate reduction both the area planted and the production, a reduction which, on the average, may be calculated at a ratio of 1:2 between superphosphate and dried seeds produced. This reduction is further emphasized by the importance of horse beans as a nitrogen fixation crop in the wheat rotation.

b. Other dried seeds of Legumes (priority A)

It is expected that a reduction of about 60,000 Ha. will result in the area of other dried seeds of legumes (beans, chickpeas, lentils, peas, etc.) equal to something less than 12% of the area devoted to these crops in the base year caused, not only by reasons already mentioned for horse beans, but also due to the almost entire exclusion of lupines.

A considerable reduction is expected in the following provinces: Puglia (Ha. 18,000) Campania (Ha. 16,000) Marche (Ha. 15,000) and a smaller reduction in Calabria, Emilia and Abruzzi whereas in Lucania and Tuscany there is expected a slight increase.

The only fertilizer needed for these crops is mineral superphosphate for about 48% of the area, or Ha. 232,800. Expressed in phosphoric anhydride, this amounts to 107,760 quintals or about 720,000 quintals of 14/.6 mineral superphosphate. Any material reduction in this quantity will reflect a reduction in both the area and production which can be calculated at a ratio 1:1.8

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of 1:2 between superphosphate [illegible]
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b. Other dried seeds of Legumes (priority A)

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The only fertilizer needed for these crops is mineral superphosphate for about 40% of the area, or Ha. 232,800. Expressed in phosphoric anhydride, this amounts to 107,760 quintals or about 720,000 quintals of 14/.5 mineral superphosphate. Any material reduction in this quantity will reflect a reduction in both the area and production which can be calculated at a ratio 1:1.8 between mineral superphosphates and dried legumes.

c. Potatoes (priority A).

The forecast of the area to be planted to potatoes is almost equal to that of 1936, and also approximately equal to or slightly in excess of that of 1942 to 1944.

Slight reductions are forecast in some regions, i.e. Campania, Sardinia and Calabria and a fair increase in Puglia because of a reduction in other crops.

In some areas there is normally a very large consumption of fertilizers, as in Sicily and Campania, for the early crops. However, for 1945 the indicated minimum quantity has been substantially reduced both from the standpoint of total area and rate per hectare. The fertilizer assignment is for less than 63% of the potato area, that is, Ha. 185,900 requiring quintals 129,867 of ammonium and nitrate 33/35% and quintals 124,275 of phosphoric

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anhydride, equal to about 830,000 quintals of 14% mineral superphosphate. For reasons already mentioned for other crops a reduction in the above estimated minimum requirements would cause an enormous decrease and even eliminate production in some areas, especially portions of the "early crop". For each ton by which the above quantity of fertilizer is reduced a reduction of 4 to 5 tons of potatoes may be expected.

The supply of seed potatoes was a difficult problem even in normal times. Transfers within the country and importations from foreign countries reached 1,500,000 quintals. They came from Germany, Holland and Denmark, while special reproduction centres located for the most part in Northern Italy distributed about 900,000 quintals in almost all provinces of the Kingdom except those of Lazio, Abruzzi, and Molise and Campania, which in turn provided seeds for the Southern Provinces and Islands.

In view of the acute transportation situation and the shortage of available supplies of seed, producers in all provinces will be especially encouraged to reserve as much of their 1945 seed requirements as possible from their present stocks. In addition, to supplement local stocks, the following distribution is expected:-

From Lake Fucino (Aquila Province):-

5000 Tons to Sicily
1000 " " Sardinia
5000 " " Puglia
2500 " " Campania
6500 " " Lazio

From foreign imports:-

5000/10,000 tons to Campania

c. Tomatoes (priority A).

A slight reduction of 222 Ha. is expected in the area of tomatoes. It is deemed advisable not to reduce this crop further, due to the fact that tomatoes

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will be especially encouraged to reserve as much of their 1945 seed requirements as possible from their present stocks. In addition, to supplement local stocks, the following distribution is expected:-

From Lake Fucino (Aquila Province):-

5000 Tons to Sicily
1000 " " Sardinia
5000 " " Puglia
2500 " " Campania
6500 " " Lazio

From foreign imports:-

5000/10,000 tons to Campania

c. Tomatoes (priority A).

A slight reduction of 222 Ha. is expected in the area of tomatoes. It is deemed advisable not to reduce this crop further, due to the fact that tomatoes have come to be more of a basic element than a condiment in the Italian diet, and due to the large consumption of fresh tomatoes, and to the possible reactivation of the paste and canning industries. Other vegetables which may be substituted for tomatoes would require even more fertilizer.

1222 If we consider the area assigned to the cultivation of tomatoes in 1943 and 1944 as fixed by the Ministry, in agreement with the now suppressed economic bodies, the important reduction that is here forecast, will fully be realized. In 1943, the acreage planted with tomatoes reached Ha. 57,504 and in 1944 there had been recommended an acreage of 60,550 Ha. The area proposed for 1945, Ha. 51,750, may therefore be considered sufficient only for domestic necessities.

Phosphatic fertilizer is required on 31,365 Ha. and nitrogenous ones on 35,370 Ha., representing about 61% and 68% respectively, of the total area planted with tomatoes. Therefore, 140,000 qtls. of mineral superphosphates, equal to 21,000 qtls. of phosphoric anhydride, and 20,400 qtls. of ammonium nitrate

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33/35% are required. The use of a round sum of 160,000 qtls. of chemical fertilizers, could assure a production of 1,500,000 qtls. of tomatoes, while a reduction in fertilizer would cause a proportionate reduction in area and yield. The total absence of fertilizer would reduce the total production by 50%.

e. Vegetables (priority A - B).

The area destined to vegetables crops is estimated to be slightly larger than that for 1936, by 6,062 Ha., representing a little over 4.5%. The regions where the increase is more marked are: Puglia, Lazio and Tuscany, each with increase of not more than 3,000 Ha. Some decrease is expected in Campania, where export outlets have altered.

The following fertilizer requirements have been estimated: qls. 36,23 of phosphoric anhydride, equal to about 242,000 qtls. c. mineral superphosphates on 83,000 Ha ; 68,2..5 qtls. of 13.25% ammonium nitrate on 107,400 Ha.

It is well established that the normal progress of vegetable crops requires abundant applications of fertilizer in general, wherefore larger requirements of chemical fertilizers should have been estimated, especially in view of the smaller available quantities of organic manure, therefore these estimates should be considered an absolute minimum.

Any reduction in the actual availability of fertilizers would provoke either a reduction in acreage planted or a serious decrease in the average production per Ha. at a ratio between fertilizers and product of 1:10.

11. GROUP C - INDUSTRIAL PLANTS.

a. Sugar Beets (priority B).

It is deemed necessary to leave unchanged the area planted to sugar beet, in all regions considered, with the exception of a sizeable increase in Campania of 4,000 Ha. over the 1936 area. Such an area has been attained in recent years. By comparison with 194 -43, the 1945 forecast contemplates a reduction of over 3 %, or from Ha. 90,050 in the 1942-43 to Ha. 62,000 for 1945.

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ammonium nitrate on 107,400 Ha.

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A point of importance which has not yet been decided is whether or not the price of (1) 50 lire per quintal of sugar-beets delivered by Southern farmers will be continued, and (2) the subsidy of 6.50 lire per polarimetric degree, paid by the State to sugar-beet producers of central and southern Italy.

In the past the cultivation was regulated by a national contract stipulated between the cultivators of the Beet Association and the Consortio of Sugar Producers, in agreement with the competent Ministries.

It is estimated that phosphatic and nitrogenous fertilizers will be needed for the entire area. Such requirements amount to 26,640 qtls. of phosphate anhydride, equal to about 177,600 qtls. of 14/16 mineral superphosphate and 39,660 qtls. of ammonium nitrate 33/35%. Failure to make estimated fertilizer requirements

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available or a reduction in the quantity thereof, would entail both a proportional reduction in the invested area, and a reduction in field.

As for seed, this was cared for in past directly by the Consorzio of Sugar Producers, through the Ente Seme Bietole Zuccherine (Body for Sugar-Beet Seeds). The Ente secured the seed through controlled cultivations in the more suiteble areas of Emilia with some imports from Germany. It is adjudged that there will be seeds in Italy for the proposed area.

b. Tobacco - (priority C).

The area to be devoted to tobacco has been estimated only for guidance purposes, since final determination is a matter for the State Monopoly Administration. It is pointed out, however, that *the increase in area with respect to the 1936 assessment was already* achieved in previous years, however, under conditions of complete availability of the entire fertilizer requirements.

For 1945, phosphatic and nitrogenous fertilizers will be required for the entire area of tobacco, or 15,594 qtls. of phosphoric anhydride, equal to about 104,000 qtls. of 14/16 mineral superphosphate, 24,650 qtls. of ammonium nitrate 33/35%, and 14,825 qtls. of potassic oxide.

c. Hemp (priority A).

For hemp in 1945 there is estimated a total reduction of about 5,000 Ha. in comparison with 1936, due to disrupted farming conditions viz. flooding, mined areas, depletion of work stock, prevailing in Campania where it is estimated that production will be reduced by over 9,000 Ha. Even though the estimated area was increased for other regions, especially Emilia and Umbria, it was not found feasible for the sake of caution, to come up to the previous area.

Fertilizer requirements are estimated at 34,520 qtls. of phosphoric anhydride, equal to 257,000 qtls. of mineral superphosphate, upon 90% of the cultivated area, and of 40,854 qtls. of ammonium nitrate 33/35 for nearly the entire area.

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superphosphate, 24,650 qtls. of ammonium nitrate 33/35%, and 14,825 qtls. of potassic oxide.

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For hemp in 1945 there is estimated a total reduction of about 5,000 Ha. in comparison with 1936, due to disrupted farming conditions viz. flooding, mined areas, depletion of work stock, prevailing in Campania where it is estimated that production will be reduced by over 9,000 Ha. Even though the estimated area was increased for other regions, especially Emilia and Umbria, it was not found feasible for the sake of caution, to come up to the previous area.

Fertilizer requirements are estimated at 33,520 qtls. of phosphoric anhydride, equal to 257,000 qtls. of mineral superphosphate, upon 90% of the cultivated area, and of 40,854 qtls. of ammonium nitrate 33/35 for nearly the entire area.

Any reduction in the quantity of fertilizers indicated, would reflect a proportional reduction of the hemp area and therefore a marked reduction in the production of fibre, which on the average amounts to 10-11 qtls. per hectare.

1221 Farmers concerned procure the necessary seed directly, or else use seed originating from particular varieties raised in some provinces of Emilia (Ferrara, Bologna and Modena).

d. Cotton (priority D).

The 1945 program proposes only 12,830 Ha. of cotton representing an increaseof about 2,000 Ha. over 1936. The plan for 1942 contemplated 86,237 Ha. and for 1943, 90,627 Ha. Though these areas never fully materialized, much more cotton was grown than was economically feasible. The drastic reduction here proposed is based on the very low yields experienced and the fact

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that most of the cotton must be transported to the mainland for ginning and processing.

It is estimated that chemical fertilizers will be needed for only 5,800 Ha. as follows: qtls. 1,860 of phosphoric anhydride, equal to 12,400 qtls. of mineral superphosphates and 1,690 qtls. of ammonium nitrate 33/35%.

In former years when cotton was limited to a few well defined areas, seed requirements were met partially from local stocks, and partially from imports from the United States. Later when the area was extended through compulsion seeds were obtained entirely from local stocks. For the area proposed seed should be obtained from local stocks.

e. Flax (priority D).

The area estimated for the cultivation of flax has been indicated separately as Ha. 2,810 for the production of fibre and 12,810 Ha. for the production of seed for the production of oil. Compared with 1936 this is a marked increase for seed production and a moderate reduction for fibre. However, by comparison with 1943-44 (28,000 Ha.) there is a marked reduction. This reduction is based on its relative non-essentiality.

Requirements are estimated at 700 qtls. of ammonium nitrate 33/35% for only 1,600 Ha. of flax for fibre.

f. Other Industrial Plants (priority C).

There is estimated a total area of 2,660 Ha. for the cultivation of other industrial crops - rape "ravizzone", peanuts, sunflower, sesame, soy-beans, castor beans, etc. - which do not represent substantial amounts of area in the various provinces. In most instances these crops are raised on marginal land or as catch crops in some truck-farming areas.

For the chemical fertilization of such crops there are estimated requirements of only 720 qtls. of ammonium nitrate, in order to make up for possible local shortages or organic matter.

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For the chemical fertilization of such crops there are estimated requirements of only 720 qtls. of ammonium nitrate, in order to make up for possible local shortages or organic matter.

12 GROUP D - FORAGE CROPS ON A ROTATION BASIS.

The groups of forage crops on a rotation basis, meadows, over one year's planting (Medicago, sative, alfalfa, sulla, etc.) and annual and intermittent meadows for forage (fieno greco, veteh, barley, oats, etc.) is estimated to undergo a reduction of about 50,000 Ha. While the reduction for meadows and intermittent meadows for forage is substantial, a larger area has been estimated for annual meadows in the hope that a program may be forthcoming for the early reconstitution of the depleted livestock population. The above reduction becomes even less important when it is considered that the difference in area resulting from a smaller investment in forage crops on a rotation basis will undoubtedly be devoted to natural meadows on fallow land. It is also to be remembered that it would not be possible to devote this difference to other field and garden crops on a rotation basis without much greater quantities of fertilizers.

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The following fertilizer requirements are estimated for the group under consideration on 511,000 Ha. i.e. about 24% of the forage area: 269,378 qtls. of phosphoric anhydride, equal to a little less than 1,800,000 qtls. of 14/16 mineral superphosphates on an area of 273,000 Ha. (i.e. a little more than 12% of the entire forage area); 118,350 qtls. of ammonium nitrate 33/35, on 5,400 Ha., i.e. slightly more than 0.2% of the total area, and 2,700 qtls. of potassic oxide.

The supply of the above fertilizers would ensure a fair production per unit, while a reduction in the supply of estimated requirements would cause a substantial decrease in the total amount of forage. This would not only retail the very necessary and hoped-for restoration of seriously depleted livestock assets, but would worsen still further the forage problem by causing the inadequate feeding of livestock.

13. GROUP E - TREE AND VINE CROPS.

For all tree and vine crops considered in this group there has been made no change in area compared with the 1936 assessment, because it can be presumed that no substantial change has occurred.

a. Vines (priority 0).

There is estimated a production of grapes slightly above that of 1936, but considerably below that of intervening years.

Estimated fertilizer requirements, which are rather low compared with the imposing area planted with vines, reflect primarily the fertilization of vineyards specializing in table grapes, of nurseries in which stocks are raised. Such requirements are about 24,900 qtls. of phosphoric anhydride, equal to about 166,000 qtls. of 14/16 mineral superphosphate and 3,150 qtls. of ammonium nitrate 33/35%.

One of the more important justifications for assigning fertilizer to grapes is to prevent further damage to vines which for the basis of the Agricultural economy in many areas.

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For all tree and vine crops considered in this group there has been made no change in area compared with the 1936 assessment, because it can be presumed that no substantial change has occurred.

a. Vines (priority 3).

There is estimated a production of grapes slightly above that of 1936, but considerably below that of intervening years.

Estimated fertilizer requirements, which are rather low compared with the imposing area planted with vines, reflect primarily the fertilization of vineyards specializing in table grapes, of nurseries in which stocks are raised. Such requirements are about 24,900 qtls. of phosphoric anhydride, equal to about 166,000 qtls. of 14/16 mineral superphosphate and 3,150 qtls. of ammonium nitrate 33/35%.

One of the more important justifications for assigning fertilizer to grapes is to prevent further damage to vines which for the basis of the Agricultural economy in many areas.

b. Olives (priority 4).

1220 Olive production is estimated to be larger than in 1936, yet lower than the average for the past five years. This is due to a reduction in the number of trees or in the productive capacity thereof due to military operations, to improper or total lack of care (prunings, cultivation, parasite control and fertilizer applications). In estimated oil production, those olives for direct consumption though small in quantity, have been taken into account.

Fertilizer requirements, both phosphatic and nitrogenous have been estimated for only a very small portion of specialized olive groves in order to meet, though only partially and on an extremely modest scale, the serious need for fertilizer felt by the olive growing industry. There is thus estimated need for 39,010 qtls. of phosphoric anhydride, equal to about 270,000 qtls. of mineral superphosphate, and 87,400 qtls. of ammonium nitrate 33/35%.

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c. Citrus Fruits (Priority B-C).

The estimates of citrus fruits production have been kept within a minimum average of the base year. It is lower than 1936 for oranges and tangerines and slightly higher for lemons and the other citrus varieties.

For such crops parasite control is highly important, the lack of which would reflect a serious reduction in both the quantity and quality of fruit produced, as well as a profound influence on the life and productive capacity of the groves. Parasiticides such as sodium and calcium cyanamide, emulsified oils and lime sulphur for the control of scale insects is grave and are specified in the appropriate tables.

Attention is drawn to the great importance of fertilizing citrus groves especially "limoni verdelli" (green lemons) where nitrogenous fertilizers become indispensable. The absence or shortage of nitrogenous fertilizers would certainly entail a sharp reduction in quantity and quality of fruits.

Out of the total area (54,823 Ha.) of specialized citrus groves, there has been estimated phosphatic fertilizer for 17,350 Ha. nitrogenous fertilizer for 18,050 Ha. and potassic fertilizer for 11,590 Ha., with corresponding chemical fertilizer requirements as follows: 20,065 qtls. of phosphoric anhydride equal to about 134,000 qtls. of 14/16% mineral superphosphate, 34,780 qtls. of ammonium nitrate 33/35% and 11,590 qtls. of potassium oxide.

d. Pomaceous and Drupaceous Fruits.

There is nothing noteworthy with respect to the estimate for 1945 production of fruits in general except there may be a small reduction as compared with 1936. The most urgent and important assistance required by fruit trees centers around the use of parasiticides, discussed in the appropriate section of this Report.

Phosphatic fertilizer for 6,900 Ha. and nitrogenous fertili-

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There is nothing noteworthy with respect to the estimate for 1945 production of fruits in general except there may be a small reduction as compared with 1936. The most urgent and important assistance required by fruit trees centers around the use of parasiticides, discussed in the appropriate section of this Report.

Phosphatic fertilizer for 6,900 Ha. and nitrogenous fertilizer of 8,960 Ha. correspond to 21.5 and 27.9% respectively of the total area (32,080 Ha.) of specialized orchards. Such requirements amount to 8,490 qtls. of phosphoric anhydride, equalling about 57,000 qtls. of 14/16% mineral superphosphate, and 6,552 of ammonium nitrate 33/35%.

e. Dried Fruits (priority C - D).

As stated before, this group of tree crops includes almonds, walnuts, hazelnuts and carob-beans. Estimated production which about equals the average for previous years, must be regarded as extremely variable, since for most of these crops production is subject to large unpredicable fluctuations.

In view of the benefits derived from top dressings applied to associated field and garden crops present in the groves, it is estimated that, as a rule, no fertilizer will be needed, with the exception of part of the hazel-nut area where 3,500 Ha. (total area is 20,647 Ha.) will need 2,100 qtls. of phosphoric anhydride,

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equal to 14,000 qtls. of 14/16% mineral superphosphate, and 2,305 qtls. of ammonium nitrate 33/35%.

14. The remainder of this section of the Report is divided into the following major parts:-

Part I - Crop Production Estimates Or Goals South of the Pisa-Rimini Line Including Emilia Compartment.

Part II - Basic Fertilizer and Parasiticide Requirements to Implement the Crop Production Program South of the Pisa-Rimini Line.

Part III - Essential Minimum Imported Fertilizer, Parasiticide and Farm Machinery Requirements for all of Italy.

Part IV - Forestry Program and Essential Minimum Imported Forestry Requirements.

Part V - Fisheries Program and Essential Minimum Imported Fisheries Supplies.

PART I.

CROP PRODUCTION ESTIMATES OR GOALS SOUTH OF THE PISA-RIMINI LINE INCLUDING EMILIA COMPARTMENT.

Attached as Agriculture Appendix "A" are the 1945 production estimates or goals in area and total production for each of the crops listed above. Comparable area and production statistics for the year 1936 are also tabulated on Appendix "A".

As stated previously, these data represent a composite of estimates prepared on provincial and compartment levels by Italian Agricultural Officials and Allied Agricultural Officers. Unfortunately, however, reports requested in May 1944 have not been received for all provinces and some of the reports submitted were incomplete or were not based on the procedures and policies laid

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Fisheries Supplies.

PART I.

CROP PRODUCTION ESTIMATES OR GOALS SOUTH OF THE PISA-RIMINI LINE INCLUDING EMILIA COMPARTMENT.

Attached as Agriculture Appendix "A" are the 1945 production estimates or goals in area and total production for each of the crops listed above. Comparable area and production statistics for the year 1936 are also tabulated on Appendix "A".

As stated previously, these data represent a composite of estimates prepared on provincial and compartment levels by Italian Agricultural Officials and Allied Agricultural Officers. Unfortunately, however, reports requested in May 1944 have not been received for all provinces and some of the reports submitted were incomplete or were not based on the procedures and policies laid down. However, such materials as were received plus results of surveys available through the Agriculture Sub-Commission were pooled with those available in the Ministry of Agriculture as the basis for final estimates.

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PART II.

BASIC FERTILIZER AND PARASITICIDE REQUIREMENTS TO IMPLEMENT THE CROP PRODUCTION PROGRAM SOUTH OF THE PISA - RIMINI LINE.

Estimated results which may be expected in terms of crop yield from a given quantity of fertilizer are subject to many variable factors. For example: with a small quantity of fertilizer used on the 1943-44 crop one would have normally expected a much smaller production than was actually experienced. Abnormally good yields obtained from practically all crops in the 1943-44 season

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were the result of excellent weather conditions. The input requirements, set forth below, are considered conservative in terms of the crop expectancy in 1945. The overall total, however, may be in excess of the quantity of supplies which can reasonably be expected to be imported and distributed because of increasing competition among all Allied and occupied Nations for limited supplies available. These overall basic quantities are, however, included in this report to facilitate presenting what the realistic situation might be under normal conditions. This broad picture of total basic requirements will also serve as a guide to those charged with responsibility for the formulation and execution of detailed programs of action in each province.

A. FERTILIZER REQUIREMENTS.

Attached as Appendix "B" are estimated fertilizer requirements for the area south of the Pisa-Rimini Line including Emilia Compartment. Normally many different types of fertilizers were used in Italy. For purposes of presentation in this report the number has been reduced to 3 basic types: Super Phosphate, containing 14/16% P_2O_5; Ammonium Nitrate, containing 33/35% Nitrogen; and Muriate of Potash, containing 40-42% Potassium Oxide.

For the 1944-45 season, estimates are given for the anticipated requirements for each crop as well as for each of the [illegible] crops.

It should be pointed out that the consumption of fertilizers in Italy in the pre-war period, had increased considerably, particularly in the case of nitrogenous and phosphatic fertilizers. In fact, for the area South of Pisa-Rimini Line, the consumption of nitrogenous fertilizers expressed in ammonium nitrate, was 1,237,707 quintals in 1936 increasing in 1938-39 to 1,943,625 quintals and in 1939-40 to 2,333,745 quintals. Similarly for phosphatic fertilizers which from 1,440,118 quintals of phosphoric anhydride in 1936 rose to 1,819,971 quintals in 1938-39 and to 1,848,048 quintals in 1939-40.

It is useful to know the trend of the use of fertilizers per hectare of crops normally receiving chemical fertilizers, namely, the total area of cultivated land, permanent meadows and specialized tree crop[illegible]

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It is useful to know the trend of the use of fertilizers per hectare of crops normally receiving chemical fertilizers, namely, the total area of cultivated land, permanent meadows and specialized tree crop. This area, calculated at 11,622,588 Ha. received the following average quantities of chemical fertilizers for the years 1936, 1938-39, and 1939-40 respectively: phosphoric and anhydride 12.4 - 15.7 - 15.9 Kg. per Ha.; nitrogen, expressed in ammonium nitrate, 10.7 - 16.7 - 20.1 Kg. per Ha.; potassium oxide 0.2 - 0.3 - 0.4 per Ha.

Not included in consumption figures for the above considered years are the quantities of compound preparations produced by innumerable small industrial plants of a more or less local character, regulation of which was attempted only in 1942-43.

With the exception of a portion of mineral phosphates from French North Africa, and a certain amount of calcium cyanamide from Yugoslavia, the phosphatic and nitrogenous fertilizers on sale in the years previous to the war were nearly all of Italian manufacture. The rock phosphate, from which the super-phosphate

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~~was manufactured,~~ ~~imported~~. All potassic ~~fertilizers, however,~~ were imported from Germany. Italian plants supplied mineral phosphates with a variable cont[illegible] of 14/16 to 18/20% phosphoric anhydride soluble in water and ammonium citrate and only a small quantity of bone phosphate. They also manufactured a standard phospho-nitrogenous fertilizer, ammonium biphosphate, containing on an average 45-49 per cent phosphoric anhydride and 20-21% nitrogen.

The nitrogenous fertilizers available were of various types, chiefly ammonium sulphate and calcium cyanamide followed, in the order of importance by calcium nitrate, sodium nitrate and 15/16% ammonium nitrate.

For the 1944-45 crop year total requirements are established at 1,569,422 quintals of phosphoric anhydride (equivalent to approximately 10,460,000 quintals of 14/16% mineral phosphate) 1,447,510 quintals of nitrogenous fertilizers, expressed in 33/35% ammonium nitrate, and 3[illegible],650 quintals potassium oxide.

This estimate compared as above for the entire area requiring fertilizers of the regions in question (namely, 11,622,586 Ha.) would represent an average consumption per hectare of 13.512 - 12.454 - 0.324 Kg. of phosphoric anhydride, ammonium nitrate and potassium oxide, respectively).

Actually, however, requirements are calculated for a normal application of phosphoric anhydride to 26% of the total area, or 3,201,941 Ha.; ammonium nitrate to 22.5% or 2,610,856 Ha., and potassium oxide to 0.58% [illegible] 67,715 Ha.

The average use per hectare of area effectively calculated for fertilizer application is, as per above, as follows:- 51.944 Kg. of phosphoric anhydride for 3,021,941 Ha.; 55.4 of 33/35% ammonium nitrate for 2,610,856 Ha, and 55.6 Kg. potassium oxide for 67,715 Ha. The aforesaid areas, for which fertilizer requirements have been calculated, represent out of the total area of field, garden and tree crops considered under the whole crop program for the 1944-45 season as 10,666,009 Ha. only 28.3% as regards application of phosphatic fertilizers, 24.5% as regards nitrates, and hardly 0.63% for potassic requirements.

Though these figures appear large in terms of shipping space [illegible] conservative in terms of input requirements needed for the

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This estimate compared as above for the entire area requiring fertilizers of the regions in question (namely, 11,822,536 Ha.) would represent an average consumption per hectare of 13.512 - 12.454 - 0.324 Kg. of phosphoric anhydride, ammonium nitrate and potassium oxide, respectively).

Actually, however, requirements are calculated for a normal application of phosphoric anhydride to 26% of the total area, or 3,201,941 Ha.; ammonium nitrate to 22.5% or 2,610,856 Ha., and potassium oxide to 0.59% or 67,715 Ha.

The average use per hectare of area effectively calculated for fertilizer application is, as per above, as follows:- 41.944 Kg. of phosphoric anhydride for 3,021,941 Ha.; 55.4 of 33/35% ammonium nitrate for 2,610,856 Ha. and 55.6 Kg. potassium oxide for 67,715 Ha. The aforesaid areas, for which fertilizer requirements have been calculated, represent out of the total area of field, garden and tree crops considered under the whole crop program for the 1944-45 season as 10,666,009 Ha. only 28.3% as regards application of phosphatic fertilizers, 24.5% as regards nitrates, and hardly 0.63% for potassic requirements.

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Though these figures appear large in terms of shipping space they are conservative in terms of input requirements needed for the production of 1944-45 goals set forth in Appendix "A". For 1945 the total area planted to crops will be less than in 1938. However, the fertilizer requirements for even these reduced areas and yields are slightly above those used in 1938. This discrepancy is due to the fact that fertilizers of all types have been used at an ever diminishing rate during the past four years, so much so that the continued harvest of crops without returning fertility to the soil through chemical fertilizers has virtually resulted in mining the soil. This is especially true of phosphates and nitrates.

In the following table is given the total fertilizer required by crops according to the crop priority to which the fertilizers should be allocated if, as and when available.

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CROP PRIORITY	SUPER PHOSPHATE	AMMONIUM NITRATE	MURIATE OF POTASH
A	7,620,018 qtls.	1,127,136 qtls.	28,813 qtls.
B	2,356,211 "	246,626 "	6,750 "
C	473,962 "	71,337 "	58,562 "
D	12,555 "	2,410 "	-
TOTAL:	10,562,747 qtls.	1,447,509 qtls.	94,125 qtls.

B. PARASITICIDES REQUIREMENTS.

1. The 1945 estimated insecticide and fungicide requirements are also included in Appendix "B" for the total area south of the Pisa-Rimini Line. These inputs are necessary for the protection of crops against disease and insect pests.

The data given are based on actual consumption figures for 1935 and 1936 - the last years for which reliable general statistics are available - and also on partial statistics and information regarding availability and use during the last several years.

2. Most important of the fungicides is copper sulphate, necessary for controlling downy mildew of vines, protecting olives from cycloconium, potatoes from perinospora and other fungi. The consumption of copper sulphate and copper oxychloride for plant disease control was 940,906 qtls. for the 1935 season and 742,194 qtls. for the 1936 season. It is to be noted that copper oxychloride is used at the same rate as copper sulphate and gives similar results, therefore, they are inter-changeable. For the 1945 season, a total of 868,450 qtls. of copper sulphate is required for the different crops as indicated.

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For seed disinfection, considering that only small quantities are needed, no distinction has been made according to compartments or provinces, and the quantities of copper compounds (oxychlorides or copper sulphate) are included under vegetable requirements.

The shortage of fungicides for grapes may, under proper weather conditions, result in a total loss of the crop. The lack of such materials for olive-trees would be less serious. For fruit crops, especially peaches, the lack of fungicidal treatments will result in serious losses in production and also permit degeneration of the orchards. The absence of fungicidal treatments for truck crops, especially potatoes may in many instances mean the complete loss of the crop.

The consumption of sulphur and copper sulphur, mainly used for the control of Oidium and downy mildew of vines, was in 1935, 293,104 quintals of sulphur and 87,532 quintals of copper sulphur, and in 1936, 240,977 quintals of sulphur and 72,008 qtls. of copper sulphur.

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For the 1945 season, estimate for sulphur is 364,290 quintals and 82,270 quintals for copper sulphur. It is to be noted that Oidium attack has been more virulent in recent years, necessitating more effective control. Pure sulphur diluted with inert substances and crude 30% sulphur, are equally suitable for this purpose.

The lack of sulphur for the control of vine Oidium may cause the total loss of the crop. However, since there is an abundance of sulphur in Italy there should be little difficulty in obtaining the full requirements.

3. White oils are light mineral oils, commonly known in trade as "Volk", and are employed chiefly in the control of citrus scale insects in Sicily, Calabria, Campania and Puglia in those citrus groves where, for various circumstances (crowding, location, want of equipment, etc.) hydrocyanic gas fumigation cannot be effected. They are also used in the spring and summer for the control of scale insects attacking fruit trees, when winter treatment either was not possible or was unsatisfactory.

When these oils are unavailable, they can be substituted by calcium polysulphides at a ratio of not less than 1.5 of the latter to 1 of the former.

4. Emulsifiable anthracene or tar oils (Fitofirm type) are used extensively in winter treatment for the control of fruit scale insects, particularly in Tuscany where they are essential for the control of Aspidiotus perniciousus. Their absence would inevitably cause a considerable drop in yield and also a serious degeneration of the trees.

5. The table refers only to high-grade tobacco extract (5% alkaloid) and nicotine sulphate (50% alkaloid) both products of the Italian State Monopoly. In as much as these products are produced in Italy the full requirements should be available.

In the last four years quassia wood, pyrethrum and rotenone extracts were wanting entirely and those insecticides were substituted by the aforementioned tobacco by-products. It is advisable because of the world shortage of these insecticides,

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they are also used in the spring and summer for the control of scale insects attacking fruit trees, when winter treatment either was not possible or was unsatisfactory.

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In the last four years quassia wood, pyrethrum and rotenone extracts were wanting entirely and those insecticides were substituted by the aforementioned tobacco by-products. It is advisable because of the world shortage of these insecticides, shortage of transportation, etc., that this substitution continue.

These nicotine products are employed in the spring and summer chiefly in the control of aphids attacking fruit and truck crops, but a small quantity is highly important and is always required for the control of scab in sheep.

The lack or shortage of these insecticides may, with favorable weather for development of the insects, result in heavy damage to vegetable crops as well as in the case of sheep, a reduction in quantity and quality of wool and a general lowering of the sanitary standard of the flock.

6.. In arsenates and arsenites, the need is principally for lead and calcium arsenate, and sodium and copper arsenite. The first two are employed in the control of numerous insects attacking fruit and vegetable crops. Sodium arsenite is employed mainly

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in the control of locusts, which frequently and customarily invade Sardinia, Puglia, Campania and Sicily. The control of these insects is a normal and expected operation and without control measures substantial areas of various crops may entirely be destroyed. Copper arsenite is used as poison for mole crickets, but can be substituted by zinc phosphide.

The shortage of the above mentioned poisons may cause a very appreciable reduction in crop output, particularly in the case of sugar-beets. For this crop alone, control measures against cassida vittata and altica clericea have in the last two years necessitated an annual consumption of 1,500 quintals of poison. Total consumption in 1935 was 3,339 and 7,015 quintals in 1936.

7. Zinc phosphide is used both industrially and in the home as a poison bait against mice, also throughout Italy for the control of mole crickets wherever truck crops are grown. In Puglia it is indispensable for controlling mice which cause appreciable damage to stored grains.

8. Barium Flourosilicate, like zinc phosphide and copper arsenite, is also employed in the control of field rodent as well as insect pests of truck crops. Within the last five years, its use has become very widespread in place of zinc phosphide for the control of mole crickets.

9. Calcium and Sodium Cyamide are employed for the hydrocyanic gas fumigation of citrus groves (Sicily and Calabria) and nursery seedling before being placed on sale (Pistoia, in Tuscany).

These poisons can be substituted almost entirely by oil emulsions (Volk type) for control of scale insects on citrus.

10. Carbon Disulphide is used chiefly for disinfecting stored grain and to a lesser extent in soil disinfestation against vine phylloxera. Its use is general throughout Italy and its shortage would compromise grain stocks and other stored seed.

11. Sulphides of calcium, sodium or potassium, in liquid

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damage to stored grains.

8. Barium Flourosilicate, like zinc phosphide and copper arsenite, is also employed in the control of field rodent as well as insect pests of truck crops. Within the last five years, its use has become very widespread in place of zinc phosphide for the control of mole crickets.

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10. Carbon Disulphide is used chiefly for disinfecting stored grain and to a lesser extent in soil disinfestation against vine phylloxera. Its use is general throughout Italy and its shortage would compromise grain stocks and other stored seed.

11. Sulphides of calcium, sodium or potassium, in liquid form, with an average density of 30° Baume, are used in winter control treatments against fruit diseases and insects, including those on citrus. The quantities indicated in the schedule, however, will be quite inadequate if, for the winter spraying of fruit crops, copper products (copper oxychloride and sulphate) cannot be made available. In this case, the total figure of 640 quintals should be increased to at least 60.000 quintals.

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PART III

ESSENTIAL MINIMUM IMPORTED FERTILIZER, PARASITICIDE AND FARM MACHINERY REQUIREMENTS FOR ALL OF ITALY.

Import requirements as listed in the following Table by compartments for all of Italy have been requested from Allied Nations through proper channels. Final estimates were developed in the light of estimates received from Italian and Allied Agricultural Officials in the field. Materials from the field were screened to ensure maximum production response from a minimum shipping space. Reliance upon domestic supplies, reduction in applications to provide interim fertility to the soil, or protection to the plants and correlation with past average consumption data are the type of factors which have been applied to reduce the tonnage requested. Machinery requests have been screened to eliminate types that are likely to be available locally within the next six to twelve months. The intention has been to concentrate on the basic materials otherwise unavailable, and types which, if unavailable, will have direct and drastic effect on the total production of essential foods.

Drastic screening has been necessary not only to save shipping space, but also because the distribution facilities (rail, truck and cart) are so overloaded that orderly distribution of pre-war quantities is not possible. The imports requested will prevent reduction in yield of basic crops, but will not prevent soil depletion, and will not maintain machinery inventories. In this connection, no request has been entered for superphosphate, because the tonnage required is believed prohibitive, and the soil is, in general, capable of producing grain crops until local production can be resumed. Legumes will suffer seriously. Local production of superphosphates is of extreme importance to the success of the crop program, and can be distributed from manufacturing plants situated as they are in the major consuming areas. We do not believe the situation warrants importation of phosphates from U.S. or U.K.

1218 Imports of ammonium nitrate for fall application, baling wire,

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Imports of ammonium nitrate for fall application, baling wire, horseshoe nails, binder twine, lead arsenate, spray oil, and nails, during 1944 fall season, have contributed to the total essential imported requirements, and certain of these items are not repeated in the list of imports to be brought in for the 1945 crop. Also, it is to be noted that the materials indicated as required in the area north of the Pisa-Rimini line are those estimated in response to a request for items to be included in a "stockpile", and are not established on the basis of experience, as is the case for the remainder of Italy south of that line.

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ESSENTIAL MINIMUM IMPORTED FERTILIZERS, PARACITICIDES AND FARM MACHINERY REQUI

Compartments	Ammonium Nitrate	Muriate of Potash	Copper Sulphate	Copper Oxy-Chloride	Zinc Phosphide	Lead Arsenate	Sodium Arsenate	Cyclito	Tractors	Plows	
Piemonte	16,500	7,500	4,480	1,135	-	45	1	6	110	50	
Liguria	775	200	740	420	-	16	3	2	-	-	
Lombardia	20,565	5,550	2,480	365	-	34	1	5	270	120	
Venezia Tridentina	880	650	860	210	-	122	1	18	10	5	
Veneto	11,245	3,450	3,800	320	-	65	2	9	190	130	
Venezia Giulia e Zara	640	300	500	115	-	9	-	1	10	5	
Emilia	16,100	1,600	8,420	635	0.5	99	18	14	320	150	
Toscana	7,405	250	4,070	395	-	81	5	12			
Marche	3,715	150	960	435	1.5	14	2	2			
Umbria	1,760	150	750	115	-	17	-	2			
Lazio	3,300	150	2,000	575	1.0	21	6	3			
Abruzzi	2,470	50	1,030	140	-	17	-	2			
Molise	210	-	-	-	-	-	-	-			
Campania	7,145	350	2,670	335	1,0	108	4	15	750	500	1,
Puglie	3,800	850	2,250	765	-	25	4	4			
Lucania	305	-	120	70	-	1	-	-			
Calabria	1,520	50	280	125	-	8	-	1			
Sicilia	5,425	750	460	520	-	16	2	3			
Sardegna	550	-	130	325	-	2	1	1			
Total	104,310	22,000	36,000	7,000	4.0	700	50	100	1,160	960	1,

Firm statements of requirements with necessary detail of specifications justifications, have been prepared and submitted through proper channel requisition purposes.

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D FERTILIZERS, PARACITICIDES AND FARM MACHINERY REQUIREMENTS FOR ALL ITALY

Copper Sulphate	Copper Oxy-Chloride	Zinc Phosphide	Lead Arsenate	Sodium Arsenate	Cryolite	Tractors	Plows	Binders	Balers	Combines	Trailers	
4,480	1,135	-	45	1	6	110	50	50	40			
740	420	-	16	3	2	-	-	-	-			
2,480	365	-	34	1	5	270	120	105	50			
860	210	-	122	1	18	10	5	-	-			Estimated basic minimum initial needs
3,800	320	-	65	2	9	190	130	30	50			
500	115	-	9	-	1	10	5	10	-			
8,420	635	0.5	99	18	14	320	150	45	100			
4,070	395	-	81	5	12							
960	435	1.5	14	2	2							
750	115	-	17	-	2							
2,000	575	1.0	21	6	3							
1,030	140	-	17	-	2							
-	-	-	-	-	-							Regions
2,670	335	1,0	108	4	15	750	500	1,000	50	100	50	I to VIII
2,250	765	-	25	4	4							inclusive
120	70	-	1	-	-							
280	125	-	8	-	1							
460	520	-	16	2	3							
130	325	-	2	1	1							
56,000	7,000	4.0	700	50	100	1,160	960	1,240	290	100	50	

requirements with necessary detail of specifications and
ve been prepared and submitted through proper channels for
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A. AREA NORTH OF THE PISA-RIMINI LINE.

1. Fertilizers.

The fertilizers requested are limited to nitrogen and potash materials because it is assumed that there will be phosphate materials available from local production within six months after occupation of the area. The importation of phosphates involves more shipping space, internal transportation, and time for application and return of yield than a "stockpiling" situation will permit. Initial reliance upon residual phosphate content of the soil, replenished generously when the industry is reconstituted, is considered a more practical course.

Ammonium nitrate is requested because it is economical of space, being double strength. The 100 lb. sack is requested because of the ease of handling under difficult storage and transport conditions. The amount is insufficient to fertilize 50% of the estimated wheat area (totalling 1,600,000 Ha.) at the rate of 1.5 quintali per ha. using 80% for this and comparable crops; all the estimated hemp land at 2 quintali per hectare, using 10% for 32,000 hectares; and the vegetables on a minimum basis of application, using the remaining 10%. These are crude estimates in view of the intensive and diversified farming practiced in the Po Valley, but they are based on experience with like crops in the Southern and Central regions. The higher yield per acre in the Northern Regions increases the return per ton of fertilizer materially. The yield increase is estimated at 320,000 tons of wheat and 30,000 tons of hemp.

Potash fertilizer is especially important to the rice and potato crops. The area is estimated at 56,800 for rice and 89,200 Ha. for potatoes. Quantities are based on actual sales over a period of years. The quantities requested are too low (50-75%) to permit use except upon crops where the return in yield will be greatest.

2. Pesticides.

Copper sulphate, copper oxychloride, lead arsenate, and cryolite are chosen as the most essential pesticides. The quantities are based on the experience obtained in the Southern regions. It has been possible to plan

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rate of 1.5 quintali per ha. using 80% for this and comparable crops; all the estimated hemp land at 2 quintali per hectare, using 10% for [illegible],000 hectares; and the vegetables on a minimum basis of application, using the remaining 10%. These are crude estimates in view of the intensive and diversified farming practiced in the Po Valley, but they are based on experience with like crops in the Southern and Central regions. The higher yield per acre in the Northern Regions increases the return per ton of fertilizer materially. The yield increase is estimated at 320,000 tons of wheat and 30,000 tons of hemp.

Potash fertilizer is especially important to the rice and potato crops. The area is estimated at 66,800 for rice and 89,200 Ha. for potatoes. Quantities are based on actual sales over a period of years. The quantities requested are too low (50-75%) to permit use except upon crops where the return in yield will be greatest.

2. Pesticides.

Copper sulphate, copper oxychloride, lead arsenate, and cryolite are chosen as the most essential pesticides. The quantities are based on the experience obtained in the Southern regions. It has been possible to plan on applications of lower concentration, and fewer applications, using one-half of the fungicides to protect essentially the same areas as usual, only the more susceptible varieties of potatoes and vines. Where this protection is lacking, 30% damage to vines is reported.

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The importance of copper sprays can best be exemplified by the fact that the farmers have even used their copper pots and pans melted down, as a source of copper for vine and potato spray, in recent years. Hence the supply of copper sprays assumes an importance even greater than the fertilizers. It is required to assure protection against diseases that not only destroy the crop but also the vines which require years to replace.

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Lead arsenate and the flourine substitute, cryolite, assume a great importance in the northern regions of Italy, because the intensive fruit-growing areas are the source of 60% of Italy's commercial fruit-growing industry, and the varieties require a better schedule of protection if the crop is to be protected from losses up to 50%.

In summary, these estimates are for an area that produces 60% of the grains, 60% of the fruits and vegetables, and 95% of the rice, and 85% of the hemp, of the entire country. The figures of average consumption of such materials support the statement that this area is the most intensive, progressive, and high yielding area in Italy, and the essentiality of minimum material requirements is linked with the extremely high potential production per hectare under the favourable conditions of soil, climate and general producing ability of the area.

3. Farm machinery.

Machinery and machinery parts are based on the population of machines and upon the normal rate of replacement. Provision is made for replacement of approximately 5% of the machines (not made in Italy) that are usually replaced each year. The large number of machines that must be furnished to carry out the production program is expected to be provided from resources in Italy, and imports. The Italian sources will be utilized to the maximum that is possible, but the types listed for stockpile are unavailable in Italy.

B. AREA SOUTH OF THE PISA-RIMINI LINE.

1. Farm machinery.

The requirements requested for importation represent a very small proportion of the amount that could usefully be employed, if the supply position was easier. The farm machinery position in liberated Italy is serious for the following and similar reasons:

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climate and general producing ability of the area.

3. Farm machinery.

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B. AREA SOUTH OF THE PISA-RIMINI LINE.

1. Farm machinery.

The requirements requested for importation represent a very small proportion of the amount that could usefully be employed, if the supply position was easier. The farm machinery position in liberated Italy is serious for the following and similar reasons:

a. A total lack of imports since 1935 due to Italy's self-sufficiency policy, and other factors in import-export trade;

b. All the large manufacturers of farm machinery are situated in Northern Italy and even those factories that have not been bombed have been unable to deliver machinery to the liberated areas;

c. A large percentage of the output of manufacturers has been turned over to war production. In two cases since 1941 total production has been munitions;

d. Deliberate sabotage by the enemy has immobilized the machines by removing magnetos, carburetors and often cracking cylinder blocks or breaking the wheels;

e. Systematic removal by the enemy to Northern Italy and Germany, especially tractors in good conditions.

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f. Effects of t[illegible]wer other than (d) e.g. [illegible]ses, bombs, shells. etc.,particularly severe on Bonifica near Volturno River;

g. Lack of spare parts due to (a),(b),(c), above, with consequent abuse of machinery running with improvised repairs.

The farm machinery is required for delivery as early as possible. The 50 Fordson tractors and trailers listed will be used for the transportation of farm produce to towns and back loading with fertilizers, etc. in districts where there is no other means of transport. At the present time produce is rotting on the farms, and warehouses are blocked through lack of transport. These small tractors will, of course, also be used for agricultural work at any time when not employed for transport.

All these machines will be employed full time, including night work where practicable and will be under control of the Ispettorati Agrari. The importation of this farm machinery will have a marked effect on the saving of shipping space through the increased production of grain and other crops, and will also save road transport, which is in extremely short supply, by enabling certain districts to grow their own food which, at the moment, they are unable to do, owing to complete absence of machinery as a result of enemy action as mentioned above.

The total area South of the Pisa-Rimini Line including the islands is 15,644,615 Hectares (cultivatable 8,136,015 Ha.; uncultivatable 7,508,600 Ha.). Italy has a wide range of agricultural products but the main crops are wheat, barley, oats, rice, vegetables and olive oil, and these are being stimulated at the expense of other less important products. At the present time those crops are being grown on 80-90% of the total cultivable area.

The total number of draught animals in this part of Italy in the 1938 census was 1,854,392, but owing to the ravages of war resulting in considerable deaths, breeding animals removed to other countries, lack of proper veterinary services and the [illegible] of young stock for food purposes, the total has been

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The total number of draught animals in this part of Italy in the 1938 census was 1,854,392, but owing to the ravages of war resulting in considerable deaths, breeding animals removed to other countries, lack of proper veterinary services and the killing off of young stock for food purposes, the total has been reduced by at least 35% and even the remainder are not fit for full work in all cases owing to lack of suitable fodder and overwork.

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It has not yet been possible to ascertain correctly the number of farm machines at present working in the area but an authoritative estimate of tractors is as below. The average age of these machines is 11-14 years and it is a remarkable feat that this large percentage are in working order.

Number of tractors in area	15,642
" " " in working order in varying degree of efficiency	10,278
" " " that could be put in working order ...	2,500
" " " obsolete	2,864

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The average imports per annum of tractors prior to 1935 was 600 from U.S. and 350 from Germany, England and Hungary combined. Local manufacture accounted for 350 per annum.

The ancillary equipment listed is the absolute minimum that can be utilized to maximize the use of the tractors required. Obsolesence has reached a point where the efficiency of the crop production program, and of imported tractors, requires this quantity of replacements.

All the machinery requested is for replacement purposes especially in the large "Bonifica" regions of reclaimed land where it has been the custom in pre-war days to form machinery pools for each Bonifica. These Regions are Governmental projects where the tenant has a share interest in the land. Although Bonificas in these Regions were badly damaged by enemy action, it is expected that parts of them will be in full operation this fall. The three main reclamation objects are (1) Basso Volturno - Bonifica of 20-25,000 hectares (2) Pontine Marshes of 170,000 Hectares (3) Sallo Bonifica of 5,000 hectares (4) Lower Garigliano Bonifica del Sesso of 5,000 hectares.

2. Spare Parts.

It will readily be appreciated from the preceding paragraphs that spare parts are of the highest importance. These parts will have an immediate effect on production of vital food needs, through the reconditioning of immobilized equipment (by the end of the current harvest two-thirds of the equipment will be inoperative in many provinces).

Delivery is required as soon as possible in order to permit orderly distribution during the months of September, October, and November when it will be [illegible] fall crop planting program that will largely dictate the magnitude of the 1945 crop production. Especially in connection with the distribution of spare parts, early delivery is urgent to permit supervised distribution and repair of the many diverse types of machines.

3. Fertilizers.

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3. Fertilizers.

a. Ammonium Nitrate. This will permit application of 1.5 qli. per hectare on 437,000 hectares of grain crops (less than 20% of the total) and will increase the yield 131,000 to 197,000 tons, 87% being used for that purpose. The amount requested is one-half of the 1938-39 to 1940-41 average spring application, but with favourable growing conditions this amount, supplementing the application made during the fall season, is expected to enable the crop to take advantage of a favourable growing season whereas a lesser amount would not.

Approximately 10% will be used at the rate of 1.8 qli. per hectare to 200 hectares of vegetables, the minimum required to maintain the production of fresh vegetables (10,000 tons per month). Approximately 3% will be used at the rate of 1.8 qli. per hectare to 10,000 hectares of hemp, with a resultant yield increase of 1,100/1,500 tons of hemp.

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Ammonium nitrate is chosen because it saves 50% of the shipping, storage and transportation space, because of its high nitrogen contents and the type of container is specified because experience has shown it to be safer to handle and less subject to damage than steel drums.

b. Muriate of potash. This fertilizer is required to maintain a minimum degree of balance on the soil fertility, and is especially important in the production of rice and tobacco and to a lesser extent in the production of vegetables. The amount requested is approximately 35% of the annual requirements for the spring application is normally heavier than in the fall season. The quantity stated is adequate to permit application of 2 qli. per hectare to 11,600 Ha. of rice, tobacco and vegetables. It is necessary to maintain fruitfulness and to permit using other fertilizers to advantage. A lesser amount would reduce the yield of these crops.

Delivery is required before February 1st, but in order to facilitate orderly distribution of the merchandise without overloading the rail and road transportation facilities, shipment for delivery in October, November and December is requested. Delayed receipt of fertilizers increases the difficulty of effective distribution of minimum supplies with resultant reduction in the yield of the crop.

4. Fungicides.

These fungicides will permit application of from one to three sprays at the rate of 10 Kg. per hectare on about 100,000 hectares potatoes or grapes to control blight and peronospora. The same application per acre is used on both crops. Only the more susceptible varieties are treated, and the usual practice is to treat only when rainy weather favors an epidemic of the disease that not only reduce the crop by as much as 30/50%, but also cause damage to the vines that affect the succeeding crops. The farmers will pay any price to get minimum protection and the black market reaches fantastic proportions when supplies are inadequate. The quantities stated are approximately 46% of the customary requirements and are considered minimum protection for the crops.

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The request for copper sulphate is complementary to that for copper oxychloride, and in the event that the required amount of copper oxychloride is not available the copper sulphate quantities must be increased by 50% in each case.

The amount requested is adequate to provide up to two-thirds of the usual number of applications if the strength is held to the minimum. The experience during the current season indicated that this can be done without jeopardizing the future of the vines, and under reasonably favourable weather conditions.

Delivery is required before February 1st, but in order to facilitate orderly distribution of the merchandise without over-loading the rail and road transportation facilities, shipment for delivery in October, November and December is requested.

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Delayed receipt increases the difficulty of effective distribution of minimum supplies with resultant reduction in the protection to the crop.

5. Insecticides.

These insecticides will permit normal application of protective sprays and dusts to fruits and vegetables. The fruit and vegetable industry produce 5,500,000 tons per year in the area covered, and the protection of this crop will result in 825,000 tons added food, produced without additional acreage or labour, except for the labour of applying normal control measures against codling moth, oriental fruit moth, peach twig borer, sawflies, tent caterpillar, fruit worms, mole-crickets, grasshoppers, cutworms and certain other insects.

A lesser quantity of insecticides will reduce the protection below the point of minimum efficiency, because the number of sprays in this area is already lower than optimum protection requires.

The losses reported during the current season are from 20% to 30%, and the reserve stocks will be completely used up during 1944. Productive facilities do not exist, nor is there evidence that the complicated chemical industry can be brought into production of these materials before the end of 1945. The requirements stated are based upon actual figures of consumption during past seasons, and it is considered essential that these quantities be imported in order to establish a minimum insect control program during the first half of 1945.

Delivery is required before February 1st, but orderly distribution of the merchandise in conjunction with other agricultural chemicals will be facilitated if delivery can be made during October, November and December. Delayed delivery increases the difficulty of effective distribution of supplies with resultant reduction in protection to the crops.

PART IV.

FORESTRY PROGRAM AND

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PART IV.

FORESTRY PROGRAM AND ESSENTIAL MINIMUM IMPORTED FORESTRY REQUIREMENTS.

A. Foreword.

The overall objective is to develop a normal well balanced Program; Conservation of Forest Resources and Reconstruction of Wood Using Industries.

The Italian timber supply even before the war was entirely inadequate to meet the country's minimum requirements for lumber or fuel. Timber is found throughout Italy in the mountain regions and the total amount of forest land consists of only 5,800,000 hectares.

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Before the war Italy imported large quantities from Austria, Rumania and Jugoslavia. Since the war imports were drastically reduced or eliminated, forcing an annual cut in excess of growth. A great deal of timber accessible to transportation by road and rail has been cut with the result that the greatest part of the merchantable stands, now existing, can be harvested only at much higher cost than formerly. With the supplies of timber dwindling in amount, and yearly becoming more inaccessible; it is absolutely necessary that conservation measures be directed by a technically sound and aggressive Forest Service with supervision over both public and private forest lands.

The production of fuelwood and charcoal, and the re-establishment of Wood Working Industries are of prime importance. An indication of the possible annual cut in 1944-45 season is suggested by the harvest during the 1939-40 season expressed in cubic metres: timber 4,000,000 cub.m; forewood 8,000,000 cub.m; charcoal 3,500,000 cub.m. In addition to the annual cut from forests, farms, parks and orchards is approximately 5,000 cubic metres. Roughly three-fourths of the total annual cut is in the form of firewood and charcoal leaving the remaining 25% in the form of industrial timber.

The sawmill picture is very complex. There are somewhere in the vicinity of 3,000 sawmills in the country. They are widely scattered in most Provinces. For the most part the mills are small. The fact that they are located in nearly every wooded section, together with their large number make the problem of reconstruction difficult. The output of many mills is small but relatively important, because production in many instances is consumed locally for wine barrels, fruit cases, wagon wheels, etc. To revitalize the industry, it is absolutely essential to consider each mill, however small, as an essential cog in the industry.

B. 1945 PROGRAM.

1211

The 1945 Forestry Program may be divided into lines of action [illegible] the following major objectives:-

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B. 1945 PROGRAM.

1211

The 1945 Forestry Program may be divided into lines of action to obtain the following major objectives:-

1. Re-establishment of the Royal Forest Corps.
2. Re-establishment of Wood Using Industries to the Normal Pre-War Levels.
3. Preparation of a Program for the Production and Distribution of Fuel Wood and Charcoal.
4. Re-establishment of Fuel Wood and Charcoal Industry.
5. Distribution of Sawmills and Woodsmen's Supplies.
6. Other Forest Activities.

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1. Re-establishment of Royal Forest Corps.

The effectiveness of the Forestry Program in Italy, depends in large part upon the success experienced in re-establishing the Royal Forest Corps into an effective hard hitting aggressive organization. This Corps under the Fascist Regime consisted of over five thousand officers and enlisted men. The major work of the Corps was devoted to policing of woodlands and production of fuelwood and charcoal.

Under the present Law, the supervision of all timber operations, both private and public, is under the Corps. It appears that there are ample legal provisions to make the Royal Forest Corps real master of the situation. During the Fascist Regime, the Corps was built up along military lines, and many of the leaders from the Head Office in Rome to the Regional and Provincial Commands in the field, held their positions more for political reasons than for knowledge of forestry. On paper, however, these men were qualified by training and experience.

In order to re-establish the Corps on a sound basis, it appears that the records of all members will have to be scrutinized to determine technical ability. In addition, it will be necessary to eliminate excess members. An instance of this is the re-activation of the Rome Office. Present plans of the acting Head of the Royal Forest Corps, is to establish this main Office with approximately 60% of the numbers employed during the Fascist Regime.

Before the war there was a re-forestration program in operation. This program suffered during the war years. As soon as re-organization has beeneffected, it should be initiated on an intensive and extensive scale. Re-organization of the Corps in the liberated portion of Italy is progressing at the present time, but very little is known of the conditions in central and north Italy. Communications between the Rome Office and the Provinces under A.M.G. control are very limited. Present indications are that many members of the Corps have gone North with the Germans, leaving some Provinces without adequate heads and, in some cases,

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2. Re-establishment of Wood Using Industries to the normal Pre-War Levels.

Although the Royal Forest Corps under Fascism had numerous field officers in all sections of wooded territory, the Corps was not charged with the supervision of timber production other than for fuel, with the exception of a few mills, owned and operated on State owned forests, which represent approximately 3% of the total area of forest land. Effective harnessing of limited forest resources in Italy, makes it essential that the Royal Forest Corps assumes major responsibility for supervising the production of all mills and wood using industries in relationship to all forest resources. With that end in mind, a comprehensive feet finding survey was initiated in June 1944 by the Royal Forest Corps,

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in close cooperation with Forestry Division of Agriculture Sub-Commission, ACC. Data have already been tabulated on more than 700 mills. This survey information represents the basis for preparation of requisitions for sawmill supplies needed to re-activate those mills which can be utilized most effectively to provide minimum civilian and military needs during 1945. Detailed factual data obtained for each mill included daily capacity, size and kind of material processed, transportation needs, condition of roads, bridges and rail roads, to both source of timber and market outlets. Instructions have already been released to extend the survey in each Province as liberated.

Lack of critical equipment and transportation facilities represent major problems. These will be solved to the extent that limited supplies and transportation facilities are allocated as necessary to maximize output.

3. Preparation of a Program for the Production and Distribution of Fuelwood and Charcoal.

At the present time, fuelwood and charcoal are being produced in quantities insufficient for the needs of the civilian population. Since fuels are deficient in many Provinces, it is necessary to ship large quantities both of fuelwood and charcoal to these Provinces, from areas where production is greater than the local consumption.

Normal methods of distribution were largely upset by the occupation for the following reasons: Lack of transportation, both truck and rail; emergency buying in the most convenient manner; buying of large quantities of fuelwood by the Allied Armies, etc. In order to provide for orderly distribution in the normal manner, a "Distribution, Allocation and Production Plan" was prepared by the Royal Forest Corps under the supervision of the Forestry Division of the Agriculture Sub-Commission for the portion of Italy under the jurisdiction of the Italian Government.

This was distributed to A.M.G. Regional Offices, Prefects, Provincial Consorcio Agrario, and Forestali Officials,

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1210 Data are now being collected in A.M.G. Provinces, and when available will be the basis for a detailed plan similar to that in effect in southern Italy. Due to the tactical situation, it is not known at this time when a complete plan can be prepared for the entire country. It is contemplated, however, that similar plans will be prepared every six months and consequently will be one of major projects for 1945.

4. Re-establishment of Charcoal and Fuelwood Industry.

Besides the above Program, additional steps will have to be taken to increase production.

Present plans call for a definite program to increase production by throwing the burden of procurement directly upon

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the shoulders of Sindacos and Prefects. It is intended that the Forestali will take the leadership in such a program. Normal production cannot be expected during the winter months due to climatic conditions. Much of this work is performed at high altitudes which are covered with snow during the winter months. Consequently, a program to increase production will be intensified during 1945.

5. Distribution of Sawmills and Woodmen's Supplies.

These supplies are expected this fall and during the early part of 1945. They will be distributed through normal channels. Present plans call for distribution to the mills on priorities established by Provincial Headquarters of the Forest Corps. Supplies will be issued only to mills either operating on a reduced schedule due to lack of equipment or to mills unable to operate without equipment. Mills shut down for other reasons will not be given supplies unless available transportation and timber justify.

6. Other Forest Activities.

A comprehensive re-forestation program will be initiated as soon as the organization of the Corps permits. Such a program if properly planned will help the unemployment situation.

C. ESSENTIAL MINIMUM IMPORTED FORESTRY REQUIREMENTS.

The items and the amounts listed in the following table represent the minimum Forestry import requirements for the area south of the Pisa-Rimini Line, and are essential to the maintenance of the Wood Using Industries at a minimum level of operation. Not only have the mills suffered from the scarcity of replacements for several years but also from looting and enemy action. Sawmills in this area are essential to obtain the production of boards, construction lumber, barrels, boxshooks, crattings etc. urgently

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The Royal Forest Corps under supervision of the Agriculture Sub-Commission made a survey of 784 sawmills to determine minimum equipment and material requirements.

In the absence of normal coal imports the contribution to the fuel supply is extremely important as is the contribution of the sawmills to reconstruction of bridges, buildings, etc.

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MINIMUM ESSENTIAL IMPORTED FORESTRY REQUIREMENTS SOUTH OF THE PISA-RIMINI LINE.+

Article:	Quantity Required:
Bandsaws (various sizes)	
Normal teeth	50,588 meters
Interrupted teeth	2,200 "
Gang Saws (various sizes)	1,250 pc.
Circular Saws (various sizes)	940 pc.
Felling Saws	
Straight teeth, elliptical	2,500 pc.
Interrupted teeth, elliptical ...	730 pc.
Atkins No. 714 type	540 pc.
Ribbon type	2,470 pc.
Bow Saws with frame	710 pc.
Files (Nicholson type)	
Band saw, taper heavy	740 doz.
Paper saw, regular	815 doz.
Band saw, blunt heavy	690 doz.
Modello Roma	1,900 doz.
Axes, single-bit	2,300 pc.
Transmission Belting	
Leather (various sizes)	25,287 meters
	2,100 meters

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Felling Saws

Straight teeth, elliptical..	...	...	2,500 pc.
Interrupted teeth, elliptical		...	730 pc.
Atkins No. 714 type	...	...	540 pc.
Ribbon type	...	...	2,470 pc.
Bow Saws with frame	...	...	710 pc.

Files (Nicholson type)

Band saw, taper heavy	...	...	740 doz.
Paper saw, regular	...	...	815 doz.
Band saw, blunt heavy	...	...	690 doz.
Modello Roma	...	...	1,900 doz.
Axes, single-bit	...	...	2,300 pc.

Transmission Belting

Leather (various sizes)	...	...	25,287 meters
Rubberized canvas (various types)		...	2,100 meters
Emery Wheels (various types)	...	...	100 pc.

+ Detail specification and justification information is included in statement of requirements submitted to higher authority thru requisition channels.

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Because of comparatively limited supplies requisitioned every effort must be made to improvise, using emergency repairs and substitute equipment. Obsolescence has progressed to a point that sharply reduces production. Therefore, the items listed have been requested to replace parts otherwise unobtainable.

Delivery of the majority of the requirements has been requested for summer and fall of 1944, and the remainder for January 1945, to permit orderly distribution to the mills and other installations in advance of the winter season, when delivery is difficut. The quantities stated are not based on Compartmental requirements, but on the industry as a whole, for production is largely from certain basic forest regions. Distribution will be made through the normal supply channels of the industry, based on the survey by the Royal Forest Corps, and upon requests direct from the mills and other woodworking establishments.

PART V.

FISHERIES PROGRAM AND ESSENTIAL MINIMUM IMPORTED FISHERIES REQUIREMENTS.

A. FOREWORD.

The overall objective is to rehabilitate commercial fishing and to maximize availability of fish for consumption in deficit areas.

Until offices were established in Rome, major activities were direct and operational in cooperation with Fisheries Officials of the Italian Government and ACC and AMG field officers. These activities included completion of detailed surveys of needs, salvage and repair of fishing boats, locating, processing and distributing to areas which promised maximum fish harvest, such materials and equipment available from local resources. Activities also included taking such steps as were essential, through Naval and other Authorities, to secure relaxation of naval restrictions

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The highest priority job for the remainder of 1944 and for 1945, is the establishment of an efficient aggressive Fisheries Bureau in the Ministry of Agriculture, to replace the creation in 1939 of the "Commissariato Generale per la Pesca", also known as "Cogepesca". That Fascist creation had membership on the Council of Ministry, and answered directly to the Head of the Government. It did not, however, operate either as a Ministry or under a Ministry. By recent Decree that creation was abolished, and presently is in process of being established as a Bureau in the Ministry of Agriculture.

Similarly, the quasi-Governmental Fascist creation known as "La Fondazione per la Piccola Pesca", has been replaced by a unit

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organisation known as "Fondazione per la Pesca Italiana." Preliminary steps have been taken to eliminate much of the former top-heavy staff, and to revise functions around major responsibility for the distribution of all Fisheries' supplies available through import and local resources. Much still remains to be done to establish this unit of organisation more or less along co-operative service lines to assure a distribution of limited supplies in such manner as is necessary to maximize fish catch; and to make supplies available to fishermen at the lowest possible cost. Either this organization must also be charged with responsibility for financing fishing operations at reasonable interest rates or present Financial Institutions which continue to operate under the Fascist way of doing business charging excessive rates must be controlled.

The complete reactivation of National Fish Laboratories is also an important segment of the future Fisheries Program, necessary if lakes and inland waters are to be scientifically repopulated. Maximizing fish catch has in the past, and must in the future, be the primary objective of the Fisheries Program; because every effort was made to have fishermen get their equipment afloat, Sicily and Sardinia experienced the best season in 5 years. Sicily alone during the next season (April to June) should pack at least 30,000 cases of tuna in oil (each case contains 6/10 Kgs. tins); in addition, 20% of the total catch will be available for consumption in Sicily as fresh fish. Sicily's production this year of "peace azzurro"; i.e., sardines and anchovies, reached 480,000 quintals. This is about a fourth of Italy's normal production of this type of fish.

B. MINIMUM IMPORT FISHERIES SUPPLIES.

Initial supply requisitions were prepared and submitted in November 1943. Reports indicate that at least some of those requisitioned supplies will arrive in September 1944. Ingenuity on part of fishermen, use of substitutes including empty GI cans found in the Army dumps of IBS and PBS, plus similar factors and conditions including the use of grass ropes and nets, stones instead of metal for anchors and so forth, are largely responsible for success experienced to date.

The following is a tabulation of Fisheries Supplies requisi-

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The following is a tabulation of Fisheries Supplies requisitioned in November 1943:

1208

		Long
Cotton Twine		
Size 100/6	Strand	Tons 12.5
" 80/6	"	" 12.5
" 60/6	"	" 50
" 40/6	"	" 100
" 12/6	"	" 75
Duck, 32", 11 oz. (for sailcloth)		Sq. Yds. 41,100

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Fish Hooks, Commercial

Serial No. 9726	Size 1	Gross	1,100
" " "	2	"	1,100
" " "	3	"	1,100
" " "	4	"	1,100
" " "	5	"	1,100
" " "	7	"	1,100
" " "	8	"	1,100
" " "	9	"	1,100
" " "	10	"	1,100
" " "	11	"	1,100
" " "	12	"	1,100

Steel Cable, Hemp Core, Zinc Coated, Flexible

Size 5/16" diam.	Tons	12
" 3/8" "	"	9
" 3/4" "	"	8

Paint

(50% coal tar, 25% antifouling, 25% ordinary paint) color - gray	Tons	416

Nails (8 and 10 penny)

(for boat repair)	Tons	14

DELIVERY: All to Port of Naples

Cotton Twine

Size 100/6 Strand	Long Tons	16.5
" 80/6 "	"	16.5
" 60/6 "	"	67
" 40/6 "	"	134
" 12/6 "	"	100

Duck 32", 11 oz.

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Paint

(50% coal tar, 25% antifouling, 25% ordinary paint) color - gray — Tons — 416

Nails (8 and 10 penny)

(for boat repair) — Tons — 14

DELIVERY: All to Port of Naples

Cotton Twine — Long

Size	100/6	Strand	Tons 16.5
"	80/6	"	" 16.5
"	60/6	"	" 67
"	40/6	"	" 134
"	12/6	"	" 100

Duck 32", 11 oz.

(for sailcloth) — Sq. Yds. — 54,030

Fish Hooks, Commercial

Serial No.	9726,	Size	1	Gross	1,000
"	"	"	2	"	1,000
"	"	"	3	"	1,000
"	"	"	4	"	1,000
"	"	"	5	"	1,000
"	"	"	7	"	1,000
"	"	"	8	"	1,000
"	"	"	9	"	1,000
"	"	"	10	"	1,000
"	"	"	11	"	1,000
"	"	"	12	"	1,000

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Steel Cables, Hemp Core, Zinc Coated, Flexible		
Size 5/16" diam:	Tons	10
" 3/8" "	"	6
" 3/4" "	"	6
Paint		
(50% coal tar, 25% antifouling, 25% ordinary paint) color - gray	Tons	465
Nails (8 and 10 penny)	Tons	20

DELIVERY: Palermo 50%
Messina or Catania 50%

Cotton Twine	Long	
Size 100/6 Strand	Tons	1.25
" 80/6 "	"	1.25
" 80/6 "	"	5
" 40/6 "	"	10
" 12/6 "	"	7.5
Duck, 32", 11 oz.		
(for sailcloth)	Sq. Yds.	4,200
Fish Hooks, Commercial		
Serial No. 9726 Size 1	Gross	320
" " " " 2	"	320
" " " " 3	"	320
" " " " 4	"	320
" " " " 5	"	320
" " " " 7	"	320
" " " " 8	"	320
" " " " 9	"	320
" " " " 10	"	320
" " " " 11	"	320
" " " " 12	"	320

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Size 100/6 Strand		Tons	1.25
" 80/6 "		"	1.25
" 80/6 "		"	5
" 40/6 "		"	10
" 12/6 "		"	7.5

Duck, 32", 11 oz.

(for sailcloth) — Sq. Yds. — 4,200

Fish Hooks, Commercial

Serial No. 9726 Size 1	Gross	320
" " " " 2	"	320
" " " " 3	"	320
" " " " 4	"	320
" " " " 5	"	320
" " " " 7	"	320
" " " " 8	"	320
" " " " 9	"	320
" " " " 10	"	320
" " " " 11	"	320
" " " " 12	"	320

1207 Paint

(50% coal tar, 25% antifouling, 25% ordinary paint) color - gray — Tons — 40

Steel Cable, Hemp Core, Zinc Coated, Flexible

Size 5/16" diam.	Tons	6
" 3/8" "	"	4
" 3/4" "	"	3.5

Nails (8 and 10 penny)

(for boat repair) — Tons — 2

DELIVERY: Port of Cagliari

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Assuming all of the above supplies as listed will be delivered, additional minimum import supplies required in 1945 are listed below. (Requisitions have been prepared and submitted to higher authority through requisitioning channels.)

Cotton

Size	Strand	Long Tons
100	6	25
80	6	25
60	6	100
40	6	150
12	6	150
8	6	200

(The numbering of twine follows the Italian count.)

Sailcloth

Material	Weight	Sq. Yds.
Duck	32", 11 oz.	100,000

Steel Cable

Kind	Size	Long Tons
Zinc coated Hemp core	5/16" diam.	30
	3/8" "	20
	3/4" "	25

Nails

Type	Size	Long Tons
For boat repairs	8 penny	25
	10 "	25
	smaller sizes	10

Paint

Kind	Long Tons
50% coal tar	600
25% ordinary paint	

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Duck

Steel Cable

Kind	Size	Long Tons
Zinc coated Hemp core	5/16" diam.	30
	3/8" "	20
	3/4" "	25

Nails

Type	Size	Long Tons
For boat repairs	8 penny	25
	10 "	25
	smaller sizes	10

Paint

Kind	Long Tons
50% coal tar 25% ordinary paint - color gray	600

Fish Hooks, Commercial

Serial No.	Size	Gross
9726	1	400
"	2	400
"	3	400
"	4	300
"	5	300
"	7	200
"	8	200
"	9	100
"	10	100
"	11	50
"	12	50

Lead

Type	Size	Long Tons
To serve as weights to keep nets in place	Bars weighing about 10 kgs. each	50

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The above essential supplies were determined on the basis of detailed surveys in all liberated areas and on estimates for territory still in the hands of the enemy. Limited reports from enemy territory indicate ruthless destruction of boats and equipment. Cotton twine is required in sizes indicated because most mills have either been destroyed, badly damaged, or lack sufficient electric power.

C. LOCAL RESOURCES

Hemp cordage is one of the principal fishing needs. Italy is one of the world's largest producers of hemp. During October, November and December 1943, raw and combed hemp was shipped to Sicily and Sardinia from Naples; later a plan was developed whereby the finished product was processed in and shipped from hemp production areas. Distribution was made in individual packages for fishermen directly through the Italian Captains or Port Officers or Consorzio Agrario.

Short fiber cotton is produced in Sicily, but spinning facilities are not available on the Island. In normal times Sicily and the rest of Southern Italy received finished products from industrial areas in the North.

Fishing glass globes used in night fishing can be manufactured locally in those factories which have not been destroyed beyond repair. Rehabilitation through cannibalization or otherwise of such factories is essential. Such globes are indispensable to provide underwater light for night fishing, which is most productive.

Fuel is not available from local resources and must be imported.

D. SUMMARY OUTLINE OF 1944-45 PROGRAM

Salient features are:

a. Complete survey of boats and equipment in all areas yet to be liberated; or not previously covered by survey.

b. Complete inventory of local resources and distribution of same

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Fuel is not available from local resources and must be imported.

D. SUMMARY OUTLINE OF 1944-45 PROGRAM

Salient features are:

a. Complete survey of boats and equipment in all areas yet to be liberated; or not previously covered by survey.

b. Complete inventory of local resources and distribution of same where necessary to maximize fish catch.

1208 Obtain relaxation of naval restrictions within limitations of security in waters adjoining areas liberated and yet to be liberated.

d. Charge Captains of Ports with responsibility for distribution of fishing permits and for control of all fishing craft.

e. Reduce or eliminate the practice of requisitioning fishing vessels for use other than for fishing and have as many craft de-requisitioned as military necessities permit.

f. Organize fishing market centers throughout Italy for the purpose of controlling production and distribution.

g. Standardize fishing permits on a national basis under policies and procedures to be established by the Ministry of Agriculture.

h. Similarly standardize fish marketing procedures.

i. Formulate a plan for the Nation which will assure maximun use

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being made of limited supplies to be sold at equitable prices.

j. Formulate a national plan for the financing of fishermen, fish markets and repair of ships.

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