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FINANCE, GENERAL
OCT. 1943 - NOV. 1944

LIST OF PAPERS

4601/CC

Office of the
Chief Commissioner

ALLIED COMMISSION

File under No. 4601 FINANCE, GENERAL

From: 18 Dec 43
To : 10 Nov 44~~Confidential~~

PART I

SERIAL
NUMBER

FROM—

DATE

TO—

SYNOPSIS

148:

Confidential

FILES A

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File under No. 100 - 1 FINANCE, GENERAL

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SERIAL NUMBER	FROM--	DATE	TO--	SYNOPSIS
64	Ltr. Commo Stone	17 Oct 44	Bonomi	Propose creation of a Cabinet Committee on Economy in State Expenditures, to handle the Budget.
65	Ltr Stone, A/CC 100	18 Oct 44	Spofford	Transfer of Italian Credits for Soviet Accounts to Yugoslav Partisans in Italy.
66	Ltr Stone	18 Oct 44	Electricity Control Board, RAAC	Electric power for production of paper currency.
67	Ltr. Commo Stone A/CC 100-1	23 Oct 44	G-5 Sec. AFHQ	Italian Govt's Financial Mission to US; would like Lavier accompany
68	Ltr. Commo. Stone A/CC 100	23 Oct 44	Minister Solari	Thanks for forwarding me a copy of your financial report 29 Sep.
69	Ltr. Alex. Kirk	27 Oct 44	Commo. Stone	Payments of Swiss Legation in Washington to defray expenses of representation of Italian interests in US
70	Ltr. Commo. Stone	26 Oct 44	Alex. Kirk	
1481				
71	Ltr. Alex Kirk	1 Nov 44	Commo. Stone	Consuls in Rome, Naples, Palermo have been authorized render financial assistance to qualified Americans.
72	Ltr. Commo. Stone	3 Nov 44	Alex. Kirk	Financial assistance to American nationals by Consulates.
73	Ltr Stone 13025/F	10 Nov 44	Kirk	Financial assistance to American nationals by Consulates.

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
52a	Memo AFHQ G-5	18 Sep 44	All Concerned	Conference Econ Sub-Com SACRED's Political-Gen action resulting
53	Memo Stone (LAB 091.4614)	19 Sep 44	Antolini & Densmore	Bonomi has raised question of increasing state salaries.
53a	Ltr Antolini	19 Sep 44	Min Ind Lab Com	Adjustment Salaries & Wages etc.
54	Ltr 5363 Bonomi	19 Sep 44	Stone	Pls help along legislation on raising state salaries.
55	Ltr Grafftey-Smith 13081/F	19 Sep 44	A/CC	Advances to Representatives of United Nations
55a	Ltr Col Smith LAB 091.4613	22 Sep 44	Pin S/C AOC	Wage increase and deal It Govt Government Employees
56	AFHQ C of S G-5	23 Sep 44		Econ Sub-Com - Payment for Goods & Services in Italian Territory
57	Ltr Charles Key	23 Sep 44	Grafftey-Smith	Dollar & sterling equivalent of lire pay troops
58	AFHQ Econ Sub-Com Agenda	24 Sep 44		Payment for goods & services in Italian territory
58a	Ltr Brig Lush	24 Sep 44		Fixing of labor rates
58b	Ltr AFHQ G-5	27 Sep 44	IS & PS AFHQ	Payment goods/services in Italy.
59	Memo Stone	28 Sep 44	Brig Lush, Antolini & Densmore	Labor Com Local Resources Board question wage increases civilians hired by Allies
59a	ESC(44) 5th Mtg	28 Sep 44		Payment goods/services in Italy.
60	Ltr 13006/F, Stone	29 Sep 44	Bonomi	Proposal for salary increase, Ital Govt employees.
60	Memo S.F. Reinhardt	9 Oct 44	Gen. S.F. AFHQ, etc.	Transfer credits in Italy to Yugoslav Partisans in Italy.
61	Gen. Stone	9 Oct 44	AFHQ	Payment goods/services in Italian territory; recommendation deferment implementation of plan.
62	Political Mtg. PC(44) 28th Mtg.	22 Oct 44		Payment goods/services in Italy SAC directs cable to CGO embodying Bonomi's reactions.
63	Ltr A/CC 100	15 Oct 44	Alex Kirk	US dollars to be made available to Italy for purchase supplies in US
64	Ltr A/CC 100	15 Oct 44	Alex Kirk	

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41	Memo Stone	31 Aug 44	Finance	Prof Boncinelli, IRI appointat
42	Memo Stone	31 Aug 44	Finance SC	Account of Sig Biagio Borielli
43	Ltr A/CC 100 Stone	31 Aug 44	Bonomi	Pls bring before cabinet soon- est the decrees for taxation pro- gram. Budget badly unbalanced. APP A: Ltr 13202/f Finance 29 Aug Subj Tax Revision. Situation bad.
44	Memo Stone	4 Sep 44		Minutes of mtg with Bonomi 4 Sept: unblocking of account of Marchese Medici del Vascello
45	Ltr A/CC 100-1 Stone	4 Sep 44	Pres., ACC, AQMF	Payment for goods & services in It Terr, re Admin Memo No 31. Implementation not favored here.
46	Memo A/CC 100 Stone	5 Sep 44	Finance SC	Appointment of AVV Ercole Graziadei. Recommendations. pls. INCL: 12226/6/1 Bonomi to Stone 30
47	Memo Densmore A/CC 100-1	6 Sep 44	VP Econ Sect	Limitation of Soldiers' Expen- ditures
48	Ltr Stone A/CC 100-2	6 Sep 44	Bonomi	Increases charges State ser- vices & public utility co's
1481 48a	Ltr Amb. Kirk	7 Sep 44	Capt Stone 707	US Govt plan make available dol- lars for purchase civ supplies by Ital Govt.
49	Ltr Densmore A/CC 100-1	8 Sep 44	Fin Sub-Com	Permission publish daily news- paper memo Mr. Lelio Rava 6 Sep
49a	Ltr A/CC 091.1 Stone	9 Sep 44	Bonomi	Appointment AVV Graziadei.
50	Ltr Stone A/CC 100	10 Sep 44	Fin Sub-Com	APP: Ltr Finance 13195/F, 6 Sep 44. Advance hire Advisory Council Italy Incl - Ltr APP 31 Aug A/CC
51	Ltr Capt Stone A/CC 100-1	10 Sep 44	CINC AAI	Limitation of soldiers' ex- penditures
52	Ltr Fin S/C 13088	11 Sep 44	Col Densmore	App a - Ltr Antolini 13021/F 10th Permission publish daily news- paper re economic & financial mat

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Q. M. C. Form 553 (Old No. 499)
Revised July 26, 1948

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SERIAL NUMBER	FROM-	DATE	TO-	SYNOPSIS
28a	IS Bonomi I/203	10 Aug 44	Capt Stone	Publication Armistice & extension Lend Lease
29	Memo Stone	10 Aug 44	Econ Sect 465	AFHQ Admin Memo 31 - Payments in Italian Territory
30	IS Stone 387.4	11 Aug 44	Charles	Publication Armistice terms & extension Lend-Lease Italy forward
31	IS Stone 387.4	11 Aug 44	Kirk	Publication Armistice terms & extension Lend-Lease Italy forward
32	IS Stone 387.4	12 Aug 44	Kirk & Charles	Proposed draft ltr SACMED ref ltr Bonomi re Armistice & lend lease
33	IS Stone 387.4	15 Aug 44	Kirk & Charles	Bonomi's ltr 10 Aug & answer 14 Aug & report SACMED
34	Ltr Capt Stone A/CC 000.1	15 Aug 44	Bonomi	Appointment Garrone, Mancinelli & Sanino approved 35
35	Ltr Capt Stone	16 Aug 44	AFHQ G-5	Advance of lire to Advisory Council for Italy
36	IS Stone A/CC 250	18 Aug 44	Fin Sub-Com	Payment Salaries certain Ital Govt Employees 645-2
37	Memo Densmore A/CC 100	18 Aug 44	Econ Sect 1603	Payments in Ital Territory App a - Densmore 16 Aug to Stone App b - O'Dwyer ES/11 10 Aug Stone
37a 1488)	Ltr 505-ME Schott Ltr A/CC 100 Stone	21 Aug 44 23 Aug 44	A/CC Unblocking AFHQ G-5	of account of Marthèse Medici del V Advance of Lire to Advisory Council for Italy.
39	IS Capt Stone A/CC 250	25 Aug 44	Bonomi	Pay persons suspended by ACC and its restoration
40	Ltr Capt Stone	28 Aug 44	Fin Sub-Com 425	Payments for goods and services in Italian Territory App a - Fin SC 13076/P of 25 Aug Incl - Adm Memo AFHQ 31 of 1 Aug

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

Q. M. C. Form 884 (GIC No. 490)
Revised July 26, 1963

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
17	Ltr Capt Stone A/CC 100	30 Jun 44	Mr. Kirk	Forwarding of attd ltr for action not acknowledged Incl 1 - Ltr Venosta 4978 26 Jul
18	Ltr Capt Stone A/CC 100	11 Jul 44	Visconti Venosta	Re Monetary & Financial Conference no representative It Govt App a - Ltr Kirk 11 Jul to Stone App b - Ltr Venosta 4978 26 Jun
19	Ltr Capt Stone	10 Jul 44	Reg Comms, SCAGs	Retranslation documents re dependents persons called to arms App a - Ltr Ital fr EWS 29 Jun App b - Ltr Ital fr EWS 1 Jul
20	Ltr Densmore	15 Jul 44	Lewler	Statement expenses incurred by Cond Palmer as Incl 1
21	Ltr Capt Stone A/CC 100	19 Jul 44	Gronchi	Unfreezing funds Provincial Councils Economy
21a	FSC 13071/F	19 Jul 44	See Dist	Rome Report Finance Sub-Com
22	Memo Capt Slaughter	25 Jul 44	AFQ Maj Penick	Forwarding ltr Maj McSweeney 21 Jul re payment expenses incurred Italians harboring escaped Allied POW for necessary action
23	Ltr Bonomi 1/138	29 Jul 44	Capt Stone	Monetary Conference participation by Ital Govt
23a	Ltr Fin Sub-Com 13085/F	1 Aug 44	See Dist	Visit of Commendatore Introna
24	Ltr Densmore A/CC 100	2 Aug 44	Pol Sect	Forwarding for comment correspondence re Monetary Conference
1/29	Ltr Capt Stone A/CC 100	6 Aug 44	Pol Sect	Monetary & Financial Conference draft reply
26	Ltr Bonomi 11275/6/1	8 Aug 44	Capt Stone	Nomination Garrone, Mancinelli, Sarino Commissarial Committee to Banca Nazionale del Lavoro
26a	Ltr Capt Stone 100	9 Aug 44	AFHQ G-5	Authority dealing Remittances
27	Ltr Capt Stone	10 Aug 44	Kirk	Monetary & Financial Conference views Ital Govt refusal attend
28	Ltr Capt Stone	10 Aug 44	Bonomi	Views forwarded Ital Govt re Monetary & Financial Conference

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

G. M. C. Form 253 (Old No. 400)
Revised July 26, 1918

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
1	Report Fin S-C	18 Dec 43	Hq ACC DP	Report on relations of Finance Sub-Commission with Badoglio Govt at Brindisi during 29 Oct -- 30 Nov
2	Ltr 091.1	21 Dec 43	Gen Taylor	Enclosing report of 18 Dec.
2A	Memo Col. Miller	20 Dec 43		1st IND; 23 DEC to MGS AFHQ.
3	Ltr Col. Miller	24 Dec 43		Subject: Government Aid in Financing Italian Industry.
4	Ltr Col. Miller 13019/F	14 Jan 44	Comm. Section	Postal Savings Banking
5	Cbl Fargo 578 MacFarlane	28 Jan 44	AFHQ MGS	Post Office Financial Services.
6.	Cbl Freedom 51074	13 Feb 44	Fargo	Propose authorize AND/ACC officers make advances to US & UK nationals in Italy.
7	Cbl Freedom 51340	14 Feb 44	Fargo for FMM	Ref Fargo 578: Agree to scale of advances.
8	Cbl Fargo 965 MacFarlane	14 Feb 44	Freedom	AGWAR requests per to send finance commission to ACC.
9	Ltr CC/P/111 MacFarlane	28 Feb 44	Badoglio	Ref Freedom 51340: concur in AGWAR request.
10	EXECUTIVE MEMO 42 Ref/45/33/CA	19 Mar 44	All Concerned	Re lira/dollar & lira/sterling rates of exchange. No change now.
11	Cbl Petina M116 MacFarlane	19 Mar 44	Freedom	Re: Financing of Operations or Projects in which Sub-Commissions have an interest.
12	Cbl Freedom F30518	11 Apr 44	Petina	Propose send Grafftey-Smith & Crawshaw to London for discussions
1278				
13	Hear Hq ACC	16 Apr 44	All Concerned	Control of inflation in Italy: CCS wants strong action soonest.
14	Capt Stone	9 May 44	Gen MacFarlane	Funds. Transfer of, & currency control.
15	Ltr Denamore A/CC 100	26 Jun 44	Fin Sub-Com	Suggestions membership proposed Inflation Committee
16	Ltr Fin Sub-Com 13052/F	27 Jun 44	Buscarlet	Credits frozen Bank Italy connection secret front Rome App a - Ltr Buscarlet 339/CRG 22nd Payments members Secret Front Rome

SECRET

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

EJ/DA

13025/F

10 November 1944

My dear Mr. Ambassador,

TV

Further to my letter of 3 November, 1944, the Allied Financial Agency has been instructed to forward to you a list of American nationals who may receive loans in November or in subsequent months.

A complete list of all loans made up to 30 September 1944 was forwarded to the United States Consulate General, Naples, on 1 November. These include payments made by AGO/ING officers in the field to the end of August 1944, since, under the accounting system, the transactions of such officers are not reflected on AFA's books until the month following that in which they occur.

Any loans made in November will not, therefore, be notified to you until the end of December 1944.

Very truly yours,

(Sgd) HENRY W. STONE
Consul General, USIA
Acting Chief Consulate

1476

The Honorable Alexander Visk
U.S. Representative to the
Advisory Council for Italy
Via Vittorio Veneto, 119
Rome

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Copy retained by O, C of S

A files

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

3rd November 1944.

My dear Mr. Ambassador,

(11)

I have passed your letter of 1st November about financial assistance to American nationals to our Finance Sub-Commission who will instruct Finance Officers to cease payment of loans forthwith.

If some November loans have already been made, I have asked them to prepare a list as requested in your paragraph four, which will be forwarded to you as soon as possible.

See (13)

Yours very truly,

(Sgd)

WILLY W. STONE
Commodore, USNR
Acting Chief Commissioner.

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The Honorable Alexander Kirk
U.S. Representative to the
Advisory Council for Italy.
Via Vittorio Veneto, 119,
R O M E.

(12)

100-1

UNITED STATES REPRESENTATIVE
Advisory Council for Italy

Rome, November 1, 1944.

Urgent

My dear Commodore Stone:

The consular offices at Palermo, Naples and Rome have now been authorized by the Department of State to extend financial assistance to qualified American nationals in their respective consular districts. The Swiss will continue temporarily to make such loans to qualified Americans in the other liberated Italian areas north of Rome.

In order to avoid making duplicate payments it would be greatly appreciated if the Finance Officers of the Allied Commission could be requested not to make any further loans in November or in subsequent months to qualified applicants but to refer such applicants to the respective consulates or to the Swiss for this purpose.

A list showing the provinces contained in the Naples, Palermo and Rome consular districts is attached.

In case some November loans have already been made before the notification to discontinue such loans is received, it would be appreciated if a list of the persons receiving such loans showing the names and addresses and the amount of the loan in each case, could be sent to me for the information of the Naples, Palermo and Rome consular offices and of the Swiss representative.

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Sincerely yours,

A. KIRK.

Enclosure:

List showing provinces
included in Palermo, Naples
and Rome consular districts.

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Commodore Ellery W. Stone, USNR,
Acting Chief Commissioner,
Allied Commission
Rome.

CONSULAR DISTRICTS.R O M E

Rome - Ancona - Aquila - Ascoli Piceno - Cagliari (Sardinia) Campobasso
Chieti - Frosinone - Macerata - Nuoro (Sardinia) - Perugia - Pesaro Urbino -
Pescara - Rieti - Sassari (Sardinia) - Teramo - Terni - Viterbo - Littoria.

N A P L E S

Naples - Avellino - Bari - Benevento - Brindisi - Foggia - Lecce - Matera -
Potenza - Salerno - Taranto - Catanzaro - Cosenza - Reggio Calabria.

P A L E R M O

Palermo - Caltanissetta - Castrogiovanni - Girgenti (Agrigento) - Trapani -
Messina - Catania - Ragusa - Siracusa.

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ZNS/ht.

28 October 1944.

The Hon. Alexander Kirk,
United States Ambassador,
Rome.

Dear Mr. Kirk,

Reference is made to your letter of 27 October 1944 concerning the payments of the Swiss Legation in Washington for the purpose of defraying the expenses of the representation of Italian interests in the United States.

We were originally requested by means of a message from C.G.S. received by us on 10 August 1944 to authorize the release of an amount not to exceed \$5,000 per month for this purpose. This was discussed with the Italian Government which verbally authorized the payment of \$3,000 per month and stated that a request would be made of the Swiss Government for information as to the reason for a need of \$5,000 per month. The payment of \$3,000 per month was authorized on 25 August 1944.

On 8 September 1944 the Political Section A.G.C. delivered to Finance Sub-Commission the paraphrase of the telegram received from the Department of State Washington stating that \$5,000 is needed making the Department to be informed urgently why \$5,000 had not been authorized.

On 19 September 1944 Finance Sub-Commission notified Political Section that the Italian Government was waiting information from the Swiss Government before authorizing advances of \$5,000 per month.

Two other messages from the Department of State requesting the Italian Government to increase the amount available were delivered by the Political Section to the Finance Sub-Commission on 20 and 27 September. This matter was again discussed with the Italian Government who stated it was still waiting information from the Swiss Government. The Italian Government also requested that the Department of State be asked to inform the Swiss Legation that the Italian Government would appreciate receiving information supporting the Finance Sub-Commission notified

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Reference is made to your letter of 27 October 1944 concerning the payments of the Swiss Legation in Washington for the purpose of defraying the expenses of the representation of Italian interests in the United States.

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On 6 September 1944 the Political Section A.C.C. delivered to Finance Sub-Commission the memorandum of the telegram received from the Department of State in Washington stating that \$5,000 is needed asking the Department to be informed urgently why \$3,000 had not been authorized.

On 10 September 1944 Finance Sub-Commission notified Political Section that the Italian Government was waiting information from the Swiss Government before authorizing advances of \$5,000 premium.

Two other messages from the Department of State requesting the Italian Government to increase the amount available were delivered by the Political Section to the Finance Sub-Commission on 20 and 27 September. This matter was again discussed with the Italian Government who stated it was still waiting information from the Swiss Government. The Italian Government also requested that the Department of State be asked to inform the Swiss Legation that the Italian Government would appreciate receiving information supporting the need of \$5,000 per month. The Finance Sub-Commission notified the Political Section of this reply on 30 September 1944 and at the same time informed Political Section that the payments for August, September and October had been resitted.

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(10)

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The Italian Government had not paid the lire counter value of the \$9,000 already remitted although frequent requests were made for repayment by the Finance Sub-Commission.

On 20 October 1944 Mr. Ortosa of the Foreign Office delivered to Finance Sub-Commission a letter from the Minister of Treasury dated 13 October 1944 authorizing payment of \$5,000 per month beginning from 1 July 1944. This letter, two copies of which were sent to the Ministry of Foreign Affairs, instructed that the Ministry should immediately repay the equivalent amount in lire. The Political Section was notified of this communication on 20 October 1944.

Requests have been daily of the Foreign Office for payment of the lire counter value of the dollars; as yet no payment has been received and no payment order on dollars has been sent.

Very truly yours,

KENNETH E. STONE
Commodore, USNR
Acting Chief Commissioner.

that the Ministry of the Interior has been notified of this communication
lire. The Political Section was notified of this communication
on 20 October 1944.

Requests have been daily of the Foreign Office for
payment of the lire counter value of the dollars; as yet no pay-
ment has been received and no payment order on dollars has been
sent.

Very truly yours,

KILMER W. STONE
Commodore, USNR
Acting Chief Commissioner.

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UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

Rome, Italy, October 27, 1944.

URGENT

Dear Commodore Stone:

I have received a personal message from the Honorable Adolf Berle, Assistant Secretary of State at Washington, stating that the Department of State is being deluged by requests from the Swiss Legation at Washington for money for the purpose of defraying the expenses of the representation of Italian interests there and that although the Allied Commission has consented to payment of \$3,000 monthly for August, September and October, the requirements are for \$5,000 per month.

As I have been asked personally to endeavor to reach a solution of this matter which is causing embarrassment to the Department in the friendly and profitable relations with the Swiss Legation, I venture to ask if you will be good enough to inform me of the exact status of these payments.

Very truly yours,

A. Kirk

Alexander Kirk

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Commodore Ellery W. Stone,
Acting Chief Commissioner,
Allied Control Commission,
Rome.

(69)

EWS/dfe

23 October 1944

A/CC 100.

My dear Mr. Minister:

Thank you for your courtesy in forwarding me a copy of your financial report dated 29 September.

Very truly yours,

ELLERY W. STONE
Commodore, USNR
Acting Chief Commissioner

His Excellency Avv. Marcello Soleri
Minister of the Treasury
Italian Government
Rome

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cc: C of S Section
'A' Files

(68)

LWS/dfe

A/CE 100-1

23 October 1944

Subject: Italian Government's Financial Mission to the United States

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

1. The Italian Government is sending a financial mission to the United States consisting of five technicians to discuss general economic and financial problems with various governmental departments.

2. I have been requested by the members of this mission to send Lieut.-Commander J. J. Lawler, USCGR, Joint Director of the Finance Sub-Commission, with them.

3. I feel that it would be desirable to send Mr. Lawler to accompany this mission since he is familiar with the situation here and with the policy that the AGO is attempting to carry out in Italy. If you concur, I would appreciate your issuing appropriate orders to Mr. Lawler instructing him to proceed to the United States with the Quintieri Mission returning to this country with the mission on the completion of its work and reporting to his present station.

ELIERY E. STONE
Commodore, USNR
Acting Chief Commissioner

cc: U.S. Representative, AGI
British High Commissioner
Chief of Staff Section
Lt. Comdr. Lawler, Finance Sub-Com.
'A' Files

(67)

CONFIDENTIALA
SWB/rad

18 October 1944

SUBJECT: Electric Power for Currency Production.

TO : Electricity Control Board,
Base Allied Area Command.

1. References are to the letter of the Finance Sub-Commission 13212/P dated 12 October, 1944 and to your response dated 13 October, 1944, above subject. Copies of both are attached. To the 13212/P letter was attached requests for electricity from three firms. Hereto is attached a similar communication from the Istituto Poligrafico dello Stato.
2. All four agencies are engaged in producing Italian bank notes. This work is considered by the Allied Control Commission to be an "absolute operational necessity".
3. It can be stated that there is imminent a critical shortage of currency in Italy which not only could seriously disarrange the country's financial mechanism but would also hamper the supply of funds to the Allied armies in Italy, needed to pay troops and purchase supplies and services.
4. In view of the situation described above, it is urgently requested that steps be taken to supply the requested electric current without delay.

ELLEN W. STONE,
Commodore, USNR,
Acting Chief Commissioner.CONFIDENTIAL

Copy to: Finance Sub-Commission

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(66)

100-1

Copy for A/C.

17 October 1944.

My dear Mr. Prime Minister,

Reference is made to the recent budget message by Minister of Treasury Soleri. We are in agreement with his conclusions that the time is not propitious for a large loan to attempt to cope with the budget deficit and that despite the serious efforts of the Minister of Finance no substantial increase in revenue can be expected in the near future.

Although we are thus in accord generally that the income of the State cannot be substantially increased in the near future, on the basis of our study of the Italian budget and methods of expenditure control for the past year we do feel that certain adjustments, which can readily be made, should result in savings which to some extent will be effective in ameliorating the present unbalanced condition of the State budget.

On the basis of this study we would like to propose creation of a Cabinet Committee on Economy in State Expenditures and we feel that the following recommendations which are, however, very general in nature merit the serious consideration of such a committee:

- (a) Analysis of the budget discloses the presence of a great number of "enti" which are supported at public expense. It is our feeling that those functions which are properly governmental could probably be better administered by direct government to consolidate many functions and to abolish many "entes" with the attendant saving. Judging from recent newspaper comments a thorough study by an Economy Committee to simplify the "enti" structure would be favourably received by the Italian people.
- (b) It also appears to us that many divisions and bureaus presently existing in the Ministries were created by the Fascist Party to provide sinecures. In addition we have found situations where more than one individual

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efforts can be expected in the near future.

Although we are thus in accord generally that the income of the State cannot be substantially increased in the near future, on the basis of our study of the Italian budget and methods of expenditure control for the past year we do feel that certain adjustments, which can readily be made, should result in savings which to some extent will be effective in ameliorating the present unbalanced condition of the State budget.

On the basis of this study we would like to propose creation of a Cabinet Committee on Economy in State Expenditures and we feel that the following recommendations which are, however, very general in nature merit the serious consideration of such a committee:

- (a) Analysis of the budget discloses the presence of a great number of "enti" which are supported at public expense. It is our feeling that those functions which are properly governmental could probably be better administered by direct governmental agencies. This should enable the Government to consolidate many functions and to abolish many "enti" with the attendant saving. Judging from recent newspaper comments a thorough study by an Economy Committee to simplify the "enti" structure would be favourably received by the Italian people.
- (b) It also appears to us that many divisions and bureaus presently existing in the Ministries were created by the Fascist Party to provide sinecures. In addition we have found situations where more than one individual poses as head of a division, each drawing his full salary. We feel that a further study of this situation could bring about far-reaching economies.

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- (c) The more or less independent status of State road administration under the old organization has recently been changed and made an integral part of the Government, reporting directly to a member of your Cabinet. We feel that there are comparable situations such as the railways, monopolies, telegraph and telephone systems which might well be studied by an Economy Committee to determine whether these bodies should be made an integral part of the Government as in the case of State roads or should be returned to private ownership. A change in either direction would effect economies in the State administration. In addition it is our feeling that if any of these enterprises were returned to private ownership the taxation yield to the State would exceed so-called profits now accruing to the State.
- (d) We feel that the present list of Parastatal Agencies receiving contributions from the State should be re-examined with a view to eliminating those which are not performing governmental functions. We would also suggest such a committee should seriously consider a change in the present method of determining the amount of State contributions so that amounts would be specified by law and not left to the personal judgment by the Minister or some subordinate official.
- (e) Throughout the budget we find "Rusaidi" being used to make funds available to the head of a State organization in order to give financial assistance to public employees. There appears to be no justification in public administration for this practice and the potential dangers are obvious.
- (f) We feel that the practice of making "pro moris" appropriations limit and with the understanding that the disbursements will be covered by the post facto appropriations is an open acknowledgment of the lack of adequate thought in the preparation of the budget. We cannot commend too highly the budgetary practice of the Royal Italian Navy in this respect in that they plan their work, dividing the budget request into periods of time corresponding to the periods of the performance of the work so that expenditure control can be exercised throughout the period. The universal application of this procedure throughout the Government is recommended.
- (g) We have observed a practice of understating the sum needed in preparing a budget request in reliance on supplementary

ation yield to the State would exceed so-called profits now accruing to the State.

- (d) We feel that the present list of Parastatal Agencies receiving contributions from the State should be re-examined with a view to eliminating those which are not performing governmental functions. We would also suggest such a committee should regularly consider a change in the present method of determining the amount of State contributions so that amounts would be specified by law and not left to the personal judgment by the Minister or some subordinate official.
- (e) Throughout the budget we find "Sussidi" being used to make funds available to the head of a State organization in order to give financial assistance to public employees. There appears to be no justification in public administration for this practice and the potential dangers are obvious.
- (f) We feel that the practice of making "pro memoria" appropriations in fact and with the understanding that the disbursements will be covered by the post facto appropriations is an open acknowledgment of the lack of adequate thought in the preparation of the budget. We cannot commend too highly the budgetary practice of the Royal Italian Navy in this respect in that they plan their work, dividing the budget request into periods of time corresponding to the periods of the performance of the work so that expenditure control can be exercised throughout the period. The universal application of this procedure throughout the Government is recommended.
- (g) We have observed a practice of understating the sum needed in preparing a budget request in reliance on supplementary appropriations at a later date. This invalidates the entire budget and tends further to fortify the habit which is not peculiar to the Italian Government, of relying on supplementary appropriations which are enacted without adequate review.

9972

64a

- 3 -

In addition to these very general observations the officers of the Finance Sub-Commission have prepared, as a result of their study, detailed comments on specific "capitoli" of the budget. I should be very glad to make available to any committee you may care to appoint these comments and the services of the officers who prepared them.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Comodore, USNR.,
Acting Chief Commissioner.

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

/s/ Ellery W. Stone

ELLERY W. STONE
Comadore, USNR.,
Acting Chief Commissioner.

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

1405

892
6da

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
A.P.O. 394.

HO 11 Sept 1944
157
11 Sept 1944
C.R.

13088/P.

11 September 1944.

SUBJECT :

FILE

TO :

Unless previously
called for, bring up

per.

A274
15 SEP 1944

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1.
1944 I write
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Sept: 23

of 8 September
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ACC to arrange

3.
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library, and that the editor would receive no assistance
from us.

lthough P.W.B.
mission had
a reference

4. I informed Lt/Colonel Monro of my decision with
which he heartily approved adding that he had received over
three hundred requests for permission to initiate new
publications and that he would be most grateful for anything
that we could do to discourage such applications.

5. It appears to me that the request contained in the
attached Memorandum should be turned down for similar reasons.

A.P. Grassley

FILES (A-B)

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

(52)

1-1000-X
100-1

Colonel Densmore:

Can you recall where
memorandum came from?If so, I will send it
negative.HQ
157

Rec 11 Sept 1944

OKN.

13088/P.

11 September 1944.

SUBJECT : Permission to publish daily newspaper.

TO : Colonel L.D. Densmore,
Office of the Acting Chief Commissioner.A274
15 SEP 1944

49

1. With reference to your A/CC 100-1 of 8 September 1944 I write to inform you that a similar request to publish a daily newspaper on economic and financial matters has recently been received by this Sub-Commission.
2. Inquiries were made of the aspiring editor as to the sources from which he expected to draw his information. He replied ingeniously that he would have to rely upon ACC for the bulk of the necessary data of Italy, and that for a review of other countries' activities in the economic and financial field he would be constrained to ask ACC to arrange for him to receive the necessary publications.
3. To his application I replied that although P.W.B. has the last word on such matters this Sub-Commission had neither the time nor the inclination to act as a reference library, and that the editor would receive no assistance from us.
4. I informed Lt/Colonel Monro of my decision with which he heartily approved adding that he had received over three hundred requests for permission to initiate new publications and that he would be most grateful for anything that we could do to discourage such applications.
5. It appears to me that the request contained in the attached Memorandum should be turned down for similar reasons.

A.P. Graber with

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

FILES (A-B)

52

1-1000-1
1-1001

Colonel Denamore:
 Can you recall where the original
 memorandum came from?
 If so, I will send him a reply in the
 negative.

13 Sept 44
 Gyle

137
 11 Sept 1944
 C.H.

11 September 1944

13088/P.

SUBJECT : Permission to publish daily newspaper.

TO : Colonel L.D. Denamore,
 Office of the Acting Chief Commissioner.

1. With reference to your A/CC 100-1 of 8 September 1944 I write to inform you that a similar request to publish a daily newspaper on economic and financial matters has recently been received by this Sub-Commission.

2. Inquiries were made of the aspiring editor as to the sources from which he expected to draw his information. He replied ingeniously that he would have to rely upon ACC for the bulk of the necessary data of Italy, and that for a review of other countries' activities in the economic and financial field he would be constrained to ask ACC to arrange

A 274
 15 SEP 1944

44

11 September 1944

13088/P.

SUBJECT : Permission to publish daily newspaper.

TO : Colonel L.D. Denamore,
Office of the Acting Chief Commissioner.

With reference to your A/CC 100-1 of 8 September 1944 I write to inform you that a similar request to publish a daily newspaper on economic and financial matters has recently been received by this Sub-Commission.

Inquiries were made of the aspiring editor as to the sources from which he expected to draw his information. He replied ingeniously that he would have to rely upon ACC for the bulk of the necessary data of Italy, and that for a review of other countries' activities in the economic and financial field he would be constrained to ask ACC to arrange for him to receive the necessary publications.

To his application I replied that although P.W.B. has the last word on such matters this Sub-Commission had neither the time nor the inclination to act as a reference library, and that the editor would receive no assistance from us.

I informed Lt/Colonel Monro of my decision with which he heartily approved adding that he had received over three hundred requests for permission to initiate new publications and that he would be most grateful for anything that we could do to discourage such applications.

It appears to me that the request contained in the attached Memorandum should be turned down for similar reasons.

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

as suggested

FILES (A) B

52

ENS/ajp

A/CC 091.1

9 September 1944

My dear Mr. Prime Minister:

(46) INCC

This is in reference to your letter 12226/6/1 of 30 August,
1944.

The Allied Control Commission approves of the appointment
by your Government of Avv. Brocole Grasiadei as Commissioner of the National
Institute of Credit for Italian Work Abroad.

Yours very truly,

ELERY W. STONE
Captain, USHR
Acting Chief Commissioner

1-001

1463

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

(Drafted by Finance Sub-Com.)

c.c. Finance Sub-Com.

(49a)

FILES (A) B

RECEIVED
10 SEP 1944
SECY GEN
MAIL ROOM

HEADQUARTERS
ARMED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394
Tel : 417

121 9 Sept 1944
P.R.

13195/F

6 September 1944

SUBJECT : Appointment of Avv. Ercole Graziadei.

TO : Acting Chief Commissioner
(through Economic Section).

A 221
12 SEP 1944

1. Reference your A/C.C.100 of 5 September 1944.
2. Attached is letter to you from Prime Minister Bonomi regarding the appointment of Avv. Ercole Graziadei as Commissioner of the National Institute of Credit for Italian work abroad.
3. The Finance Sub-Commission has investigated the proposed appointment and recommends that it be approved by A.C.C.
4. A letter for your signature is attached.

J. J. Zander
Acting Joint Director
Finance Sub-Commission.

1462

[Signature]

(49a)

APP A

8 Sept
10

Office of the Acting Chief Commissioner

Permission to Publish Daily
Newspaper.

Finance Sub-Commission

A/CC 100-1

8 Sept 4

1. Reference attached memorandum from Mr. Lelio Rava, dated 6 September, requesting permission to publish daily newspaper.
2. Is there in your opinion a need for such a publication?

1 Incl:
as in para 1 above.

L. D. DENSMORE
Colonel, Sig C
Chief Staff Officer

1-1000-1
1-1001

61
49

34142

Mo ACC Sec'y Gen.
DISPATCHED
Date-Time 2 Sept 1030
VIA
initials

Mage
R.H.

MEMORANDUM FOR THE SECRETARY OF THE ARMY

Mr. Lelio Ravà has asked during the last few months, to the P.W.B. care of the A.C.C. for the permission to publish a daily newspaper of economical and financial information, the named Socio XX for clarity, with objective moderation, the economic situation of Italy, for making the Italian business men more familiar with the criterions and methods of the Anglo-Saxon world, and prepare the necessary renewal of the exchanges.

The P.W.B. has kept in suspense the request, duly appreciated, in obedience to the allied principle of success in such exceptional period from any elaborate investigation of these problems, and passed it over to the Italian "Commissariato per la Stampa e Propaganda", to the special Commission of which the Chief of the P.W.B. is also a member.

Meanwhile many notable events are happened, first of all the visit and the message of the British Prime Minister, who have made Italy realize the responsibility for the future and, after, the reports of the same A.C.C. about some important aspects of our situation.

But, in the same time, certain delicate arguments of economics and finance have been treated by some dailies and weeklies in a form not always responsible, and sometimes alarming, and hence deprecable, provoking official denials and rectifications from the A.C.C.

All this prove the maturity of the problem, and the necessity for the Italians and the convenience for the Allies, of an objective and technical orientation of the Italian people about such essential matters, through the publication of such an authoritative organ as the daily that Mr. Lelio Ravà propose.

This daily will show to the Italians, in perfect collaboration with the Allies, the ways and the instruments for a gradual

exceptional period from any elaborate investigation of these problems, and passed it over to the Italian "Commissariato per la Stampa e Propaganda", to the special Commission of which the Chief of the P.M.I. is also a member.

Meanwhile many notable events are happened, first of all the visit and the message of the British Prime Minister, who have made Italy realize the responsibility for the future and, after, the reports of the same A.C.C. about some important aspects of our situation.

But, in the same time, certain delicate arguments of economies and finance have been treated by some dailies and weeklies in a form not always responsible, and sometimes alarming, and hence depreciable, provoking official denial and rectifications from the A.C.C.

All this prove the maturity of the problem, and the necessity for the Italians and the convenience for the Allies, of an objective and technical orientation of the Italian people about such essential matters, through the publication of such an authoritative organ as the daily that Mr. Lelio Ravà propose.

This daily will show to the Italians, in perfect collaboration with the Allies, the ways and the instruments for a gradual renewal of the activity, for the reconstruction of the country from the ruins of the war and for the renovation of the international exchanges, necessary condition for the communion and fraternity of all people.

There is cause to be confident that the A.C.C. through the Delegate of the P.M.I. will inform the "Sottosegretario per la Stampa e Propaganda" of its assent to the request of Mr. Lelio Ravà about the publication of his daily newspaper: Secolo XX, as soon as possible.

The proposed daily will need only a small quantity of paper, given the selected number of its readers, already assured by the utilisation of remains of paper in rolls.

Rome, September 6, 1944

49 Inc 1

M E M O R A N D U M

Il Sig. Ielio Ravà - Roma, Grande Albergo - ha chiesto negli scorsi mesi al P.W.B. presso la A.C.C. di essere ammesso alla pubblicazione di un quotidiano di informazione economica e finanziaria dal titolo "IL SECOLO XY", allo scopo di illustrare con obiettiva moderazione la situazione economica dell'Italia, di rendere più familiari gli uomini d'affari italiani coi criteri e coi metodi dell'economia e della finanza anglosassoni e di preparare l'indispensabile ripresa degli scambi.

Il P.W.B. ha tenuto in sospeso la domanda - pur mostrando di apprezzarla - in obbedienza a un principio di massima degli Alleati di soprassedere, in un periodo tuttora eccezionale, da approfondite disamine di siffatti problemi, e l'ha poi passata alla Commissione Italiana istituita presso il Sottosegretariato per la Stampa e le Informazioni, alla quale partecipa anche il Capo del P.W.B. in Italia.

Nel frattempo notevoli eventi si sono verificati, primi tra i quali la visita e il messaggio del Primo Ministro Churchill, che hanno vivamente richiamato l'Italia alla sua responsabilità per l'avvenire, e poi le comunicazioni della stessa A.C.C. sopra alcuni importanti aspetti della nostra situazione.

Nel contempo si son visti delicati temi di economia e di finanza affrontati da quotidiani ed ebdomadari in forma non sempre responsabile, sovente anzi addirittura allarmante e perciò deprecabile, provocando anche rettifiche e smentite da parte della A.C.C.

Tutto ciò mostra sempre meglio la maturità del problema e la necessità per gli italiani - e la convenienza per gli Alleati - che gli italiani stessi siano obiettivamente e tecnicamente orientati su siffatti vitali argomen

- 2 -

ti attraverso la pubblicazione di un organo autorevole per serietà di intenti e per visibile senso di responsabilità quale quello che il sig. Iello Ravà si propone.

Questo giornale dovrà additare agli italiani - in perfetta collaborazione con gli Alleati - le vie e i mezzi per la graduale rimistione della loro attività, per la ricostruzione del Paese dalle rovine della guerra e per la ripresa degli scambi internazionali, condizione indispensabile per la comunione e la fratellanza tra i popoli.

Si confida perciò che l'A.C.C. attraverso il Delegato del P.M.B. voglia far noto al Sottosegretario italiano per la Stampa e le Informazioni il suo gradimento a che l'iniziativa del sig. Iello Ravà per la pubblicazione del giornale "IL SECOLO XI" sia sollecitata te tracciata in atto.

Si aggiunge che il quotidiano proposto non richiederà per il pubblico dei lettori a cui si dirige tiratura se non limitata e che la carta occorrente è già assicurata mediante l'utilizzazione di residui di bobine.

Roma, 5 settembre 1944

1458

FILE UNDER NO. 100-1

INDEX SHEET
SYNOPSIS

Ltr A/CD 100-2 6 Sept fr Stone to Bonami

Re: Increases in charges for State services & public utility co's not having been carried out by you after having been decided upon and proposed by us. Necessary adjunct to anti-inflation program.

DOCUMENT FILED UNDER NO. 100-2 Inflation

1457

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

48

100-1

Acting Chief Commissioner

Appointment of Avv. Broole Graziadei

A/CC 100

Finance Sub-Commission

5 September 4

Through: Economic Section

1. Attached is letter from Prime Minister Bonomi, No. 12226/5/1 30 Aug 44, relative to appointment of Avv. Broole Graziadei as Commissioner of the National Institute of Credit for Italian Work abroad.

2. For your recommendations, please.

1 Incl;
as above

Stone.

1456

See 49a

1-201

FILED

9-10 Sept. 44

OK FM

Mo	ACC	Sec'y Gen.
DISPATCHED		
Date	Time	5 Sept 1800
Via	Mrg.	
Initials	DHR.	

46

5 Sept

TRANSLATION

THE PRESIDENT OF THE
COUNCIL OF MINISTERS

Rome, 30 August 1944

N. 12226/6/1

RECEIVED
E.C. 6/25/44
7/1
7/22

Dear Admiral Stone,

A 172
6 SEP 1944

The Government had to substitute the ex-Ambassador Roberto CANTALUPO, Commissioner of the National Institute of Credit for Italian Work abroad. I chose the Advocate Ercole GRAZIANI.

Will you kindly give me your opinion without delay.

I remain my dear Admiral,

Sincerely yours,

I. Bonomi

Admiral ELLERY W. STONE
Chief Commissioner
Allied Control Commission

R O B E

1455

Trans. E.C.

46 INCL

GRAZIADEI advocate Ercole

Office; Via Veneto 96, Tel 487.539
484.812

Home address: Via B. Orsani 56, Tel 872.310

Professional situation:

Since 1932, on the list of the advocates of the American Embassy and Consulate.

In 1939-40, lawyer of the Office for the protection of foreign interests of the American Embassy.

During the war, barrister of the Office for the protection of North American interests.

Advocate of important Anglo-American interests (Methodist Church, Chase National Bank, Gaumont British, Fox Films, International News Service; etc..)

Advocate of the Supreme Court.

Political Situation:

Never a member of the Fascist party or of any Fascist syndicate.

Arrested in 1926 because he was ^{an} anti-fascist and banished (five years); the sentence was then commuted into 2 years of warning.

Tried, to cancel his name from the advocates' roll.

Under observation of the police till June 4th 1944.

Personal References:

Mr. Charles A. Livengood, American Delegation to A. S. E.
Mr. John L. Goshie, American Delegation to A. C. I.

145

46 mcl

Legation de Suisse
en Italie

Foreign interests.

TO WHOM IT MAY CONCERN

This is to certify that avv. Ercole Graziadei, one of the former legal advisers of the American Embassy in Rome, has, during the period of protection of the interests of the United States of America, ably assisted the Swiss Legation, Foreign Interests Division, in his capacity as lawyer.

/s/ Sommaruga

Rome, July 7, 1944

Traduzione:

Si attesta che l'avv. Ercole Graziadei, già in precedenza Consulente legale dell'Ambasciata Americana in Roma, durante il periodo di protezione degli interessi degli Stati Uniti ha validamente assistito la Legazione Svizzera, Sezione Interessi Stranieri, nella sua qualità di avvocato.

1453

(46) MSC

Roma, 30 Agosto 1944.-



*Al Presidente
del Consiglio dei Ministri*

REC. 13, APO 304
13 Sec'y Gen.
Rec'd 1 Sept 1944
By

Mio caro Ammiraglio Stone,

6 SEP 1944

il Governo ha dovuto provvedere a sostituire l'ex Ambasciatore Roberto CANTALUPO, Commissario dell'Istituto Nazionale di Credito per il Lavoro Italiano all'Estero.- La mia scelta è caduta sull'AVV. ERCOLE GRAZIADEI.-

Faccio assegnamento sulla Sua personale cortesia perchè voglia comunicarmi sollecitamente il Suo pensiero al riguardo.-

Gradisca, mio caro Ammiraglio, i più cordiali saluti

Baron

1452

dere a sostituire l'ex Ambasciatore Roberto CANTALUFO,
Commissario dell'Istituto Nazionale di Credito per il
Lavoro Italiano all'Esteri.- La mia scelta è caduta
sull'AVV. Ercole GRACIADEI.-

Faccio assegnamento sulla Sua personale cortesia
perchè voglia comunicarmi sollecitamente il Suo pen-
siero al riguardo.-

Gradisca, mio caro Ammiraglio, i più cordiali sa-
luti

Baron

1452

All'Ammiraglio
Ellery W. STONE
f.f. Presidente della Commis-
sione Alleata di Controllo

= R O M A =

40

CHAZIADZEI avv. Ercole

Studio: Via Veneto 96, Tel. 487.539
484.812

Casa: Via E. Oriani 56 " 872.310

Situazione professionale:

- Dal 1932 nella lista degli avvocati dell'Ambasciata e del Consolato negli Stati Uniti;
- Nel 1938-40 legale dell'Ufficio protezione interessi stranieri dell'Ambasciata Americana;
- Durante la guerra, consulente dell'Ufficio protezione interessi Nord Americani (Legazione Svizzera);
- Avvocato di importanti interessi Anglo-Americani (Chiesa Metodista, Chase National Bank, Gaumont British, Fox Film, International News Service, etc.);
- Avvocato dinanzi alla Corte di Cassazione.

Situazione politica:

- Mai iscritto al Partito o Sindacati Fascisti.
- Arrestato nel 1936 come antifascista e condannato al confino (anni cinque) perciò trasferito in amministrazione (anni due).
- Sottoposto a procedimento per cancellazione dall'albo degli Avvocati
- Schedato in polizia fino al 4 giugno 1944.

- Dal 1932 nella lista degli avvocati dell'Ambasciata e del Consolato degli Stati Uniti;
 - Nel 1939-40 legale dell'Ufficio protezione interessi stranieri dell'Ambasciata Americana;
 - Durante la guerra, consulente dell'Ufficio protezione interessi Nord Americani (Legazione Svizzera);
 - Avvocato di importanti interessi Anglo-Americani (Chinese Methodist, Chase National Bank, Gaumont British, Fox Film, International News Service, etc.);
 - Avvocato dinanzi alle Corti di Cassazione.
- Situazione politica:
- Mai iscritto al Partito o Sindacati Fascisti.
 - Arrestato nel 1936 come antifascista e condannato al confino (anni cinque) poscia tramutato in ammonizione (anni due).
 - Sottoposto a procedimento per cancellazione dall'elenco degli Avvocati
 - Schedato in polizia fino al 4 giugno 1944.

Reference personali:

- Mr. Charles A. Livengood, Delegazione Americana presso la A.C.D.;
- Mr. John E. Goshie, Delegazione Americana presso la A.C.D.

46

Légation de Suisse
en Italie

Foreign interests.

TO WHOM IT MAY CONCERN.

This is to certify that avv. Ercole Graziadei, one of the former legal advisers of the American Embassy in Rome, has, during the period of protection of the interests of the United States of America, ably assisted the Swiss Legation, Foreign Interests Division, in his capacity as lawyer.

F:to Sommeruga

Rome, July 7, 1944

Traduzione:

Si attesta che l'avv. Ercole Graziadei, già in precedenza Consulente Legale dell'Ambasciata Americana in Roma, durante il periodo di protezione degli interessi degli Stati Uniti ha validamente assistito la Legazione Svizzera, Sezione interessi Stranieri, nella sua qualità di avvocato.

1450

This is to certify that avv. Ercole Gracianalei, one of the former legal advisors of the American Embassy in Rome, has, during the period of protection of the interests of the United States of America, ably assisted the Swiss Legation, Foreign Interests Division, in his capacity as lawyer.

Foto Sonnaruga

Rome, July 7, 1944

Traduzione:

Si attesta che l'avv. Ercole Gracianalei, già in precedenza Consulente Legale dell'Ambasciata Americana in Roma, durante il periodo di protezione degli interessi degli Stati Uniti ha valientemente assistito la Legazione Svizzera, Sezione interessi Stranieri, nella sua qualità di avvocato.

1450

46

FILE UNDER NO.

321-1 Organization
091.1 Ital Govt
100-1 Finance

386.8-1 Requite
680.41 Lend-Lease

INDEX SHEET

SYNOPSIS

Memorandum 4 Sept signed by Stone CONFERENCE WITH DOWNEY 4 SEPT

Subjects discussed:

1. Told B for his secret info that Greek Govt coming to Italy on 7 Sept. Premier happy about resuming relations. In Cava because of lack of accommodations at Rome.
2. Question of frozen bank account of Marchese Giacomo del Vascello. B not too familiar but has no sympathy for the Marchese. Said I would be guided by him. He says will discuss with Sforza.
3. Discussed Gen O'Dwyer's recommendations contained in correspondence re "Representations to the Ital Govt", that It Govt should bring fwd as soon as possible a detailed program of relief & rehabilitation. We would prefer it to be on basis of increased food & clothing rather than on increased money allowances. He agrees.

DOCUMENT FILED UNDER NO. 000.1-2

- This program (see 3 above) might help B's govt's recommendations for application of lend-lease to Italy.
4. Asked B's reactions to my personal views on most effective help Allies could give Italy after the war. Discussed: Group of 5 US & UK experts; joint economic mission; either FEA or UNRRA; etc. B expressed himself in full accord.
5. Asked B's reactions to proposal that Regional Comm's staff be withdrawn from Sicily, leaving only a skeleton crew, giving Lush's and Spofford's views. He agreed with Spofford & welcomed it as an experiment.

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

4 Sept

E.S/hjp

A/CC 100

31 August 1944

My dear Mr. Prime Minister:

I am much concerned at the fact that the Italian Government has not yet issued any Decree having the effect of materially decreasing the discrepancy which exists between the income and the expenditure of the State.

Whilst I am aware that the Ministry of Finance has set up a special Committee to deal with the drafts of proposed decrees of tax revision, I ask that such drafts may now receive the urgent attention of the Government in order that the revisions in question may take effect as from the 1st July, 1944, the beginning of the fiscal year.

I suggest, therefore, that within as short a time as possible, the drafts of the following Decrees, in the order shown, may be brought before the Cabinet for consideration:

1. Imposta sugli Utili di Guerra.
2. Imposta di Ricchezza Mobile.
3. Abolizione delle Esenzioni alle Famiglie Numerose.
4. Abolizione delle Imposte sui Celibi.
5. Imposta sul Reddito Agrario.
6. Imposta Ordinaria sul Patrimonio.
7. Imposta sui Terreni.
8. Imposta Complementare.
9. Tasse sulle Successioni e Donazioni.
10. Imposte di Consumo.

I am sure that you will agree that it is essential that the whole problem of governmental revenue should be tackled realistically and energetically.

Yours very truly,

ELERY W. STONE
Captain, USNR
Acting Chief Commissioner

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

Draft prepared by Finance Sub-Commission

43 cc Finance 5/K

100-1 Finance
X-2501M to 1944

DISPATCHED
Date Time 31 AUG 1944
Via 1700
Initials

H.Q. A.C.C. ECONOMIC SECTION

8/30

(Date)

From

To

✓ ECONOMIC SECTION
 AGRICULTURE
 COMMERCE
 FINANCE
 FOOD
 INDUSTRY
 LABOUR
 PUBLIC WORKS & UTILITIES
 RECREATION DIVISION
 TRANSPORTATION

SECRETARY GENERAL
 REPRESENTATIVE COMMISSIONER
 ADMINISTRATIVE SECTION

For Signature

✓
 Recommendation
 Approval
 Approval
 Approval
 Investigation & Report
 Noting and Retention
 Noting and Retention
 Dispatch

Remarks:

CAPTAIN STONE (USNA)

FOR YOUR APPROVAL

14:17



HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
A.P.O. 394.

HQ ACC. 100-394
9/12 500 Y Gen.
Rec'd 30 Aug 1944
By _____

13202/P

29 August, 1944.

SUBJECT : Tax Revision.

TO : Acting Chief Commissioner.

A 101
1 SEP 1944

1. Since December last, the Finance Sub-Commission has, by personal contact with successive Ministers of Finance, urged revision of the Italian fiscal system with the object of improving the effectiveness of the assessment and collection of taxes, imports etc., on which the State and Local administrations depend for Revenue. Draft decrees have been discussed, amended, and discussed again, but nothing worth while has become law.

2. Whilst the Sub-Commission is aware of the objective as is the Minister of Finance, A.C.C. has as yet not produced a written directive to the Italian Government on the subject.

3. On the principle that stimulation is best applied at the highest possible level, application to the Prime Minister should result in the Finance Minister being ordered to present decrees to the Cabinet, thus reversing the present position, which is that the initiative has to be taken by the Minister of Finance. He has, in fact, to persuade the Cabinet to listen to his proposals. It has not been suggested by the Finance Minister that the Cabinet has refused to allot time to discuss tax revision decrees, but it is not difficult to imagine that such an unpopular subject is either shelved or given low priority.

4. Now that the Italian Government has reestablished itself in Rome, the staffs of the various Bureaux comprising the Finance Ministry have been activated, and further, there are hundreds of trained civil servants of all grades available as and when their services are required, it is considered an opportune moment for the Italian Government to be made aware, in writing, that A.C.C. expects priority to be given to the passing of decrees which aim at increasing the revenue from taxes.

5. In the event of your consenting to write personally to the Prime Minister, a draft letter is attached.

A.P. Graboyes

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

1446

43
APP A
30 Aug
OP
Gm

ALCO 100

My dear Prime Minister,

1. I am much concerned at the fact that the Italian Government has not yet issued any Decree having the effect of materially decreasing the discrepancy which exists between the income and the expenditure of the State.
2. Whilst I am aware that the Ministry of Finance has set up a special Committee to deal with the drafts of proposed decrees of tax revision, I ask that such drafts may now receive the urgent attention of the Government in order that the revisions in question may take effect as from the 1st July, 1944, the beginning of the fiscal year.
3. I suggest, therefore, that within as short a time as possible, the drafts of the following Decrees, in the order shown, may be brought before the Cabinet for consideration:-
 1. Imposta sugli Utili di Guerra.
 2. Imposta di Ricchezza Mobile.
 3. Abolizione delle Esenzioni alle Famiglie Numerose.
 4. Abolizione delle Imposte sui Celibi.
 5. Imposta sul Reddito Agrario.
 6. Imposta Ordinaria sul Patrimonio.
 7. Imposta sui Terreni.
 8. Imposta Complementare.
 9. Tasse sulle Successioni e Donazioni.
 10. Imposte di Consumo.
4. I am sure that you will agree that it is essential that the whole problem of governmental revenue should be tackled realistically and energetically.

1445

(43)

OP
Wm

Acting Chief Commissioner

Account of Sig. Biagio Boriello

31 August 4

Finance Sub-Commission, Hq ACC

1. On 18 May, Colonel Foley issued instructions to block the account in Naples of Sig. Biagio Boriello, through the Regional Finance Officer of Region III.
2. General Imelli, formerly of PBS, advises that this man has rendered and is rendering valuable service to the Allied Forces and requests that his bank account be unfrozen.
3. Will you kindly investigate and give me a report.

Stone

1444

Hq ACC Sec'y Gen.
DISPATCHED
Date: 31 Aug 44
Via: 1145
Initials: H

(42)

31 Aug

A-8-B
FILES (A-B)
for

100 Finance

FILE UNDER NO. 100 Finance

INDEX SHEET
SYNOPSIS

Memo 31 Aug Stone to Finance SC

Pls ack & take appr action on atchd ltr from Prof Ettore
Boncinelli, who is posing himself for director of IRI

DOCUMENT FILED UNDER NO. 004.04 Ind Mob

1443

(41)

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

31 Aug

100-1

WS

1/24-12/30
LHHEADQUARTERS ALLIED CONTROL COMMISSION
POLITICAL SECTION

#505-ME

21 August 1944

MEMORANDUM TO: Acting Chief Commissioner, Hq A.C.C.

SUBJECT : Marchese Giacomo MEDICI del VASCHELLO.

A 169
6 SEP 1944

The Under-Secretary of State for Foreign Affairs in a conversation early in August brought to my attention the case of Marchese Giacomo Medici del Vascello who desires to have his frozen bank account released. Since that time the Ministry of Foreign Affairs on several occasions has questioned me concerning this matter. I consulted Colonel Grafftey-Smith, who provided me with the attached memorandum from the Director of the Security Branch, Hq.A.C.C. From this it appears that Marchese Medici del Vascello has had a ~~very~~ distinguished career in diplomacy, finance and engineering and that he was also a strong adherent to the Fascist Party and a collaborator of Mussolini. It appears also that he did some good work in the educational field and probably in some charitable enterprises. At any rate, his personal fortune is valued at six hundred million lire.

Colonel Grafftey-Smith and I are in agreement that this matter should be handled with some delicacy and on the highest plane and it is felt that perhaps you might wish to discuss the present standing of Marchese Giacomo Medici del Vascello before any definite action is taken in his case.

100-1

1442

(37)

Encl

N.SB/140.10;
13 Aug 44.

W. Schott

WILLIAM W. SCHOTT
Vice-President, Political SectionFILES AB
100→ Pol. Sec.
please?

What do you recommend?

WWS

Recommend that when you next see Bonomi or Sforza, make enquiry as to how Medici del Vascello is regarded politically. Although Visconti Venosta supports him, it is not desirable to help him if he is considered a pro-Fascist, and the opinion from highest level is desired.

W. Schott

9/4
EWS

CONFIDENTIAL

ARE/nh

Col G-5

HEADQUARTERS
ALLIED CONTROL COMMISSION
SECURITY BRANCH
A.P.C. 394

Ref. : SB/148.10

13 August 1944

Subject : Marchese Giacomo VEDICI del VASCELLO

To : Director, Security Branch, HQ. A.C.C.

1. With reference to the enquiry by Interior Sub-Commission regarding the above named, he was born at Salerno in April 1883 and is a member of the Piedmont family. His brother Marchese Giuseppe VEDICI del VASCELLO was a prominent Italian diplomat and was at one time the Ambassador at Madrid. He took his Engineering Degree at Zurich taking a special study of public works, especially harbour construction. He was connected with several important manufacturing and banking organizations holding various Directorate positions. At Genoa he constructed the Vittorio Emanuele and Benito Mussolini Basins. He was a member of Parliament and on five occasions was responsible for preparing the annual estimates of the Naval Ministry. It is reported at Genoa he was an important Fascist politician and a leading industrialist. He was a member of the Managing Board of the Fascist Industrial Union, President of the Electrical Company of Liguria and Vice-President of the ANSAIDO Society. He took an active part in a number of successful land drainage schemes and earned the gratitude of the Government. From January 1935 until October 1939 he was Under Secretary of State to the Presidency of the Council of Ministers. At this time a photograph was always on his desk which bore the following autograph "To Marchese VEDICI del VASCELLO, my valued and affectionate collaborator in the first year of the Empire". He has been an Assistant Secretary representing the engineers in the Sea and Air Corporations and was a member of the Corporation for Agriculture and Fisheries.

2. In March 1935, on the proposal of the Minister of Education the King awarded him a gold medal and a certificate in recognition of his work in connection with elementary education. On his large estate at Venaria Reale (Turin) he financed a school for about 100 children.

3. An early member of the P.A.F. and a "Console" of the M.F.S. The above record shows him to have been an enthusiastic Fascist and one of the more important members of the

1441

Who?
King
Mussolini

(37) INCL

CONFIDENTIAL

CONFIDENTIAL

Party. He is an intelligent and educated man, described as honest and respected by this staff. His title is recent and it is said that it has made him snobbish. He is regarded as a wealthy man having property valued at L. 600,000,000. For a period he enjoyed the close friendship of Mussolini but this declined from 1939 onwards.

A. H. Ellis

A. H. ELLIS,
Captain,
Security Branch.

To Interior Sec. (as per Lewis).

The Security services of Rome have no information concerning Subject. His records are apparently in Geneva. Capt. Ellis' report, however, is sufficient in my opinion to warrant us to say that no official position should be accorded to Subject.

To the Director *John Alexander*
Major

1440

(37) A INCL

CONFIDENTIAL

MINISTERO DELL'INTERNO

6/93/43

CONFIDENTIAL

MEMORANDUM FOR THE ALLIED CONTROL COMMISSION

Marchese Visconti Venosta, Under Secretary of State for Foreign Affairs had occasion a short time ago to ask Mr. Reber whether it might be possible to obtain the release of the frozen bank accounts respectively of Marchese Giacomo Medici del Vascello (former Under Secretary of State to the Presidency of the Council of Ministers) and Signor Cesare Tamedei, former Under Secretary of State to the Ministry of Justice.

The frozen account of this gentleman has been released

Mr. Reber, both at the time and subsequently, assured Marchese Visconti Venosta that the question would be considered by the Political Section; however, up to date the two accounts of Marchese Medici del Vascello are still blocked.

In respect of the abovenamed gentlemen, it is to be borne in mind that both furnished, during the German occupation, considerable funds to the resistance forces. Marchese Medici del Vascello has, furthermore, given asylum in one of his properties in the mountains to a number of

Marchese Visconti Venosta, Under Secretary of State for Foreign Affairs had occasion a short time ago to ask Mr. Reber whether it might be possible to obtain the release of the frozen bank accounts respectively of Marchese Giacomo Medici del Vascello (former Under Secretary of State to the Presidency of the Council of Ministers) and Signor Cesare Tumodel, former Under Secretary of State to the Ministry of Justice.

Mr. Reber, both at the time and subsequently, assured Marchese Visconti Venosta that the question would be considered by the Political Section; however, up to date the two accounts of Marchese Medici del Vascello are still blocked.

In respect of the abovenamed gentlemen, it is to be borne in mind that both furnished, during the German occupation, considerable funds to the resistance forces. Marchese Medici del Vascello has, furthermore, given asylum in one of his properties in the country, la "Mandria", to several British prisoners of war, who are still there hidden since the 8th September 1943.

The Ministry of Foreign Affairs should much appreciate if the above question could be satisfactorily solved without undue delay.

ROME, July 31st, 1944.

P.S. Captain Catorrella of the Bank of Italy has all the documents concerning the frozen accounts of Marchese Medici del Vascello.

Parall

14 August

(37)

The frozen account of this gentleman has been released

1431

563

MINISTERO DELLE CORPORAZIONI

12 Aug.

Memorandum per Econ. Sec.

For comment and
return to Acting
Chief Commissioner, please.

PCH

No objection to these
names - Mancinelli is
purely a political nominee
but the other two will serve the

1/ balance

1438

A. Drapettery Munk

H. Morrison Col

13/VIII

12 Aug 5
15

FILE UNDER NO. 100 - PEJANCE

INDEX SHEET
SYNOPSIS

Ltr Capt Stone A/CC 387.4 of 15 Aug 44 to Kirk.

Forwarding correspondence Bonomi's Ltr 10 Aug &
my answer 14 Aug & my report 14 Aug to SACMED.

DOCUMENT FILED UNDER NO. 387.4 - ARMISTICE

137

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

(33)

Sac 684-41 for subsequent
correspondence

27-20

100-100
A. 1. 3. 5

FILE UNDER NO. 100 - FINANCE

INDEX SHEET
SYNOPSIS

Ltr Capt Stone A/CC 387.4 of 12 Aug 44 to Kirk.

Proposed draft ltr to ~~SECRET~~ appended by ltr fr
Benoni re publication Armistice & extension land lease.

DOCUMENT FILED UNDER NO. 387.4 - ARMISTICE

1436

INSTRUCTIONS - Under "Synopsis" make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on 1c consolidated index sheets and then destroyed.

32

FILE UNDER NO. 100 - FINANCE

INDEX SHEET
SYNOPSIS

Ltr Capt Stone A/OC 387.4 of 11 Aug 44 to Alexander Kirk.

Forwarded translation ltr fr Bonomi 10 Aug 44 re publication
Armistice terms & extension Lend-Lease Italy & my draft reply.

DOCUMENT FILED UNDER NO. 387.4 - ARMISTICE

1435

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

(31)

FILE UNDER NO. 100 - FINANCE

INDEX SHEET
SYNOPSIS

Ltr Capt Stone A/OC 387.4 of 11 Aug 44 to Noel Charles.

Forwarded translation ltr fr Bonomi 10 Aug 44 re publication
Armistice terms & extension Lend-Lease Italy & my draft reply.

DOCUMENT FILED UNDER NO. 387.4 - ARMISTICE

1434

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

30

FILE UNDER NO. 100 - FINANCE

INDEX SHEET
SYNOPSIS

Ltr Bonomi I/203 of 10 Aug 44 to Capt Stone.

Publication Armistice & extension lend lease.

DOCUMENT FILED UNDER NO. 387.4 - ARMISTICE

387.4
X 100

1433

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

(23a)

WIS/ajp

A/CC 100

10 August 1944

My dear Mr. Prime Minister:

23

This is to acknowledge receipt of your letter 1/138 of July 29, relative to the views of the Italian Government regarding its international position which arose out of the unfavorable reply of the Department of State to its request for participation in the Monetary and Financial Conference which was held at Bretton Woods, New Hampshire, during July last.

I have transmitted this expression of your views to my Government through the Department of State.

Yours very truly,

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

1432

cc: Political Section

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

28	Hq ACC Sec'y Gen.
	DISPATCHED
	Date-Time 11 Aug 11.10
	Via 114
	Initials P.H.

filed (HAB/poo)

ALLIED CONTROL COMMISSION
INTER OFFICE MEMO

From: Political Section

SUBJECT: Monetary and Financial Conference

FILE No. 424

TO: Office of the Acting Chief Commissioner

9 August 1944

With reference to Memorandum No. A/CG 100 of 6 August 1944,
there are enclosed herewith the requested drafts of the two
letters by Mr. Schott.

D.M. Decker
Chief Clerk
Political Section

25

1431

DRAFT OF LETTER TO PRIME MINISTER BONOMI

A/CC 100

My dear Mr. Prime Minister:

This is to acknowledge receipt of your letter 1/138 of July 29, relative to the views of the Italian Government regarding its international position which arose out of the unfavorable reply of the Department of State to its request for participation in the Monetary and Financial Conference which was held at Bretton Woods, New Hampshire, during July last.

I have transmitted this expression of your views to my Government through the Department of State.

LWS.

133

(28)

EWS/ajp

A/CC 100

10 August 1944

My dear Mr. Ambassador:

This is in reference to your letter of July 11, 1944, regarding the unfavorable reply of the Department of State to the request by the Italian Government for its participation in the recent Monetary and Financial Conference. In reply to my communication of advice in the premises, to the Undersecretary for Foreign Affairs, I have received a letter from the President of the Council of Ministers, expressing the views of the Italian Government regarding its international position, which arose out of the Department's reply, of which a copy is enclosed.

It will be appreciated if you will bring these views of the Italian Government to the attention of the Department of State.

Cordially yours,

EMERY W. STONE
Captain, USAR
Acting Chief Commissioner

1 Incl.

The Honorable Alexander Kirk,
U. S. Representative to the Advisory Council for Italy,
Via Vittorio Veneto 119,
Rome.

cc.

cc. British High Commissioner in Italy.
Political Sec.

Hq. A.C.C. Sec'y Gen.
DISPATCHED
Over-time <u>11 Aug 1944</u>
BY <u>44</u>
OKR.

27

DRAFT OF LETTER TO MR. KIRK

A/CC 100

My dear Mr. Ambassador:

This is in reference to your letter of July 11, 1944, regarding the unfavorable reply of the Department of State to the request by the Italian Government for its participation in the recent Monetary and Financial Conference. In reply to my communication of advice in the premises, to the Undersecretary for Foreign Affairs, I have received a letter from the President of the Council of Ministers, expressing the views of the Italian Government regarding its international position, which arose out of the Department's reply, of which a copy is enclosed.

It will be appreciated if you will bring these views of the Italian Government to the ^{attention of the} Department of State.

1428

Copy to British High Commissioner

(27)

SECRET

SECRET

Confidential

A/CC 100.

9 August 1944.

SUBJECT: Authority and Duties of Officers of AOC Dealing
with Remittances.

TO : G-5, A.F.H.C.

(26) ATT 8
INCL

1. Ref. C 5/123.7, dated 30 July 1944, enclosing a copy of TAM 244, dated 28 July 1944, and further to our letter on the above subject, dated 23 May 1944.

2. The following British and American officers, who have been assigned to duty with the Allied Financial Agency, have been and are authorized to authenticate, now and in the future, the signatures of persons designated by the Banco di Napoli to operate accounts, including specifically accounts which are utilized to effect remittances from the United States and the United Kingdom to Italy. In authenticating documents prepared by the Banco di Napoli to banks in the United States and the United Kingdom, relating to remittances to persons or organizations in Italy, these officers have been and are operating within their proper duties as assigned by my orders:

Major J.H. FISHBE (A)	C - 104466	By Allied Financial Agency
Major D.E. WHEELER (A)	C - 522637	do
Lieut. T. H. WALKER (A)	172354	do
Lieut. J. A. GIBALA (A)	C - 1338473	do
Major E. J. GIBB (B)	39258	do
Major J. J. SMITH (A)	C - 520284	Allied Financial Agency, Naples.
Captain G. FLEMMING RANDALL (B)	50309	do

Specimen signatures of these officers are given in an annex to this letter.

3. Authority to designate additional officers for duty with

(26) a

files ATT 2700

- 1 -

Confidential

100 Finance

SECRET

the Allied Financial Agency is vested in the Joint Directors, Finance Sub-Commission, who are at present:

Colonel R. H. FOLEY, Jr. (A) 0-911946
Colonel A. P. GRAFFLEY-SMITH (B) 35329

Specimen signatures of these officers are given in an annex to this letter.

4. Additional officers designated for duty with the Allied Financial Agency by the Joint Directors, Finance Sub-Commission, may be assigned the function of authenticating the Banco di Napoli signatures, by order of the Chief of the Allied Financial Agency, now James H. Penick, 0-104456, Major, Specialist Reserve (A).

5. Specifically, the signature of Major James H. Penick, who authenticated for transmission the following letters of the Banco di Napoli, is a true signature of this officer, and he is hereby certified to have been operating within the duties assigned by my orders in transmitting these letters and documents.

LettersAddressees

6 Mar 44, 29 Apr 44

The National Shawmut Bank of Boston, Boston
The Continental Illinois National Bank and Trust Co.,
Chicago
The National Bank of Detroit, Detroit
The Chase National Bank of the City of New York,
New York
The Guaranty Trust Co., New York
The Manufacturers Trust Co., New York
The Hibernia National Bank, New Orleans
The Corn Exchange National Bank, Philadelphia
The Mellon National Bank, Pittsburgh
The Bank of America National Trust & Savings
Association, San Francisco
American Express Company, New York

28 Jul 44
Resolution of bank

First National Bank of Chicago, Chicago
National City Bank of New York, New York
Philadelphia National Bank, Philadelphia
First National Bank of Boston, Boston
The Marine Midland Trust Co. of New York, New York
Central National Bank of Chicago, Chicago
Central National Bank of Cleveland, Cleveland
Columbus National Bank, Providence, R.I.
American Trust Co., San Francisco

Hq ACC - Sec'y Gen.
DISPATCHED

Date-Time 19 Aug 1945

Via *HS*

Initials *CVB*

Prepared by Finance St

ELLERY W. STONE
Captain, USMR
Acting Chief Commissioner

SECRET

SECRET

Appendix to letter dated 9 August 1944, addressed by Finance Sub-Commission, HQ., ACC to G-5 (Finance) AFHQ., on subject of "Authority and Duties of officers of ACC dealing with Remittances".

The officers authorized to designate officers for duty with the Allied Financial Agency are:

<u>Rank</u>	<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Col. E. H. POLBY, JR.		Joint Director, Finance Sub- Commission.	<i>E. H. Polby Jr</i>
Col. A. P. GRAPPEY-SMITH.		Joint Director, Finance Sub- Commission.	<i>A. P. Grappay Smith</i>

The officer authorized to sign as Chief of AFA

<u>Rank</u>	<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Major J.H. PENICK		Chief of Allied Financial Agency	<i>James H. Penick</i> <i>James H. Penick</i>

Authorized signatures of Headquarters, Allied Financial Agency :-

<u>Rank</u>	<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Major D.B. Mathias		HQ., AFA	<i>D. B. Mathias</i>
Major E.J. Gits		ditto	<i>E. J. Gits</i>
Lieut. G.H. Willis		"	<i>G. H. Willis</i>
Lieut. J.A. Cicala		"	<i>J. A. Cicala</i>

1423

(26) APP A

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

HQ ACC, APO 394
692 Sec'y Gen.
Rec'd 18 Aug 1944
By RRR

13025/F

12 August 1944

SUBJECT: Procedure regarding remittances to Italy.

TO : Acting Chief Commissioner,
(through Economic Section).

A 2231
20 AUG 1944

1. The attached draft letter is submitted for signature by the Acting Chief Commissioner in person.
2. As stated in PAW 244, copy of which is attached, the certification of the signature of certain bank officials signing authorization in connection with the remittance should be executed by duly authorized ACC officers, whose authority for so doing must be attested by the Acting Chief Commissioner.

INCL

A.P. Grabow

Colonel,
Joint Director,
Finance Sub-Commission.

1421

*Approved
now 17 Aug 44*

26a
16 Aug
340

APP B

RESTRICTED
INCOMING MESSAGE
DEFERRED

FROM: AGWAR FROM CCS

A 2230
20 AUG 1944

TO : WILSON INFORMATION ETOUSA BRITISH CHIEFS OF STAFF

REF NO THIS MESSAGE: WX72092, 28 July 1944.

E E E E

For FHGEG

Cite CCAC

TAM 244

UNITES STATES Procedure re Remittances to SICILY.

Reference TAM 173.

1423 UNITED STATES Treasury Department states that correspondent banks in UNITES STATES of Bank of NAPLES are requesting identification and certification of authority of ACC Officers who certified signatures of Bank of Naples Officials on letters to banks here requesting opening of post liberation blocked accounts and on appended signature lists. It is requested that such identification and certification of authority of ACC Officers, similar in form to those you furnished CCS with respect to Bank of SICILY, be forwarded to CCS so that copies can be given to banks here.

In Civil Affairs Division Memorandum dated 10 June, Subject: Letters Addressed to Banks in the UNITED STATES by the Bank of NAPLES, there were returned to you for correction by APA letters from the Bank of NAPLES to certain of its correspondent banks in the UNITED STATES. It is requested by the UNITED STATES Treasury Department that transmission of corrected letters to correspondent banks be expedited.

REF NO: WX 72092

FOOTNOTE: TAM 173 is ref no. WX 33789 MC IN 5150 9/5/44 MGS

(26)a ACTION : G-5

INFO :

MC IN 17454 29 July 44 0700B REF NO WX 72092 t/J/K

APP B INCL files (H1179)

ALLIED FINANCIAL AGENCY
HEADQUARTERS

13 March 1944

Subject : Authorized Signatures, Allied Financial Agency
Naples BranchTO : Correspondent Banks of Banco di Napoli in the
U.S. and U.K. carrying "AF Blocked Dollar
Accounts"1. The authorized signatories of Allied Financial
Agency, Naples Branch are:

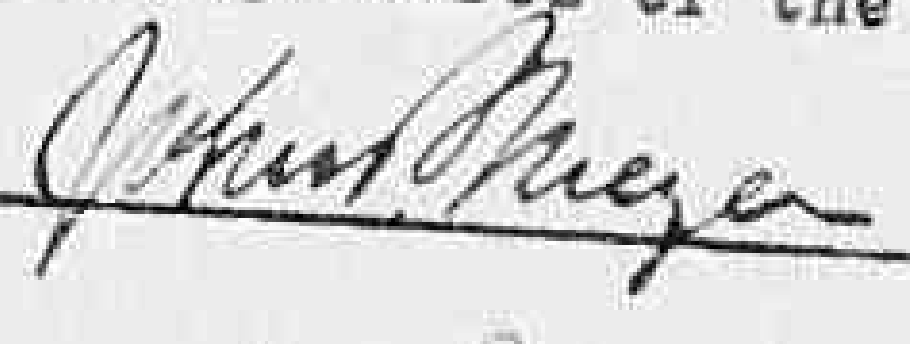
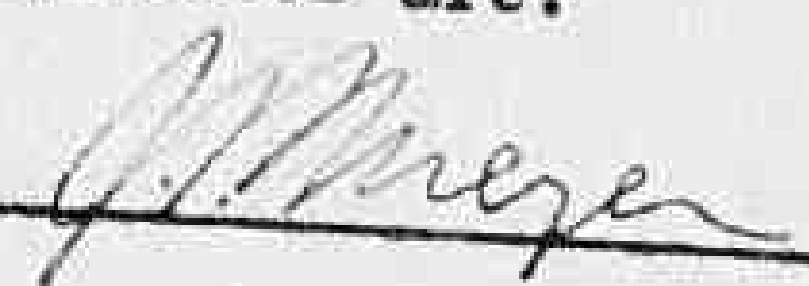
JOHN P. MEYER, Major A.U.S.

C. FLETCHER RANDALL, Capt. R.A.

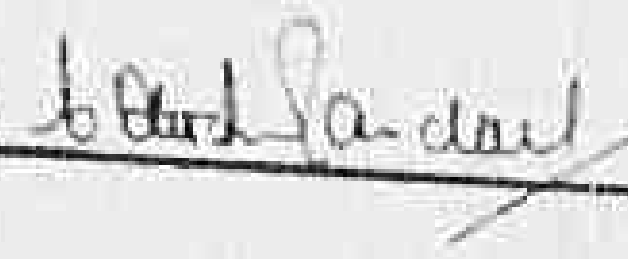
2. The sole signature of either of the authorized
signatories will suffice.

3. Specimen signatures of the signatories are:

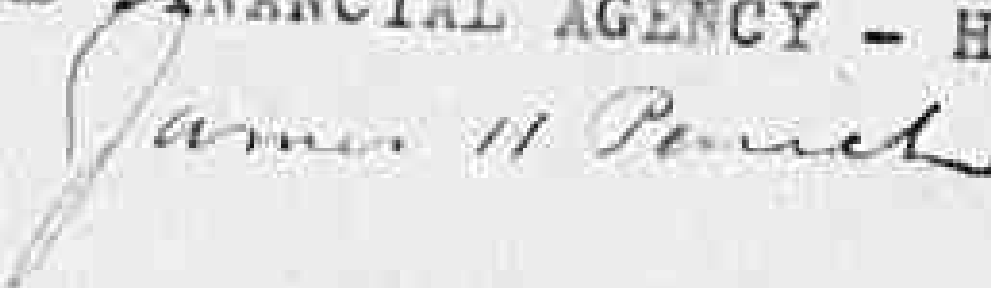
MAJOR JOHN P. MEYER

CAPT. C. FLETCHER RANDALL

ALLIED FINANCIAL AGENCY - HQ

James H. PENICK
Major, Sp. Res.
Chief of A.F.A.

Copies to:

AFA - NAPLES

File

(26a)
APP C

TRANSLATION

THE PRESIDENT OF
THE COUNCIL OF MINISTERS

11275/6/1

NO. 394
J23
11 Aug 1944
by VER

Rome, August 8th 1944

A 2108
12 AUG 1944

Dear Admiral Stone,

I meant to nominate a commissarial committee to the Banca Nazionale del Lavoro.

I thought of appointing Prof. Nicola CARBONE, Avv. Carmine MANDINELLI and Mr. Ernesto SARINO members of the committee.

I should be very grateful if you will kindly let me know whether you have anything against these nominations.

I remain, my dear Admiral,

Yours truly

/s/ T. DONCHI

Admiral ELLERY W. STONE

President of the

Allied Control Commission

Rome

Trans. A.C.

(26)

Files Adm/200

100 off business

11275/6



IL PRESIDENTE
DEL CONSIGLIO DEI MINISTRI

Roma, 8 Agosto 1944.-

A 2108
12 AUG 1944

HQ ACC. APO 394

563 Inc'y Gen.

Rec'd 11 Aug 1945

By PRR

Mio caro Ammiraglio Stone,

sarebbe mio proposito nominare un comitato commissariale presso la Banca Nazionale del Lavoro.-

A costituire detto comitato intenderei chiamare il prof. Nicola GARRONE, l'avv. Carmine MANCINELLI e il sig. Ernesto SAN-
NINO.-

Le sarei grato se Ella volesse comunicarmi, con cortese sollecitudine, se nulla osti a tali nomine.-

Si abbia, caro Ammiraglio, il mio cordiale saluto

1420

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

100 Finances

= R O M A =

EWS/hjp

Acting Chief Commissioner

Monetary and Financial Conference

A/CC 100

Political Section, Hq ACC

6 August

4

Would you kindly draft an acknowledgment to the Prime Minister together with a letter of transmittal of the Government's reply to Ambassador Kirk, with copy to Sir Noel Charles.

RECEIVED	7 Aug 1970
DISPATCHED	
FILED	
INDEXED	

ELBERT W. STONE
Captain, USNR
Acting Chief Commissioner

1419

100

File 1-7-8

(25)

File A/B/pd

A/CC 100
6 Aug 74

SECRET

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

LDD/hjp

A/CC 100

2 August 1944

MEMO TO: Political Section, Hq ACC

SUBJECT: Monetary and Financial Conference

34672
2 AUG 194417
INCL

1. References, copies attached, relative above subject:

- a. Copy letter 4978 of 21 June 1944 from G. Visconti Venosta.
- b. Copy letter A/CC 100 of 30 June from A/CC to Ambassador Kirk.
- c. Copy letter 11 July, Ambassador Kirk to A/CC.
- d. Copy letter A/CC 100 of 11 July from A/CC to G. Visconti Venosta.
- e. Copy letter 1/138 of 29 July from H.E. Bonomi to A/CC.

2. The Acting Chief Commissioner would like your comments and suggestions with respect to appropriate action to be taken on reference 1 e, please.

For the Acting Chief Commissioner:

L. D. DENMORE
Colonel, Sig C
Chief Staff Officer

5 Incls:
as in para 1 above

24

Fills (A) B

Hq ACC Secy Gen

DISPATCHED

2 Aug 11/5

56

100

2 Aug 44

Suspend to
Aug-10

Ref 1 e not acknowledged
as of 2 Aug 10

1
23

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

HQ A.C.C. APO 394
347 2nd Lt. Gen.
Rec'd 3 Aug 1944
By ERR

13085/P

1 August 1944

SUBJECT: Visit of Commadore Introna

TO: Distribution as below.

A 1988

Comm. Introna, recently nominated as Commissioner of the Banca d'Italia, is paying a formal visit on the Acting Chief Commissioner at 1530 hrs on Thursday 3 August 1944.

He will be accompanied by the Joint Directors of the Finance Sub-Commission and by Captain A. Kamarch, who will act as interpreter. Comm. Introna also wishes to pay his respects to the Executive Commissioner and the Vice Presidents of the Economic and Administrative Sections.

I shall be glad to learn if the following times are suitable:

Executive Commissioner	-	1545 hrs
Colonel Upjohn	-	1600 "
Colonel O'Dwyer	-	1615 "

Comm. Introna is 76 years old, has 56 years service with the central bank and has been Deputy Director General under Azzolini for some time. He has never been actively concerned with the bank's foreign relations and has been the official responsible for the bank's internal economy for many years. He is a banker and does not like to talk politics.

As an aid to general discussion, the following subjects might be mentioned:

- The general financial situation
- The position of the large banks
- The return of currency to the banks
- The financing of the amassing programme.

A.P. Graboy Smith

Colonel,
Joint Director,
Finance Sub-Commission.

DISTRIBUTION

PA to A/CC ✓
PA to Exec. Commr.

Col. O'Dwyer
Col. Upjohn

Capt. Kamarch
Joint Directors.

4417

(23) a

1 Aug 44
13085/P

100
Finance

TRANSLATION
M. 1/138

THE PRESIDENT OF THE COUNCIL OF
MINISTERS

Rome, July 29th 1944

Dear Admiral,

(18)

A 1954
2 AUG 1944

Thank you for your letter of July 11th 1/CC 100.

The R. Government has learnt with deep regret that the Department of State, after a careful examination, has not deemed it possible to give a favourable answer to its request that it should participate to the Monetary Conference of Bretton Woods.

The Italian Government thinks that this prolonged exclusion from every international manifestation and initiative is an ulterior and useless cause for humiliation on one hand, and represents the carrying on of an attitude of mistrust and opposition on the other, which are not justified anymore, either by the Italian situation, or above all by these programs of international co-operation which are, so it is said, to be restored in the world.

I will be most grateful to you if you will kindly be the interpreter of our feelings to your Government.

Remain, my dear Admiral,

Yours sincerely,

/s/ Ivanoe Bonomi

1416

Admiral Hilary M. Stone
Acting Chief Commissioner of the
Allied Control Commission

Rome

Trans. / E.C.

(23)

M 1/138
29 Jul 44

Files (H) 1/138
700

100 Received



IL PRESIDENTE DEL CONSIGLIO
DEI MINISTRI

CSO

HQ 4 APO 374
326 Sec'y Gen.
Rec'd 1 Aug 1944
By ESP

Roma, 29 LUG 1944

St/138

Caro Ammiraglio,

La ringrazio della sua lettera dell'11 luglio A/ CC 100.

Il R. Governo ha appreso con vivo rammarico che il Dipartimento di Stato non ha creduto possibile, dopo attento esame, di dar favorevole corso alla sua richiesta di partecipare alla Conferenza monetaria di Bretton Woods.

Il Governo italiano ritiene che questa continuata esclusione da qualunque manifestazione ed iniziativa internazionali costituisca da una parte un'ulteriore, inutile ragione di umiliazione, e rappresenti dall'altra il perdurare di un atteggiamento di diffidenza e di contrasto non più giustificato nè dalla situazione italiana, nè, sopra tutto, da quel program-

100

1410

Admiral Ellery W. Stone, U.S.N.
Vice Capo della Commissione
Alleata di Controllo

./.

R O M A

(A)

mi di cooperazione internazionale che si afferma di voler instaurare nel mondo.

Ed io Le sarò molto ^{grato} / Se vorrà cortesemente farsi interprete presso il suo Governo di tali nostri sentimenti.

Mi creda, caro Ammiraglio, molto cordialmente

Bonarrini

ALLIED CONTROL COMMISSION
INTER OFFICE MEMO

From: Secretary General

SUBJECT: Payment of Expenses

FILE No.

TO: AFA

25 JUL 1944

26 June 1944

ATTENTION: Major Penick,
Bank of Italy Bldg.

For necessary Action.

FRANK J. SLAUGHTER,
Captain, A. G. D.,
Deputy Secretary General.

INCL:

Letter Maj McInerney
PH & W Reg 3; 21 July 44
re payment of expenses incurred
by Italians harboring escaped
allied POWs.

100 Financial Department

File (A)

114

25 June 44

HQ ACC. APO 394
129 Sec'y Gen.
Rec'd 20 July 1944
By CRK

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394
TEL: 478604

13071/F

19 July 1944

SUBJECT: Rome Report, Finance Sub-Commission.

1. We are pleased to forward to you the Rome Report of the Finance Sub-Commission.
2. Please treat the report as a security document. Particular sections such as the foreign exchange information and the Statement of the former Governor of the Banca d'Italia are especially to be safeguarded.

SP [Signature]
Colonel,
Joint Director,
Finance Sub-Commission.

DISTRIBUTION:

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RFO, Rome Region	1
SFO, 5 Army AFG	1
Joint Director (B)	1
Joint Director (A)	1
CRO	1
Chief Budget Officer	1
Insurance Sub-Section	1
HQ AFA	1
Chief Accountant	1
Capt. Kamarek	1
Lieut. Tasca	1
Lieut. Willis	1
File	1
Spare	1
	10

100 Finances

1416

(21) a

13071/F
19 Jul 44

File A
4000

HO 421/100 JJI/rad
110
Re: 19 July 1944
By: *SPK*

A/CO 100

19 July 1944

SUBJECT: Unfreezing of Funds of the Provincial Councils of Sicily.

Dear Sig. Grandi:

A 1770
20 JUL 1944

Reference is made to your letter of 13 June, 1944 concerning the above subject.

The Provincial Councils of Sicily (formerly Consiglii Provinciali delle Corporazioni) did not arise out of the Chambers of Commerce which preceded Fascism but, with Government assistance, stifled these autonomous bodies which were not under governmental control. The Provincial Councils were the provincial foundation stones of Fascism. They were abolished in A.S.G. territory as new territory was taken. The Decree of January 27, 1934, to which you refer would appear to be designed to have the same effect.

Chambers of Commerce organized, operated, and financed by local businessmen have appeared in Reggio, Catanzaro, Cosenza and throughout Sicily and are fulfilling the non-political functions formerly fulfilled by the Consiglii.

Any attempt to restore governmental control over local business by reorganized "Provincial Councils of Sicily" appears to be unnecessary, unwise and, probably, inconsistent with the obligations of your Government under the terms of the Armistice.

This matter has been discussed at length by representatives of the Finance Sub-Commission with S. E. Guido Jung and S. E. Quinto Quattieri during their recent visits to the office of Minister of Finance. Both have agreed that even if support of "Provincial Councils of Sicily" were a proper governmental expenditure, release of these blocked funds is not proper since all governmental disbursements should be made only under the normal procedure of budget request, examination and allowance of the expenditure, followed by the ordering of the disbursement.

Yours very truly,

WILLIAM F. STINE
Captain, USMC
Acting Chief Commissioner

S. E. Giovanni Grandi,
Minister of Industry, Commerce and Labour,
Italian Government.

Copy to: Ministry for Treasury,
Italian Government. (2nd copy).

Finance Sub-Commission (2nd copy)

100 Financial

21

file/201

Files (A) 86-517

16 JUL 1944

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Chief Staff Officer
APO 394

LDL/afe

15 July 1944

Commander Lawler
Finance Sub-Commission
Headquarters Allied Control Commission

John:

The attached is a statement of expenses incurred by Commodore Palmer. Captain Stone wishes you to say whether or not it will be regular to approve the same for payment by Headquarters Commandant.

L. D. DRENNON
Colonel, Sig C
Chief Staff Officer

411

100 pounds amount on

F.C./KT

20
15 Jul 44

The following expenses were incurred by
by Comodoro Palmer on entertainment:

(1) Entertainment of Admiral Morae and 4 Staff officers

5 dinners
5 lunches
Wine

L 250
250
400

(2) Entertainment of Admiral Morgan and 1 staff officer.

2 lunches
2 dinners
Wine
(6 officers)

L 50
50
400

Total.

L 1400

C O P Y

1110

20

ENCLOSURE

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

15 JUL 1944

10 July 1944

OK for
Finance
G. H. Beale
Capt., U.S.

SUBJECT: Retranslation of documents regarding dependents
of persons called to arms.

TO : Regional Commissioner, Region III
" " " IV
" " " Rome Region
" " " Region V
" " " VIII
" " " IX
S.C.A.O. AMG 5 Army
" AMG 8 Army

For information to:

Regional Commissioner, Region I
" " " II
" " " VI
" " " VII

1. Reference is made to the directive of 1 July 1944 rescinding Article I, Section 3 of AMG, Proclamation No. 4.

2. Two lines were inadvertently omitted from the Italian translation of both documents. We have used the opportunity of issuing a corrected version to alter the phrasing of other passages after consultation with the Italian Government. This was done in the interests of the clearest understanding by Italians of the terms of the documents, the English versions of which remain unchanged. Principal changes in the translation clarify the terms of sub-paragraphs 2 (d) and 2 (e) of the directive, and paragraphs III and IV of the instruction.

3. You will make any necessary adjustments in announcements given out in Italian by you or by your subordinates.

Sign

EWS

ELIERY STONE
Capt., U.S.N.R.
Acting Chief Commissioner.

19

9

10 Jul 44

file
13 July

100 Transmitted

QUARTIERE GENERALE
COMMISSIONE ALLEATA DI CONTROLLO
APO 394

O.S. for Finance,
A.H. Peede
Capt., U.S.

29 Giugno 1944

OGGETTO: Proclama No. 4 del Governo Militare Alleato (Chiusura
di Istituti Finanziari e dichiarazione di Moratoria
- Addl 25/4/1944.

Al : Commissario Regionale
Regione III
" IV
" Roma
" V
" VIII
" IX

L'Ufficiale Seniore degli Affari Civili

ASO, Quinta Armata

ASO, Ottava Armata

Per informazioni al

Commissario Regionale

Regione I

" II

" VI

" VII

1. E' fatto riferimento all'art. 1 Sezione 3, "Istituti di Assicurazione e Assistenza Sociale" nel suddetto Proclama.

2. Con effettuazione immediata, il divieto generale di realizzare i "pagamenti degli assegni familiari alle persone a carico di (a) militari, (b) prigionieri di guerra non rilasciati sulla parola; (c) lavoratori italiani in Germania o in altro territorio nemico ed occupato dal nemico" è annullato, nonostante le condizioni dell'art. 1 Sez. 3, ed i pagamenti prescritti dalla legge saranno fatti a detti dipendenti alle seguenti condizioni:

(a) E' sospeso ogni ulteriore pagamento, da parte dei Comuni e dell'Istituto Nazionale della Previdenza Sociale, a favore delle persone a carico di coloro che prestano servizio nell'esercito fascista repubblicano o in quello tedesco, o a favore delle persone a carico di lavoratori italiani in territorio nemico, per le quali sia stata effettuata la corresponsione degli assegni familiari in seguito ad accordo col governo tedesco.

(b) Non viene posta alcuna restrizione all'assistenza pubblica.

29 Jun 44

1408

(19)

APP

A

-2-

che può e deve essere fatta ai bisognosi dai Comuni, nei casi di comprovata necessità, e niente nel sotto-capoverso (a), di cui sopra, deve essere inteso come un impedimento a tale assistenza pubblica.

(c) Con decorrenza dal 31 Marzo 1944, e con effettuazione immediata, saranno nuovamente corrisposti i pagamenti previsti dalla legge a favore delle persone a carico di coloro la cui ultima condizione conosciuta era quella di appartenenti alle regie forze armate italiane in territorio liberato e le cui famiglie furono private di ogni ulteriore pagamento il 31 Marzo 1943 dal Governo fascista repubblicano.

(d) Verranno nuovamente corrisposti o continuati i pagamenti previsti dalla legge a favore delle famiglie, sia di tratti di appartenenti alle regie forze armate italiane trattate come prigionieri di guerra degli Alleati, sia di tratti di appartenenti alle regie forze armate italiane internati o prigionieri del nemico, ed eccezione di coloro che successivamente abbiano optato per l'esercito fascista repubblicano o per quello tedesco.

(e) Saranno corrisposti tutti i pagamenti previsti dalla legge a favore delle persone a carico di tutti coloro che prestano servizio attualmente o che presteranno servizio nelle regie forze armate italiane. Per coloro che fanno parte del Regio esercito italiano e che precedentemente abbiano prestato servizio in bande regolarmente costituite di patrioti cooperanti con gli Alleati, il periodo di servizio in tali bande, purché documentato e certificato dalle competenti autorità militari, sarà computato negli effetti del calcolo dei pagamenti dovuti.

3. È desiderabile, per ragioni ovvie, che l'abrogazione del divieto generale nell'art. 1 Sez. 3, del Proclama No. 1 ed i provvedimenti del presente Ordine siano resi noti al pubblico e senza degli organi locali.

1407

HENRY W. STONE, Capitano, E. A. S. R.
(Funzionante Commissario Capo).

QUARTIERE GENERALE
COMMISSIONE ALLEATA DI CONTROLLO
APO 394

4 Giulio 1944

OGGETTO: Proclama No. 4 del Governo Militare Alleato (Chiusura di Istituti
Finanziari e dichiarazione di Moratoria - ADL 25/4/1944).

AL : Commissario Regionale

Regione III

IV

" Roma

" V

" VIII

" IX

L'Ufficiale Senior degli Affari Civili

AME, Quinta Armata

AME, Ottava Armata

Per informazione ai

Commissario Regionale

Regione I

" II

" VI

" VII

1. E' fatto riferimento all'art. 1, Sez. 3, "Istituti di Assicurazione di Benessere Sociali" nel suddetto Proclama.

2. Con effettuazione immediata, il divieto generale di realizzare i "pagamenti degli assegni familiari a favore dei dipendenti (a) dalle persone che prestano servizio militare, (b) dai prigionieri di guerra non rilasciati sotto la loro parola di onore o (c) dai lavoratori italiani in Germania o altro territorio nemico o occupato dal nemico" o annullato, nonostante le condizioni dell'art. 1 Sez. 3, ed i pagamenti prescritti dalla legge saranno fatti a detti dipendenti alle seguenti condizioni:

(a) E' sospeso ogni ulteriore pagamento, da parte dei Comuni o dell'Istituto Nazionale della Previdenza Sociale, a favore delle persone a carico di coloro che prestano servizio dell'esercito fascista repubblicano o in quello tedesco, o a favore delle persone a carico di lavoratori italiani in Germania, per le quali sia stata effettuata la corresponsione degli assegni familiari in seguito ad accordo col governo tedesco.

(b) Non viene posta alcuna restrizione all'assistenza pubblica, che deve essere data ai bisognosi dei Comuni, nei casi di approvata

1. È fatto riferimento all'art. 1, Sez. 3, "Istituti di Assicurazione e Benessere Sociali" nel suddetto Proclama.

2. Con effettuazione immediata, il divieto generale di realizzare i pagamenti degli assegni familiari a favore dei dipendenti (a) dalle persone che prestano servizio militare, (b) dai prigionieri di guerra non rilasciati sotto la loro parola di onore o (c) dai lavoratori italiani in Germania o altro territorio nazio o occupato dal nazio" è annullato, nonostante le ordinanze dell'art. 1 Sez. 3, ed i pagamenti prescritti dalla legge saranno fatti a detti dipendenti alle seguenti condizioni:

(a) È sospeso ogni ulteriore pagamento, da parte dei Comuni e dell'Istituto Nazionale della Previdenza Sociale, a favore delle persone a carico di coloro che prestano servizio dell'esercito fascista repubblicano o in quello tedesco, o a favore delle persone a carico di lavoratori italiani in Germania, per le quali sia stata effettuata la corresponsione degli assegni familiari in seguito ad accordo col governo tedesco.

(b) Non viene posta alcuna restrizione all'assistenza pubblica, che può e deve essere data ai bisognosi dei Comuni, nei casi di comprovata necessità, o niente nel sotto-capoverso (a), di cui sopra, dove essere inteso come un impedimento a tale assistenza pubblica.

(c) Con decorrenza dal 31 Marzo 1944, e con effettuazione immediata, saranno nuovamente corrisposti i pagamenti previsti dalla legge a favore di coloro la cui ultima condizione conosciuta era quella di appartenenti alle Regie Forze Armate Italiane in territorio liberato o le cui famiglie furono private di ogni ulteriore pagamento il 31 Marzo 1944 dal Governo fascista repubblicano.

(d) Verranno nuovamente corrisposti o continuati i pagamenti a favore delle famiglie degli appartenenti alle Regie Forze Armate Italiane, internati o prigionieri del nazio, ad eccezione di coloro che successivamente abbiano optato per l'esercito fascista o per quello tedesco.

(e) Saranno corrisposti tutti i pagamenti previsti dalla legge a favore delle persone a carico di tutti coloro che prestano attualmente servizio nelle Regie Forze Armate Italiane. Per coloro che abbiano prestato servizio

(19) APP B
1944/4

- 2 -

in bande regolarmente costituite di patrioti o partigiani o che si arruolino nel Regio Esercito Italiano, il periodo di servizio in tali bande, purché documentato e certificato dalle competenti autorità militari, sarà computato agli effetti del calcolo dei pagamenti dovuti.

3. E' desiderabile per ragioni ovvie che l'abrogazione del divieto Generale nell'Art. 1, Sez. 3, del Proclama No. 4 ed i provvedimenti del presente Ordine siano inseriti nelle più note pubblicazioni.

Handwritten signature

FRANK W. STONE,
CAPTAIN, U.S.M.R.,
ACTING CHIEF COMMISSAR.
(IL FUNZIONANTE COMMISSARIO CAPO).

1406

APP B

EWS/hjp

A/CC 100

11 July 1944

11 JUL 1944

Dear Dr. Visconti Venosta:

This is relative to your letter No. 4978 of 26 June 1944 having reference to the Monetary and Financial Conference. The matter has been handled with the Department of State and I have been asked to inform you that the United States Government gave careful consideration to the participation of an Italian representative at the conference, but that for various reasons it was not possible to extend an invitation to the Italian Government.

Yours very truly,

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency G. Visconti Venosta
Undersecretary for Foreign Affairs
Italian Government

1403

(18)

A/CC 100
11 Jul 44

+ 254

Col. D -
Prepare letter
to Visconti
Vanista in
accordance
with the attached

1404

Em

UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

CONFIDENTIAL

Naples, July 11, 1944.

My dear Captain Stone,

Upon the receipt of your letter of June 30th, I again communicated with the Department of State regarding the possibility of an Italian observer attending the Monetary and Financial Conference, about which Signor Bonomi had already spoken to me.

Visconti di Modona
I have now received a reply from the Department of State in which it instructed me to ask that you inform the Under Secretary for Foreign Affairs that the United States Government gave careful consideration to the participation of an Italian representative at the conference, but that for various reasons it was not possible to extend an invitation to the Italian Government. I might add that I assume that the Department of State in considering this matter had in mind the letter from Visconti di Modona which you were good enough to send me, and accordingly I am returning it so that you may inform him of the foregoing.

Should an appropriate occasion offer, I shall also inform the President of the Council of Ministers informally in this sense.

Sincerely yours,

A. Kerk.

1463

Enclosure as stated.

Captain Ellery W. Stone, USN,
Acting Chief Commissioner,
Allied Control Commission,
Naples.

18
APP A

11 Jul 44

R. MINISTERO

DEGLI

AFFARI ESTERI

Monetary & Financial Conference

Indexed

Salerno, 26 GIU 1944

My dear Admiral,

I read in the press that the Monetary and Financial Conference will begin its sittings next July at Brettonwoods (New Hampshire).

It is superfluous for me to emphasize that monetary and financial problems are, and will become more so in the future, of fundamental and decisive importance for all Countries and for Italy with them. I believe, therefore, that the participation also of an Italian expert in the work of the Conference would be undoubtedly useful in view of his contribution to the general discussion, and for us necessary.

I write, therefore, to ask you kindly to submit to your Government our wish to take part in the work of the conference which bears a purely technical-economic character and therefore has a political aspect only in an indirect way.

I do not think that some form of Italian participation in international problems, which are of close interest to Italy, could possibly give rise to any objections. And I should be particularly

1402

551

1462

It is superfluous for me to emphasize that monetary and financial problems are, and will become more so in the future, of fundamental and decisive importance for all Countries and for Italy with them. I believe, therefore, that the participation also of an Italian expert in the work of the Conference would be undoubtedly useful in view of his contribution to the general discussion, and for us necessary.

I write, therefore, to ask you kindly to submit to your Government our wish to take part in the work of the conference which bears a purely technical-economic character and therefore has a political aspect only in an indirect way.

I do not think that some form of Italian participation in international problems, which are of close interest to Italy, could possibly give rise to any objections. And I should be particularly grateful, my dear Admiral, if you would explain to your Government, which I believe is organizing the Conference, the above considerations, letting me know in due course their opinion on the subject.

Believe me,

Yours very truly

Rear Admiral Ellery W. Stone, U.S.N.
Acting Chief Commissioner,
Allied Control Commission.

N A P I E S .

=====

18 APP B
26 June 44
4478

W. Stone

551

EWS/hjp

A/CC 100

1 JUL 1944

30 June 1944

My dear Mr. Ambassador:

This is with respect to attached letter No. 4978 from the Italian Ministry of Foreign Affairs, dated 26 June 1944. I understand the matter is being handled from Washington and that Prime Minister Bonomi has spoken to you concerning it.

It will be appreciated if you will please deal with the matter. The letter has not been acknowledged.

Cordially yours,

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

Encl.

The Honorable Mr. Alexander Kirk
The American Ambassador
Naples, Italy

1401

(17)

A/CC 120
30 June 44

File/2428
10/1/44

100-111111-1000

C O P Y

R. MINISTERO DEGLI AFFARI ESTERI

Salerno, 26 *June* 1944

No. 4978

My dear Admiral,

I read in the press that the Monetary and Financial Conference will begin its sittings next July at Brettonwoods (New Hampshire).

It is superfluous for me to emphasize that monetary and financial problems are, and will become more so in the future, of fundamental and decisive importance for all Countries and for Italy with them. I believe, therefore, that the participation also of an Italian expert in the work of the Conference would be undoubtedly useful in view of his contribution to the general discussion, and for us necessary.

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I do not think that some form of Italian participation in international problems, which are of close interest to Italy, could possibly give rise to any objections. And I should be particularly grateful, my dear Admiral, if you would explain to your Government, which I believe is organizing the Conference, the above considerations, letting me know in due course their opinion on the subject.

Believe me,

Sincerely yours,

/s/ G. Visconti Venosta

Rear Admiral Ellery W. Stone, U.S.N.
Acting Chief Commissioner,
Allied Control Commission.
N A P L E S .

(17) Incl I

4978
26 Jul 44

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13052/F

254 1469 27 June 1944
1 JUL 1944

SUBJECT: Payments to members of the Secret Front in Rome.

TO : Air Vice Marshal W.A.B. Bowen-Buscarlet,
Air Forces Sub-Commission.

1. I refer to your letter 339/ORG of 22 June, 1944, relating to the use of certain funds for payments to members of the secret front in Rome.

2. It is suggested that representatives of your Sub-Commission and of General Cappa discuss this question with Colonel A. P. Graftey-Smith, Joint Director, Finance Sub-Commission, who is presently at AOC Advance HQ, Rome. When Col. Graftey-Smith is in possession of more information as to the ownership of the 50 million lire in question and amounts and types of payments General Cappa wishes to effect, he will be in a better position to express an opinion as to the possibility of releasing the blocked funds.

(Signed) F. M. F. J.

Colonel,
Joint Director,
Finance Sub-Commission.

Copy to: Acting Chief Commissioner
(ref. your A/CC 100 of 26 June, 1944).

1400

BRLT/rad

(16)

130 32/F
2 72m 4f

File/205

100 Finance

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

LDB/RJP

A/CC 100

26 June 1944

28 JUN 1944

MEMO TO: Finance Sub-Commission
(Thru: Economic Section, HQ ACC)

1. Reference attached letter 339/ORG, Air Forces Sub-Commission, Bari, to HQ ACC, 22 June 1944, relative credits frozen at the Bank of Italy in connection with secret front in Rome.

2. Please handle this matter replying direct to Air Forces Sub-Commission, copy to Acting Chief Commissioner.

L. D. DENMORE
Colonel, Sig C
PA to A/CC

100. Finance

Hq ACC - Sec'y Gen.
DISPATCHED
1399
24 June 1944
AG on/c
15

A/CC 100
26 June 44

File/Ld.B

SECRET

C O P Y

FROM: - AIR FORCES SUB-COMMISSION,
ALLIED CONTROL COMMISSION,
BARI.

TO: - H.Q.
ALLIED CONTROL COMMISSION,
NAPLES.

SECRET

DATE: - 22nd June 1944.

REF: - 339/ORG.

During a recent conversation with General Cappe who was head of the secret front in Rome during the enemy occupation, he asked me if credits at present frozen at the Banca d'Italia could be released, so that arrears of pay, not paid by the Republican Government, could be paid to those members of the secret front who have worked for the Allies. Much of the money due was in the nature of allowances for war injuries, orphans, prisoners of war, etc.

2. The funds frozen which stand to the credit of the I.A.F. amount to 50,000,000 lire, and would just about meet the obligations. On the other hand, General Cappe had intended to keep half of this towards the requisitioning of buildings etc. required by the Italian Air Force.

3. It is suggested that this should be a matter for discussion with the Italian Air Ministry, but I should be grateful for your views as to whether, and if so when, these funds are likely to be released.

1398

/s/ W. A. BOWEN-BUSCARLET.
/t/ W.A.B. BOWEN-BUSCARLET,
AIR VICE MARSHAL,
AIR OFFICER COMMANDING.

15

APPA

SECRET

339/ORG

22 Jan 44

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Office of the Deputy Chief Commissioner
APO 394

DSN 21
9 MAY 1944

EWS/hjp

9 May 1944

To: General MacFarlane

Pursuant to your request, there is set forth below my suggestions for membership on your proposed Inflation Committee. If Mr. Grady were here, I would suggest that he be Chairman of the Committee, and that he appoint the members. In his absence, I suggest the following:

Col. A. P. Grafftey-Smith, Finance Sub-Commission
Col. E. H. Foley, Jr., Finance Sub-Commission
Col. D. S. Adams, Acting Head Econ. Sec.
Col. J. T. R. Bain, Labor Sub-Commission
Col. W. P. Evans, Industry & Commerce Sub-Com.
Mr. Julian Madleigh, Mr. Grady's Staff
(Economist, Federal Reserve Board)
Col. Gerald Upjohn, Legal Sub-Commission

I strongly urge Col. Grafftey-Smith as chairman, as being the officer best qualified to head a committee to deal with this subject.

E.W.S.

FOR SUBSEQUENT ACTION
SEE 100 - INFLATION COMMITTEE

1397

9 May 44

RESTRICTED

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

16 April 1944

SUBJECT: Funds

TO: All Personnel

The following is extracted from Circular #47, Headquarters, MTOUS, dated 5 April 1944, for the information and guidance of all concerned.

I --- TRANSFER OF FUNDS TO AND FROM U.S. TROOPS

Authority to transmit funds by United States personnel from this theater is given under the following conditions:

1. By cable and/or by letter of credit, by individuals in North Africa, provided the rank of sender, designation of unit, and APO number, are not given, through banks in French North Africa designated by the French Authorities as accredited banks. In general, this includes all banks in French North Africa except B.N.C.I. and Banque Norms. There is a charge by the banks for this service.
2. By United States Treasury check, provided the check is drawn under the provisions of Army Regulations, and the indorsement thereon does not disclose any military information of value to the enemy.
3. By United States Postal Money Order. These money orders must carry no more than the signature of the individual or the custodian and the APO number.
4. By Personal Transfer Account Plan. (See Circular Number 17, this headquarters, cs.)

II --- TRANSFER OF FUNDS TO UNITED KINGDOM

U. S. personnel who transfer funds to the United Kingdom will sign a certificate that the funds transferred were derived from their pay and allowances. This certificate will be handed to the remitting banker or party.

1398 III - CURRENCY CONTROL

1. All members of the U.S. armed forces, and persons serving with such forces, including civilians and merchant seamen, excepting duly authorized U.S. Army disbursing officers as provided in paragraph 3 below, are forbidden to

Authority to transmit funds by United States personnel from this theater is given under the following conditions:

1. By cable and/or by letter of credit, by individuals in North Africa, provided the rank of sender, designation of unit, and JPO number, are not given, through banks in French North Africa designated by the French Authorities as accredited banks. In general, this includes all banks in French North Africa except B.N.C.I. and Banque Worms. There is a charge by the banks for this service.
2. By United States Treasury check, provided the check is drawn under the provisions of Army Regulations, and the indorsement thereon does not disclose any military information of value to the enemy.
3. By United States Postal Money Order. These money orders must carry no more than the signature of the individual or the custodian and the JPO number.
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U. 3. personnel who transfer funds to the United Kingdom will sign a certificate that the funds transferred were derived from their pay and allowances. This certificate will be handed to the remitting banker or party.

1396 III - CURRENCY CONTROL

1. All members of the U.S. armed forces, and persons serving with such forces, including civilians and merchant seamen, excepting duly authorized U.S. Army Disbursing Officers as provided in paragraph 2 below, are forbidden to possess regular U.S. currency as distinguished from yellow seal U.S. currency, or regular British sterling currency as distinguished from British Military Authority currency, in this theater, or dispose thereof otherwise than by exchange as provided in paragraph 2 below.
2. a. All personnel now assigned to permanent duty in this theater will exchange at the nearest Finance Office all regular U.S. currency in their possession in excess of \$1.00 and all regular British sterling currency for local currency within fifteen (15) days from the date of this circular. (20 rps)

- 1 -

RESTRICTED

R E S T R I C T E D

b. Personnel described in paragraph 1 above, entering this theater under orders assigning them to permanent duty will exchange at the nearest Finance Office, within seven (7) days after entry, all regular U.S. currency in excess of \$1.00 and all regular British sterling currency for local currency.

c. Personnel described in paragraph 1 above, except merchant seamen, entering the theater on temporary duty will exchange at the nearest Finance Office, within twenty-four (24) hours after entry, all regular U.S. currency in excess of \$1.00 and all regular British sterling currency for local currency. If the period of temporary duty within the theater is of such short duration as to make exchange impracticable, such personnel will declare at the nearest Finance Office the total amount of regular U.S. currency and/or regular British sterling currency in their possession, and obtain from the Finance Officer a certificate stating the amount held. This certificate will be authority for such personnel to have in their possession the amount of regular U.S. currency and/or regular British sterling currency for which issued.

f. Local currency is defined as follows:

(1) In North Africa. Banque de l'Algérie currency, Banque de l'Afrique Occidentale currency, and Bank of France currency of five (5), ten (10), and twenty (20) franc denominations.

(2) In Italy, Sicily, and Sardinia. Allied Military Financial Agency Lire currency, and such Metropolitan Lire currency as may be authorized from time to time by Allied Military Financial Agency.

(3) In Corsica. Bank of France currency of five (5), ten (10), twenty (20), fifty (50), and one hundred (100) franc denominations, and Banque de l'Algérie currency overprinted "TRESCOR". (See paragraphs 10 and 11 below.)

3. It will hereafter be the duty of the Commanding General, SOG MAOUS., to take such action as may be necessary to ascertain that no person upon arrival within the territorial limits of the Communications Zone, MATOUZ., by land, sea, or air, has in his possession regular U.S. currency in excess of \$1.00 or regular British sterling currency, and will, where such money is found in the possession of any such person, cause it to be exchanged for the currency described in paragraph 2f, above. Ports of Embarkation in the U.S. and British Isles have been regulated to instruct commanding officers of troops aboard transports to have organization commanders collect all money from men in their commands, prior to embarkation, and to be exchanged by said organization commanders at the ports of embarkation.

f. Local currency is defined as follows:

(1) In North Africa. Banque de l'Algérie currency, Banque de l'Algérie currency overprinted Tunisia, Banque d'Etat du Maroc currency, Banque de l'Afrique Occidentale currency, and Bank of France currency of five (5), ten (10), and twenty (20) franc denominations.

(2) In Italy, Sicily, and Sardinia. Allied Military Financial Agency Lire currency, and such Metropolitan Lire currency as may be authorized from time to time by Allied Military Financial Agency.

(3) In Corsica. Bank of France currency of five (5), ten (10), twenty (20), fifty (50), and one hundred (100) franc denominations, and Banque de l'Algérie currency overprinted "TRESOR". (See paragraphs 10 and 11 below.)

3. It will hereafter be the duty of the Commanding General, SOG MTOUS, to take such action as may be necessary to ascertain that no person upon arrival within the territorial limits of the Communications Zone, MTOUS, by land, sea, or air, has in his possession regular U.S. currency in excess of \$1.00 or regular British sterling currency, and will, where such money is found in the possession of any such person, cause it to be exchanged for the currency described in paragraph 2f, above. Ports of Embarkation in the U.S. and British Isles have been requested to instruct commanding officers of troops aboard transport ships to have organization commanders collect all money from men in their commands, prior to debarkation in this theater, to be exchanged by said organization commanders at the Finance Office. This practice will facilitate the exchange of currency. The Commanding General, SOG, MTOUS, will provide necessary Finance Service for currency exchange, and where conditions warrant, Class "A" or Class "B" Agents will be used.

4. The following requirements will be strictly adhered to in the exchange of regular U.S. currency and regular British sterling currency into local currency:

- a. Individual officers will sign the certificate outlined below.
- b. Unit commanders, or commissioned officers acting for unit commanders, must make bank exchange for personnel of their units.

- 2 -

RESTRICTED

RESTRICTED

c. Currency presented for exchange must be accompanied by a certificate signed by the unit commander reading as follows:

I CERTIFY that the regular currency listed below was to the best of my knowledge and belief legitimately brought into the North African Theater of Operations, U.S. Army, by personnel under my jurisdiction.

Regular United States currency, total value \$ _____
 Regular British Sterling currency, total value \$ _____

Name	Rank	Organization
Commanding		

Unit

5. Prior to departure of troops from this theater, all their local currency and yellow seal U.S. currency will be exchanged for regular U.S. currency. If the volume is so large that sufficient regular U.S. currency is not available, the Commanding Officer, Port of Debarkation at destination, will be notified so that exchange may be made there.

6. Personnel returning to the United States will be instructed to call at the Finance Office at Port of Embarkation, prior to departure, and exchange all local currency or yellow seal U.S. currency for regular U.S. currency. Finance Officers making such exchanges will furnish each individual a certificate in the following form:

I CERTIFY that I have this date paid to _____, who is departing this theater for the United States, per paragraph _____, the sum of \$ _____, Headquarters _____, the _____ in regular U.S. currency, which represents exchange for local currency or yellow seal U.S. currency.

 Name and Rank
 Finance Officer

8. No regular U.S. currency will be accepted by Finance Officers from local civilian sources. Regular U.S. currency will only be accepted from U.S. civilian personnel and military personnel who can clearly establish the source from which they received it, such as newly arrived personnel. In doubtful cases, Finance Officers should take such steps as they deem necessary to protect their own interests, and the interest of the United States. Postal Officers, Sales Officers, and Army Exchange Service installations will not accept regular U.S. currency from any source.

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I CERTIFY that I have this date paid to _____, who is departing this theater for the United States, per paragraph _____, SO _____, Headquarters _____, the sum of \$ _____ in regular U.S. currency, which represents exchange for local currency or yellow seal U.S. currency.

Name and Rank
Finance Officer

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9. Yellow seal U.S. currency and U.S. coin will not be used except when authorization for its use is obtained from this headquarters.

10. Circulation of Liro currency, both .11. and Liro normally issued by occupied countries, will be restricted to the occupied countries. In exceptional cases where such currency is unavoidably carried out of the area in which it is issued, it will be exchanged at the port of entry only, and will be accompanied by a certificate setting forth the source of such currency and reason for possession outside the Liro area. It will be the responsibility of the Commanding General, SOS, N.T.O.U.S., to provide necessary exchange service to prevent Liro currency leaving the area in which it was issued.

- 3 -

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RESTRICTED

IV -- DRAWING AND ENDORSING CHECKS PAYABLE IN THE UNITED STATES OR THE UNITED KINGDOM

1. Hereafter United States personnel referred to in paragraph 1, Section III hereof, are prohibited from making or indorsing any check, draft, bill of exchange, promissory note or other negotiable instrument or paper drawn on any bank, financial or other institution concerned in any way with financial transactions in the United States or United Kingdom.

2. a. This prohibition shall not apply to:

(1) Checks, money orders or letters of credit indorsed and cashed in accordance with the provisions of Section I, of this circular.

(2) Personal checks drawn against an account within the United States by the personnel referred to in paragraph 1, Section III of this circular in favor of a payee within the United States and sent to the United States through the APO or other official channels.

b. None of these exceptions shall be deemed to authorize any transaction by or on behalf of or pursuant to the direction of a national of a country whose accounts are blocked pursuant to Executive Order of the President of the United States, or involving property in which such a national has or has had an interest. "National" as used herein shall not refer to United States personnel named in paragraph 1, Section III of this circular.

c. Exceptional cases will be referred to this headquarters for action.

V -- CASHING OF TRAVELERS CHECKS AND AMERICAN EXPRESS MONEY ORDERS

1. U.S. Army disbursing officers outside the continental United States are authorized to cash, for military, naval and properly identified civilian personnel of the United States, travelers checks issued by the following institutions:

- The American Express Company.
- Bank of American National Trust and Savings Association
- Mellon National Bank of Pittsburgh
- National City Bank of New York

Travelers checks issued by the American Express Company

in accordance with the provisions of Section I, of this circular.

(1) Checks, money orders, and other instruments drawn against an account within the United States by the personnel referred to in paragraph 1, Section III of this circular in favor of a payee within the United States and sent to the United States through the APO or other official channels.

(2) None of these exceptions shall be deemed to authorize any transaction by or on behalf of or pursuant to the direction of a national of a country whose accounts are blocked pursuant to Executive Order of the President of the United States, or involving property in which such a national has or has had an interest. "National" as used herein shall not refer to United States personnel named in paragraph 1, Section III of this circular.

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- a. The American Express Company.
- b. Bank of American National Trust and Savings Association
- c. Mellon National Bank of Pittsburgh
- d. National City Bank of New York
- e. Money Orders issued by the American Express Company

By Command of Lieutenant General ALAN MCNEIL

E. J. O'Brien
CWO, USA
Asst. Adjutant

RECEIVED
16 APR 64
USG AGC

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H 39/11
SECRET
PRIORITY
FREEDOM SIGNED CINC
FATIMA

APRIL 11/2047
APRIL 11/0910
F 30518
FHMIS

1394

SUBJECT IS CONTROL OF INFLATION IN ITALY. (1) CCS VIEW SERIOUSLY THE CRITICAL NATURE OF INFLATIONARY TRENDS IN ITALY AT THE SAME TIME FULLY APPRECIATING MILITARY AND POLITICAL CONDITIONS MITIGATE AGAINST INTRODUCTIONS AND ADMINISTRATION OF COUNTER MEASURES AGAINST THE INFLATIONARY PRESSURE. (2) CCS FEEL THE MAXIMUM ATTENTION POSSIBLE SHOULD BE GIVEN BY ACC IN FORMULATING A FULL FINANCIAL AND ECONOMIC PROGRAM FOR STABILIZATION OF PRICES IN ITALY TO BE INSTITUTED IMMEDIATELY UPON THE GENERAL MILITARY, ECONOMIC AND POLITICAL SITUATION PERMITTING SUCH ACTION. MEANWHILE EVERY DEVICE POSSIBLE OF PRESENT EMPLOYMENT SHOULD BE USED TO CHECK THE INFLATIONARY MOVEMENT. (3) DOES INCREASED IMPORT PROGRAM PERMIT ARRANGEMENTS TO BE MADE NOW WITH ITALIAN GOVERNMENT TO IMPOSE AND ENFORCE TIGHTEN MEASURES AGAINST THE BLACKMARKET. (4) THE PROGRAM OF CONTROL OF FINANCES OF ITALIAN GOVERNMENT TOGETHER WITH REDUCTION OF BUDGETARY DEFICITS SHOULD BE PROSECUTED BY ACC WITH UTMOST VIGOR. THE ITALIAN GOVERNMENT MUST BE MADE FULLY COGNIZANT OF ITS RESPONSIBILITY TO TAKE EVERY CORRECTIVE MEASURE TO THESE ENDS. (5) THE PRESENT CONCERTED EFFORTS OF ACC SHOULD CONTINUE TOWARD INCREASING PRODUCTION TO THE LIMIT AND FACILITATING TRANSPORT AND DISTRIBUTION OF LOCAL CROPS. (6) SWIFTEST BRIEF REPLY BE MADE TO ABOVE PARTICULARLY PARA THREE

12

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CONFIDENTIAL

FATIMA M116

DSN 410
25 MAR 1944SF
DCC

FATIMA (GEN MACFARLANE C CORR)

19th. March, 1944.

CONFIDENTIAL

16 MACFARLANE

PRIORITY

PRIORITY

I PROPOSE TO SEND COLONEL CRAFTY-SMITH AND COLONEL GRANTHAM OF FINANCE SUB-
COMMISSION TO LONDON AT END OF THIS MONTH TO TAKE PART IN DISCUSSIONS DURING VISIT
OF FINANCE MISSION FROM WASHINGTON PD PLEASE BOOK AIR PASSAGES FROM ALGIERS TO
LONDON FOR APPROX TWENTYSEVENTH MARCH AND LET ME KNOW EXACT DATE PD PAREN TO AFHQ
FOR MSG FROM FATIMA FROM MACFARLANE PERSONAL PAREN PLEASE INFORM LONDON

1393

11
RECEIVED
ST. MARY'S
20 MAR 1944

NOEL MASON MACFARLANE
Lieutenant-General,
Chief Commissioner.

CONFIDENTIAL

Deputy Secretary General

21 MAR PM

2131

HEADQUARTERS
ALLIED CONTROL COMMISSION
R.C. & M.C. Section
APO 394

Ref/45/33/CA.

EXECUTIVE MEMORANDUM)

NUMBER

: 42)

29 March 1945

FINANCING OF OPERATIONS ON PROJECTS IN
WHICH SUB-COMMISSIONS HAVE AN INTEREST

1. This memorandum will outline the procedure to be observed by all Sub-Commissions in the financing of operations or projects in which they have an interest.
2. In territory now under the control of the Italian Government (Regions I, II, VI and Salerno Provinces in Region III), the Finance Sub-Commission does not consider requests for funds for individual purposes. The Finance Sub-Commission exercises control over Italian Governmental expenditures through an examination of the Italian Government's consolidated budget covering all Governmental activities. Accordingly, the provision of finance for particular purposes should be discussed by the interested Sub-Commission with its opposite number in the Italian Government. When the Sub-Commission and Ministry concerned are in agreement, the Ministry will then arrange with the Minister of Finance for consideration of the item with a view to its being included in the Italian Government's consolidated budget.
3. In territory under Allied Military Government (Regions III, IV, V and the two Army Areas) a Sub-Commission interested in a particular project involving expenditure of funds should, in conjunction with the appropriate Regional officials, consult with the Italian official or Governmental agency having jurisdiction over such work or activity in the Region. When it has been agreed that the proposed expenditure should be undertaken, it will be the responsibility of the appropriate Italian official to include such expenditure in the proper budget (State, provincial or communal). Control over the total volume of expenditure is obtained through examination of such budgets by Regional Finance Officers.
4. Nothing in this instruction shall be deemed to alter the procedure in effect in forward areas under control of MG Fifth and Sixth Armies, in those circumstances where direct MG Finance has to be provided.

1392

T. H. Ash

Ab

100

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(Regions I, II, VI and Salerno Province in Region III), the Finance Sub-Commission does not consider requests for funds for individual purposes. The Finance Sub-Commission exercises control over Italian Governmental expenditures through an examination of the Italian Government's consolidated budget covering all Governmental activities. Accordingly, the provision of finance for particular purposes should be discussed by the interested Sub-Commission with its opposite number in the Italian Government. When the Sub-Commission and Ministry concerned are in agreement, the Ministry will then arrange with the Minister of Finance for consideration of the item with a view to its being included in the Italian Government's consolidated budget.

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4. Nothing in this instruction shall be deemed to alter the procedure in effect in forward areas under control of the Fifth and Ninth Armies, in those circumstances where direct AMG finance has to be provided.

1392

10

DISTRIBUTION 'C'

Less 32 - 46
Plus 1 copy to US, Region 1 & Group 2

NOTE:

The last Executive Memorandum generally issued was No. 33 dated 27 February 1944.

All Executive Memoranda will shortly be published in a book which is now in the press and which will include all missing numbers.

[Handwritten signature]
M. S. LUSK
Brigadier
Executive Commissioner

[Handwritten signature]

1392

CC/P/111

DS
29 Feb 1944

DCC

SF

FHM/rj

28th. February, 1944.

*General Loggia Min. to
Financial Section*

I have received your letter of 24 February referring to the lira/sterling and lira/dollar rates of exchange.

The Allied Control Commission appreciates the importance which the Italian Government attaches to the foreign exchange value of the lira. The exchange rate, like other economic and financial problems which affect Italy, is under constant study by the Commission. The views expressed in your letter will receive full and careful consideration, and I am communicating them to the Allied Governments.

1391

NOEL MASON MACFARLANE,
Lieutenant-General,
Chief Commissioner.

S.E. Marshal Pietro Badoglio,
Capo del Governo.

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✓ 5

File 700

18 Feb

COPY.

File No. 543

Salerno, 24/2/1944.

OFFICE OF THE CHIEF OF GOVERNMENT

TO : GENERAL NOEL MASON MACFARLANE
 Chief of the Allied Central Commission
Naples

My dear General Macfarlane:-

At Brindisi, at the meeting at which for the first time the final text of the Armistice agreement, which I afterwards signed at Malta on September 29, 1943, was submitted to me, General W. M. Smith, Chief of Staff of General Eisenhower, among other things told me that when with the declaration of war of Italy on Germany a state of co-belligerency would exist between Italy and the Allies, the rate of exchange fixed by the Allies between the lire, the Pound Sterling and the Dollar would be reviewed.

I have not failed to call at every opportunity the attention of both the Allied Military Mission, as also the Allied Central Commission, upon the serious damage which is inflicted on the Italian economy and monetary situation by the fact that the exchange has been established on the basis of one Pound Sterling equal to lire 400 and one Dollar equal to lire 100.

The same has been done by the Under-Secretaries, and, subsequently, by the Ministers of Finance and Industry, Commerce and Labour, in their contacts with the various members of the above mentioned Mission and Commission.

Accordingly, at the meeting of the Consultative Commission for Italy, held at Naples on January 11th, to which I was invited, I presented a Memorandum in which the question of exchange, together with that of food, was indicated as among the most serious and pressing.

Also the Minister of Finance has during the past two months repeatedly supplied data on the exchange problem to various members of the Allied Central Commission and has not failed to emphasize the gravity and urgency of the situation.

The inflationary tendency in Italy has been and is still being determined, even beyond the scarcity of prime necessity goods, and among these especially foodstuffs, in an absolutely predominating fashion by the spending of the Allied

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Also the Minister of Finance has during the past two months repeatedly supplied data on the exchange problem to various members of the Allied Control Commission and has not failed to emphasize the gravity and urgency of the situation.

The inflationary tendency in Italy has been and is still being determined, even beyond the scarcity of prime necessity goods, and among these especially foodstuffs, in an absolutely predominant fashion by the spending of the Allied troops in Italy and especially the spending of individual members of these same Allied Forces. The effects of this spending, which is at any rate out of proportion with the purchasable goods available in Italy, have notably multiplied in a sense unfavorable to the economic and monetary position of the Country, due to the exchange rate which injects into Italian circulation an excessive amount of lire, greatly superior to what, were the exchange rate more in keeping with the real situation of the internal exchange of the Country, would be required to obtain the same goods and services.

This state of affairs, the dangerous influence of which has been felt by everyone in Italy from the very day of the Armistice, has gradually grown worse following the increasing importance of the Italian Front. The Germans have considerably increased the number of Divisions on this Front, which necessitated a rapid increase in Allied effectives in Italy. The war of movement having been transformed into a war of position, has brought with it the concentration of a constantly increasing number of Allied troops within a territory which, with

X

(9) APP A

- 2 -

respect to its available purchasing power has gradually declined more and more, and has therefore brought with it that the effects of the spending of the troops and the rate of payment, out of proportion with the real situation to be faced, became more concentrated and multiplied. The monetary and economic disorder, which always accompanies inflationary tendencies, has on the other hand been increased by the lack of co-ordination between the measures relative to salary increase to employees, private salaries and compensations, to the highest price level, determined by the unrelated actions of individual officials, who were in charge in the various Provinces of financial, economic and labour problems and who by a natural and understandable tendency to consider above all their responsibility in relation to the territory under their charge, have often considered each Province as a State by itself. X

All this has brought with it among the Italian people a state of mind, which it is absolutely vital to counteract. It is indeed harmful for the present and future life of the Country, if the opinion bureaux and takes a root that the Allies have the precise intention to ruin Italy economically and monetarily, and that consequently to individual Italians, in the midst of general ruin, it remains but to try and take unscrupulous advantage for their own exclusive benefit of any opportunity, which even for a moment fails may offer them.

I feel it my duty to point out to you, my dear General, the seriousness and urgency of the problem.

In my opinion, therefore, a decisive step in the matter of exchange is necessary to bring about a very clear psychological movement, which will reverse the direction of the mentality of the Italian People in economic and monetary matters.

This decisive step, to my mind, can but be a substantial revision of the rate of exchange.

For the common responsibility, which both you and I have for the living conditions of the Italian People; for the fact that Italy (or rather only one third of its Territory) is the field of the first Allied control experiment of defeated or liberated countries; for the necessity that hold the lines of our Army so large as that which the Allies landed in Italy, there be a state of calm and orderly life and possibly of useful activity for the purposes of the war; for the spirit of deep, sincere and loyal collaboration which both myself and my Government have always shown; for the firm will of all the Italian People to take part with every effort in the fight against the German enemy and in the work of reconstruction of the world; I must ask

and monetarily, and that consequently to individual Italians, in the midst of general ruin, it remains but to try and take unscrupulous advantage for their own exclusive benefit of any opportunity, which even for a moment fate may offer them.

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For the common responsibility, which both you and I have for the living conditions of the Italian People; for the fact that Italy (or rather only one third of its Territory) is the field of the first Allied control experiment of defeated or liberated countries; for the necessity that behind the lines of any Army so large as that which the Allies landed in Italy, there be a state of calm and orderly life and possibly of useful activity for the purposes of the war; for the spirit of deep, sincere and loyal collaboration which both myself and my Government have always shown; for the firm will of all the Italian People to take part with every effort in the fight against the common enemy and in the work of reconstruction of the world; I must ask you, my dear General, to give your kind and enlightened consideration to this question of exchange.

Very cordially Yours

/s/ BACCHIO

SECRET

FARDO 965

DSG 442

31 MAR 1964

FARDO (GEN MACFARLANE C COMB)

14th. February. 1964.

SECRET

10050 MACFARLANE

URGENT

FREDON

_____ with reference 51340. Concur in AGMAN request to send
Finance Commission

1388

INTERNAL DISTRIBUTION:

Finance Sub-Commission.
V.P. Econ. Section.

8

14 Feb

U.S. SECRET Equals British SECRET
ALLIED CONTROL COMMISSION INCOMING MESSAGE

14 FEB 1944

/sk

SVC/RELAY NO.

M/C NO : 7/14

CLASS: SECRET

REF NO: 51340 DS-B 26

PREC : URGENT

14 FEB 1944
FILED : 140959A FEB

FROM : FREEDOM SIGNED CINC CITE PRESS

REC'D : 141125A FEB

TO : PARCO FOR MASON MACFARLANE RPTD FATIMA FOR INFO

AGWAR requests permission to send commission of 5, 2 Officers, 3 civilians, to visit MGS, AFHQ, Algiers, HQ, ASD, ACC and Sub-Commission Finance, Naples, and such other places deemed necessary by the Allied Commander-in-Chief to complete the mission, to acquaint interested groups War Department, Treasury Department, and General Accounting Office with procedures and accounts of ASD, NMIA, ACC, to utilize experiences gained when setting future financial policies and directives for other areas, and to review the adequacy of records maintained for purposes of providing information necessary for post war policies and final settlements. Mission is not to audit funds. Departure for theater desired approximately 14 February. Request concurrence or comment earliest possible.

DISTRIBUTION:

- 1 - AG File
- 1 - D.S.C.
- 1 - Dep. Chief Commissioner

7

Fred

Grady

OK

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1430 hrs (PSS)

CONFIDENTIAL

SF

13 February 1944

CONFIDENTIAL

ROUTINE

(ACTION) : CG PDS FOR FARGO

(INFO) : NONE

FROM : SIGNED CINC

131511A

131853A

REF 51074

CITE FMGS

22 FEB 1944

(5)

Reference your 6640 FARGO 578 of 28 January.

Agree you introduced scale of advances on understanding that if Department of State objects the question will need to be reconsidered. Agree procedure determining United States nationality but borderline cases not meeting the requirements should be submitted to nearest American Consul.

FES DISTR:

(Action) HQ AOC
(Info) SEC
CG

AOC DISTR:

(Info) PA to CG
" Econ Sec (For Finance)
" Displ Persons SC (Main Hq)
" RC & MG Sec

1381

- 14138 -

CONFIDENTIAL

(6)

file 100
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CONFIDENTIAL

FARGO 578

FARGO

28 JANUARY 44

CONFIDENTIAL

10050 MACFARLANE

PRIORITY

AFHQ FOR HCS CIVIL AFFAIRS AND BRITISH RESIDENT MINISTER RPTD IRS FOR ROGERS FOR
AMERICAN CONSUL

Propose to authorise AMG/ACC officers to effect advances to US and UK nationals in accordance with procedure outlined in directives for payments by PW Subcommittee. Experience shows procedure should be further modified in following respects: (A) Amount of advances should be limited to 1,000 lire per month per national while no household may be advanced more than 12,000 lire per month. Reduced scale of advances to US nationals and limitation upon UK households suggested in line with efforts to control inflationary rise in prices, cost of living and more closely to accord with amount approved for remittances. (B) Determination of US nationality: The date of validity of passports, certificates of registration or notices of approval should be June 30, 1941 instead of December 7, 1941 since subsequent to June 30 no passports could be validated in Italy and those issued prior to that date were valid only for limited periods and had expired by December 7. In addition request authorisation to accept, for purposes of determining nationality for relief payments evidence that payments had been made by Swiss representatives. Authority to inaugurate this procedure is requested urgently.

1386

CONFIDENTIAL

Cape STONE, USNR

(Cape sent to Bureau)

21 JAN 1944

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
FINANCE SUB-COMMISSION
APO 512

13019/3

11 January 1944

Subject: Post Office Financial Services.

To: Communications Section.

Reference your memo dated 7 December 43 and your letter dated 13 December 43.

1. Arrangements have been made and agreement reached with Italian Government for the resumption of servicing and sale of Postal Savings Bonds in Occupied Italy.
2. Inventory of Bonds on hand and estimated needs for six months in process of development now for all occupied Italy.
3. Agreement has been reached to resume this financial service for all of occupied Italy by simultaneous announcement for all Regions and other areas under AMG/ACC administration.
4. Your memo dated 7 December 1943 proposes an agreement between Finance Sub-Commission and Communications Section as to the jurisdiction of the financial services of the Post Offices from an Administrative H... and Regional standpoint.
5. We agree that there should be consultation between the Postal and Finance Sub-Commissions. However, it is felt that the Finance Sub-Commission should assume primary responsibility for all banking and monetary services of the Post Office.
6. The Finance Sub-Commission wishes to define the Banking and Monetary services of the Post Office as follows:

- (a) Postal Savings
- (b) Postal Savings Bonds
- (c) Current Accounts
- (d) Money Orders.

1385

The latter - "Money Orders" - is admittedly a "border-line" definition and it may or may not fall in the classification of Banking or Monetary services requiring advances from A.M.G. for resumption of the service.

8. There will be, of necessity, an overlapping of activities here and the Postal side may be called upon to provide the machinery to put into effect the operation of the above services. However, the Finance Sub-Commission feels strongly the necessity of direct control of the operations from a jurisdictional and accounting point of view.

Settled with Mr. Lee

will send us his ideas. Orders to Fund 2.....
will go thru us + 9ms

2415
21 JAN 1944

- 2 -

9. We submit the foregoing for an early meeting on this subject for the purpose of reaching a well-defined agreement. This is urgent for the reasons that:-

- (a) Postal Savings Bonds will soon be serviced and sold as above explained.
- (b) Your communications to the Under Secretary of State for Telecommunications and Posts signed Captain Ellery W. Stone indicates in its para 5 thereof the resumption of "sandy orders" within certain areas detailed in para 2 thereof.

CARL A. MILLER,
Lieut-Colonel,
Finance Sub-Commission.

CCM/rac/som

1384

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23 DEC 1943

CAM/afe

24 December 1943

POSTAL SAVINGS BANKING

At a meeting last week between Colonel Jung and Lt. Col. Miller the question of the Postal Banking Department was discussed.

It was agreed that the ordinary banking activities of the Post Offices, including the sale of savings bonds, should be put in operation in all the Post Offices at the earliest possible moment. This of course will require the obtaining of paper and printing of bonds and is a matter that will be worked on at once.

Inasmuch as all central records prior to occupation were at Rome, Colonel Jung felt that the time and effort expended on setting up temporary office would be completely wasted, and he was therefore of the opinion that interprovincial services should not be attempted until we reach Rome.

C. A. MILLER
Lieutenant Colonel
Finance Sub-Commission

See and initialed by
1383 Col. Jung 24 Dec 43
per CAM

(3)

23 DEC 1943

20 December 1943

GOVERNMENT AID IN FINANCING ITALIAN INDUSTRY

Last week a series of meetings were held with Colonel Jung, the first two of which were attended by Lt. Col. Miller and Doctor Cayman and President of the Bank of Sicily, when Col. Miller brought over from Palermo. The discussion resulted in the following agreement:

(1) The Italian Government will finance through guarantees to commercial banks the types of industrial and commercial enterprises in the categories named below.

(a) Those whose products or services are necessary to the war effort.

(b) Those whose products or services are necessary to maintain or to aid the economic well-being of liberated Italy.

(c) Those whose reestablishment will employ labor and will produce vitally needed materials to be used elsewhere in the rehabilitation of liberated Italy.

(2) Except in instances where production is required for military purposes, no enterprise will be financed with government aid unless;

(a) the enterprise is one which will be able to stand on its own feet and become self-supporting in the future

(b) materials - raw or finished - to be purchased are available in sufficient quantities to obtain necessary amounts without creating competitive buying and hence an upsurge in prices

(3) It was further agreed that Doctor Cayman would act as an official representative in Italy for the Italian Government, and that he would draft a proposed form of agreement between bank and borrower and between bank and government covering the latter's guarantee to the bank. This form is then to be submitted to Colonel Jung for approval and is to be so drawn that it could be used as a standard form for all cases with necessary modifications to cover particular circumstances.

(4) For the time being, at Colonel Jung's suggestion, questions of

tain or to add the concrete walling of liberated Italy.

(c) These three reestablishment will employ labor and will produce vitally needed materials to be used elsewhere in the rehabilitation of liberated Italy.

(2) Except in instances where production is required for military purposes, no enterprise will be financed with government aid unless:

(a) the enterprise is one which will be able to stand on its own feet and become self-supporting in the future

(b) materials - raw or finished - to be purchased are available in sufficient quantities to obtain necessary amounts without creating competitive buying and hence an upsurge in prices

(3) It was further agreed that Doctor Cajuno would act as an official representative in Italy for the Italian Government, and that he would draft a proposed form of agreement between bank and borrower and between bank and government covering the latter's guarantees to the bank. This form is then to be submitted to Colonel Jung for approval and it is to be so drawn that it could be used as a standard form for all cases with necessary modifications to cover particular circumstances.

(4) For the time being, at Colonel Jung's suggestion, questions of rate, maturity, etc., were left undecided, as he wished to give these matters further consideration.

(5) It was also agreed as to Italy that:

(a) The loan to the Societa Generale Elettrica - Palermo should be made at once; funds to be advanced as needed to finance necessary repairs and construction, as well as the operating deficit, which is estimated to be running at four million lire per month.

(b) The Ragusa Asphalt Mine to be immediately financed, and Doctor Cajuno was instructed by Colonel Jung to proceed with this matter promptly, discussing it with Ragusa I and ALFA officers as soon as possible.

(c) Other items of financing in a list submitted to Lt. Col. Miller by Lt. Col. Marjose are to be investigated by Doctor Cajuno, Lt. Col. Marjose and such technicians in AG Region I as should be consulted. Existing recommendations are then to be submitted for Colonel Jung's approval. The enterprises coming under this category are the following:

1382

1 - Several companies own these properties have been seriously damaged.

2 - The telephone company.

3 - Numerous small producers of electrical power.

4 - The Palermo Automobile Company

.....

At meetings held later in the week with Colonel Jung the following named representatives of the Banco d'Napoli were present: Messrs. Emilio Dini, Aristide Capriati and Joubert. Brigadier Hamlyn and Colonel Foley participated in some of these meetings.

Similar general agreements were reached as regarding Southern Italy as those in Sicily, and the Banco d'Napoli representatives were told that their bank would act for the government in the same way as the Banco d'Neddy in Sicily. It is agreed, however, that at the moment there did not seem to be any urgent need for this type of finance, but that the situation would be watched by both the government and the Allied Control Commission so that all cases of need, as they developed, would be acted upon promptly.

At the last of these meetings Colonel Jung stated that he proposed for the time being to fix rates on all guaranteed loans at 5 per cent per annum, and the government would make a contribution of 3 per cent per annum. He was told that this seemed reasonable. Colonel Jung also stated that the question of the manner in which the government would ultimately redeem its guarantee in the lending basis would be left in abeyance, to be worked out at a later time. It was thought that this also seemed reasonable.

C. A. MILLER
Lieutenant Colonel
Finance Sub-Commission

- 1 - Several apartment complexes whose properties have been seriously damaged.
- 2 - The telephone company.
- 3 - Numerous small producers of electrical power.
- 4 - The Palermo Automobile Company

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C. A. MILLER
Lieutenant Colonel
Finance Sub-Commission

aligned with

C. A. MILLER
Lieutenant Colonel
Finance Sub-Commission

by CAM

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RMF/mst.

21 December 1943

SECRET

File No. 091.1

MEMORANDUM.

SUBJECT : Report of Relations of Finance Sub-Commission with Badoglio Government Oct. 29 - Nov. 30, 1943.

TO : Brigadier General M. D. Taylor,
Chief of Staff,
A. J. C.

There is attached for your information a report summarizing discussions between the Finance Sub-Commission and the Finance Under-Secretary in the Badoglio Government and decisions taken as a result thereof.

R. H. FOLEY, Jr.
Deputy Chief, Finance Sub - Commission

091.1 1st Ind. RJC/cfe
HEADQUARTERS ALLIED CONTROL COMMISSION, APO 394, 23 December 1943.

TO: MBS, AFHQ, APO 512.

EJC
E. J. ORIOCCA
CWO, AUS
Asst Adj Gen

1 Incl.
Subj Report in dup.

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(2)

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HEADQUARTERS ALLIED CONTROL COMMISSION

APO 394

18 December 1943

R E P O R T

Subject: Relations of Finance Sub-Commission with Badoglio Government at

Brindisi During Period October 29 - November 30, 1943.

When the Badoglio Government established itself at Brindisi in September, 1943, a temporary military mission to that government, headed by Lieutenant General Mason MacFarlane, was appointed by the Allied Commander-in-Chief. The Mission requested the Finance Sub-Commission, then based at Tizi-Ouzou, Algeria, to send a representative to Brindisi who could discuss matters of financial policy with the Italian Government. Accordingly, Colonel E. H. Foley, Jr., Deputy Chief of the Sub-Commission, went to Brindisi on October 29, where he held several conferences with Lt. Col. Guido Jung, Finance Under-Secretary in the Badoglio Cabinet. Having surveyed the immediate problems confronting Col. Jung, Colonel Foley returned to the Headquarters of the Sub-Commission, which had been transferred to Palermo, Sicily. Several policy decisions were taken, which are fully discussed below, and Colonel Foley, accompanied by Captain Timmons, returned to Brindisi on November 19. Meanwhile the temporary Military Mission's duties had come to an end and it had been superseded by the Allied Control Commission under Major General Kenyon A. Joyce.

1379 It is the purpose of this report to describe the financial negotiations

policy with the Italian Government. Accordingly, Colonel E. H. Foley, Jr., Deputy Chief of the Sub-Commission, went to Brindisi on October 29, where he held several conferences with Lt. Col. Guido Jung, Finance Under-Secretary in the Badoglio Cabinet. Having surveyed the immediate problems confronting Col. Jung, Colonel Foley returned to the Headquarters of the Sub-Commission, which had been transferred to Palermo, Sicily. Several policy decisions were taken, which are fully discussed below, and Colonel Foley, accompanied by Captain Timmons, returned to Brindisi on November 19. Meanwhile the temporary Military Mission's duties had come to an end and it had been superseded by the Allied Control Commission under Major General Kenyon A. Joyce.

1379 It is the purpose of this report to describe the financial negotiations with the Badoglio Government and the decisions taken by the Finance Sub-Commission as a result of such discussions.

1. Wage Increase.

First in order of priority, Colonel Jung placed the consideration of increasing wages and salaries. He emphasized that the shortage of supplies, especially food, was driving up prices with consequent flourishing of the black market, and that measures would have to be taken immediately to bring the income of the people into line with the cost of living. Colonel Jung presented a schedule to Colonel Foley indicating the percentages by which he proposed to increase the wages of government employees. Colonel Foley told Colonel Jung that he did not look with favor on such a wage increase at this

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Upon Colonel Foley's return
 to Palermo.

Colonel
 Jung's proposal

time and could not give him hope that it would be approved. Jung's proposal was extensively discussed, both within the Finance Sub-Commission and with other interested sub-commissions. AMG Headquarters was also proposing a similar increase for Sicily. From the financial side, it was pointed out that the proposed wage increase would afford only temporary relief and would, in fact, intensify the inflationary spiral unless it was coupled to a comprehensive anti-inflation program. Such a program was outlined by the Finance Sub-Commission. Public safety considerations were deemed, however, to require immediate issuance of the wage increase in Sicily, which was done on November 17. AMG having established a precedent in Sicily there was nothing for Colonel Foley to do when he returned to Brindisi but inform Colonel Jung that there would be no objection to the Italian government issuing a similar order. Colonel Jung prepared a draft of such a decree, using the same percentages as those incorporated in the Sicily order, with two significant differences. He included within the scope of the increase all personnel in the Italian Armed Forces, and he terminated two indemnities formerly paid, the "presenza" and the "operosita."

With respect to the increase in pay for the armed services, Colonel Jung and the other members of the Cabinet insisted that from a political standpoint no distinction could be made between civil servants and military personnel.

Figures were presented to show that even after allowing for the value of rations and clothing, a private soldier was receiving less than the lowest grade of

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Figures were presented to show that even after allowing for the value of rations and clothing, a private soldier was receiving less than the lowest grade of civil servant. Jung also pointed out that whereas the increase for civil employees the percentage would be calculated on a figure which would include not only base pay but also all allowances, the soldier's increase would be calculated only on his base pay, excluding family allowances. Colonel Jung's figures indicated that the private soldier's cash pay was L. 160 per month and that the 70% increase would add L. 112 per month, giving a total pay of L. 272 per month. After extensive consideration by members of the staff of the Allied Control Commission, the question was laid before General Joyce, who decided as a matter of military necessity and simple justice that the wage increase should be made generally applicable. However, having given our approval to this increase, it was made clear to Colonel Jung, who agreed fully, that further wage increases could under no circumstances be granted

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and that the line against inflation must be held.

With respect to the "presenza", an indemnity granted to persons in bombed areas, and the "operosita", an overtime bonus, Colonel Jung planned to eliminate these because the former had by law expired and the latter presented formidable administrative difficulties. Colonel Jung estimated that by abolishing these two indemnities, the wage increase in the four Apulian provinces would be from 25% to 35% less for corresponding wage classes than in Sicily. However, the "presenza" has been retained in certain areas because of the recent renewal of air raids.

2. Payment of Interest on Public Debt.

The Husky economic and monetary directive forbade payment of interest on the Italian public debt. In the light of the conditions obtaining in October, after the Italian government had established itself at Brindisi, the Finance Sub-Commission requested further instructions on this subject from the Combined Chiefs of Staff. In TAM 66, dated 3 November, payment of interest and principal was authorized. The immediate question was the handling of a maturity of 9 year 4% Treasury bonds due on December 15, 1943. After taking a census of the provinces in liberated Italy, Colonel Jung estimated that bonds to the value of L. 300,000,000 were held in the area. Colonel Jung was informed that he should issue instructions for the payment of this maturity. It was decided to handle the mechanics of payment by having the Bank of Italy, Bari branch (acting as head office for this purpose) open a credit for the requisite amount in favor of the Italian government. The Bank of

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Colonel Jung's instructions provided that no bond was to be paid unless its counterfoil was held by a ^{Treasury} paying office in what is now liberated Italy on July 10, 1943. While it was recognized that the counterfoil system affords no proof of rightful possession, since most Italian bonds are bearer securities, the Finance Sub-Commission believed it most unlikely that the enemy would smuggle securities into the liberated area to gain lire, since the enemy was already in possession of the printing presses and adequate paper stocks and ~~that~~ ^{it was believed that} the Germans would permit the new Mussolini Government to pay bonds held on their side of the line. We have subsequently learned that this was the case.

This procedure was implemented by issuance of the necessary instructions to the ALFA offices in Regions 1, 2, 3, and 6 by Finance Sub-Commission Headquarters and the necessary technical instructions to the paying agents by Colonel Jung and the Bank of Italy. Wide publicity is being given to this action, to the end that the Italian government may begin to rehabilitate its credit position and embark upon a borrowing program.

Colonel Jung has informed us that there were no further long-term maturities during the next six months. While there is a considerable amount of short term ~~debt~~ ^{now}, this presents ~~a~~ ^a currency problem in Colonel Jung's

opinion, since ~~it~~ ^{is} renewed in the same amounts when it matures. In order to ascertain the extent of the problem of servicing the entire debt, Colonel Jung is taking a census of the amounts of the debt held in all the provinces

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3. Advances to the Italian Government for Civil Budget and Pay of Armed Forces.

As soon as the immediate problems outlined in 1 and 2 above were disposed of, lengthy discussions with Colonel Jung were held on the central problem confronting the Italian government - the financing of its budgetary deficit. Preliminary figures compiled by Jung show that for December as against estimated revenues of L. 245,000,000, estimated expenditures were L. 1,250,000,000. It is clear that the Badoglio government has ^{at present} only the slenderest financial resources at its disposal; therefore, if the Government is to remain in power, it will be necessary for the Allied Control Commission to advance certain sums of money to the Government to meet its civil budget

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and pay its armed forces until its revenue and borrowing programs are strengthened and expanded. The Finance Sub-Commission recognizes that giving financial support to the Badoglio Government has wide political implications and the political authorities were accordingly consulted. We were informed by Messrs. Reber and Caccia that inasmuch as the Badoglio Government is only provisional, the highest political authorities in the United States and Great Britain wish nothing done that would commit us to any long-term support of that government. However, it is of paramount importance to maintain order and stability behind the lines and for this purpose the Badoglio Government will be supported until a more permanent policy can be developed.

It is the intention therefore, of the Finance Sub-Commission to advance funds to the Italian Government only on a month-to-month basis, preventing in particular any accumulation of funds, in order that any political action the American and British Governments may wish to take with respect to the Badoglio Government will not be prejudiced or interfered with by financial commitments. Authority has been received from the Combined Chiefs of Staff to make advances, either directly to the Italian Government, or indirectly, by putting the banking system in funds, as will best enable us to control most effectively Italian governmental expenditures, satisfying ourselves that they are proper and reasonable in amount and consonant with the Armistice Terms. Arrangements were

137 Made with Colonel Jung to furnish us with detailed figures showing the nature

and purpose of all expenditures. These figures will be screened by budget ^{cash} ~~the necessary~~ control officers on the staff of the Finance Sub-Commission and ^{money} ~~money~~ advanced

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137 made with Colonel Jung to furnish us with detailed figures showing the nature and purpose of all expenditures. These figures will be screened by budget ^{cash} ~~the necessary~~ control officers on the staff of the Finance Sub-Commission and ~~money~~ ^{test} advanced in a monthly lump-sum for the expenditures approved. In addition, a post-audit will be made with a view to ascertaining whether the funds were in fact used only for approved purposes.

On the other side, that of expanding the revenues of the Italian government, we have pointed out to Colonel Jung, and he agrees fully, that his government cannot for long continue to finance a deficit by drawing on what is essentially an overdraft account at the central bank. Therefore Colonel Jung plans to resume ^{the} sale of Treasury bonds and bills in December, as adequate supplies of blank forms are available. To overhaul and strengthen the revenue system, tax experts will be assigned to work with Colonel Jung's staff. In

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particular they will examine the possibility of imposing new taxes, increasing rates of existing taxes, and reducing the cost of collection. The collection of customs duties will also be considered.

4. Printing of Lire Currency for the Italian Government.

We were informed by the Combined Chiefs of Staff in TAM 76 that it is considered desirable that supplies of AM lire should be superseded as soon as possible by supplies of Italian lire currency. The Finance Sub-Commission was requested to examine the problem with the Italian Government. There are two chief possibilities - (1) production of a lire currency by private bank note companies in the U. S. or (2) plates, paper and ink supplied for production of the currency in Italy. It was Colonel Jung's preliminary opinion that if plates can be engraved in the U. S., the printing can be carried out in Italy. Colonel Jung is having prepared a sample design for a banknote and an estimate of amounts and denominations required, which can be forwarded to the U. S. Treasury for a survey of the printing possibilities. We have ascertained that the plates of the Banco di Sicilia were turned over to the Italian government for destruction when its note issue privilege was withdrawn and it is thought the same disposition was made of the plates of the Banco di Napoli.

5. Operations of the Tobacco Monopoly.

The operations in Apulia of the largest monopoly, tobacco, are being

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5. Operations of the Tobacco Monopoly.

The operations in Apulia of the largest monopoly, tobacco, are being handicapped for lack of paper. A letter recommending approval of a quantity of paper sufficient for three months operations was addressed to General Holmes, MCS, AFHQ by General McSherry. The requisition was approved and we have been notified that the paper will be delivered in three installments, 1/4 in January, 1/2 in March and 1/4 in May. We have asked AFHQ to attempt to have the deliveries speeded up.

Colonel Jung plans to increase tobacco prices in Apulia, to conform to the increased price schedule recently issued in Region I.

6. Central post office clearing.

We informed ^{Colonel} Jung that as a prerequisite to complete resumption of the postal savings system and the transmission of postal money orders within the liberated area, a central clearing office would have to be established. Jung is anxious to do this and is investigating the establishment of such an office at Naples.

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measure increases in the cost of living was explained to Col. Jung and he is considering the compilation of a similar index in the four Apulian provinces.

9. Current Economic and Financial Intelligence and Data.

We have asked M.G.S. to have the two Treasuries forward relevant economic and financial information, both for ^{Col.} Jung and for our own use. It was also suggested that examination of the experience of Spain during the Civil War might provide certain valuable hints on dealing with an inflationary situation in which two belligerents issued currency in the same country. We have asked M.G.S. to see if Washington and London can provide such information.

10. Rate of Exchange.

During Col. Foley's first visit to Brindisi, he discussed with Col. Jung Marshal Badoglio's request that the value of the lire be revalued upward. Col. Jung was informed that this proposal had been laid before the highest authorities in Washington and London and was under consideration. However, Col. Foley indicated it was his personal view that the answer would not be favorable to a change in the existing rate. Col. Jung said he wished to make clear that the request was not being urged on the basis of a political favor but because it was considered essential as an economic measure.

11. Price of Wheat.

Col. Jung said that the price of wheat which was then around 34 lire per kilo was too low and he proposed to increase it to around 54 lire per kilo. Col. Foley pointed out that this would result in an increase of 100% in the cost of a loaf of bread which should be avoided if at all possible. Col. Jung then

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Equals British SECRET

argued that the wheat price was so low there was no impetus to plant acreage; and that a higher price for spring wheat should be announced before the completion of the fall planting in November. Col. Foley indicated that the ~~xxxx~~ black market prices and hunger were stimulating enough to bring about a fall planting and that an announcement now of a higher price for wheat in the spring might keep wheat which otherwise would be available for consumption now off the market until spring. Col. Jung agreed that this would be the case and decided to drop the matter at this time but suggested that the radio be used to encourage people to plant as much acreage in wheat as possible. Col. Foley reported this suggestion to General Mason McFarlane who said he would take it up with the radio people at once.

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COPY.

FROM : AGWAR CCS
TO : EISENHOWER FOR FMCS RPT USFOR BRITISH CHIEFS OF STAFF
REF TO THIS MESSAGE: 9117. 01 Oct 43.

CITE CCAC

AM lire for the French Military. TAM 2L.

Reference NAF 425.

Authorization is given to make available AM lire to the French Military for payment of their troops and the procurement of local supplies for French Troops operating in ITALY. Such funds should be made available through AFPA against receipt in the same way as AM lire are made available to AMERICAN and BRITISH Finance Officers. The question of settlement for such advances of AM Lire currency should not be engaged in by you and will be subject to later adjustment

4/10/44

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Q. M. G. Form 338 (Old No. 460)
Revised July 26, 1948

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LIST OF PAPERSFile under No. 000.1

POLITICS

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
67)CC/P/94 & Ch Govt 526	Gen MacF	24 Feb	Badoglio	I have sent yr msg to Prime Minister Churchill.
68)FARGO 1270	Gen MacF	24 Feb	FREEDOM	Transmit fol msg fr Badoglio to Mr. Churchill.

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

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