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FINANCE, GENERAL
AUG. 1945 – DEC. 1946

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(A. M. C. Form 339 (OM No. 600
Revised July 20, 1945

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Chief Commissioner

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From: 31 Aug 46
To : 23 Dec 46

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
243	Ltr AFHQ/CC/El	15 Nov 46	AFHQ G-5	Frwdng of DeAragona's telgs, and AFHQ reply - re Republic Bonus
241	Cbl FX 73245 SACM	16 Nov 46	AMG VG	Pymnt of winter Bonus in Lieu of republic Bonus apprvd
242	Cbl FX 73272 SACM	16 Nov 46	CHQ CCF	Info re bonus and wage increase procedure re Restre workers
243	Aide Memoire	16 Nov 46		Pymnt of L125,000 to London Branch of Credito Italiano
243a	Ltr CC 4601	19 Nov 46	SecCOI del I	Reply to ltr of 12 Nov 46
243b	Ltr L005/306/CC	19 Nov 46	SCAO VG	Apprvl of housekeeping expenditures
244	Ltr CC	20 Nov 46	De Gasperi	Submitting of bill fr supplies of petroleum products supplied to Vatican State
245	Ltr of Ind Sullivan	21 Nov 46	AFHQ G-5	Compensation due to TNEI
246	Ltr CC 4601 Stone	27 Nov 46	AFHQ G-5	Sequestered German State & Army Funds; Encl PM's ltr of 4 Mar 46 and CC's reply dated 18 Mar 46
247	Cbl 1/VG/AMG/AGR/61	27 Nov 46	ES	Request copies of decree re Bonus of the Republic
1721				
248	Memo Greene	1 Dec 46	CC	Re troop pay and suspense account
249	Ltr Livengood	2 Dec 46	Byington	Payment of expense of German state property in Italy
250	Ltr G-5 924.51	2 Dec 46	SCAO AMG VG	Defascism-Confiscation of Profits
251	Ltr CC 4601 Stone	20 Dec 46	Keeny	Request fr assist re AC Civ Personnel permission to purchase gift parcels
252	Cbl FX 73921 SACM	23 Dec 46	P Relations	Payment of bonus equivalent to Republican bonus

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
227a	Memo Col Weber	23 Sept 46	CC	Memo on VG Allied Military Gov. General order 70
228	Cbl FX 72254 SACM MAT 1043	24 Sep 46	CCS	Currency taken fm surrendered enemy personnel of It Nationality
228a	Ltr 4601/EC	5 Oct 46	G-5 AFHQ	Frwd of correspondence onCurrency agreement
229	Ltr 4608/314/EC	7 Oct 46	G-5 AFHQ	Payment for services to G-5 AFHQ
229a	Ltr 30344/77279/19.5	10 Oct46	Adm Stone	It Navy Mins to grant demob premiu to Spizzimaglio Encls
230	Indorsement Stone	12 Oct 46	G-5 AFHQ Col Hamblen	Adm Stones comments Financing of Industry in VG
231	Ltr Byrnes	14 Oct 46	De Gasperi	Brynes stat conc reim of it Gov for lire furnished US Army
232	Cbl 5/134	2 Nov 46	Ex Comm	Re devaluing of It Lire by Yugo
233	Cbl COS/100	5 Nov 46	Econ Sect	Re Allied labor strike Venice Encl
234	Ltr 691/159/EC	9 Nov 46	47 Fiance Office	Auth to procure military payment Certificates
235	Cbl H/7810	11 Nov 46	Ex Off Br.	Req send rep AFHQ re Republican Bonus
236	Cbl 75972/OEF	12 Nov 46	Econ Sect	Re importation of lire banknotes
237	Ltr 691/160/EC	12 Nov 46	AFA	Re selling dollar instruments to members ACI
237a	Ltr 2163/0-1	12 Nov 46	CC	Order of Day by cmdrs of AAF
238	Cbl C 66536	13 Nov 46	AFA	Re visit of F delegation to Mideast
239	Cbl QC 094	14 Nov 46	Econ Sect	Re arrival Col Mills

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A.G.O. Form No. 600 (Old No. 690)
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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
215b	Ltr 14103/46	10 Aug 46	CC	It Gvt Decree re Repub Premium;Inc
215c	Memo Rively	12 Aug 46	Chf Adm Off AFHQ	Frwdng It Gvt Repub Premium Decree
216	Cbl FX 70461 SACM	13 Aug 46	Econ Sec	Queries re "Bonus of the Republic"
216a	Ltr Stone	13 Aug 46	Vittorio & Lizzadri	Ack of ltr of 10 Aug 46 re Bonus
217	Cbl 4595 Econ Sec	15 Aug 46	AFHQ G-5	Details re "Bonus of theRepublic"
218	Cbl FX 70632 SACM	17 Aug 46	Econ Sec	Bonus of the Republic
219	Cbl 23/7 AUG 18 C.	24 Aug 46	Econ Sec	Request details re "Bonus of the Republic" (as applies to Italy)
220	Article fm "Il Momento"	28 Aug 46		Premium of the Republic - Employees of the Allies
221	Ltr 1998/d.V	28 Aug 46	CC	Payment of Premium of Republic to civ employees of Allied Authorities
221a	Cbl FX 71113 CCM	28 Aug 46	Agwar	Increase of wages & living bonus Policies fr It Civ Emplys ofAllies
222	Ltr 130/F Stone	29 Aug 46	AFHQ G-5	Gold discovered at La Fortezza
222a	Ltr Hird	29 Aug 46	CC	Proposal re Cost of living Bonus
223	Ltr Stone	3 Sep 46	Di Vittorio	Payment of Premium of Republic to civ employees of Allied Authrties
1726				
224	Cbl FX 71417 SACM MAT 1039	4 Sep 46	CCS	Request info re Gold discovered at La Fortezza
225	Cbl FX 71471 SACM MAT 1040	5 Sep 46	CCS	Billing Vatican fr POL deliveries
226	Ltr Stone	6 Sep 46	Hird	Thank-You fr Assist ~~ltr~~ re proposal re Cost of Living Bonus
227	Cbl F 71509 SACM	6 Sep 46	AFA	Issue of illegal paper money in VG

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Q. M. C. Form 1951 (Old No. 496)
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Chief Commissioner

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
208a	Ltr 13260/F Lush	12 Apr 46	Min of For Affs	Ita Banking Situation in Zone "B" Von Giu
208b	Ltr 13012/F Lush	25 Apr 46	AFHQ G-5	Exchange of Austrian Schillings;Inc
208c	Ltr 13012/F Lush	25 Apr 46	De Gasperi	Exchange of Austrian Schillings
208d	Cbl 261829B USFA	26 Apr 46	Commerce AC	Procrmt fruit,vegetables fm Italy
208e	Ltr 13012 Lush	25 Apr 46	G-5 AFHQ	Exchange of Austrian Schillings
208f	Cbl 2754 Econ Sec	29 Apr 46	AFHQ G-5	Credit fr US Purchases in Italy
208g	Ltr 13025 Timmons	30 Apr 46	AFHQ G-5	Payment in It currency of remittances of It workers employed in Amer Army Zone in Austria;;Incl ltr
209	Cbl 2813 Rothey	2 May 46	Hansen	Finencing of Vienna & Rome Repres.
210	Cbl F 65764 SACM	4 May 46	Finance	Supply of Lire fr Milit Reqmts.Ita.
211	Cbl FX 65986	8 May 46	Rothey	Credits to Italy fr US Purchases
172				
212	Ltr 13012/F Stone	13 May 46	De Gasperi	Exchange of Austrian Schillings
213	Ltr 13075/F Lush	14 May 46	SCAO ANG Ven Giu	Entertainment Expenses
214	Cbl FX 67950 SACM MAT 1028	19 Jun 46	Agwar	Billing It Govt fr POL
215	Ltr G-5/974.31	17 Jul 46	CC	Payment in It currency of remittances from Austria
215a	Ltr Breine	7 Aug 46	CC	Request expedite press announcement of Repub premium fr Allied employees

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200	Ltr 43/06667/16 Prunas	26 Feb 46	Stone	Ital banking situation in Ven Giu Incl "Pro-Memorie".
201	Ltr De Gasperi	4 Mar 46	Stone	Appropriation of funds
+ 201a	Cbl 1874 Hq Alcom	15 Mar 46	13 Corps	Expenditures fr Delegates Comm.
+ 202	Cbl 1 Chf Lia Off Bolzano	16 Mar 46	EC	Expenditures fr entertainment of Allied Officials
203	Ltr 13005/F Stone	16 Mar 46	AFHQ G-5	Accounts of Allied Financial Agen.
204	Ltr De Gasperi	18 Mar 46	Stone	Appropriation of Funds by A.F.A.
205	Cbl 1906 Lush	18 Mar 46	ACLO Bolzano	Expenditures fr Mission not appvd
172				
206	Ltr 11774 Corbina	21 Mar 46	CC	Researches of R. Zocca
207	Ltr 13005/F Stone	1 Apr 46	Asst Chf Stf G-5 AFHQ	Disposition of Accounts of Allied Financial Agency
207a	Ltr 13012/F Timmons	3 Apr 46	CC	Currency Circulation in Italy
207b	Ltr 43/11948/22 Prunas	6 Apr 46	CC	It Banking Situation in Zone B of Ven Giu
208	Ltr Stearns	8 Apr 46	Petrillo	Repair Cost, CC's Refrigerator

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186a	Ltr 13044/F Timmons	5 Jan 46	EC	Aid to Allied escaped POW
187	Cbl Commavnaw	12 Jan 46	Inf CC	Request Information on Devalue of Lire
188	Cbl F 58505 AFHQ	13 Jan 46	ALCOM Rome	AFA to be transfered to AFHQ
189	Cbl 217 HQ ALCOM	14 Jan 46	COMNAVNAW	Information on Devalue of Lire
190	Ltr 13242/F Stone	21 Jan 46	De Gasperi	New Financial Directive for Italy
190a	Ltr Einaudi	22 Jan 46	CC	Gold of Bank of Italy
191	LtrAG 463.7 CFC-C Shugart	22 Jan46	CC	P.O.L. and Container Accounting
191a	Ltr 44/021.23/4 Pres/C.M.	24 Jan 46	Stone	Currency Agreements
192	Ltr 13242/F Stone	30 Jan 46	G-5 AFHQ	Currency Agreement; Incl ltr to CC
193	Ltr De Gasperi	31 Jan 46	CC	Gold of Bank of Italy
193a	Cbl FX60022 SACMED	3 Feb 46	AC AR	Currency Agreement
193b	Ltr E3/20.02/C Cleveland	4 Feb 46	CC	$900,000,000 Loan Requested by Italy
194	Ltr 13012/F Stone	5 Feb 46	De Gasperi	Gold of Bank of Italy
195	Ltr 13012/F Stone	5 Feb 46	Ass ChfS G-5	Gold of Bank of Itlay
195a	Ltr 13005/F Lush	12 Feb 46	AFHQ G-5	Advances of Lire to Soviet Representative , Alcom ; Incl ltr of 11 fm Savk
196	Ltr 13075/F Lush	14 Feb 46	SCAO AMG V.G.	Enterteinment Expenses
197	Cbl 1233 ALCOM MAP176	18 Feb 46	Troopers	Payment Due Institute Pacolohico
198	Cbl AFHQ MAT 998 SACMED	18 Feb 46	ALCOM	Currency Agreement Effective 1 Feb
198a	Ltr G-5/004.2 Parsons	21 Feb 46	AC	Gold discovered at La Fortezza
199	Cbl MAT 1002 SACMED	28 Feb 46	ALCOM	Request of Italian Government

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175a	Ltr Pov,br1807/45 Smod.	16 nov 45	Stone	Italian-US agreement on War expenses
176	Ltr 13002/F Timmons	20 Nov 45	CC	Currency Circulation Enclo: article "Armistice Italy" London ECONOMIST
177	Ltr 13242/F Timmons	23 Nov 45	CC	Proposed Currency Agreement
177a	Ltr Pov.br1891/45 Smod.	25 nov 45	Stone	Italian-US agreement on War expenses
178	Ltr 4616/65/EC Stone	27 Nov 45	Smodlaka	Ratio between dollar and lire
179	Ltr 13065/ F Timmions	29 Nov 45	CC	Financial statement by Ricci
180	ltr 13012/F Timmions	29 Nov 45	CC	Occupation Money in Germany
181	Ltr 4616/68/EC Stone	30 Nov 45	Smodlaka	Italian-US agreement on War expences
182	cbl FX 55654 SACMED	6 Dec 45	AGWAR	Exchange 25 lire equal 1 Argentine pes
183	Cbl FX56132 MAT964 AFHQ	11 Dec 45	CC	Use Italian external assets
183a	Cbl W 87984 TAM721 CCS	11 Dec 45	Morgan	AM Lire advnce to Fr Forces in Italy
183b	Ltr AG 101 GEG-O	15 Dec 45	CC	Estab Allied Supply Accounting Agency
184	Ltr 03/23013 Scoccimarro	18 Dec 45	CC	Match selling rate
184a	Ltr Stearns	20 Dec 45	AFHQ G-5	Loss of Funds
184b	Cbl 9547 Gourlay	21 Dec 46	Cmd Pay Off NAIROBI	It Govt paying credit balances of released It Officer cooperators
185	Ltr 221700Z AGWAR CCS	31 Dec 45	AFHQ Morgan	Ita Request for unblocking funds Far E.
186	Ltr E3/11.14 Cleveland	31 Dec 45	Scoccimarro	Price matches North Africa

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159	Cbl AFHQ, MAT_____ (FX-39983)	31 Aug 45	CCS	IG currency conversion in Oct.45.
160	Ltr, Stone	3 Sep 45	Col Banning	Financial supervision of Columbia C.
161	Parri,16644.4/19.11	4 Sep 45	Stone	IG comments on New Financial Directive for Italy.
162	Cbl AFHQ, MAT-897	6 Sep 45	CCS	Advance lire to French forces in It.
163	Cbl AFHQ, MAF-898	7 Sep 45	CCS	Monthly remittance reports.
164	Cbl AFHQ, MAT-899	7 Sep 45	CCS	Italo-Swiss payments agreement.
165	Cbl AFHQ, MAT-900	7 Sep 45	CCS	Italo-Swiss payments agreement.
166	13044/F, Stone	8 Sep 45	Parri	Reparations for damages to helpers of Allied escapees from Krauts.
167	Cbl MTOUSA,F-43220	18 Sep 45	AGWAR,AC	Supplies/equipmt purchased by USF fr Ital sources w lire drawn fr AFA.
168 17[illegible]	Cbl AC Fin, 5891	24 Sep 45	ACAMRIT Viena	Ital currency conversion.
169	Cbl AFHQ, F-46730 (TAM-696)	1 Oct 45	AC	Opening transactional communications Italy (repeat of TAM-696).
169a	Cbl Fx48427 MAT 928	2 Oct 45	CC	Ita request unblock funds Far East
170	Cbl FX46974 MAT 922	3 Oct 45	Fin SC,CC	Oct Pay of French troops in Italy & application of Art. 15 of It Armistice.
171	Ltr 13062/F , Menapace	6 Oct 45	Ricci	Restoration of It Postal & Telecom with non-enemy world.
172	Ltr(& Incl) 13062 Stone	13 Oct 45	Hon. Kirk	Normal Tel & Tel service for Italy.
173	Ltr Cleva Melchiori	5 Oct 45	ALG XIIICorps	Commercial Insurance
173a	Ltr Antonio N. Cosulich	11 Oct 45	Stone	Permission asked to correspond with subsidiary Co's & Br Offices abroad.
173b	Ltr 13242/F Stone	1 Nov 45	Parri	Currency Agreement
174	Ltr Stone	2 Nov 45	Maj Whyman	Financial supervisor of Columbia Club.
175	Ltr Maj Whymen	15 Nov 45	CC	Financial Report of Columbia Club.

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CC 4601

20 December 1946.

My dear Sam:

I have been informed that all Italian state employees are permitted to buy for 1000 lire a package containing 200 cigarettes, 10 bars of chocolate, 10 boxes of matches, 5 packages of chewing gum, and 1 piece of soap. When representatives of our G-1 Civilian Personnel Section contacted an UNRRA official about two weeks ago with the request to permit the Allied Commission employees to purchase these packages, they received the reply that since Allied Commission employees were not considered state employees the privilege could not be extended to them.

I feel that since Italian civilian employees of Allied Commands such as the Allied Commission, Allied Financial Agency, and Allied Supply Accounting Agency are paid by A.M.G. lire, which is presently an obligation of the Italian Government, and not by U.S. or British appropriated funds, there appears to be a legal justification to permit them to be considered state employees, at least for the purpose of purchasing these Christmas packages.

It would be appreciated by both the civilian workers and by me if you could see your way clear to assist them in this regard.

1711

Very sincerely yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USCG
Chief Commissioner

Mr. S. M. Keeny
Chief
UNRRA Italian Mission
, ROME

Spare
4601/cc

1-141

Declassified E.O. 12356 Section 3.3/NND No. 785015

FX 73921
DEC. 231815A

H/8751
DEC. 270945
ROUTINE

AFHQ SIGNED SACMED CITE FHQBQ
ALCOM ROME INFO: GHQ CMF FOR Q

CONFIDENTIAL

CONFIDENTIAL.
Subject is payment of bonus equivalent to republican bonus.
1. News releases issue through pros (?) British and American Rome for Italian press have not with the exception of Avanti, been published as requested by this Headquarters.
2. Believe that it is in the interest of the Italian Government that publication should be made.
3. Will you please contact the Italian Government and ask them to take action to ensure publication either in press, or other means as they deem advisable.

AC DIST

ACTION P.RELATIONS
INFO CHIEF COMMISSIONER
EX COMM
7106 REGT
FILE
SKELETON

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FEB 27 1943

CONFIDENTIAL

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Declassified E.O. 12356 Section 3.3/NND No. 785015

TO CLFT

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

AGI/SHW/vz

DEC 6 1946

G-5: 924.51

2 December 1946

SUBJECT: Defascism--Confiscation of Profits.

TO : Senior Civil Affairs Officer.
AMG Venezia Giulia.

Reference General Order No. 70 and this Headquarters signal FX 73044.

1. The copy of the Allied Commission's comment was received by this Headquarters on 23 November and on 27 November by signal FX 73450. You were informed that the suspension was removed.

2. The remarks of the Allied Commission have been considered. The answer to the two questions contained in Paras 1 and 2 of the portion headed General are:-

a. that the order is not considered to be ultra vires. The abolition of fascism was one of the Allied War objectives and in the Armistice Terms there are specific obligations cast upon Italy in that respect. Italy's sovereignty in Venezia Giulia is suspended and it is the duty of AMG as the de facto ruler to see that the Allied War Aim is carried out there.

b. that there is no reason why forfeited property should go direct to the Italian State. The illegal profits were extracted from the whole of Italy and each part of Italy should benefit by its proportion of the recovery. Besides, the Italian State will benefit as the forfeiture will finance Venezia Giulia spending and thus reduce calls for Italian Lire or alternatively reduce the amount overspent.

3. No comments are made on the remarks in para 3 and 4 of AICC's comment as it is understood that the Italian text of the order was prepared by Italian lawyers and that the order will be executed by Italian officials and that no "foreigners" will be responsible for carrying out any administrative details.

4. It is considered, as this order is political in its objects and may have repercussions outside Venezia Giulia, that it should not have been published without reference to higher authority.

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5. Nor is this principle confined to political questions. If proposed orders will have important administrative or economic repercussions either inside or outside the borders of Venezia Giulia, they must be considered by higher authority prior to publication.

Your draft order restricting immigration is a good example of a matter which may have repercussions outside Italy and was quite correctly referred to higher authority.

6. Much of the Allied Commission criticism is directed to the fact that the English is, in places, a not very good translation of the Italian texts from which the order is compiled. While the criticism is true and the errors are to be regretted, it is not felt that this is of such practical weight as it would be if AMG Officers were adjudicating instead of Italian Officials. If all administrative details are carried out by Italian Officials, it may be safely assumed that they will refer to the Italian text, without the wording of the English text even entering their minds.

7. There are occasions in which attention has been drawn by ALCOM to the fact that there has been a departure from the Italian text. (Art 30 is an example.) The Italian text should be checked in all such cases to ensure that it agrees where applicable.

8. The criticism of Arts 2(3), 11, 14(2), 15, 19(1), 22(2), 28, 31, 32(1), 33(1), 35, 43, 47, all contain matter which goes deeper than a mere question of translation and should receive special consideration. Amendment appears desirable.

9. As to form, if it is wished to avoid a number of amendments, no objection is seen to republishing the order as a revision and replacement of the order published on the 23 Sept. 1946. If this is done, then the same opportunity may be taken to consider the less serious criticisms as to grammatical and translation errors. Corrections and amendments you desire to incorporate can then easily be embodied in the re-issue. Enclosed is a parallel copy in Italian and English of your order which may facilitate the question of reconsideration.

BY COMMAND OF LIEUTENANT GENERAL LEE:

1716

A.L. HAMBLEN
Colonel, G.S.C.
Assistant Chief of Staff, G5.

Encls: as above.

Copy to: Allied Commission (2),
(reference CC 851 of 28 Oct. and
AC/4188/4/L of 19 Nov.)

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Declassified E.O. 12356 Section 3.3/NND No. 735015

DEC 5 1946

American Embassy, Rome, Italy,
December 2, 1946.

CONFIDENTIAL

Mr. Homer Byington,
USPolad,
Caserta.

Dear Mr. Byington:

There are enclosed herewith copies of a paraphrase of telegram no. 2067 received from the Department, dated November 22, 1946, and of airgram no. 984 of October 17, to which it refers, concerning the payment of expenses for the maintenance of German State Property in Italy.

It appears from discussion with the Director of the Allied Financial Agency that AFA has not as yet received instructions to take the action authorized in TAM 787 with regard to the transfer to the Italian Government of sequestrated enemy army and State lira funds. AFA also states that no request has been received from the Italian Government to draw on these funds for payment of upkeep expenses for German assets, although if such request were received it was felt by AFA that on the basis of present instructions a satisfactory procedure could be worked out for the defrayment of current maintenance expenses.

The Embassy would therefore add to the suggestion made in the last sentence of the Department's telegram the further suggestion, in communicating any advice to the Italian Government along these lines, that the Italian Government be advised to get in touch with the Allied Financial Agency concerning the payment of current expenses.

1711

It will be appreciated if you will convey the views contained in the Department's telegram, together with the above suggestion from the Embassy, to AFHQ for its consideration.

Sincerely yours,

Charles A. Livengood
Counselor for Economic Affairs

Enclosure:
As stated

cc: Admiral Stone,
Allied Commission.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

AIRGRAM

From: American Embassy, Rome.

Date: October 17, 1946.

CONFIDENTIAL

SECSTATE,

WASHINGTON.

A-984, October 17, 1946.

Reference Embassy's telegram no. 1010 of August 26, 1946 and previous correspondence concerning the expenses for the maintenance of German State Property in Italy, of which the Italian Government became custodian in September 1945.

In response to the transmittal to the Italian Government of the notification that it will be reimbursed for future advances to maintain German state property in Italy out of German State funds available in liquid form in Italy, the Ministry of Foreign Affairs on October 11, 1946, sent the following memorandum to the Allied Commission:

"1. Reference is made to Allied Commission's note no. 6531/222/EC, dated August 28th, 1946.

"2. The Ministry for Foreign Affairs brings to the notice of the Allied Commission that, though the contents of the a/m note appear to be concise and of not easy interpretation, it seems that the Allied authorities would be willing to reimburse later on only the expenses which the Italian Government shall have to bear in the future for the upkeep of the German State Property in Italy.

"3. The Ministry for Foreign Affairs is of the opinion that such a reimbursement should cover not only the future advances but, evidently, all the expenses borne by the Italian Government as from the date under which such property has been received in custody.

171.

"4. Considering the fact that the German State funds available in liquid form in Italy, funds which should be used for the reimbursement of advances, have already been cashed by the Allies or paid into the accounts A.F.A. - Allied Financial Agency - the Allied authorities will certainly find themselves in a position to effect the payment of the upkeep expenses with the a/m available funds, instead of following the complicated procedure of advances to be made by the Italian Government and the subsequent reimbursement to be effected on the part of the Allied authorities.

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"5. As far as the nature of the above funds is concerned, the Italian Government wishes to confirm its point of view as follows:

> If it is true that the funds are made up of sums, bank accounts and so on which are headed with German or Fascist authorities, it is also more true that such valuables are made up of Italian property which the Germans failed to take over and which, consequently, cannot be considered as war booty.

"6. Therefore, the Ministry for Foreign Affairs, in view of the considerations explained above, will appreciate if the Allied Commission will consider the possibility of starting the payment of the expenses for the upkeep of German State Property in Italy."

A copy of this memorandum was forwarded to G-5 Section of Allied Forces Headquarters by the Allied Commission on October 14, 1946.

KEY

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CONFIDENTIAL

PARAPHRASE OF
TELEGRAM RECEIVED

From: Secstate

Date: Nov. 22, 1946

It is suggested that the views of the Department as stated herein be conveyed to Allied Force Headquarters. Reference is made to your airgram no. 984 of October 17.

With regard to the Italian note, paragraph 3 thereof, it is agreed that reimbursement to Italian Government for overall expenses borne by it since custody taken over such property.

In connection with paragraph 4, AFHQ was instructed in TAM 787 of September 20 to transfer to the Italian Government sequestrated enemy army and state lira funds, with specific acknowledgment of custodial responsibility by Italian Government. It is assured that the Italian Government is able to draw on these accounts when they are turned over to the Allied Financial Agency for the payment of German assets upkeep expenses. Therefore the suggestion is made that, pending sequestrated funds transfer by the Allied Financial Agency, advice be conveyed to the Italian Government that the procedure for payment upkeep expenses is under consideration and that in the meantime the present arrangements will continue in effect.

1148

Declassified E.O. 12356 Section 3.3/NND No. 785015

Despatch from Rome No. 62

CONFIDENTIAL

December 1, 1946

MEMORANDUM

The Embassy has no official confirmation of the amounts which the U.S. Government has to date declared to the Italian Government under the Troop Pay and/or Suspense Accounts.

Troop Pay Account transfers to the Italian Government, it is understood, have now reached about 145 million dollars, almost all of which has been used or obligated. It is not known how much more may still be declared -- presumably relatively little.

Suspense Account will make available an additional 50 million dollars, already declared but not yet utilized with the possibility of further amounts to be declared later. (The total in the end may exceed 100 millions, although that figure has not been made public and is presumably still to be kept confidential).

1711

(248)

1149

Declassified E.O. 12356 Section 3.3/NND No. 785015

1/VG/AMG/AGR/61
270930B NOV

H/8167
NOV 271146
IMPORTANT

HQ AMG VENEZIA GIULIA AGR DIVISION
ALCOM ROME FOOD & AGRICULTURE SUPPLIES S/C

UNCLASSIFIED

Confirming phone conversation. Kindly rush to agriculture division HQ AMG Venezia Giulia 10 copies of newly signed decree regarding premio della republica (bonus of the republic) urgently required here to complete similar legislation signed well for bowman.

AC DIST

ACTION : ECON 3
INFO : CHIEF COMMISSIONER
EX COMMISSIONER
FILE
FLOAT

1711

NOV 28 1946

247

1150

Declassified E.O. 12356 Section 3.3/NND No. 785015

1st Ind.
OFFICE OF THE CHIEF COMMISSIONER, HQ, ALLIED COMMISSION, APO 794, 21 Nov 1946

TO: G-5 Section, AFHQ, APO 512

This Headquarters has no record of the correspondence mentioned in paragraph one of basic communication. Inquiries made of AFA reveal that they too have no letters pertaining to this subject.

For the Chief Commissioner:

EDWARD D.S. SULLIVAN
Major, Air Corps
Chief Staff Officer to CC

1734

Space
#601/cc

1151

Declassified E.O. 12356 Section 3.3/NND No. 785015

1st Ind.
OFFICE OF THE CHIEF COMMISSIONER, HQ, ALLIED COMMISSION, APO 794, 21 Nov 1946

TO: G-5 Section, AFHQ, APO 512

This Headquarters has no record of the correspondence mentioned in paragraph one of basic communication. Inquiries made of AFA reveal that they too have no letters pertaining to this subject.

For the Chief Commissioner:

EDWARD D.S. SULLIVAN
Major, Air Corps
Chief Staff Officer to CC

1703

1152

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 1924 794

7 November 1946

MEMORANDUM:

TO : Major EDWARDS
ASAA

Further to our conversation of this morning, I am forwarding the letter received from G-5 with reference to Compensation due to TEMI. Would you please see if this has any connection with Allied Supply Accounting Agency?

EDWARD D. S. SULLIVAN,
Major, Air Corps,
CSO to CC.

Regret and
Oldeman
beg HASC.
1701
2nd floor

(or Eatenden)
AFA knows
nothing about
this. D

[153]

Declassified E.O. 12356 Section 3.3/NND No. 785015

-1

OA 3179 C. Comm

NOV 6 1946

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 972.01

31 October 1946

SUBJECT: Compensation due to TEMI.

TO : Chief Commissioner
Allied Commission
APO 794

N.R.

1. As this matter was passed by you to AFA on 8 July 1946 and from AFA to this Headquarters subsequent correspondence has been conducted with AFA.

N.R.

2. The present position is that a reply is awaited from Middle East Land Forces.

3. So that the reply, when it is received can be sent to the correct place will you please inform this Headquarters whether or not you have again taken over the handling of the enquiry.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

1706

for A. L. HAMBLEN
Colonel, G.S.C.
Assistant Chief of Staff, G-5.

Copy to:

Allied Financial Agency
Allied Commission
APO 794

RECEIVED 5 NOV 1946
708

(743)

1154

Declassified E.O. 12356 Section 3.3/NND No. 785015

20 November 1946

My dear Mr. Prime Minister:

I have been instructed by the Combined Chiefs of Staff and Allied Force Headquarters to submit to your Government a bill for the supplies of petroleum products supplied to the Vatican State during the period of Allied Combined Military responsibility for such supplies.

Supplies were made available to the Vatican State under this program during the period August 1944 - 31 August 1945.

As a matter of convenience, the bill is expressed in U.S. dollars.

I am informed by the Combined Chiefs of Staff that the Governments of the United States, United Kingdom and Canada, through their respective diplomatic channels, will arrange with your Government for the settlement of the amount due as stated in the bill.

Very truly yours,

1703

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Alcide de Gasperi
President of the Council of Ministers
Italian Government
Rome

244

File

1155

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 794
Office of the Executive Commissioner

NOV 21 1946

Ref. : 4605/506/EC

14 November 1946

SUBJECT: Approval of Expenditure.

TO : AMG
Venezia Giulia.

Reference is made to your letter ref. VG/AMG/FIN/A/OI dated 31 Oct. 1946.

Approval is given for your Chief Finance Officer to approve all bills for housekeeping expenditures of AMG funds up to 50,000 Lire.

You will remain responsible for approving expenditure of over Lire 50,000 to Lire 100,000.

FOR THE CHIEF COMMISSIONER:

Brigadier,
Executive Commissioner.

Copy to: AFA

1705

1156

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC 4601

19 November 1946.

Gentlemen:

Replying to your letter 2462/0-1 of 12 November, I wish to assure you that I have been working for some time, and long prior to 12 November, to secure approval of payment of the "Premio della Repubblica", to employees of the Allied forces.

I am happy to inform you that approval has recently been secured and an announcement on this subject will be made shortly. A premature announcement of approval actually appeared in some papers last week.

Very truly yours,

MILTON W. STONE
Rear Admiral, USN
Chief Commissioner

1701

The Secretariat,
Confederazione Generale Italiana del Labore,
Camera Confederale del Lavoro,
Spoleto.

Copy to:
CC
EC
Mr. Brame

5 pages
Ubo/cc

1157

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC 4601 19 November 1946.

Gentlemen:

Replying to your letter 2462/0-1 of 12 November, I wish to assure you that I have been working for some time, and long prior to 12 November, to secure approval of payment of the "Premio della Repubblica", to employees of the Allied forces.

I am happy to inform you that approval has recently been secured and an announcement on this subject will be made shortly. A premature announcement of approval actually appeared in some papers last week.

Very truly yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1782

The Secretariat,
Confederazione Generale Italiana del Lavoro,
Camera Confederale del Lavoro,
Spoleto.

Copy to:
CC
EC
Mr. Brown

1158

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC 4601 19 November 1946.

Gentlemen:

Replying to your letter 2462/C-1 of 12 November, I wish to assure you that I have been working for some time, and long prior to 12 November, to secure approval of payment of the "Premio della Repubblica", to employees of the Allied forces.

I am happy to inform you that approval has recently been secured and an announcement on this subject will be made shortly. A premature announcement of approval actually appeared in some papers last week.

Very truly yours,

MILTON W. STONE
Rear Admiral, USNR
Chief Commissioner

1701

The Secretariat,
Confederazione Generale Italiana del Laboro,
Camera Confederale del Lavoro,
Spoleto.

Copy to:
CC
EC
Mr. Braine

1159

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC 4601

19 November 1946.

Gentlemen:

Replying to your letter 2462/0-1 of 12 November, I wish to assure you that I have been working for some time, and long prior to 12 November, to secure approval of payment of the "Premio della Repubblica", to employees of the Allied Forces.

I am happy to inform you that approval has recently been secured and an announcement on this subject will be made shortly. A premature announcement of approval actually appeared in some papers last week.

Very truly yours,

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

The Secretariat,
Confederazione Generale Italiana del Lavoro,
Camera Confederale del Lavoro,
Spoleto.

Copy to:
EC
CCO
Mr. Brosio

1160

Declassified E.O. 12356 Section 3.3/NND No. 785015

16 November 1946.

AIDE MEMOIRE

PAYMENT OF £125,000 TO THE LONDON BRANCH OF THE CREDITO ITALIANO

On 25 March 1946 there was received from the Ministry of the Treasury a routine report on foreign exchange operations which included the following item: "On 21 February 1946, a payment of 125,000 pounds sterling to the London Branch of the Credito Italiano for debt payment."

As a result of a request by the Commission to the Ministry of the Treasury for full details of the transaction, a letter, reference No. 12572 dated 17 April 1946, was received from Mr. Corbino in which he stated, in part, that the Credito Italiano was unfavourably judged on account of the debts it had left and that dealings between Credito representatives and those of the British creditors were started in order to settle the matter.

The British Government has advised that there were not at any time representations by the British creditors or on their behalf, but that the initiative and all the pressure came from the Italians themselves who were concerned in the interests of their own economy to place the bank in a position whereby it could resume business in the United Kingdom.

The Supreme Allied Commander has directed that the Italian Government be informed that the above action taken by the former Minister of the Treasury, Mr. Corbino, and the failure of the Italian Government to refer the matter to the Allied Commission before effecting this transfer of funds are considered to be at least a violation of the spirit of the Allied Commission's letter 13282/F of 18 July 1945 addressed to the Prime Minister at the time with particular reference to the control of Italian external transactions and external assets.

1691

The Italian Government is also requested to note that the provisions of the above mentioned letter of 18 July 1945 are still in effect.

DIST:
EACOM
POLAD A
POLAD B
CC

File
POLAD VPM 1132 16/XI
TO PRIME MINISTER

1161

Declassified E.O. 12356 Section 3.3/NND No. 785015

FX 73272
NOV. (NFT

H/7987
NOV. 161030
ROUTINE

AFHQ SIGNED SACMED CITE PHSEG
ORG CMF INFO ALCOM ROME

CONFIDENTIAL

CONFIDENTIAL.
1. Reference your CX 131 of 16 Nov not to Alcom.
Ref demands of Mestre workers for republicon bonus increased wages and overtime payments. Bonus equal to republican bonus now authorised and details payment now being worked out.
Any increase in wages or overtime payment should be handled thru machinery existing in AFHQ wages and labor committee. You have representative on that committee who should be thoroughly familar with extent of local sub committees and procedures for adjusting wages. If in doubt contact secretariat of committee at Alcom.

AC DIST
INFORMATION ECON DIV 3
INFO CHIEF COMMISSIONER
EX COMM
FILE
SKELETON

1693

CONFIDENTIAL

NOV

1162

Declassified E.O. 12356 Section 3.3/NND No. 785015

FX 73245
161149A NOV

H/7943
NOV 171045
IMPORTANT

AFHQ SIGNED SACMED CITE FHQEG
AMG VENEZIA GIULIA INFO GHQ CMF ALCOM ROME

RESTRICTED

RESTRICTED

Para 1. Reference your 6/54 not to ~~xxxxxx~~ information addresses. Payment of winter bonus in lieu of republican bonus approved. Contact GHQ CMF to assure that so far as practicable you conform to policies of U S/British payments.

AC DIST

INFO ACTION : ECON 3
INFO : CHIEF COMMISSIONER
EX COMMISSIONER
NAVY
FLOAT
FILE

1697

RESTRICTED

241

1163

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE LABOUR AND WAGES COMMITTEE.
A.F.H.Q.

Ref: AFLWC/GC/21

Tel.: ROME 66213
Postal Address:
c/o Labour Branch (Br),
HQ, Rome Area Allied Command,
A.P.O. 794 - U.S. Army.

15th November 46.

SUBJECT: Republic Bonus.

TO : G-5 Section, A.F.H.Q. (telephone conversation Col. HAMELIN - Major FARRAN 14th November refers.)

COPY TO: Mr. W.H. BRAINE, Labour Attache, British Embassy.
Chief Commissioner, H.Q. Allied Commission.
Labour Directorate, G.H.Q., CMF.
Civ. Affrs. Div., H.Q. MTOUSA.

Copies of telegram received from Hon. Ludovico D'ARAGONA, Minister of Labour and reply sent by this office are forwarded for information, please.

H.H. Waterman

A.R. FARRAN, Major,
Secretary (Br),
ALLIED FORCE LABOUR AND WAGES COMMITTEE.

1693

3

3/1094

1164

Declassified E.O. 12356 Section 3.3/NND No. 785015

T R A N S L A T I O N

TO: ALLIED FORCE LABOUR AND MANPOWER DIVISION.

ROME, 15th November 1946.

TAKING INTO CONSIDERATION LIVELY AGITATION OF ALLIED FORCE EMPLOYEES PARTICULARLY ACUTE IN VENICE AND WITH REFERENCE TO PREVIOUS UNDERSTANDINGS I BEG YOU TO EASTEN AUTHORIZATION OF PATRONT OF REPUBLIC BONUS TO THESE EMPLOYEES AND TO GIVE COURTEOUS REPLY TO I ASSURE DISCREET PUBLICATION OF RELATIVE DECREE TO

MINISTER OF LABOUR

(69)

ALLIED FORCE LABOUR AND WAGES COMMITTEE.
A.F.H.Q.

Tel.: ROME 66498
Postal Address:
c/o Labour Branch (Br),
HQ, Rome Area Allied Command,
A.P.O. 794 - U.S. ARMY.

REF: AFLWC/GC/E1

13th November 46

SUBJECT: Republic Bonus.

TO : Hon. Ludovico D'ARAGONA,
Minister of Labour.

Dear Sir,

I beg to acknowledge receipt of your telegram dated 13th November 46.

I have pleasure in informing you that payment of the Republic Bonus to Allied Force Employees has been agreed in principle. The decision to authorise payment was taken prior to the receipt of your communication and as you are probably aware, an announcement to this effect was made in the press on 14th November 1946.

It now remains to work out the details of how and when payment will be made and it is understood that your Ministry has kindly offered to cooperate in this connection, for which many thanks are expressed.

E.R. BAGMAN, Major,
Secretary (Br),
ALLIED FORCE LABOUR AND WAGES COMMITTEE.

T-R-A-D-U-Z-I-O-N-E

'39'.

OGGETTO: Premio della Repubblica.

15 Novembre 1946.

Declassified E.O. 12356 Section 3.3/NND No. 785015

Dear Sir,

I beg to acknowledge receipt of your telegram dated 13th November 46.

I have pleasure in informing you that payment of the Republic Bonus to Allied Force Employees has been agreed in principle. The decision to authorize payment was taken prior to the receipt of your communication and as you are probably aware, an announcement to this effect was made in the press on 14th November 1946.

It now remains to work out the details of how and when payment will be made and it is understood that your Ministry has kindly offered to cooperate in this connection, for which many thanks are expressed.

E.E. BARMAN, Major,
Secretary (Br),
ALLIED FORCE LABOUR AND WAGES COMMITTEE.

T-R-A-D-U-Z-I-O-N-E

(39)

OGGETTO: Premio della Repubblica.

ALL' : Onorevole Ludovico D'ARAGONA, 15 Novembre 1946.
Ministro del Lavoro.

Accusiamo ricevuta del Vostro telegramma in data 13 Novembre 1946.

Ho il piacere di portare a Vostra conoscenza che il pagamento del Premio della Repubblica agli impiegati dipendenti dalle Forze Armate Alleate e' stato accordato.

L'autorizzazione al pagamento di tale premio fu data anteriormente al ricevimento della Vostra comunicazione, e come Voi sarete al corrente un annuncio a tale riguardo fu comunicato alla stampa in data 14 Novembre 46.

Resta pertanto a decidere con quale data ed in quale maniera tale premio sara' corrisposto. S'intende che il Vostro Ministero si e' gentilmente prestato a cooperare in tale circostanza per cui Vi esprimiamo i nostri piu' grati ringraziamenti.

(249)

1161

Declassified E.O. 12356 Section 3.3/NND No. 785015

1167

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

H/7846

QG 094

NOV 141030

ROUTINE

GHQ CMF

AFH Q INFO ALCOM ROME 86 ARMA TROOPERS LONDON AMG VENEZIA GIULIA

CONFIDENTIAL N.R.

REF YOUR FX 73161 OF 11 NOV.

1.ADL LT COL MILLS WILL ARRIVE FRIDAY 15 NOV TO AGREE PAYMENT POLICY.

2.PRESUME ARRANGEMENTS ARE BEING MADE FOR BONUSES DUE TO CIVIL EMPLOYEES OF ROYAL NAVY AND RAF TO BE PAID.THESE CANNOT BE PAID BY ARMY AS WE ARE NOT IN POSSESSION OF NECESSARY RECORDS.

AC DIST

INFO ACTION : ECON DIV 3

INFO : CHIEF COMMISSIONER

EX COMMISSIONER

FILE

SKELETON

CONFIDENTIAL

NOV 14 1946

1168

Declassified E.O. 12356 Section 3.3/NND No. 785015

C 66536
NOV.131539A

H/7839
NOV.141030
ROUTINE

AFHQ G-5
MIDEAST INFO ALCOM ROME FOR AFA

UNCLASSIFIED.

1. Your recent signal to GHQ CMF, subject visit F delegation of Italian banking representatives to Mideast, has been forwarded AFHQ without references. AFHQ letter G-5/97261-2 of 29 July 46 and Mideast letter 11668/209/C A of 25 September bracket not received bracket are quote.

2. Banca d'Italia today state that arrangements are nearing completion for projected visit of representatives of each of the 4 banks named by you.

3. It is hoped to signal names and Dta within 14 days.

AC DIST

INFO ACTION A.F.A.
INFO CHIEF COMMISSIONER
EX COMM
ECON DIV
FILE
FLOAT

1691

NOV 14 1946

(238)

1691

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

ITALIAN GENERAL CONFEDERATION OF LABOR
CONFEDERATE LABOR CHAMBER - SPOLETO

File No. 2462/O-1 Spoleto, 12 November 1946.

SUBJECT: Order of the day voted by employees of Allied Armed Forces.

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

The abovementioned order of the day is remitted herewith with the request that you kindly take an interest in the problem to which it refers.

This Secretariat further points out that the personnel in question is presently out of work so that its need to cash this premium is so much greater.

THE SECRETARIAT

/s/ ... illegible

1691

1170

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

THE PERSONNEL FORMERLY EMPLOYED BY THE 613 L of C R.E.M.E.
IN SPOLETO

Having several times appealed in vain to the competent Italian and Allied Authorities in order to obtain the payment of the Republic premium;

having taken note of the active interest of the Labor Chamber of Spoleto who did not succeed to solve the problem owing to the lack of interest of the superior organizetbons;

denounces the situation to the public opinion and invites all the workers who have served or are serving with Allied organizations to raise analogous protests in order to obtain the recognition of their rights, sanctioned by a law decreed by the Italian Government, seking for the solidarity of all Industry workers.

Spoleto, 11 November 1946.

27/1949

1631

237a

1171

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

CAMERA CONFEDERALE DEL LAVORO - SPOLETO

Prot. N. 2462/0-1

Risposta al foglio N.

Spoleto, 12 Novembre 1946

OGGETTO Ordine del giorno votato dipendenti Forze Armate Alleate.

Ammiraglio Stone
Allied Commission For Italy
R o m a

Si rimette l'ordine del giorno in oggetto con viva preghiera di volersi interessare del problema da cui agitato.

Questa Segreteria fa inoltre rilevare che i richiedenti sono attualmente tutti disoccupati per cui più impellente si fa il bisogno della riscossione di questo premio.

1681

LA SEGRETERIA

2 37 a)

1172

Declassified E.O. 12356 Section 3.3/NND No. 785015

1553

IL PERSONALE GIA' OCCUPATO PRESSO LA G13 L of C A.F.H.Q. in SPOLETO.

Dopo aver sollecitato più volte ed invano le Autorità competenti Italiane ed Alleate, allo scopo di ottenere il pagamento del premio della Repubblica;

preso atto del fattivo interessamento della Camera del Lavoro di Spoleto, che non è riuscita a risolvere la questione per il disinteressamento degli organi superiori;

denuncia la situazione all'opinione pubblica ed invita tutti gli Enti che hanno prestato e prestano servizio presso reparti alleati ad elevare analoga protesta allo scopo di ottenere il riconoscimento dei propri diritti, sanciti con decreto legge del Governo Italiano, chiedendo la solidarietà di tutti i lavoratori dell'Industria.

Spoleto, 11 Novembre 1946

CAMERA CONFEDERALE DEL LAVORO

1173

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

ITALIAN GENERAL CONFEDERATION OF LABOR
CONFEDERATE LABOR CHAMBER - SPOLETO

File No. 2462/0-1

Spoleto, 12 November 1946.

SUBJECT: Order of the day voted by employees of Allied Armed Forces.

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

The abovementioned order of the day is remitted herewith with the request that you kindly take an interest in the problem to which it refers.

This Secretariat further points out that the personnel in question is presently out of work so that its need to cash this premium is so much greater.

THE SECRETARIAT

/s/ ... illegible

1681

Spares
460/cc

1174

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

THE PERSONNEL FORMERLY EMPLOYED BY THE 613 L of C R.E.M.E.
IN SPOLETO

Having several times appealed in vain to the competent Italian and Allied Authorities in order to obtain the payment of the Republic premium;

having taken note of the active interest of the Labor Chamber of Spoleto who did not succeed to solve the problem owing to the lack of interest of the superior organizatoons;

denounces the situation to the public opinion and invites all the workers who have served or are serving with Allied organizations to raise analogous protests in order to obtain the recognition of their rights, sanctioned by a law decreed by the Italian Government, asking for the solidarity of all Industry workers.

Spoleto, 11 November 1946.

1175

Declassified E.O. 12356 Section 3.3/NND No. 735015

TRANSLATION

ITALIAN GENERAL CONFEDERATION OF LABOR
CONFEDERATE LABOR CHAMBER - SPOLETO

File No. 2462/C-1

Spoleto, 12 November 1946.

SUBJECT: Order of the day voted by employees of Allied Armed Forces.

Admiral Hilary W. Stone
Chief Commissioner
Allied Commission
Rome.

The abovementioned order of the day is remitted herewith with the request that you kindly take an interest in the problem to which it refers.

This Secretariat further points out that the personnel in question is presently out of work so that its need to cash this premium is so much greater.

THE SECRETARIAT

/s/ ... illegible

1176

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

THE PERSONNEL FORMERLY EMPLOYED BY THE 613 L of C R.E.M.E.
IN SPOLETO

Having several times appealed in vain to the competent Italian and Allied Authorities in order to obtain the payment of the Republic premium;

having taken note of the active interest of the Labor Chamber of Spoleto who did not succeed to solve the problem owing to the lack of interest of the superior organizatoons;

denounces the situation to the public opinion and invites all the workers who have served or are serving with Allied organizations to raise analogous protests in order to obtain the recognition of their rights, sanctioned by a law decreed by the Italian Government, asking for the solidarity of all Industry workers.

Spoleto, 11 November 1946.

1177

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

ITALIAN GENERAL CONFEDERATION OF LABOR
CONFEDERATE LABOR CHAMBER - SPOLETO

File No. 2462/C-1 Speleto, 12 November 1946.

SUBJECT: Order of the day voted by employees of Allied Armed Forces.

Admiral Hilery W. Stone
Chief Commissioner
Allied Commission
Rome.

The abovementioned order of the day is remitted herewith with the request that you kindly take an interest in the problem to which it refers.

This Secretariat further points out that the personnel in question is presently out of work so that its need to cash this premium is so much greater.

THE SECRETARIAT

/s/ ... illegible

1178

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

THE PERSONNEL FORMERLY EMPLOYED BY THE 613 L of C R.E.M.E.
IN SPOLETO

Having several times appealed in vain to the competent Italian and Allied Authorities in order to obtain the payment of the Republic premium;

having taken note of the active interest of the Labor Chamber of Spoleto who did not succeed to solve the problem owing to the lack of interest of the superior organizations;

denounces the situation to the public opinion and invites all the workers who have served or are serving with Allied organizations to raise analogous protests in order to obtain the recognition of their rights, sanctioned by a law decreed by the Italian Government, asking for the solidarity of all industry workers.

Spoleto, 11 November 1946.

1179

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 794
Office of the Executive Commissioner

Ref. : 691/160/20 12 November 1946

SUBJECT: Dollars and Dollar Instruments.

TO : The Director
Allied Financial Agency.

With reference to the recent conversation between Col. Batterseby and Capt. Knisely on this subject, it would be much appreciated if the Director of the Bank of Italy could be approached with a view to his selling £ 250 per week to the Foreign Representatives to the Advisory Council to Italy and this Commission.

These dollars or dollar instruments are required in order that PX. supplies may be purchased and the sum of £ 250 represents $5 per head per week, the normal amount of a weeks issue of PX.stores, thus reducing the risk of the dollars finding their way to the black market.

FOR THE CHIEF COMMISSIONER:

A. W. Knisely.

Brigadier,
Executive Commissioner.

1681

(227)

1180

Declassified E.O. 12356 Section 3.3/NND No. 785015

75972/OET
NOV. NFT

H/7802
NOV. 120900
IMPORTANT

MIDEAST
ALCOM ROME

RESTRICTED

RESTRICTED.
According to unconfirmed rumours italian government has imposed following limits for importation lire banknotes. Temporary visits 5000. Definite repatriation 10000. Returning POW 20000. Grateful signal whether rumours have foundation.

AC DIST

ACTION ECON SEC 3
INFO CHIEF COMMISSIONER
EX COMM
FILE
SKELETON

169)

(296)

RESTRICTED

1181

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

H/7810
NOV.111309A NOV.121100

ROUTINE

AFHQ SIGNED SACMED CITE FHQEG
GHQ CMF INFO ALCOM ROME 85 AREA TROOPERS LONDON AMG VENEZIA GIULIA

CONFIDENTIAL

Reference your COS/100 dated 4 November (Copy to Troopers).

1. Authority now received from War Department for MTO to pay Republican Bonus. Therefore the authorization of Troopers of 19 September 46 that payment to British employees may be made may now be implemented.

2. No such payment to be made in zone "A" Venezia Giulia.

3. Most desirable that you coordinate with us authorities to assure that effective date and civilians authorized to receive payment are so far as practical identical. No publicite until coordinate news release can be agreed.

4. Suggest you send representative to AFHQ to agree payment policy and news release. Confirm or comment.

AC DIST

INFO ACTION EX O (B)
INFO CHIEF COMMISSIONER
EX COMM
EX O (A)
FILE
SKELETON

CONFIDENTIAL

Brain
Friday 15th

1182

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 794
Office of the Executive Commissioner

CC

Ref. : 691/159/20

9 November 1946

SUBJECT: Procedure for procurement of military payment certificates.

TO :

Soviet Representative to A.C.
Soviet Representative to A.C.I.
Greek Representative to A.C.I.
Jugoslav Representative to A.C.I.
U.S. Representative to A.C.I.

Further to my letter no. 691/20 dated 28 October 1946 on this subject, I now enclose authority for each individual, who is entitled to draw XX ration, to draw £ 5 per week in U.S. Military Payment certificates.

FOR THE CHIEF COMMISSIONER:

A. W. Kinsely.

Brigadier,
Executive Commissioner.

20/1078

1678 Copy to: 47 U.S. Finance Office.

(294)

1183

Declassified E.O. 12356 Section 3.3/NND No. 785015

COS/100
NOV. NFT

H/7624
NOV.051400
ROUTINE

GHQ CMF
AFHQ INFO TROOPERS ALCOM

CONFIDENTIAL

CONFIDENTIAL.

Reference your EX73030 of 03 November EMAY not to Troopers.

1. Understand that strike of Labour in Allied Employment in Venice Area threatened for 5 Nov in support of demand for the payment of 3000 lire republican bonus has temporarily been suspended after negotiation between prefect and Area Comd.

2. Labour opinion apparently distrusts our intention. Should strike break out later it will probably foment strong anti Allied opinion which may well spread and be exploited politically to the detriment of our prestige and security.

3. If decision taken not to pay bonus then distrimination against Labour which has actively aided us would seem impossible to justify.

4. Ref your para 4 if situation shoula reach point where the maintenance of Brit Forces in CMF was imperiled then I should reluctantly feel compelled to approve payment regardless of us ability to conform.

5. In view of unstable situation here I consider a decisione essential within next 10 days.

AC DIST

INFO ACTION ECON 3
INFO CHIEF COMMISSIONER
EX COMMR
FILE
SKELETON

1671

CONFIDENTIAL

NOV 5 - 1946

1184

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC

PRIORITY

SIGNAL FROM

T.O.O. 1940/4 NOV

ALCOM

TO FOR ACTION AFHQ
INFO GHQ 8S AREA

5382

CONFIDENTIAL.

REFERENCE PARA FIVE YOUR FX 7030 OF 4 NOVR. PAYMENT REPUBLIC BONUS HAS BEEN APPROVED IN PRINCIPLE BY ITALIAN GOVERNMENT AND DIRECTIVE ISSUED FOR PAYMENT THROUGHOUT ITALIAN GOVERNMENT TERRITORY. IN CASE OF STATE EMPLOYEES FIFTY PER CENT OF BONUS HAS BEEN OR IS IN PROCESS OF BEING PAID. AS REGARDS CIVILIAN EMPLOYERS IT IS UNDERSTOOD THAT FIFTY PER CENT HAS BEEN PAID IN SOME INSTANCES BUT NOT GENERALLY. SIMILAR SITUATION EXISTS IN UDINE PROVINCE AND IT IS UNDERSTOOD THAT IN VENEZIE GIULIA BONUS IS BEING PAID BY A FEW CIVILIAN EMPLOYERS.

1673

OFFICE OF CHIEF COMMISSIONER

(Signed)
Woodcock ;Major
HQ AC Staff Duty Officer

1185

Declassified E.O. 12356 Section 3.3/NND No. 785015

FX73030 H/7617

NOV 041025

ROUTINE

GHQ CMF AFHQ SIGNED SACMED CITE FHQSG
COS ANPO 96 AREA ALCOM ROME

CONFIDENTIAL

CONFIDENTIAL

Ref your QG1253 dated 1 Nov 46 not to Alcom stating strikes threatened in Venice Area unless republican bonus paid.

Para 1. On 28 August 46 problem was put to Agwar. No reply to date.

Para 2. War office has authorized payment subject to US agreement.

Para 3. Payment by US entails expenditures of US appropriated funds approximately 200,000 (two hundred thousands) dollars. As British payment made in Lire prior to signing military and civil affairs agreement, war office appropriations apparently not involved.

Para 4. Matter being again referred Agwar, copy to Troopers in spite of objectional features do you advocate payment by British regardless ability of us to conform query.

Para 5. For Alcom. What is status of payment republican bonus by civilian employers and Italian Government query is it being paid now throughout Italy except AMG territory query.

AC DIST

INFO ACTION : EX COMMISSIONER 2

INFO: CHIEF COMMISSIONER

FILE

SKELETON

1671

civilian employees

NOV 4 - 1946

CONFIDENTIAL

1186

Declassified E.O. 12356 Section 3.3/NND No. 785015

NOV 1

PSLO 1
NOV 031720A

H/7619

NOV 041030
IMPORTANT

PSLO 86AREA
HQ ALCOM

INFO ALCOM PS DIV

TOP SECRET

Confidential

Subject payment Republican bonus to Allied Civilians employees this area.

If decision to pay is not indicated strike of 13000 repeat 13000 employees threatened for November 5th. It is difficult to estimate which categories or what percentage remain out in event of strike but we lose face politically no matter what results.

Stress this is Urgent matter and hope for favourable and immediate reply.

AC DIST

Action: Executive Commissioner 2
Info: Chief Commissioner
Public Safety
File
Skeleton

1671

NOV 4 - 1946

Confidential

1187

Declassified E.O. 12356 Section 3.3/NND No. 785015

NOV 4 1946

5/134
NOV 021035A

H/7618
NOV 041005A
ROUTINE

HQ AMG VENZIA GIULIA
G 5 AFHQ ALCOM FOR EXECUTIVE COMMISSIONER
INFO: POLAD (B) FOR TRANSMISSION MR SULLIVAN AND FOR INFORMATION MR CULPIN POLAD (A)

SECRET

SECRET

Yugoslav Military Government Zone B has issued a decree devaluing Italian Lire making one (one) Yugoslav Lire equal to two (two) Italian Lire. This would cause flight of Italian Lire from Zone B. Under proposed basis peace treaty Jugoslav Government responsible for redeeming lire circulating in territory ceded to it. Free market prices of both lire in Zone B is approximately 1600 Yugoslav equals four (four) thousand Italian Lire. Yugoslav lire does not circulate in Zone A.

22/11/46

RAAC Message Center Note/

This message recieved corrupt please advise us if any check is required.

AC DIST

Action: Executive Commisstoner (2)
Info: Chief Commisstoner
Polad (A)
Polad (B)
File
Skeleton

NOV 4 - 1946

1673

Confidential

Copy for Chief Commissioner, A.C.

14-Oct-16

Excellency:

On instructions of the Secretary of State I have the honor to deliver to you personally the following message from him:

"When you were in Paris in August you discussed with me the question of the American Government paying the Italian Government for the Lire which it furnished to the American Army for the purchase of supplies in Italy.

"I am now happy to inform you that after having examined carefully into this question the United States Government has decided to reimburse the Italian Government for the lire so furnished to the American Army. Arrangements are being made to transfer immediately fifty million dollars to the Italian Government on account and

1672

Declassified E.O. 12356 Section 3.3/NND No. 785015

message from him:

"When you were in Paris in August you discussed with me the question of the American Government paying the Italian Government for the Lire which it furnished to the American Army for the purchase of supplies in Italy.

"I am now happy to inform you that after having examined carefully into this question the United States Government has decided to reimburse the Italian Government for the lire so furnished to the American Army. Arrangements are being made to transfer immediately fifty million dollars to the Italian Government on account and as soon as the accounts can be processed such additional payments will be made as are found due. It is the view of the American Government that the Italian Government as a co-belligerent with the United Nations is entitled to such reimbursement.

"The

His Excellency

Alcide de Gasperi,

President of the Council of Ministers,

R o m e.

1672

Declassified E.O. 12356 Section 3.3/NND No. 785015

"The American people are deeply conscious of the contribution that Italy and her sons and daughters have, from the very beginning of our history, made to American life, and they wish to see the traditional ties that have bound together the peace-loving peoples of our two Republics renewed and strengthened. The American people are happy to recognize the part that the Italian people have taken in liberating their country from the yoke of fascist tyranny and reestablishing a democratic government worthy of their finest traditions."

Accept, Excellency, the renewed assurances of my highest consideration.

167 Rome, October 14, 1945.

Declassified E.O. 12356 Section 3.3/NND No. 785015

from the yoke of fascist tyranny and reestablishing a democratic government worthy of their finest traditions."

Accept, Excellency, the renewed assurances of my highest consideration.

1671 Rome, October 14, 1946.

78 h delivered 1800 hrs 10/15

(731)

Declassified E.O. 12356 Section 3.3/NND No. 785015

1192

Declassified E.O. 12356 Section 3.3/NND No. 785015

_CBCSS_REFERENCE_SHEET

See File 851/CC
no. 72

1193

Declassified E.O. 12356 Section 3.3/NND No. 785015

OCT 16 1946 C C

THE UNDERSECRETARY OF STATE
TO THE PRESIDENCY OF THE COUNCIL OF MINISTERS

80344/77279/19.5 Rome, 10 October 1946.

Dear Admiral,

further to my letter of 22 August No. 77279/19.5, I A inform you that the Navy Ministry has decided to grant the demobilization premium to Spizzimaglio and to the other military personnel from Trieste who are in the same position as the abovenamed.

Very truly yours,

(Avv. Paolo Cappa)

/s/ P. Cappa

4/10/46

EC DIST - 14/10/46

ACTION - EC
INFO - CC

1669 Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

229a

1194

Declassified E.O. 12356 Section 3.3/NND No. 785015

copy copy

TRANSLATION

THE UNDERSECRETARY OF STATE
OF THE PRESIDENCY OF THE COUNCIL OF MINISTERS

77279/19.5

Rome, 22 August, 1946.

Dear Admiral,

I have informed the competent Ministry regarding the subject of your letter to the President of the Council, No. 8252/333/EC dated 29 July, 1946, and will let you know what has been decided as soon as I receive detailed information.

350

With best regards.

Yours truly,

/s/ Cappa

1668 Admiral Ellery W. Stone
Chief Commissioner,
Allied Commission,
Rome.

A-7

1195

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

Ref: 4608/314/EC

7 October 1946

SUBJECT: Payment for Services to G-5 AFHQ

TO : ALLIED FORCE HEADQUARTERS
Attention: G-5 Section.

1. Reference is made to your letter G-5: 972.23 of the 28th August 1946.

2. (i) Sub Paragraph 5(a). The chief purpose for which funds drawn by the Commission from AFA are expended are given in itemized form in Appendix "A" to this letter.

(ii) Sub Paragraph 5(b). The Headquarters building of this Commission (31-33 Via Veneto) is held on a Joint Requisition by Real Estate RAMC which is an integrated department. Apart from this the Real Estate occupied by the Commission or its personnel is held by National Requisition.

(iii) Sub Paragraph 5(d). British and American personnel have for some time past been completely segregated so far as billeting and messing are concerned.

3. With reference to para 5(c) of your letter, I am in doubt as to whether the principle of differentiation between US and British payments on behalf of services rendered to the Allied Commission, and the relation of this differentiation to the proposed Civil Affairs Agreements is advisable or practical. A possible exception to this could be made with regard to items 2 and 3 in Appendix A.

Allied Commission is an integrated organization with French and Russian representatives set up under the Long Armistice terms, and it seems to me that Allied Commission should continue as an integrated organization and its financial machinery be on an integrated basis.

In addition to its political and general functions, the Allied Commission is responsible for technical advice and many functions connected with military government.

1667

Moreover, when the Allied Commission was set up it was essential to engage a considerable number of Italian civilian clerical and other personnel for the working of the Commission. In the run down of the Commission it has not been possible to replace from local sources such American and British civilians as were formerly employed in the Commission. Allied civilian personnel are not available in the country. Civilian clerical staffs are, therefore, now almost wholly Italian, and this, I understand, applies also to such integrated organizations as A.F.A. and A.S.A.A.

1196

Declassified E.O. 12356 Section 3.3/NND No. 785015

4. It would seem impossible to form a clear cut division on nationalistic lines between the various functions of the Allied Commission, and so long as the Commission exists in its present form it would appear that the whole of the services provided for the Allied Commission should be considered in the same way as services provided for AMG in Udine and Venezia Giulia which are excluded from the dollar credit scheme.

5. I do not think that it is contrary to the spirit of the two Civil Affairs Agreements for the Italian Government to pay for services rendered to the Allied Commission, especially in view of the fact that the Allied Commission will be abolished if and when the revised Armistice terms come into force.

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR
Chief Commissioner

Copy to: Executive Officer (B)
Executive Officer (A)
A.F.A.

1665

1197

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
A P O 794
Office of the Executive Commissioner

OCT 8 1946

Ref. : 4501/EC

5 October 1946.

SUBJECT: Currency Agreement.

TO : G-5 Section
A. F. H. Q.

172

1. Copies of the correspondence requested on this subject are forwarded for your information.

For the Chief Commissioner:

A. W. Kulsch.

Brigadier,
Executive Commissioner.

4601/EC

Encls.

1603

178A

1198

Declassified E.O. 12356 Section 3.3/NND No. 785015

O.C.,

SEP 25 1945

FX 72254

241559 SEP

H/6811

SEP 251530B

ROUTINE

SATMED CITE FHGEG

AGWAR FOR CCS BCS CCS FOR CCAC CABINAT OFFICES WHITEHALL FOR CCS

INFO ALCOM FOR ALLIED FINANCIAL AGENCY REUR TAM 750 ALSO TAM 724

CONFIDENTIAL

CONFIDENTIAL

Subject is currency taken from surrendered enemy personnel of Italian nationality.

This is MAT 1043.

1.No further information has been received this subject and it is therefore requested that military authorities in British and United States zones of Germany be asked to send funds taken up from Italian soldiers to allied financial agency Rome as soon as possible for return to Italian Government at same time as lire taken up from German sep thereby avoiding piecemeal handing over.

2.It is presumed that these funds will only be funds taken up from Italian sep and no funds taken up from Italian PW which latter funds is presumed are being dealt with in a similar way to the procedure laid down in TAM 724 para 2.

3.Will funds taken up (if any) from Italian soldiers in Austria be treated in like fashion and returned to Italian Government.

160.

AC DIST

INFO ACTION: AFA 2

INFO: CHIEF COMMISSIONER

ASAA

ECON 2

FILE

SKELETON

CONFIDENTIAL

MEMORANDUM ON VENEZIA GIULIA ALLIED MILITARY GOVERNMENT

GENERAL ORDER 70

1. This Order carries signs of having been prepared and published under pressure. It was not submitted to the Legal Division, Allied Commission before publication but, following the Chief Commissioner's attention being drawn to it by adverse Italian newspaper comment, has been carefully scrutinised by that Division. It does not appear that the newspaper criticism was justified.

2. The English version of Allied Military Government Proclamations and Orders prevails. The English of this Order, however, leaves much to be desired. It is substantially a not very good translation of the provisions of an Italian Decree of the Lieutenant General - No. 134 of 1946. The lack of precision in the English of the Order is a serious defect. Parts of the Order are incomprehensible and parts are wide-open to misinterpretation. An Order which leaves those administering it to decide interpretation according to individual taste, and which could embarrass any Court into constructive legislation to interpret it, is a bad one. There are a number of misprints in the Order: two at least are really serious, "action" where the word intended is "auction", and "formally" where the word intended is "formerly". Two expressions are frequently used in the Order and are not interpreted - "Public Treasury" in whose favor the profits etc. are expropriated and property confiscated and "Finance Administration" which has onerous duties under the Order. It is left doubtful who is to receive the profits which are expropriated and the property, or proceeds of it, that is confiscated. This doubt is accentuated by a definition of Public Treasury in one article of the Order as "Public Treasury (Tesoreria Provinciale)" as the authority to whom payment of fascist regime profits may be ordered. The identification of "Public Treasury" in this article as the "Tesoreria Provinciale" raises the assumption that wherever the expression is used elsewhere in the Order it has a different meaning.

The various time limits under the Order are not satisfactory, and one of which expires 30 days from 23rd September 1946 gives the position some urgency.

3. It is the recommendation of the Legal Division Allied Commission

(a) that all action under the Order be suspended forthwith (without public announcement)

Declassified E.O. 12356 Section 3.3/NND No. 785015

taste, and which could embarrass any Court into constructive legislation to interpret it, is a bad one. There are a number of misprints in the Order: two at least are really serious, "action" where the word intended is "auction", and "formally" where the word intended is "formerly". Two expressions are frequently used in the Order and are not interpreted - "Public Treasury" in whose favor the profits etc. are expropriated and property confiscated and "Finance Administration" which has onerous duties under the Order. It is left doubtful who is to receive the profits which are expropriated and the property, or proceeds of it, that is confiscated. This doubt is accentuated by a definition of Public Treasury in one article of the Order as "Public Treasury (Tesoreria Provinciale)" as the authority to whom payment of fascist regime profits may be ordered. The identification of "Public Treasury" in this article as the "Tesoreria Provinciale" raises the assumption that wherever the expression is used elsewhere in the Order it has a different meaning.

The various time limits under the Order are not satisfactory, and one of which expires 30 days from 23rd September 1946 gives the position some urgency.

3. It is the recommendation of the Legal Division Allied Commission

(a) that all action under the Order be suspended forthwith (without public announcement)

1663

(b) that the Order be substantially rewritten and reprinted in its entirety.

4. In view of the recommendation (b) above, and indeed in obtaining the information to prepare this Memorandum, this Division has prepared lengthy notes on the Order, Article by Article. If the recommendation (b) is accepted, a copy of these notes could be made and forwarded to Allied Military Government Venezia Giulia in supplement to the generalized comments of this Memorandum.

JOHN K. WEBER
Colonel, Infantry
Chief Legal Advisor

(Italy)

Declassified E.O. 12356 Section 3.3/NND No. 785015

1201

Declassified E.O. 12356 Section 3.3/NND No. 785015

Cypher cable F 71509 dated 6 Sept 4/c
Transferred to file CC 3753 folio 5.

227

1202

Declassified E.O. 12356 Section 3.3/NND No. 785015

6 September 1946.

Dear Mr. Hird:

Thank you for your kindness in assisting me as you did last week with respect to the application of the "cara vita" to Italian civilian employees. I can only regret that the committee did not see fit to adopt my proposal which I think is the only correct line to take. I appreciate your help nevertheless.

Very sincerely,

KELLEY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. H. J. Hird,
Assistant Labor Attache,
British Embassy,
Rome.

1681

Spare
4/6/46

1203

Declassified E.O. 12356 Section 3.3/NND No. 785015

6 September 1946.

Dear Mr. Hird:

Thank you for your kindness in assisting me as you did last week with respect to the application of the "cure vita" to Italian civilian employees. I can only regret that the committee did not see fit to adopt my proposal which I think is the only correct line to take. I appreciate your help nevertheless.

Very sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Mr. H. J. Hird,
Assistant Labor Attache,
British Embassy,
Rome.

1661

See 222a

226

1204

Declassified E.O. 12356 Section 3.3/NND No. 785015

3 September 1946.

Dear Sir:

In reply to your letter of 28 August, file No. 1998/d.V., concerning the payment of the Premium of the Republic to the civilian employees of the Allied Authorities, I may inform you confidentially that the question has been approved in principle by the Allied Force Headquarters in Caserta and is now pending before the United States and British Governments for decision, which I hope will be favorable.

You can be sure that I will advise you just as soon as information has been received.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Signor G. DiVittorio,
Confederazione Generale Italiana del Lavoro,
Via Boncompagni 19,
Rome.

1651

C.C. ✓
EX.COM. ✓

Spare
4601/cc

1205

Declassified E.O. 12356 Section 3.3/NND No. 785015

3 September 1946.

Dear Sir:

In reply to your letter of 28 August, file No. 1998/d.V., concerning the payment of the Premium of the Republic to the civilian employees of the Allied Authorities, I may inform you confidentially that the question has been approved in principle by the Allied Force Headquarters in Caserta and is now pending before the United States and British Governments for decision, which I hope will be favorable.

You can be sure that I will advise you just as soon as information has been received.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Signor G. DiVittorio,
Confederazione Generale Italiana del Lavoro,
Via Buoncompagni 19,
Rome.

1653

1206

Declassified E.O. 12356 Section 3.3/NND No. 785015

Cypher cable F 71471 (MAT 1040) dated 5 Sept 46.
Transfered to CC file 3753 folio 6.

225

1207

Declassified E.O. 12356 Section 3.3/NND No. 785015

SEP 5 1945

FX 71417
041215-B

H/6313
SECT 051230

ROUTINE

SACMED CITE PHOEG

ACWAR FOR CCS FOR MCAC INFO: CABINET OFFICES WHITEHALL FOR BCS ALCOM ROME AFA ROME (ALLIED FINANCIAL AGENCY)

SECRET THIS IS MAT 1039

SECRET

SUBJECT IS GOLD FOUND AT LA FORTEZZA.

SEE MAT 994 AND TAM 747. THIS IS MAT 1039.

1. OWING TO RECENT MUCH PUBLICISED RETURN BY AMERICAN GOVERNMENT OF GOLD FROM FRANKFURT TO HUNGARIAN NATIONAL BANK BUDAPEST ON 6 AUGUST 46 ANTICIPATED THAT ITALIAN GOVERNMENT MAY BECOME RESTIVE CONCERNING GOLD FOUND AT LA FORTEZZA AND NOW IN CUSTODY OF ALLIED FINANCIAL AGENCY ROME.

2. THEREFORE REQUESTED THAT INFORMATION BE GIVEN AS TO WHEN DECISION CONCERNING DISPOSAL OF LA FORTEZZA GOLD CAN BE EXPECTED.

AC DIST

INFO: ACTION: A.F.A.
" " ECON SEC 2
INFO : CHIEF COURIER
FILE
SKELETON

see 222
253

1654

Confidential

224

1208

Declassified E.O. 12356 Section 3.3/NND No. 785015

BRITISH EMBASSY,
ROME.

29th August, 1946.

Dear Admiral Stone,

Following our recent telephone conversation, you may care to submit to the meeting tomorrow a statement on the lines of the attached memorandum, on the subject of the cost of living bonus for Allied Force civilian employees.

Yours sincerely,

H. J. Kind

Admiral W.E. Stone,
Chief Commissioner,
Allied Commission,
Rome.

165
272a

see 726

1209

Declassified E.O. 12356 Section 3.3/NND No. 785015

3 September 1946.

Dear Sir:

(221)

In reply to your letter of 28 August, file No. 1998/d.V., concerning the payment of the Premium of the Republic to the civilian employees of the Allied Authorities, I may inform you confidentially that the question has been approved in principle by the Allied Force Headquarters in Caserta and is now pending before the United States and British Governments for decision, which I hope will be favorable.

You can be sure that I will advise you just as soon as information has been received.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Signor G. DiVittorio,
Confederazione Generale Italiana del Lavoro,
Via Boncompagni 19,
Rome.

165 i Copies To

CC

EX. COMM.

(223)

1210

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref.: 130/F

29 August 1946

SUBJECT: Gold Discovered at La Fortezza

TO : Allied Force Headquarters, G-5 Section

1. Reference your G-5/004.2 of 21 February 1946. 198 a

2. I should be glad to be informed at a very early date as to how this matter stands. I understand from Press reports that captured gold discovered in the American zone of Germany has already been returned to the Hungarian Government. If this is so, it is difficult to understand why there should be so much delay in coming to a decision in the matter of the return to the Italian Government of captured gold actually recovered in Italian territory.

3. Can this matter please be treated as urgent?

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1651

See 195
173
224

1211

Declassified E.O. 12356 Section 3.3/NND No. 785015

AFHQ MESSAGE CENTER

OUTGOING MESSAGE

SECRET PRIORITY

TO FOR ACTION : AGWAR

FOR INFO : USFET US NAVY NAPLES

REF NO : FX-71113

SIGNED : COMGENMED CITE : MAGS

1. It is the policy of AFHQ for the Army here to pay Italian civilian wages corresponding to those of local industry. This follows Embassies desires. The wages are composed of 2 increments, the basic wage and a cost of living bonus. The latter is to compensate for varying living costs. Recent labor studies by Italian Governmental Agencies have disclosed inadequacies in cost of living bonus as compared with actual living costs. Corresponding increases have been directed by the Italian Government in cost of living bonus for Italian industry effective 1 July 1946. These increases, effective 1 August 1946 for employees of Allied Forces, will require an increase of approximately 135,000 dollars per month in wages of US employed civilians paid from MTOUSA appropriated funds or a total of 270,000 dollars for the 2 remaining months of the first quarter of current fiscal year. Broken down by appropriations: Finance Service of Army 105,000 dollars; Quartermaster 34,000 dollars; Signal 29,000 dollars; Medical and Hospital 2,000 dollars; Engineer 29,000 dollars; Ordnance 11,000 dollars; Transportation 30,000 dollars.

2. Similar increases will have to be met in future quarters, proportionate to the number of civilian laborers retained. It is NOT anticipated that the number can be materially reduced during the remainder of the fiscal year 1947 without serious effect upon Theater Mission. As of 30 September 1946, and at the conclusion of each succeeding quarter, further review of cost of living will be made by Italian Governmental Agencies, with consequent changes in the "cost of living bonus" increment of wage scale. Any such additional increases should be met in pursuance of the Allied Labor Policy. NO part of this increase can be absorbed in the reduced budget allotments for the current fiscal year.

3. There are three solutions of this problem:

A. Provide MTO with the additional funds required.

MD OUT 567

COPY NO. 16

1654

221a

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

1212

Declassified E.O. 12356 Section 3.3/NND No. 785015

B. Discharge Italian workers in sufficient quantity to stay within our present budget. This would entail the immediate discharge of approximately 3,500 of the 15,000 currently employed on MTOUSA appropriated funds. This is considered impractical as the performance of this Theater's mission with the present allocated troop basis was predicated on having sufficient funds to employ required civilians. Nor is it possible to use SEP labor as the troop spaces for guards and administration are NOT available. The present use of SEP labor is causing an increasing unfavorable reaction with the Italian Government. Any increase of employment of SEPS at the expense of civil labor would create further unfortunate repercussions toward the UNITED STATES.

C. Revalue the dollar with respect to the lire to permit the Army to secure the current free market rate rather than the pegged rate approximately 400 to 1. In this way only can this Theater meet its obligations and stay within its budget.

From the Army's viewpoint strongly recommend solution C. If this is impractical request immediate advice of an additional allocation of funds to meet these immediate obligations as this is a current obligation.

4. The British side is in agreement with and prepared to meet the corresponding payments for their civilian employees.

5. In addition to Italian civilians paid from MTOUSA appropriated funds there are in the Theater approximately 1,900 carried on USFET payrolls for whom a monthly increase of 17,500 dollars must be provided from USFET. The increases for 600 civilian employees of ATC and 270 of the US Navy must be provided by the appropriate paying agencies.

6. Second subject: The Italian Government has announced that all Italian workers are to receive a special bonus, referred to as the Republic Bonus, to be paid by the employer, of 3,000 lire for heads of families and 1,500 lire for nonheads of families. Payment of this bonus by the UNITED STATES would require approximately 160,000 dollars in 1 payment, broken down by appropriations: Finance Service of Army 62,000 dollars; Quartermaster

1213

Declassified E.O. 12356 Section 3.3/NND No. 785015

AFHQ MESSAGE CENTER

OUTGOING MESSAGE

REF NO : FX-71113 (Cont'd) 28 August 1946

20,000 dollars; Signal 17,000 dollars; Medical and Hospital 1,000 dollars; Engineer 17,000 dollars; Ordnance 25,000 dollars; Transportation 18,000 dollars.

7. This possible obligation could NOT have been foreseen at time of preparation of Theater budget. It is requested that advisability for such payment be carefully scanned, including all political implications and this Headquarters be advised earliest of decision and method of payment, if approved, as question is of immediate importance. GHQ-CMF is making similar request of War Office and coordinated action should be secured, as has heretofore been the practice on all Allied labor matters.

8. If Republic Bonus is to be paid amounts must also be provided from appropriate source of approximately 21,000 dollars for civilians on USFET payrolls. Bonuses for the 600 civilian employees of ATC and the 270 of the Navy would be paid by the appropriate agencies.

ORIGINATOR : G-4 AUTH : C.G. BLAKENEY, Col

INFORMATION : C/S MTO BA G-3(MTO) G-5 FISCAL DIR
US POLAD BRIT POLAD

1651

MC OUT 567 28 August 1946 SECRET 1259B Ref No: FX-71113 w/H
-3-

COPY NO.

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

1214

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC to Lourdes

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

Rome, 28 August 1945.

File No. 1998/d.V

SUBJECT: Republic Premium to the civilian employees of Allied Authorities.

TO : Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

Dear Admiral,

(216)

I have received your letter of 10 August 1945 concerning the payment of the "Republic Premium" to the civilian workers employed by the Allied Authorities.

In said letter you informed me that you had submitted the matter to the Allied Forces Headquarters in Caserta. Since to this day no official communication announcing whether the Republic Premium will be granted to the Italian employees of Allied Authorities has reached this Confederation, I take the liberty to ask for a word of reassurance on the matter.

Very truly yours,

/s/ G. Di Vittorio

1631

See 223

221

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

ADERENTE ALLA

FEDERAZIONE MONDIALE SINDACALE

Roma, li 28 agosto 1946 104

VIA BONCOMPAGNI, 19
Telefoni 481 151-2-3-4

Segreteria
UFFICIO ~~ORGANIZZAZIONE~~ Mr/alf

Prot. N. 1998/46

OGGETTO - Premio della Repubblica ai dipendenti civili dalle Autorità Alleate

Ill.mo SIG. AMMIRAGLIO STONE
Capo della Commissione Alleata
HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
R O M A
=.=.=.=.=.=.=.=.=.=.=.=.=

Sig.Ammiraglio,

ho ricevuto la Vostra lettera del 10 agosto us. riguardante la estensione del "Premio della Repubblica" ai lavoratori civili italiani dipendenti alle Autorità Alleate.

Nella lettera sopra citata Voi mi comunicate di aver interessato della questione il Quartier Generale Alleato di Caserta. - Poichè a tutt'oggi non xx è pervenuta a questa Confederazione alcuna comunicazione ufficiale circa l'estensione o meno del Premio della Repubblica ai dipendenti dalle Autorità Alleate, mi permetto di sollecitare un cenno di assicurazione al riguardo.

Gradite, Sig.Ammiraglio, i miei più distinti saluti

Giuseppe Di Vittorio

Declassified E.O. 12356 Section 3.3/NND No. 785015

ho ricevuto la Vostra lettera del 10 agosto us. riguardante la estensione del "Premio della Repubblica" ai lavoratori civili italiani dipendenti alle Autorità Alleate.

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Gradite, Sig.Ammiraglio, i miei più distinti saluti .

Giuseppe Di Vittorio

16/9

221

Declassified E.O. 12356 Section 3.3/NND No. 785015

1217

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

Rome, 28 August 1946.

File No. 1995/d.V

SUBJECT: Republic Premium to the civilian employees of Allied Authorities.

TO : Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

Dear Admiral,

I have received your letter of 10 August 1946 concerning the payment of the "Republic Premium" to the civilian workers employed by the Allied Authorities.

In said letter you informed me that you had submitted the matter to the Allied Forces Headquarters in Caserta. Since to this day no official communication announcing whether the Republic Premium will be granted to the Italian employees of Allied Authorities has reached this Confederation, I take the liberty to ask for a word of reassurance on the matter.

Very truly yours,

/s/ G. Di Vittorio

1613

5 parc
460 1/cc

1218

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

Rome, 28 August 1946.

File No. 1990/d.v

SUBJECT: Republic Premium to the civilian employees of Allied Authorities.

TO : Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

Dear Admiral,

I have received your letter of 10 August 1946 concerning the payment of the "Republic Premium" to the civilian workers employed by the Allied Authorities.

In said letter you informed me that you had submitted the matter to the Allied Forces Headquarters in Caserta. Since to this day no official communication announcing whether the Republic Premium will be granted to the Italian employees of Allied Authorities has reached this Confederation, I take the liberty to ask for a word of reassurance on the matter.

Very truly yours,

/s/ C. Di Vittorio

Spare
4601/cc

1219

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

Rome, 28 August 1946.

File No. 1998/d.V

SUBJECT: Republic Premium to the civilian employees of Allied Authorities.

TO : Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

Dear Admiral,

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In said letter you informed me that you had submitted the matter to the Allied Forces Headquarters in Caserta. Since to this day no official communication announcing whether the Republic Premium will be granted to the Italian employees of Allied Authorities has reached this Confederation, I take the liberty to ask for a word of reassurance on the matter.

Very truly yours,

/s/ G. Di Vittorio

1615

1220

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

From "Il Momento" of 28 August 1946:

THE PREMIUM OF THE REPUBLIC

How about the employees of the Allies?

The concession of the Republic Premium to all workers depending from public and private organizations as well as to the veterans and the unemployed has been authorized by a recent ministerial decree. Hundreds of workers who are presently employed by Allied administrations, and who are mostly also veterans, are asking why to this day no authorization extending the same concession also to them has been given. Logically, the exclusion of the above personnel from the benefit of the premium is an injustice as they are Italians and workers like all the others, who have the same necessities and - like all the others - are living in an economically critical period. It would be advisable that the competent authorities intervene with the Allied Commission with regard to this matter.

Il Premio della Repubblica

E ai dipendenti degli Alleati?

Con recente decreto ministeriale è stata autorizzata la concessione del premio della Repubblica alla totalità dei lavoratori dipendenti da Enti pubblici e privati, reduci e disoccupati. Centinaia di operai attualmente alle dipendenze delle Amministrazioni Alleate, anche essi reduci per la maggior parte, si domandano perchè [illegible] ad oggi nessuna autorizzazione è stata data anche, la stessa concessione sia estesa anche a loro. A parer di logica l'esclusione del suddetto personale dal beneficio del premio è un'ingiustizia, in quanto si tratta di italiani e lavoratori come tutti gli altri, che hanno le stesse necessità, e che, come gli altri, attraversano un periodo economicamente critico. Sarebbe opportuno che le competenti autorità si interessassero della cosa presso la Commissione Alleata.

La corrispondenza

46-61/rc

1615

220

1221

Declassified E.O. 12356 Section 3.3/NND No. 785015

23/7
AUS

AMG 13 CORPS
ALLIED COMMISSION ROME

M/5982
AUS 241145 B
PRIORITY

UNCLASSIFIED.

Subject "BONUS OF THE REPUBLIC" Reference AFHQ signal FX 70461 dated 13 August. Please telegraph details of the scheme as it applies in ITALY.

216

AC DIST

ACTION ECON 2
INFO KXXX CAS
LEGAL
FILE 2
FLOAT

16??

219

1222

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

13 August 1946.

The Secretariat,
Confederazione Generale Italiana del Lavoro,
Via Buonarroti 19,
Rome.

Attention: Signori Di Vittorio and Lizzadri.

Dear Sirs:

I have received your letter of 10 August with respect to your request that the "Premio della Repubblica" be granted also to Italian civilians working for the Allies.

I had already taken appropriate action with Allied Force Headquarters at Caserta before receiving your letter and hope to be able to announce a favorable decision shortly. In the meantime I should be grateful if you would consider this letter as confidential and not for publication.

Sincerely,

/s/ ELLERY W. STONE

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

1613

CONFIDENTIAL

1223

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

13 August 1946.

The Secretariat,
Confederazione Generale Italiana del Lavoro,
Via Buonarroti 19,
Rome.

Attention: Signori Di Vittorio and Lizzadri.

Dear Sirs:

I have received your letter of 10 August with respect to your request that the "Premio della Repubblica" be granted also to Italian civilians working for the Allies.

I had already taken appropriate action with Allied Force Headquarters at Caserta before receiving your letter and hope to be able to announce a favorable decision shortly. In the meantime I should be grateful if you would consider this letter as confidential and not for publication.

Sincerely,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1642

CONFIDENTIAL

1224

Declassified E.O. 12356 Section 3.3/NND No. 785015

FX 70532
AUG.171627B

N/5788
AUG.181400
ROUTINE

AFHQ SIGNED SACMED CITE RHGEG REUR 4595
ALCOM ROME INFO: MAIN XIII CORPS

RESTRICTED
Subject is bonus of the Republic.
1. Notice to this HQ of italian intentions wor# for too short to permit of any announcement being made.
2. Payment of this bonus would involve very substantial expense involving prior approval of war department and war office.
The matter is being treated asurgent but owing to need for referend to Washington and London an immediate decision cannot be expected.
3. For 13 Corps. Your recommendations requested in our FX 70461 urgently awaited.

AC DIST

ACTION ECON SEC 2
INFO CHIEF COMMIS IONER
FLOAT 2
FILE

1611

(21)

1225

Declassified E.O. 12356 Section 3.3/NND No. 785015

IN AIDOC RECORDED SECTION 15 1800 AMS 46

ALLIED FORCE HEADQUARTERS, G-5 SECTION

Main XIII Corps - Mr. Erwin, British Embassy - Executive Comm.

4595 (216) RESTRICTED

REFERENCE YOUR IX SEVEN ZERO FOUR SIX ONE DATED AUG ONE THREE ONE NINE THREE NINE B ID ONE ALSO MY ZERO TO CHIEF ADMINISTRATIVE OFFICER DATED TWELVE AUG ENCLOSING COPY OF DECREE IS

PARA ONE IS REQUIRING BONUS AS PASSED BY THE ITALIAN GOVERNMENT CALLS FOR PAYMENT TO ALL PUBLIC AND PRIVATE EMPLOYEES OF THREE THOUSAND LIRE TO HEADS OF FAMILIES AND FIFTEEN HUNDRED LIRE TO NON HEADS OF FAMILIES ID THERE ARE VARIATIONS DEPENDING ON STATUS OR OTHER ALLOWANCES ID DETAILS ARE SHOWN IN A TELEGRAPHIC ANNOUNCEMENT MINISTRY OF TREASURY WHICH IS BEING FORWARDED BY RAAG COURIER ID

PARA TWO ID CONFIRMING CONVERSATION STORE SLANT HARRIES TUESDAY AUG IT IS URGENTLY RECOMMENDED THAT ALLIED HEADQUARTERS IMMEDIATELY APPROVE THE PAYMENT OF THIS BONUS TO ALL OF ITS EMPLOYEES ID RECOMMENDATION BASED ON THE POLICY OF ALLIES IN CONFORMING TO ITALIAN LAW AND PRACTICE WITH RESPECT TO LABOR ID

16?)

PRIORITY

Records Section

550

for CHARLES W. RAYSON
Col., A.G.

Gilbert M Melling 1st Lt

NICHOLAS PIRRELLO
CWO, USA
Asst. Adjt.

1226

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

13 August 1946.

The Secretariat,
Confederazione Generale Italiana del Lavoro,
Via Bonaparti 19,
Rome.

Attention: Signori Di Vittorio and Lizzadri.

Dear Sirs:

I have received your letter of 10 August with respect to your request that the "Premio della Repubblica" be granted also to Italian civilians working for the Allies.

I had already taken appropriate action with Allied Force Headquarters at Caserta before receiving your letter and hope to be able to announce a favorable decision shortly. In the meantime I should be grateful if you would consider this letter as confidential and not for publication.

Sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1631

CONFIDENTIAL

1227

Declassified E.O. 12356 Section 3.3/NND No. 785015

12 August 1946.

MEMORANDUM TO: Chief Administrative Officer, AFHQ.

The attached copy of the Italian Government decree authorizing payment of the "Premium of the Republic" as approved by the Council of Ministers on 9 August 1946 is forwarded herewith with the compliments of Admiral Stone in the hope that this document will enable the Chief Administrative Officer to issue a press communique.

FOR THE CHIEF COMMISSIONER:

J. C. RIVELY
Major, Inf.
Staff Officer to CC

Copy to: Mr. W. H. Braine,
Labor Attache,
British Embassy,
Rome.

1638

1228

Declassified E.O. 12356 Section 3.3/NND No. 785015

FX 70461
AUG 131509 B

H/5646
AUG 141030
IMPORTANT

AFHQ SIGNED SACMED CITE SHAEG
ALCOM ROME, INFO: MAIN XIII CORPS

RESTRICTED.

Full details urgently required of "Bonus of the Republic" Together with your recommendation as to whether allies should adopt it for civilian employees of allies in non-AMG territory.

Also For XIII corps. Additionally requested are your recommendations concerning adoption of measure in VENEZIA GIULIA as an AMG decree effecting all employees.

AC DIST

ACTION ACCOM SEC
INFO CHIEF COMMISSIONER
C A SEC
LEGAL
FLOAT
FILE

1637

see 219

216

1229

Declassified E.O. 12356 Section 3.3/NND No. 785015

AUG 9 1946

TELEPHONE:—
ROME 43.951.

BRITISH EMBASSY,
ROME.

7th August, 1946.

Dear Admiral,

At the last meeting of the Labour and Wages Committee, at which Colonel Walton represented you, it was agreed to recommend an increased cost of living bonus to Allied Force civilian employees and to recommend to A.F.H.Q. to pay Republic Bonus on the terms decided by the Italian Government. I believe that Colonel Walton reported these points personally to you.

The important feature, which was recommended to A.F.H.Q., was the release of press announcements on these subjects as soon as possible so that it should appear that the Allied Command is making these concessions voluntarily and is not being driven to give them as the result of agitation and threats.

Unfortunately A.F.H.Q. are delaying the issue of the suggested press announcements. In the one case they are examining the figures and in the other they wish to see the terms of the Italian Decree. As you are aware in our experience of two years or more, Italian Government Decrees follow leisurely five or six weeks after the decision is taken. In the meantime agitation is beginning to build up.

Might I invite your personal intervention direct with A.F.H.Q. to obtain the issue of press announcements, saying that the Allied Command agrees <u>in principle</u> these two concessions and that the detailed instructions will issue later? I must confess that I feel rather strongly that the value of the consideration and advice of the Committee will disappear if delay at A.F.H.Q. allows strikes and agitation to appear to be forcing our hand.

163.

Sincerely yours,

W.H. Brand

Admiral Ellery W. Stone,
Allied Commission,
Rome.

See 215b

215a

215c

216a

1230

Declassified E.O. 12356 Section 3.3/NND No. 785015

AUG 20 1946

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

Rome, 10 August 1946.
Via Boncompagni 19.

File No. 14103/46/

SUBJECT: Republic Premium to the employees of Allied authorities.

TO : Admiral Stone, Chief Commissioner, Allied Commission, Rome.

Dear Admiral,

This Secretariat has the Honor of pointing out to you the necessity that the Republic Premium, of Lire 3000 to the heads of families and of Lire 1.500 to the others, be naturally granted also to the Italian civilians who are working for the Allies?

We know, from previous experience, that the Allied Commands carry out provisions in favor of their workers when these are made through legal agreements between qualified workers' organizations and employers' organizations, or when they have been decided by governmental decrees.

Since the decree of the Italian Government granting the "Republic Premium" to all workers indistinctly is soon going to be published, we beg you kindly to issue instructions so that the competent offices proceed to the payment of said premium to the workers employed by the Allies.

Respectfully yours,

THE SECRETARIAT

/s/ G. Di Vittorio

/s/ Lizzadri

1633

1231

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

Rome, 10 August 1946.
Via Boncompagni 19.

File No. 14103/46/

SUBJECT: Republic Premium to the employees of Allied authorities.

TO : Admiral Stone, Chief Commissioner, Allied Commission, Rome.

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Respectfully yours,

THE SECRETARIAT

/s/ G. Di Vittorio

/s/ Lizzadri

1232

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

File No. 14103/46/

Rome, 10 August 1946.
Via Bonocompagni 19.

SUBJECT: Republic Premium to the employees of Allied authorities.

TO : Admiral Stone, Chief Commissioner, Allied Commission, Rome.

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Respectfully yours,

THE SECRETARIAT

/s/ G. Di Vittorio

/s/ Lizzadri

1633

See 215a

215b

215c

216a

1233

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

ADERENTE ALLA

FEDERAZIONE MONDIALE SINDACALE

Roma, li 10 agosto 1946 104

VIA BONCOMPAGNI 19
Telefoni 480-151-2-3-4

SEGRETERIA GENERALE

Prot. N. 14103/46/

OGGETTO: Premio della Repubblica ai dipendenti autorità alleate.

Ill.mo Sig. Ammiraglio
S T O N E
Capo della Commissione Alleata in Italia
R O M A

Signor Ammiraglio,

questa Segreteria confederale si onora far presente la necessità che il Premio della Repubblica, in lire 3000 ai capi famiglia ed in lire 1.500 agli altri, venga naturalmente corrisposto anche ai civili italiani che lavorano alle dipendenze delle autorità Alleate.

Noi sappiamo, sulla base dei precedenti, che i Comandi Alleati attuano dei provvedimenti di favore ai propri lavoratori quando questi sono stabiliti mediante accordi legalmente stabiliti fra le organizzazioni qualificate dei lavoratori e dei datori di lavoro, oppure quando siano decisi mediante decreti governativi.

Poichè è in corso di imminente pubblicazione il decreto del Governo italiano sulla corresponsione del "premio della Repubblica" a tutti indistintamente i lavoratori, preghiamo la V.S.Ill.ma di voler disporre perchè gli uffici competenti provvedano alla erogazione del detto premio ai lavoratori dipendenti dalle autorità Alleate.

Voglia gradire, Ill.mo Sig.Ammiraglio, i sensi della nostra più distinta stima.

LA SEGRETERIA

CONFEDERAZIONE GENERALE ITALIANA DEL LAVORO

1632

2156

1234

Declassified E.O. 12356 Section 3.3/NND No. 785015

IMMEDIATE ACTION REQUESTED

12 August 1946.

MEMORANDUM TO: Chief Administrative Officer, AFHQ.

The attached copy of the Italian Government decree authorizing payment of the "Premium of the Republic" as approved by the Council of Ministers on 9 August 1946 is forwarded herewith with the compliments of Admiral Stone in the hope that this document will enable the Chief Administrative Officer to issue a press communique.

FOR THE CHIEF COMMISSIONER:

J. C. KIVELY
Major, Inf.
Staff Officer to CC

Copy to: Mr. W. H. Braine,
Labor Attache,
British Embassy,
Rome.

See 215 and 216

CC File Note: Above transmitted at request of Mr. Braine. Decree approved 9 August (according to Dr. Romanelli) and will be signed in due course.

1631

215

1235

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5/974.31

17 July 1946

SUBJECT: Payment in Italian currency of remittences from Austria.

TO : Chief Commissioner,
Allied Commission, APO 794.

1. Reference your 13025/F dated 30 April 46.

2. It is regretted that it is not yet possible to give a reply to your above quoted letter.

3. Will you please inform the British Embassy that every endeavor is being made to provide a reply at an early date.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

DKer Major

/s/ T. L. HAMBLEN
Colonel, G.S.C.
Assistant Chief of Staff, G-5

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460/Ke

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Declassified E.O. 12356 Section 3.3/NND No. 785015

JUL 23 RECD

CC

COPY

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5/974.31

17 July 1946

SUBJECT: Payment in Italian currency of remittences from Austria.

TO : Chief Commissioner,
Allied Commission, APO 794.

2029

1. Reference your 13025/P dated 30 April 46.

2. It is regretted that it is not yet possible to give a reply to your above quoted letter.

3. Will you please inform the British Embassy that every endeavor is being made to provide a reply at an early date.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

/s/

For L.L. HAMBLEN
Colonel, G.S.
Assistant Chief of Staff, G-5.

1629

EC DIST - 22 July

ACTION - ECON SEC

INFO - CC

EC.

215

1237

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

FX 67950 H/4052

June 191600 Z June 20 1100

ROUTINE

AFHQ SIGNED SACMED CITE FHGEG

AGWAR WASHINGTON FOR CCS FOR CCAC REPEATED INFO: CABINET OFFICES HITSEAL

FOR JCS EA FAAC FOR CPC , AICOM ROME FOR ASAA XX

SECRET

SUBJECT IS BILLING ITALIAN GOVERNMENT FOR POL TAM 769 REFERS.

THIS IS MAT 1028.

1. ASSUMPTION IN PARA FOUR TAM 769 is NOT CORECT.

2. THERE EXISTS NO LINE ACCOUNT IN THE NAME OF THE ALLIED COMMISSION OR OTHER ALLIED BODY, GOVERNING ALL DELIVERIES OF POL TO THE ITALIAN ECONOMY UNDER COMBINED MILITARY PROGRAMME.

3. ALLIED FINANCIAL AGENCY HOLD DEPOSITS BY CIP BASED ON COMBINED PETROLEUM COMMITTEE BILLINGS, UP TO 31 JANUARY 1945. SUBSEQUENT TO 1 FEBRUARY 1945 CIP PAID DIRECT TO THE ITALIAN TREASURY AMOUNTS ADVISED TO THEM BY CPC THROUGH CHIEF ACCOUNTANT ALLIED COMMISSION.

4. IN VIEW OF THE ABOVE IT IS RECOMMENDED THAT THE BILL TO THE ITALIAN GOVERNMENT FOR DELIVERIES OF POL BE COMPUTED AND RENDERED IN U S DOLLARS, BY ASAA ON THE BASIS OF VALUES OF DELIVERS AS DISCLOSED BY MONTHLY ADVICES RECEIVED BY ALLIED COMMISSION FROM PETROLEUM SECTION AFHQ AND REFLECTED IN TAM 228 RETURNS APP C AND C 1 AND THAT LINE DEPOSITS BY CIP BOTH TO AFA AND THE ITALIAN TREASURY BE TREATED AS FUNDS BELONGING TO THE ITALIAN GOVERNMENT. THE PROCEDURE IS IN LINE WITH THE TREATMENT BEING ACCORDED TO ALL OTHER COMMODITIES DELIVERED TO THE ITALIAN ECONOMY UNDER THE COMBINED MILITARY PROGRAMME.

5. DELIVERIES OF POL TO THE VATICAN AND ITALIAN ARMED FORCES HAVE NOT BEEN VALUED BY CPC AND INSTRUCTIONS REGARDING THE BILLING OF THESE RECIPIENTS ARE REQUESTED

AC DIST INFO: ACTION: A S A A

INFO: CHIEF COMMER ECON SEC 2 A F A FINANCE BR FILE SKELETON

1625

SECRET

1238

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

FX 67950

June 191600 B

H/4052

June 20 1100

ROUTINE

AFHQ SIGNED SACMED CITE FHGEG

AGWAR WASHINGTON FOR CCS FOR CCAC REPEATED INFO: CABINET OFFICES WITHHALL FOR CCS GA NAAC FOR CPC , AICOM ROME FOR ASAAA XX

SECRET

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THIS IS MAT 1028.

1. ASSUMPTION IN PARA FOUR TAM 769 is NOT CORECT.

2. THERE EXISTS NO LINE ACCOUNT IN THE NAME OF THE ALLIED COMMISSION OR OTHER ALLIED BODY, COVERING ALL DELIVERIES OF POL TO THE ITALIAN ECONOMY UNDER COMBINED MILITARY PROGRAMME.

3. ALLIED FINANCIAL AGENCY HOLD DEPOSITS BY CIP BASED ON COMBINED PETROLEUM COMMITTEE BILLINGS, UP TO 31 JANUARY 1945. SUBSEQUENT TO 1 FEBRUARY 1945 CIP PAID DIRECT TO THE ITALIAN TREASURY AMOUNTS ADVISED TO THEM BY CPC THROUGH CHIEF ACCOUNTANT ALLIED COMMISSION.

4. IN VIEW OF THE ABOVE IT IS RECOMMENDED THAT THE BILL TO THE ITALIAN GOVERNMENT FOR DELIVERIES OF POL BE COMPUTED AND RENDERED IN U S DOLLARS, BY ASAA ON THE BASIS OF VALUES OF DELIVERS AS DISCLOSED BY MONTHLY ADVICES RECEIVED BY ALLIED COMMISSION FROM PETROLEUM SECTION AFHQ AND REFLECTED IN TAM 228 RETURNS APP C AND C 1 AND THAT LIKE DEPOSITS BY CMP BOTH TO AFA AND THE ITALIAN TREASURY BE TREATED AS FUNDS BELONGING TO THE ITALIAN GOVERNMENT. THIS PROCEDURE IS IN LINE WITH THE TREATMENT BEING ACCORDED TO ALL OTHER COMMODITIES DELIVERED TO THE ITALIAN ECONOMY UNDER THE COMBINED MILITARY PROGRAMME.

5. DELIVERIES OF POL TO THE VATICAN AND ITALIAN ARMED FORCES HAVE NOT BEEN VALUED BY CPC AND INSTRUCTIONS REGARDING THE BILLING OF THESE RECIPIENTS ARE REQUESTED

AC DEPT INFO: ACTION: A S A A

INFO: CHIEF COMMR ECON SEC 2 A F A FINANCE BR FILE SKELETON

SECRET

1239

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

MAY 17

Ref. : 13075/F 14. May 1946.

SUBJECT: Entertainment Expenses.

TO : SCAO, AMG Venezia Giulia.

1. Reference is made to this office letter 13075/F dated 14 February, 1946.

2. Authority is hereby given for an entertainment allowance of 8,000 lire per month to the SCAO, AMG Venezia Giulia, in lieu of the 3,000 lire mentioned in para 2 of the subject letter.

For the Chief Commissioner.

Brigadier,
Executive Commissioner.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

13012/P

13 May 1946

My dear Mr. Minister:

I write with reference to your letter 43/13018/24 of 17 April and our letter 13012/P of 25 April, 1946.

The problems presented in your letter were referred to Allied Force Headquarters and we have now received their reply. On both the U.S. and British sides, existing Army currency regulations preclude the exchange of schillings into lire except through officially established Army channels, and consequently, as far as U.S. troops are concerned, a dollar credit accrues to your Government as a result of such exchanges, through the established U.S. net troop expenditure dollar credit system. On the British side, it is the view of Allied Force Headquarters that the question of sterling credits for the lire expenditures of British troops from Austria is a relatively minor question which is inseparable from the larger question of sterling credits for the lire expenditures of British troops stationed in Italy, which your Government has from time to time discussed with the British Government, and I am directed to state that the smaller question cannot be discussed separately.

As regards the report that Allied personnel are exchanging schillings for lire through the Austria National Bank, in the view of Allied Force Headquarters this report may be unfounded, as a rate of 6.25 lire per schilling would hardly be accepted by Allied military personnel, who are able to obtain a rate of 22.5 lire per schilling by exchanging their schilling currency through Army channels. However, the U.S. and British Army financial authorities in Italy are bringing the matter to the attention of their opposite numbers in Austria, and it is hoped to suppress all future attempts by Allied military personnel to obtain lira currency through illegal channels.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

With reference to the question of purchases of Italian fruit and vegetables by the Allied Forces in Austria, there have been certain new developments since our letter 13012/P of 25 April, 1946, to you, and Allied Force Headquarters have now ruled that a record will be maintained of all such purchases by the Allied Supply Accounting Agency. It is not intended that dollar or sterling credits for such purchases will accrue to your Government at the present time, but that the provision of such credits will be a matter for future discussion.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner.

Dott. Alcide De Gasperi
Minister for Foreign Affairs
Rome

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BCHT/ml

212

1242

Declassified E.O. 12356 Section 3.3/NND No. 785015

Cypher cable FX 65886 dated May 46.

Transferred to EC 3753 folio 7

211

1243

Declassified E.O. 12356 Section 3.3/NND No. 785015

Cypher Cable F 65764. dated 4 May 46.

Transferred to CC 3753 folio 8.

1244

Declassified E.O. 12356 Section 3.3/NND No. 785015

TO ALUSM 8 MAY 1946

AGARMIT FOR ECONOMIC DIVISION FOR RANKIN

ITALIAN DELEGATION VIENNA

2813

UNCLASSIFIED

PARA ONE FD PLEASE PASS TO ASSISTANT VIENNA FOLLOWING MESSAGE
FROM COUNSELOR ROTTER AUSTRIAN GOVERNMENT REPRESENTATIVE IN ROME FD
PARA TWO FD ITALIAN FOREIGN OFFICE AGREES SOMMER F E FINANCING VIENNA
AND ROME REPRESENTATIVES BY GOVERNMENT CREDITS STOP AMOUNT PROPOSED
FOR VIENNA REPRESENTATIVE OF ITALIAN GOVERNMENT 1 AUSTRIAN SHILLINGS
ONE EIGHT ZERO ZERO ZERO ZERO ZERO FOR THREE MONTHS STOP SUGGEST FOR
ROME REPRESENTATIVE OF AUSTRIAN GOVERNMENT LIRE TWO MILLIONS FOR
SAME PERIOD FD
PARA THREE FD PLEASE SIGNAL AGREEMENT TO LOOM FOR ROTTER FD

1623

ROUTINE

209

COMMERCE FOREIGN TRADE BRANCH

179:102 Capt. ROTTER

SIMSONS E. HUMPHREYS
CWO, USA
Asst. Adjutant

1245

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

Telephone
Rome 43951

BRITISH EMBASSY
ROME

30 April 1946

To: Allied Commission
Attention Finance Sub-Commission

Subject: Payment in Italian currency of remittances of Italian workers employed in American Army Zone in Austria.

1. It is understood that some 600 Italian building trade workers are employed by the American authorities at Salzburg in the American zone in Austria. The terms of their employment are said to include free board and lodging, with local allowances, plus remittances to be paid to the workers' families in Italy in Italian currency. It is states that these remittances are being made in Italian currency supplies for the use of the American forces in occupation in Italy.

2. The Italian authorities ask for confirmation of this practice, against which, if it is true, they would wish to protest since the result would be that the Italian nation is bearing some of the cost arising from the occupation of Austria.

3. It is not known, however, how the Italian civilian workers were recruited and transferred to Austria; but it seems desirable that further recruitment should not continue until such questions as transfer of currency or credits are settled.

4. It would be appreciated if appropriate action could be taken to investigate these reports and to suspend further action until points of doubt are cleared.

/S/ W.H. BRAINE

W.H.BRAINE.
Labour Attaché,

1622

1246

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
FINANCE BRANCH
APO 394

13025/F

30 April 1946

SUBJECT : Payment in Italian currency of remittances of Italian workers employed in American Army Zone in Austria.

TO : G-5 (Financial Adviser)
AFHQ

208 b 208 c

1. I refer to our 13012/F of 25 and 26 April, 1946.

2. We should be grateful for your views on the problems raised in the attached copy letter from the British Embassy, which gives rise to questions bearing on the same subject as that dealt with in our above-quoted letters.

For the Chief Commissioner :

(Signed) B.E.I. TIMMONS
Lt. Col.

B.E.I. TIMMONS, Lt. Col.
Director, Finance Branch
Economic Section.

1621

Encl.

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CH/ml

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

Telephone
Rome 43951

BRITISH EMBASSY
ROME

30 April 1946

To: Allied Commission
Attention Finance Sub-Commission

Subject: Payment in Italian currency of remittance of Italian workers employed in American Army Zone in Austria.

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3. It is not known, however, how the Italian civilian workers were recruited and transferred to Austria; but it seems desirable that further recruitment should not continue until such questions as transfer of currency or credits are settled.

4. It would be appreciated if appropriate action could be taken to investigate these reports and to suspend further action until points of doubt are cleared.

4/60/12

/S/ W.H. BRAINE

W.H.BRAINE.
Labour Attaché.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

HQ ALCOM 29 1540 APRIL 1945

G-5 AFHQ

MTOUSA FOR FISCAL DIRECTOR

2754 UNCLASSIFIED

PARA ONE PD REFERENCE TELEGRAM FROM UNITED STATES FORCES IN AUSTRIA DATED TWO SIX APRIL TO MTOUSA AND ALCOM REGARDING PURCHASES IN ITALY PD OUR LETTERS ONE THREE ZERO ONE TWO OBLIQUE FOX OF TWO FIVE AND TWO SIX APRIL TO GEORGE FIVE AFHQ REFER I D RECOMMEND THAT PROCEDURE IN SUB PARAGRAPH CHARLIE BE ADDED TWA ALL THIS WILL PRODUCE A CURRENT DOLLAR CREDIT FOR ITALIAN GOVERNMENT TWA PROVIDED THAT USFA HAS AUTHORITY TO TRANSFER DOLLARS TO ITALIAN GOVERNMENT FOR PURCHASES MADE IN ITALY PD DO NOT REPEAT NOT UNDERSTAND REFERENCE TO DOLLAR BACKED LIRE HOLDINGS TWA AS AT PRESENT TIME ITALIAN GOVERNMENT RECEIVES CURRENTLY ONLY DOLLARS FOR UNITED STATES NOT TROOP EXPENDITURE IN ITALY PD ITALIAN GOVERNMENT DOES NOT REPEAT NOT RECEIVE DOLLARS FOR UNITED STATES ARMY PURCHASES OF GOODS AND SERVICES IN ITALY PD USFA ALTERNATIVE CHARLIE WOULD APPEAR EASIEST PLAN FOR MAKING CURRENT DOLLAR CREDITS AVAILABLE TO ITALIANS PD ASSUME YOU CAN ASCERTAIN WHETHER USFA CAN EXPECT DOLLAR TRANSFER TO ITALIAN GOVERNMENT PD

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Lt. Col.
FINANCE BRANCH, ECONOMIC SECTION

COPY

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1249

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

13012/F 26 April 1946

SUBJECT: Exchange of Austrian Schillings .

TO : Assistant Chief of Staff,
G-5 Section AFHQ

1. I write with reference to my letter 13012/F of 26 April, 1946, particularly para.4 thereof.

2. From information we have just received it appears that a financial problem does arise regarding purchases in Italy by the U.S. forces in Germany and Austria. We had understood from Brig.Gen. W.H. Draper, of the Economics Division, Office of Military Government for Germany (U.S.),that the U.S.Military Government Authorities in Germany and Austria were prepared to pay Italy by means of a dollar credit for purchases made here. Brig.Gen.Draper indicated that arrangements for the crediting of an Italian account in the U.S. would be worked out and notified to us. However, we now learn that U.S. Army purchasing officers are coming to Italy with dollar checks which they are instructed to cash for lire with U.S. Army Finance Disbursing Officers in order to obtain the currency with which to effect purchases. You will appreciate that the effect of such a procedure will be to charge U.S. purchases for Germany and Austria as an occupation cost against the Italian Government and that there will be no current dollar accruals to the Italian Government. It is possible that arrangements have been made in Washington to segregate such transactions between U.S.Army Finance Officers, and to set up a credit to the Italian Government, but we have not heard of any such arrangements. This is the same problem raised in our 13061/F of 29 March, to which you replied in your F-10 of 6 April,1946, indicating in para.4 thereof that you were not aware of the actual mechanism of payment.

3. We know that the Italian Government are expecting current dollar payments for exports of fruits, vegetables, etc. and they may be reluctant to license such exportations if dollars are not forthcoming.The immediate difficulty seems to be a disparity between the policy intention expressed by Brig.Gen.Draper, and the lack of any procedure to implement the intention. We should therefore greatly appreciate a ruling from your Hq. whether purchases may be effected with lire drawn from Finance Officers. If not, I assume that you will wish to consult CCS in order to obtain the esteblishment of a suitable procedure.

/S/ Brig. LUSH
Brigadier
Acting Chief Commissioner

BELT/ml

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

13012/F 26 April 1946

SUBJECT: Exchange of Austrian Schillings .

TO : Assistant Chief of Staff,
G-5 Section AFHQ

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/S/ Brig. LUSH
Brigadier
Acting Chief Commissioner

BELT/ml

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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H/2427

APR 2809?OB
PRIORITY

USFA DTG CG UNITED STATES FORCES IN AUSTRIA CITE PAGDS
CG MTOUSA & ALLIED COMMISSION ROME ITALY FOR CAPT ROTHEY CG MEDITER-
RANEAN THEATER OPERATIONS UNITED STATES ARMY INFO CG USFET CG
UNITED STATES FORCES EUROPEAN THEATER

UNCLASSIFIED

Subject is procurement of fruit and vegetables from Italy for United States Forces in Austria.Preliminary negotiations with italian firm and italian government disclose that italian government regards this as an export which must be paid in dollars or dollar instruments. This Headquarters has the necessary appropriated funds and is desirous of closing the contract with firm Luigi Pecherucci of Florence.Request your agreement to either.(A) have fiscal officer mediterranean theater operations United States Army accept and allocation of appropriated funds from United States Forces european theater to be disbursed to italian government for vendor against United States Forces in Austria receipts (B) have fiscal officer mediterranean theater operations United States Army pay italian government for vendor monthly obtaining reimbursement for each such voucher from United States Forces european theater or (C) authorized this Headquarters to pay italian government for vender by United States treasury check.Prior to adpting (C) above however it is submitted that this is favouable opportunity to liquidate any excess dollar backed lire holdings as it appreare italian government would be obliged to accept such lire.This proposal has been concurred in by G-4 United States Forces european theater.Captain Rothey of Allied Commission Rome has knowledge of this transaction and this answer paragraph 4 of Retheys letter to United States Forces in Austria dated 18 April 1946. Urgently request your CO operation in this matter as expeditiously as possible.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

AC DISR

ACTION COMMERCE 2

INFO CHIEF COMMISSIONER

ICON SEC 2

NIIS

FLOAT 2

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Declassified E.O. 12356 Section 3.3/NND No. 785015

13012/P

25 April 1946

My Dear Mr. Minister,

2086 I write with reference to your letter 43/13018/24 of 17 April, 1946.

The question of the conversion into lire of Austrian schillings by Allied Military personnel coming from Austria to Italy is a matter which must be referred to Allied Force Headquarters and I have done so, asking that the problem be examined and that we be advised what can be done to make foreign exchange available to your Government as a result of such conversion.

As regards the purchase of fruit and vegetables in Italy for export to Austria by Allied military units, we are taking steps to have all such purchasing arrangements by U.S. forces made through the Italian Ministry of Foreign Trade, in order that the Ministry may arrange for payment in foreign exchange. The financial aspect of purchases by British forces is now being considered with AFHQ.

M. S. LUSH

Brigadier
Acting Chief Commissioner

Dott. Alcide De Gasperi
Minister for Foreign Affairs
ROME

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RKM/ml

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Declassified E.O. 12356 Section 3.3/NND No. 785015

SEP 25 2000

13012/F

25 April 1946

SUBJECT : Exchange of Austrian Schillings

TO : Assistant Chief of Staff
G-5 Section, AFHQ

1. I attach hereto a translation of a letter from the Minister of Foreign Affairs in which he requests that foreign exchange credits be made available to the Italian Government for (a) the lire expenditures of U.S. and British personnel who visit Italy on leave from Austria, and (b) the purchases effected in Italy by U.S. and British forces stationed in Austria of such items as fruit, vegetables, etc.

2. I should be grateful if you could have enquiries made of the Fiscal Director, MTOUSA, to determine what arrangements govern the exchange of Austrian schillings and German marks into lire for U.S. personnel visiting Italy from Austria and Germany. I had always assumed that all such exchanges were effected through U.S. Army Disbursing Officers and that as a result the Italian Government received, as a credit to the U.S. Net Troop Expenditure Account, the dollar equivalent of the lire so made available. If it should develop that this procedure is not in force (either because the necessary book-keeping arrangements have not been made, or because Italian lire are obtained from sources other than U.S. Army Disbursing Officers, as Dr. De Gasperi alleges), I would recommend that the problem be brought to the attention of the War and Treasury Departments by the Fiscal Director, as it is clearly the intention of the net troop expenditure account that all lire outpayments by U.S. military personnel accrue to the Italian Government as dollar credits, and it would appear immaterial whether the personnel involved are stationed in Italy or are on leave here. Analytically, the dollars involved would be transferred from the Austrian Suspense Account on the books of the U.S. Treasury to the Italian Suspense Account, and then from the latter account to the Italian Net Troop Expenditure Account; the actual book-keeping entries could no doubt be easily prescribed by the U.S. Army Finance Department, if not already in effect. Also, steps should be taken to prevent military personnel from importing into Italy lire purchased from banks or on the open market.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

3. As regards the British side, I assume that the question of sterling credits for the lire expenditures of British troops from Austria is inseparable from the larger question of sterling credits for the lire expenditures of British troops in Italy, which the Italian Government has from time to time raised with the British Government, and I see no alternative but to inform the Minister that the smaller question cannot be discussed separately.

4. With reference to the question of purchases of Italian fruits and vegetables by the Allied Forces in Austria, I understand that the U.S. forces are prepared to pay in dollars and that therefore no financial question arises. We will put the U.S. purchasing officers in touch with the Ministry of Foreign Trade in order that the necessary permissions may be obtained. On the British side, however, I have not heard of any similar arrangements, and I assume that British purchases are being effected with lire obtained from British Army Paymasters. I would further assume from our extensive correspondence on the financial aspects of military experts (particularly your letters F-10 of 25 February and 21 March, 1946) that your HQ is not prepared to consider recommending the establishment of sterling or schilling credits at the present time for experts such as are referred to by Minister of Foreign Affairs in the attached letter, and I will so advise him.

M. S. LUSH

Brigadier
Acting Chief Commissioner

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BELT/al

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Translation

APR 25 11 00

No. 43/13018/24

IL MINISTRO DEGLI AFFARI ESTERI

- - - -

Rome, 17 April 1946.

Dear Admiral,

The Italian competent organs have pointed out to me the following facts:

The Allied Military who are in Austria have periodic intervals of rest in Italy. When they leave Austria they change their shillings into lire against the National Bank, at the rate of lire 6.25 per shilling, and sometimes a more favourable rate, which the Bank gives, evidently in order to get rid of the currency in lire left by the German soldiers when they were repatriated from Italy.

During their stay in Italy the Allied Military buy up notable quantities of goods, which they export to Austria.

It is also proved that the Allied Military Mess in Austria is provided with food bought mostly on the Italian market.

These operations, which subtract a quantity of goods from the Italian market, constitute a real and proper exportation, without the counterpart, neither in goods nor money.

Therefore the Italian Government would be extremely grateful to the Allied Governments if they would examine and control the exportations above mentioned and to credit the counter-value in dollars or sterlings, or in Austrian shillings.

I beg you, dear Admiral, to accept my highest esteem

1612

/s/ De Gasperi

TO : Admiral Ellery W. STONE
Chief Commissioner,
ROME

E.C. DIST - 24 Apr:
Action : Ec. Lac. (2)
Inf : C.C.
E.C.

(AB)

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Lu 208c

1257

Declassified E.O. 12356 Section 3.3/NND No. 785015

13250/F

12 April 1946

SUBJECT : Italian Banking Situation
in Zone "B", Venezia Giulia.

TO : Ministry of Foreign Affairs

1. I write with reference to your letter 43/11948/22 of 6 April, 1945, regarding the banking situation in Zone "B", Venezia Giulia.

2. As you are aware, the Banca d'Italia has requested that the reopening of the Italian banks in Zone "B" be postponed pending the outcome of the negotiations concerning the supply of currency to such branches. Upon the suggestion of my political advisers, the request of the Banca d'Italia was referred to London and Washington for action through Allied diplomatic channels. I would therefore suggest that you request the British and American Embassies in Rome to ascertain whether the Foreign Office and the State Department can approach the Jugoslav Government regarding permission for personnel of the Banca d'Italia to leave Zone "B".

W. S. LUSH

Brigadier,
Acting Chief Commissioner.

1611

Copy to : British Embassy
U.S. Embassy
Polad (A)
Polad (B)

BELT/mf

1258

Declassified E.O. 12356 Section 3.3/NND No. 785015

8 April 1946

SUBJECT: Repair Cost, Chief Commissioner's Refrigerator

TO : Captain Clement C. Petrillo
Administrative Office
AC Liaison Group, Milan

You are authorized to charge the cost of repairing the Chief Commissioner's refrigerator to your general billeting expense account.

For the Chief Commissioner:

L. W. STEARNS
Lt Col, AGD
Staff Officer to CC

4/10/47

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Translation

43/11948/22

APR 11 RECD

MINISTERO DEGLI AFFARI ESTERI

Il Segretario Generale

Rome, 6 April 1946.

Dear Admiral,

the Governor of the Bank of Italy has stated, by letter dated the 26th of March last to the Allied Commission that there is a new aspect of the banking situation of Fiume.

According to news from that city, the Yugoslav authorities have given orders, to immediately reopen the Banks that were closed. The Governor of the Bank of Italy, in consideration that the above mentioned Banks are without currency, is of the conviction that they are not able to comply. He has asked, therefore, that this order be revoked, or at least suspended, and that the negotiations, which for some time past have been pending, shall be contemporaneously re-opened. I wrote you about this matter by letter No. 43/06567/16 dated the 1st of March.

I fail to see if this last could be brought into port, and if, which is equivalent, it could be made certain that the 20 millions of Lire which the Bank of Italy would be disposed to send monthly, beyond the Morgen line, shall not finish up by being used for other purposes than those intended.

While I hope these negotiations will be concluded satisfactorily to both parties, please allow me to draw your attention to a certain aspect of the question: the Governor of the Bank of Italy is afraid that on account of the impossibility to actuate the above dispositions, that in consequence there may be reprisals, which could be of a grave character, to the personnel of the Bank of Italy situated in the region "B" and to their respective families.

He requests, therefore, should the negotiations not be

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Declassified E.O. 12356 Section 3.3/NND No. 785015

have given orders, to immediately reopen the Banks that were closed. The Governor of the Bank of Italy, in consideration that the above mentioned Banks are without currency, is of the conviction that they are not able to comply. He has asked, therefore, that this order be revoked, or at least suspended, and that the negotiations, which for some time past have been pending, shall be contemporaneously re-opened. I wrote you about this matter by letter No. 41/06667/:6 dated the 1st of March.

I fail to see if this last could be brought into port, and if, which is equivalent, it could be made certain that the 20 millions of Lire which the Bank of Italy would be disposed to send monthly, beyond the Morgan line , shall not finish up by being used for other purposes than those intended.

While I hope these negotiations will be concluded satisfactorily to both parties, please allow me to draw your attention to a certain aspect of the question : the Governor of the Bank of Italy is afraid that on account of the impossibility to actuate the above dispositions, that in consequence there may be reprisals, which could be of a grave character, to the personnel of the Bank of Italy situated in the region "B" and to their respective families.

He requests, therefore, should the negotiations not be able to be placed upon a firm foundation, and the order to re-open be maintained, that the Allied authorities will provide for the safety of the Italian citizens above mentioned, and that they shall be able to come over to this side of the Morgan line .

While I unite my prayer with that of the Governor of the Bank of Italy, I have to thank you in anticipation for what you will kindly do in merit.

I also think it my duty to tell you that I have sent a similar communication to Mr. Kirk and to Sir Noel Charles.

Awaiting your kind reply, I beg you to receive my kindest salutations

(AB)

Admiral Ellery W. STONE

c.c. Dist 100p.
Action: L. Lee (2) /s/ Renato Prunas
Info: C.C. S. Cr

1609

Declassified E.O. 12356 Section 3.3/NND No. 785015

1261

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION
FINANCE BRANCH

13012/F 3 April 1946

SUBJECT : Currency Circulation in Italy.

TO : The Chief Commissioner.

1. The Governor of the Banca d'Italia, on 29 March, 1946, estimated that the total currency circulation of Italy (both Metropolitan and AM lire) amounted to approximately 382 billion lire. Of this total, he estimated that 280 billion was Metropolitan lire and 102 billion AM lire.

2. The figure of 102 billion AM lire overstates the amount actually in circulation. Approximately 8 billion lire should be deducted as in the hands of paymasters, AC/AMG Sub-Accountants, etc. A truer figure of circulation would therefore be 374 billion lire.

3. No separate estimate of the currency circulation in Venezia Giulia is available. However, the Chief Finance Officer, AMG Venezia Giulia, is holding some 1.3 billion AM lire. AMG has put into circulation in Zone "A" not more than 30 million AM lire.

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

207a

1262

Declassified E.O. 12356 Section 3.3/NND No. 785015

13005/F 1 April 1946

SUBJECT : Disposition of Accounts of Allied Financial Agency.

TO : Assistant Chief of Staff,
G-5 Section, AFHQ.

1. I refer to your G-5/131 of 27 March, 1946, entitled "Disposition of Accounts of Allied Financial Agency".

2. The new fact in the matter of the sequestrated enemy State and Army funds is a renewed request from the Italian Government in the form of a restatement of their claim to such funds. The channel of communication between the United Nations and the Italian Government on such matters is AIDOC - AFHQ - CCS, and I do not feel that either AIDOC or AFHQ have the right to prevent the transmission of a document which the Italian Government desires to place before the higher authority which will take the final decision. I therefore renew my recommendation that the letter be forwarded to CCS.

3. It also appears that the suggestion made in my 13005/F of 18 March, 1946, may have been misunderstood. It was not my intention that any suggestion be made to CCS that the question of disposition of the sequestrated enemy State and Army funds be decided now, in advance of the final settlement. The last sentence of para. 2 of my letter spoke of a recommendation that the funds in question be returned to the Italian Government in the final settlement. Indeed, in my view it would be a mistake to deal with any part of the AFA accounts separately or in advance of the final disposition of the accounts. Our memorandum 13002/F of 3 October, 1945, maintained the unity of the accounts and made

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Declassified E.O. 12356 Section 3.3/NND No. 785015

recommendations to CCS as to the disposition of each item in the AFA accounts, in preparation for the final settlement.

4. I note your decision that the ruling given in TAM 639 regarding sequestrated life accounts has no relation to the item in the AFA accounts. I should have thought, however, that since the Venezia Giulia funds, having more claims lodged against them than are lodged against the funds held by AFA, are presumably more in dispute, it would be even more unwise to take a final decision regarding such funds before the general settlement (which TAM 639 does by handing such funds to the Italian Government).

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner.

Copy to: Ex. Commissioner

1605
BELT/ev

207

1264

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

THE MINISTRY OF THE TREASURY.

No. 1177

Rome, 21 March, 1946.

Dear Admiral,

Up to the time when the Northern Provinces were turned over to the Italian Government, the R. Zecca, which is dependant of this Ministry, made accurate accounting researches to ascertain whether the availability of precious metals, gold and silver, which exist in the treasury, correspond to the quantity which should exist on a book-keeping base.

These investigations are extremely difficult owing to the complicated events of the last six years, years in which the latter due to German appropriation, especially gold, and to the importation of war-booty silver, played an important part.

However it seems that quantities of silver either in money or bars exist, whose source it is difficult to define, and which therefore is considered war-booty.

The investigations are now in course, and it will take some time before they are completed, but I thought it wise to inform you of this matter now.

With best regards,

Yours truly,

(s) Corbino.

Admiral Hillery W. Stone
Chief Commissioner
Allied Commission
Rome.

(MB)

EC Disk 27/3/46

Lounce Br. Eaton
CC Info
EC Info.

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1265

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

SECRET

13215/F

18 March 1946

My dear Mr. Prime Minister,

I write with reference to your letter 44/07020/18 of 4 March, 1946, regarding the sequestrated German State and Army funds which were seized by AC/AMG and are presently in the custody of the Allied Financial Agency.

As you know, these funds were sequestrated upon direction of the Combined Chiefs of Staff and Allied Force Headquarters, and no disposition of such funds may be made by the Allied Commission except pursuant to a specific directive from higher authority. The question of the final disposition of the German funds has already been referred by us to the Combined Chiefs of Staff for decision and we are awaiting their reply. I have forwarded a copy of your letter for the consideration of the Combined Chiefs of Staff in connection with their final decision.

Very truly yours,

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

1604

Doctor Alcide de Gasperi
President of the Council of Ministers
Italian Government

SECRET

5 pages
460/1

1266

Declassified E.O. 12356 Section 3.3/NND No. 785015

[illegible] ALOHE [illegible] LUKE CITE ACSAC 18 AUGUST 46

ACTC [illegible]

1906 CONFIDENTIAL

[illegible]

REFERENCE YOUR MESSAGE NR OF [illegible] AUG [illegible] PD

REQUEST CHIEF OF STAFF PD WILL APPRECIATION YOUR DESIRES IN NOT

CONSIDER VALUE APPROPRIATE FOR EXPENDITURE PD

THE CHIEF CONSIDERATION IS IN THAT SUCH EXPENDITURES AT THE EXPENSE

OF THE ITALIAN GOVERNMENT ARE NOT IN ACCORD WITH THE WISHES OF

THE EXECUTIVE COMMISSIONER AND THEREFORE CANNOT GIVE APPROVAL

4601/2

1602

205

PRIORITY

Executive Commissioner

1267

Declassified E.O. 12356 Section 3.3/NND No. 785015

THE MINISTER OF FOREIGN AFFAIRS

Rome, 4 March 1946

No. 44/07020/18

My Dear Admiral,

I call upon you courtesy in connection with a question which is of great importance for the Italian Financial situation.

The A.F.A. has appropriated the negociable instruments formerly sequestrated from the Germans, also the current account balance in favour of German organizations, formerly existing in the Bank of Italy and other Italian banking institutions.

etc etc etc etc etc

S/ DE GASPERI

Refer to file 1008/00

Number 535a

1603

204

1268

Declassified E.O. 12356 Section 3.3/NND No. 785015

13005/f

18 March 46

SUBJECT : Disposition of Accounts of Allied Financial Agency

TO : Assistant Chief of Staff
G-5 Section, AFHQ

/s/ Ellery W Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Refer to file 1008/CC

Number 557

203

1269

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

1 H/771

16 MAR 1230 16 MAR 1630A

CHIEF LIAISON OFFICER BOLZANO

EXECUTIVE COMMISSIONER ALCOM ROME

Expenditures fr entertainment of Allied Officials

----SEE 553a in 1008/CC----

See 552a
552 } 1008/CC

1601

202

1270

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

15 MAR 46

HQ ALCOM

HQ AMG 13 CORPS

1874

Expenditures fr entertainment of Allied Officials

----SEE 552a in 1008/CC----

See 552 553a } 1008/CC

(2)

201a

1271

Declassified E.O. 12356 Section 3.3/NND No. 785015

HQ ALCOM 15 MAR 46

HQ ALC 13 CORPS

1874 UNCLASSIFIED

8/122/1

YOUR EIGHT SLANT ONE TWO TWO SLANT ONE UNDATED PD APPROVAL IS GIVEN FOR REASONABLE ENTERTAINMENTS EXPENDITURE DURING VISIT OF DELEGATES COMMISSION

Copy to : Finance S/C

PRIORITY

1591 Office of the Executive Comar

300

MAR 9 RECD

THE MINISTER OF FOREIGN AFFAIRS

Rome, 4 March 1946.

No. 44/07020/18

My Dear Admiral,

I call upon your courtesy in connection with a question which is of great importance for the Italian Financial situation.

The A. F. A. has appropriated the negociable instruments formerly sequestrated from the Germans, also the current account balances in favour of German organisations, formerly existing in the Bank of Italy and other Italian banking institutions.

Up to the 5th inst., such appropriations amounted to nearly 16 milliards. Out of this amount, nearly one milliard concerned sums collected by the Allies (157 million form the Bank of Italy, and 823 million from Banking Institutions.), and nearly 15 milliard referred to sums paid into the A.F.A accounts.

There is reason to believe that the latter figure is destined to increase and will probably over reach 20 milliard, taking into account the Italian Bank Notes which the Allied Forces requestressed from the Germans.

With letter dated 1st December last, addressed to A.F.A by Governor Einaudi of the Bank of Italy, it was already submitted that both the negociable instruments and the current account balances in question, although being nominally to the credit of the Germans or actually in their possession, were in fact Italian assets which it had been possible to subtract from the Germans.

Until now, however, the A.F.A. has not given any favourable reply to the request put forth by the Bank of Italy.

In the opinion of the Italian Government the judicial aspect of this question is as follows.

In the case of the sums and negable assets, formerly in the possession of the Germans and afterwards sequestrated by the Allied Authorities, it is possible to distinguish on one side the sums and assets which - when taken possession of by the Germans were private property. If therefore, among the assets appropriated by the A.F.A. there should be sums pertaining to civilians, these must be returned to their lawful owners.

As regards the sum

1598

Declassified E.O. 12356 Section 3.3/NND No. 785015

There is reason to believe that the latter figure is destined to increase and will probably over reach 20 milliard, taking into account the Italian Bank Notes which the Allied Forces sequestrated from the Germans.

With letter dated 1st December last, addressed to A.F.A by Governor Einaudi of the Bank of Italy, it was already submitted that both the negotiable instruments and the current account balances in question, although being nominally to the credit of the Germans or actually in their possession, were in fact Italian assets which it had been possible to subtract from the Germans.

Until now, however, the A.F.A. has not given any favourable reply to the request put forth by the Bank of Italy.

In the opinion of the Italian Government the judicial aspect of this question is as follows.

In the case of the sums and movable assets, formerly in the possession of the Germans and afterwards sequestrated by the Allied Authorities, it is possible to distinguish on one side the sums and assets which - when taken possession of by the Germans- were private property. If therefore, among the assets appropriated by the A.F.A. there should be sums pertaining to civilians, these must be returned to their lawful owners.

1598

As regards the sums and assets pertaining to the Italian Government it is true that they were appropriated by the Germans as war booty. However, there is no doubt that in view of the relation of the co-belligerency existing between Italy and the Allies, the said sums and assets must be considered as re-captured from the enemy at the very moment in which they fell into the hands of the Allies. In that moment, therefore, they lost their nature of German war booty against a co-belligerent State.

Yet a third category of sums and assets, formerly in the possession of the Germans, is composed of assets which the German authorities - formally leaving out their power as occupiers- obtained from the republican Government on the ground of collaboration within the frame of the Alliance against the United Nations, and the lawful Italian Government.

To Admiral Ellery W. Stone
Chief Commissioner, A.C.
ROME

(201)

See 246

AC DIST - 8 Nov.
ACTION - ACOS SEC (Simmons)
INFO - CC
AC

1760/12

1 2 7 3

Declassified E.O. 12356 Section 3.3/NND No. 785015

There is no doubt that such sums belonged to the Exchequer and were administered by an unlawful Government which carried out transactions, which were *illegal* in each case a violation against the property of the State.

The Allied Authorities therefore by becoming possessed of these sums have appropriated assets which did not constitute German war booty, but were instead assets which the German Government had received on other grounds from a party which had no right to dispose of them

Such assets must therefore be returned to the body to whom they belong, and from whom they have been unlawfully subtracted, that is, the Italian Government.

Very likely this third category of assets forms the largest share of the sums appropriated by the A.F.H.A. However, it appears clearly from the above that - irrespective of the sums in question falling into one or the other of the categories referred to - the Italian Exchequer is the lawful owner.

I strongly rely on the fact that the Allied Authorities, after having examined this question, will recognize the soundness of the Italian Government's point of view.

The considerable amount of these assets would cause a solution of this question to have a strong repercussion upon the situation of the Italian Treasury and I shall be very grateful to you therefore if you will give the matter your attention and give instructions for the release of the above assets

Please accept, my dear Admiral, my most cordial greetings,

(S) De Gasperi.

Declassified E.O. 12356 Section 3.3/NND No. 785015

above that - irrespective of the rank in question falling into one or the other of the categories referred to - the Italian Exchequer is the lawful owner.

I strongly rely on the fact that the Allied Authorities, after having examined this question, will recognize the soundness of the Italian Government's point of view.

The considerable amount of these assets would cause a solution of this question to have a strong repercussion upon the situation of the Italian Treasury and I shall be very grateful to you therefore if you will give the matter your attention and give instructions for the release of the above assets

Please accept, my dear Admiral, my most cordial greetings,

(s) De Gasperi.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

1276

Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

43/C6667/16

MINISTRY OF FOREIGN AFFAIRS

Let's — This should be acknowledged by us

CC

Mar 6 PE

Col Tenney drafting reply

Rome, 26 February, 1946

Dear Admiral,

As you will already have been informed, the Management of the Bank of Italy have been in contact with the Financial Sub-Commission, in order to obtain through it a regularisation, even if only a temporary one, of the banking situation of the "B" zone of the Venezia-Giulia, and especially for the city of Fiume, where all the Italian banking sections and branches have been closed with the exception of one, and the premises and vault(s) of the Bank of Italy having been occupied, a deplorable state of affairs has resulted, which has made the carrying out of even the most important transaction impossible, and has caused damage to a considerable part of the population.

As the Bank of Italy wishes, above all, to maintain its obligations, attempts have been made through the above-mentioned Sub-Commission to attain a 'modus-vivendi' with the competent Jugoslave authorities.

Up to now, however, all efforts have proved useless, and indeed the Sub-Commission recently informed the Bank of Italy that any further intervention with the "Joint Economic Committee" stood a very slight chance of success. It was suggested therefore that, through diplomatic channels, they try to get the Governments of Great Britain and the United States interested in the matter.

Following which the Ministry of Foreign Affairs sent the representatives of Great Britain and the United States, a detailed Pro-Memoria containing a scheme of the Modus-Vivendi which it would be desirable to attain regarding banking conditions with the Jugoslave Authorities in the "B" zone; also the conditions in which the monthly remittance of 20 million lire would be sub-ordinated beyond the Morgan Line.

In sending you a copy of the Pro-Memoria, the contents of which the above-mentioned Sub-Commission approves, I think it advisable to inform you that when we sent it to the Allied Representatives we pointed out that in order to prevent the danger that the Italian money sent beyond the Morgan Line be reintroduced here and employed in illicit trade, a very rigid control would be established. Regarding this, contacts with the Allied Commission are taking place.

I have thought it advisable to inform you of the above, as it is desirable that you should be aware of the facts, and of the steps which are being taken through Diplomatic Channels.

Yours truly,

(s) R. Prunas

Admiral Ellery W. Stone
Head of the Allied Commission, Rome.

EC DIST - G.R.
ACTION - FINANCE S/C
INFO - CC
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POLADS,

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Declassified E.O. 12356 Section 3.3/NND No. 785015

TRANSLATION

FREE VENEZIA

The Jugoslave occupation of the "B" zone of Venezia-Giulia has created, especially in Fiume, a very serious banking and monetary situation which can briefly be resumed as follows:-

All branches of Italian Banks, with the exception of the 'Cassa di Risparmio', have been closed since May 5, 1945, and placed under the direct control of the Jugoslave Delegates.

New Jugoslave notes, called 'lire istriane', have been put into circulation, without previous agreements being made.

All the premises and vaults(?) of the Bank of Italy have been taken over by the new 'bank' for the Economy of Istria, Fiume and Litorale Sloveno.

It is therefore practically impossible to carry out even the most important transaction with serious consequences to the living conditions of the classes of the employed.

The managing personnel of the Banks have to submit to continual intimidations.

The Jugoslave Authorities wish to justify their conduct stating that the currency in the Banks of Fiume was not sufficient, and that the metropolitan lire from Italy had been deliberately suspended. This was not taking into account the official veto of the A.M.G. to send metropolitan lire to Venezia-Giulia, which, owing to its new exigencies, had to be supplied only with allied notes, and in fact the A.M.G Authorities, who were informed of the situation of Fiume, did not give their consent to a supply of funds being sent directly from Italy, to the "B" zone, nor to a monthly supply of metropolitan notes being sent, as had been suggested by the Offices of the Bank of Italy in Trieste, to their branch in Fiume.

The latest Jugoslave proposal has been to transfer their debit position from the Italian Banks at Fiume, to the Bank of Italy in Trieste by means of correspondent current accounts to be used in Italy. Obviously such a proposal cannot be accepted. It would be like giving up the Italian Banking Position at Fiume, before the final political settlement of the zone.

1541

We therefore propose the following, which will enable the "B" zone to dispose of at least the most indispensable banking services:-

The Allied Authorities, derogating from their general rule, should authorise the monthly supply of 20.000.000 in metropolitan lire notes, which would be sent from the main offices of the Bank of Italy of Trieste, to their branch in Fiume.

Such an offer means sending money to a zone which evades

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Declassified E.O. 12356 Section 3.3/NND No. 785015

all possibility of control. Italy, however, is disposed to take this risk in order to improve the deplorable conditions of the population of Fiume.

We ask the Military and Political Authorities of Jugoslavia to accept the conditions, which, represent at least a degree of security for the transactions of our Banks, and which will not permit that the aims for normalisation be frustrated.

1. No action must take place which tends to accelerate the withdrawal of the deposits, so as to avoid that the limited amount of the monthly monetary supply be rapidly exhausted, without fulfilling its aims in the monetary circles. To this purpose it will be well that the Jugoslave Authorities come to an agreement with the Directors of the banks at Fiume, and the Joint Economic Committee of Trieste, for the best way to regularize the matter.

2. The above-mentioned branches will depend exclusively from their own managements, with full liberty of making direct contacts, and the sending of correspondence and values.

3. The functions of the Jugoslave delegates will be limited solely to the control of banking transactions, with no faculty on the money or management of the banks.

4. The vault(?) of the Bank of Italy will be returned, with the keys and an adequate number of rooms, to enable the bank to take care of the funds entrusted to it. This constitutes a 'sine qua non', of evident importance, which will be communicated by the Director of the Bank of Italy in Fiume, to the Head Office in Rome, before the first supply of funds is sent.

5. It is understood that owing to the limited value of the monthly supplies and the actual state of industry and commerce, the banks will limit themselves, for the present, to taking care of transactions already in course.

6. The banks will re-employ only a limited amount of personnel. Others will be repatriated with the Jugoslave Authorities' assurance that they will be transferred together with their furniture, and personal possessions.

159

7. The Military and Political Authorities of Jugoslavia, including the 'Comitato Popolare Citadino Fiumano', must give the Allied Authorities their word for the safety and freedom of the managers and personnel of the banks.

Acceptance of these conditions would give back a certain amount of peace and hope to that population which Italy feels it her duty to help, and would enable Jugoslave Authorities reactivate one of the most important of public services.

208

(FB)

Originator's Reference: FX 61669

Date Time of Origin: FEB 280940

Date Time Rec'd: FEB 281615

Precedence: ROUTINE

6/9946

FROM: AFHQ SIGNED SACMED

TO: ACTION AGWAR FOR CCS FOR CCAC , INFO: CABINET OFFICES WHITEHALL FOR BRITISH

CHIEFS OF STAFF USFET MAIN ALCOM ROME

RESTRICTED:

This is MAT 1002.Reference MAT 987. 19 a

1. The following request has been received from the Italian Government.They refer to their acceptance of the currency agreement .

2. The Italian Government requests that current payment for printing and transport cost of Am Lire notes be delayed and that billing begin from the date when Allied Forces shift over from the use of new Am Lire to the use of Metropolitan ...

3. The Minister of the Treasury has advanced the following reasons in support of the request for your consideration (A) The Italian Government was prepared to begin supplying Metropolitan Lire immediately after 1 February 1946 but the necessity of working out Administrative arrangements with the Allied pay ... has delayed the change over date until 15 March 1946. (B) The application of the new Military rate of exchange has resulted in extra heavy drawings of Am Lire by the Allied Forces in early February. (C) A shortage of 500 Lire notes had forced AFA to issue notes of smaller denominations this has increased the dollar cost since the printing and transport cost is quoted on a per box basis. This request is considered reasonable and no objections are raised here.

6/10994

159

AF DEPT

INFO ACTION - FINANCE 2

Declassified E.O. 12356 Section 3.3/NND No. 785015

3. The Minister of the Treasury has advanced the [illegible] the request for your consideration (a) The Italian Government was prepared to begin supplying Metropolitan Lire immediately after 1 February 1946 but the necessity of working out administrative arrangements with the Allied pay services has delayed the change over date until 15 March 1946. (b) The application of the new Military rate of exchange has resulted in extra heavy drawings of Am Lire by the Allied Forces in early February. (c) A shortage of 500 Lire notes had forced AFA to issue notes of smaller denominations this has increased the dollar cost since the printing and transport cost is quoted on a per box basis. This request is considered reasonable and no objections are raised here.

159

AC DIRT

INFO ACTION - FINANCE 2

INFO - CHIEF COMMISSIONER

EX COMM

ECON 2

FILE

(199)

CC/1094

1280

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

COPY

ALLIED FORCE HEADQUARTERS
G-5 SECTION
APO 512

21 February 1946.

FILE : G-5/004.2

SUBJECT : Gold discovered at la Fortezza.

TO : Headquarters Allied Commission APO 394.

Reference is made to your 13012/F dated 5 Feb (19-) and MAT 224 (46) above subject.

1. We are informed by the CCS that the matter is still under consideration by the UK and US Governments, and that a combined reply will be dispatched as soon as possible.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

/s/ for
F.G.A. PARSONS
Brigadier.
Acting Assistant Chief of Staff, G-5.

460/12

1592

Declassified E.O. 12356 Section 3.3/NND No. 785015

consideration by the UK and US Governments, and that a combined reply will be dispatched as soon as possible.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

/s/ for
F.G.A. PARSONS
Brigadier.
Acting Assistant Chief of Staff, G-5.

4601/2c

1592

See 193
227

198a

Declassified E.O. 12356 Section 3.3/NND No. 785015

FILE 19 REC'D

SECRET

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: FX 60912 CITE FROM Message Centre No: C/9456
SUB RAN 583 ZREG 14-0 ZZREG 3 JULY 1945.

Date/Time of Origin: 1713Z/3A Date Time Rec'd : FEB 19 1700

Precedence: ROUTINE

FROM: SIGNAL ZACHRA

TO: ADMIN FOR CCS FOR CCAC ATTN. FOR INFO TO CABINET OFFICER FOR HOS AND T.

AICOM ROME.

SECRET

THIS IS LAT 598

SUBJECT IS CURRENCY AGREEMENT NOW COMPLETED EFFECTIVE 1 FEBRUARY 1946.

(1) FURTHER DETAILS OF INFORMATION RECEIVED BY YOU ARE REQUESTED.

(2) IT IS SUGGESTED AT THE END OF EACH MONTH A/A SHOWS REPORT TOTALS OF LIRA ISSUED BY (A.) US ARMED FORCES (B) UK ARMED FORCES (C) FRENCH ARMED FORCES SHOWING AS AND WHEN NECESSARY , AMOUNTS ISSUED FROM A/A STOCKS OF AM LIRA TO YOU CONCD..

(3) INFORMATION IS ALSO REQUESTED AS TO THE METHOD (MODE OF ACCOUNT ETC) YOU WISH THE BANK OF ITALY TO REIMBURSE COST OF REMAINING OF AM LIRA ISSUED UNDER TERMS OF THIS AGREEMENT.

1597

(4) FURTHER REQUEST YOU NOTIFY THIS HEADQUARTERS AS TO WHETHER FOREGOING DETAILS

Declassified E.O. 12356 Section 3.3/NND No. 785015

I 2 8 3

ROOM FORM.

SECRET

THIS IS EAT 998

SUBJECT IS CURRENCY AGREEMENT NOW CONCLUDED EFFECTIVE 1 FEBRUARY 1944.

(1) FURTHER DETAILS OF ENCRYPTION RECEIVED BY YOU ARE REQUESTED.

(2) IT IS SUGGESTED AT THE END OF EACH MONTH AFA SHOULD REPORT TOTALS OF LIRA ISSUED BY (A) US ARMED FORCES (B) UK ARMED FORCES (C) FRENCH ARMED FORCES SHOWING AS FAR AHEAD AS MAY BE NECESSARY, AMOUNTS ISSUED FROM AFA STOCKS OF AM LIRA TO YOU UNDER

159?

THIS AGREEMENT.

(4) FURTHER REQUEST YOU NOTIFY THIS HEADQUARTERS AS TO WHETHER FORGOING DETAILS ARE REQUIRED BY YOU IN LETTER OR CABLE FORM.

SECRET

...C 1944

DISTRIBUTION: FINANCE S/C

FOR OTHER COMMISSIONER

ROOM 2

FILE

SKELETON

198

Declassified E.O. 12356 Section 3.3/NND No. 785015

1285

Declassified E.O. 12356 Section 3.3/NND No. 785015

HQ ALCOM 18 FEB 46

TROOPERS FOR MINISTRY OF SUPPLY FOR SILK CONTROLLER

RPTD/FOR CCS FOR CCAC FOR CLAC AND AFH. PHOEO
AGNAR

1285 UNCLASSIFIED

THIS IS THE 176.

PARA ONE ED PLEASE EXPEDITE REPLY TO OUR LETTERS REFERENCE
ABLE CHARLIE OBLIQUE FIVE ONE TWO SEVEN OBLIQUE ONE OBLIQUE
CONSENCE OF ONE ZERO AUGUST AND FIVE ONE THREE SEVEN
OBLIQUE ONE OF ONE NINE DECEMBER SUBJECT PAYMENT DUE TO
INSTITUTE BACTOLOGICO ED
PARA TWO ED INSTITUTO HOW IN GRAVE FINANCIAL DIFFICULTIES
CLAIMS THAT PAYMENT OF APPROX ONE MILLION LIRE IS DUE BY
YOUR MINISTRY ED
PARA THREE ED ALL DETAILS HAVE BEEN SENT TO YOU IN VARIOUS
CORRESPONDENCE DATING BACK TO JULY ED
PARA FOUR ED NO REPLY RECEIVED TO ANY LETTER SENT TO YOU
BY THIS HEADQUARTERS OR BY CAIRO SINCE AUGUST FOUR FIVE ED
PARA FIVE ED PLEASE TREAT THE MATTER AS URGENT AND LET US
HAVE YOUR COMMENTS SOONEST

1591

Copy to: Economic Section

ROUTINE

COMMERCE (Foreign Trade) D/C

476 192

(MAJ. S.M.I. [illegible])

S.J. LEONE
CWO, USA
Asst.Adjutant

197

4691/72

1286

Declassified E.O. 12356 Section 3.3/NND No. 785015

FEB 14 RECD

1075/P

14 February 1946

SUBJECT : Entertainment Expenses.

TO : 1 A.C.C.S. AFHQ Venezia Giulia
Provincial Commissioner, AFHQ Udine Province
HQ Naples Liaison Group, AFHQ
" Livorno " " "
" Bologna " " "
" Liguria " " "
" Piemonte " " "
" Lombardia " " "
" Bolzano " " "
" Venezia " " "
" Sicily " " "
" Bari " " "

1. Letter No. 1075/P of 4 February, 1945, entitled "Entertainment allowance for Regional Commissioners, etc." is hereby revoked.

2. The A.C.C.S. Venezia Giulia AFHQ, the Provincial Commissioner, AFHQ Udine Province, and all Chief Liaison Officers are hereby granted an entertainment allowance of 3,000 lire per month as from 1 January, 1946. This allowance will be drawn each month by the officer concerned from his HQ Sub-Accountant, who will charge it as "Entertainment allowance drawn by ..... for month of ..... as authorised by the Chief Commissioner".

3. In the event of any addressee of this letter having expense in connection with entertainments of an exceptional nature, he may apply for a special refund of such expenditure; such application is to be made to the Executive Commissioner who will consider each case on its merits.

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N.S. Lush
Brigadier,
Acting Chief Commissioner.

196

RLH/pmf

1287

Declassified E.O. 12356 Section 3.3/NND No. 785015

[illegible]

[illegible]

[illegible]

[illegible]

13005/7

12. February 1946

[illegible] : Advances of Lire to Soviet Representative, AIOMI.

[illegible] : Assistant Chief of Staff, G-5 Section, AFHQ

1. I refer to our letter 13005/7 of 5 January, 1946, subject as above, and to NAT 974, dated 9 January, 1946.

2. I have now received a request from the USSR Representative on the Allied Commission for an additional 9,375,000 lire for the first quarter of 1946. The USSR Representative bases this request upon the introduction of the new military rate of exchange. I attach hereto a copy of the request from the USSR Representative.

3. The lire advances to the USSR Representative, under the authority of para. 3 of PAM 707, are not based on dollars or sterling, and are not, therefore automatically affected or altered by any change in the military rate of exchange. Certain items purchased by the USSR Delegation to AC are of course affected by the new military rate of exchange, such as U.S. Army rations and U.S. supplies. For example, the USSR Delegation to AC draws from 2675 Regt. 24 U.S. rations per day, of which 6 rations cost $1.00 per day and 18 cost $.75 per day. The lire cost of such rations to the USSR Delegation has now increased. It should also be noted that no accounting is rendered by the USSR Delegation for the amounts drawn to cover their expenses. It would appear that the quarterly amount of 7,500,000 lire is sufficient to cover the expenses of the Delegation, including the increased lire cost of those commodities obtained from Allied sources.

4. The USSR Representative has been informed by us

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Declassified E.O. 12356 Section 3.3/NND No. 785015

that his request has been referred for decision to higher authority. Your instructions are awaited.

M. S. [illegible]

M.S. [illegible],
Brigadier,
Acting Chief Commissioner.

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Copies to : Poland (B)
: Poland (A)

195 a MHLT/pmf

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

THE REPRESENTATIVE OF
THE UNION OF SOVIET SOCIALIST REPUBLICS
to the Allied Commission for Italy

N. 137/A/46

11 February 1946

SUBJECT : Issue of currency.

TO : Finance S/C, AC.

In view of the announcement made in "Stars and Stripes" on February 3rd 46, regarding the new rate of exchange in AMG of 225 lire to a dollar and of the announcement made in "Union Jack" of the exchange of 900 lire to a pound sterling, it would be appreciated if you would give the authorization to draw an additional sum of 9,375,000 (nine million three hundred and seventy five thousand), necessary for the maintenance expenses of the USSR Representation to Allied Commission in Italy.

Thanking you in anticipation,

/s/
VICTOR V. SAVKO
Col., Red Army USSR
Acting Representative.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

1301/P

5 February 1946

SUBJECT : Gold discovered at
Le Fortezze.

TO : Assistant Chief of Staff,
G-2 Section,
AFHQ.

1. I refer to extensive correspondence between our respective Headquarters on the subject of the gold discovered at Le Fortezze, and the claim of the Banca d'Italia thereto, including our 1301/P of 18 May, 1945; your unnumbered letter of 21 May, 1945; our 1301/P of 29 June, 1945, (containing the information called for in your letter of 25 June); your unnumbered letter of 8 July, 1945; our 1301/P of 16 July, 1945; and our 1301/P of 3 October (transmitting the additional information requested in your letter of 8 July).

2. I attach hereto translations of two letters, one from the President of the Council of Ministers dated 3 January, 1946, and the other from the Governor of the Banca d'Italia dated 22 January, 1946, in which they inquire whether any decision relative to the disposition of the gold discovered at Fortezza has yet been made, and request that such gold be consigned to the Banca d'Italia.

3. It is realized that any decision on the disposition of the gold in question may raise difficult political and legal questions. However, I should be grateful to learn whether any decisions on the disposition of the gold and the other non-Ilra property now in the custody of AFA is likely to be taken by G2 in the near future. Information on such decisions has been requested by us in several letters to your HQ, the last of which was our 1301/P of 18 January, 1946.

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4. With respect to the question of gold removed from Italy to Germany, I have informed the President of the Council of Ministers, in accordance with the instructions contained in C-5 letter of 19 September, 1945, entitled "Italian Claims to Property in Germany and Austria", that this question should be raised by the Italian Government directly through diplomatic channels with the four Governments represented on the Allied Control Council for Germany.

For Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

158

Copies to: Executive Commissioner
Acting Vice-President,
Economic Section
U.S. Embassy (Mr. H.J. Tasca)
British Embassy (Mr. S. Simonds)

195

BHLT/pmf

1292

Declassified E.O. 12356 Section 3.3/NND No. 785015

Translation

The President of the Council of Ministers
59364/32151.10.6.1

Rome, 31 January 1946

Dear Admiral,

the reconstitution of the gold reserve is an indispensable condition for the rehabilitation of our currency circulation.

The Minister of Treasury and the Directors of the Bank of issue consider it particularly necessary to settle this matter without delay in a final and tranquilizing way, so that no cause for uncertainty may jeopardize the renewed trust in the currency of which the country gives encouraging proofs, in spite of the serious difficulties of the present moment.

Thanks to the Allied Forces, part of the gold which the Germans intended to take to Germany was, as you are aware, recovered near the Northern frontier and taken back to Rome, ever since last May, where it remained under the control of the AFA.

At the same time, the Bank of Italy was asked to supply some particulars to evidence its right to claim ownership; this was duly done, and the required informations were forwarded at several intervals.

In consideration of the time that has gone by, it is getting more and more urgent that the consignment should no longer be postponed, according to what the Director of the Bank explains to you directly and with more particulars in the enclosed letter.

On my side, I want to add that the considerations hereby expressed are fully shared by the Government, and I therefore beg you, my dear Admiral, to intervene thus to hasten the re-consigning of the recovered gold, and also to forward whatever information you may have about the finding of what gold was actually removed into German territory.

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Believe me,

Sincerely yours,

sd/ De Gasperi

H. Ellery Stone,
CAfaf Commissioner
Allied Commissioner
Rome.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Translation

Bank of Italy
The Governor

Rome, 22 January 1946

Dear Admiral,

You will remember that, last May, the part of the gold of the Bank of Italy which was found still in custody, in the Fortezza gallery, under the supervision and management of the Bolzano Branch of this Institute, was transferred back to Rome, by the Allied Financial Agency, but that the gold itself wasn't returned to the Bank but deposited in a vault of the Institute and placed at the disposition of the AFA under the sole control of the latter.

On the instructions of the Commission (letter dated May 25th and memorandum dated May 29th, 1945), the AFA asked us to send a detailed report on the right of the Bank of Italy to claim the ownership of the gold.

In a letter dated 21st June, 1945, forwarded by the Minister of the Treasury, the Bank gave a detailed answer to the Commission on these various matters, proving its right to obtain the restitution of the gold found in Fortezza, and asking for the intervention and help of the Allied Authorities to find and recover such gold as had formerly been transferred from Fortezza to Berlin by the Allies.

Shortly afterwards, the AFA, in a letter dated July 21st, 1945, asked the Bank of Italy to supply further particulars about the circumstances in which the gold had been transported first to Milan, then to Fortezza in Germany, about the law suit against the former Governor Azzolini, and the previous statement of the Bank that the gold found at Fortezza never went out of its possession. In a letter n. 74243, dated September 7th, 1945, addressed to AFA, a detailed answer was supplied, as well as full particulars and copies of the documents requested.

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Since that time, the Bank of Italy received no message, either about the restitution of the Fortezza gold, or about the recovering of what gold had been transferred to Germany.

Being well aware of the economic and financial situation of Italy, you will fully appreciate the urgent necessity to reestablish without delay the gold reserve if the monetary rehabilitation of the Country on which depend all our reconstruction

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Declassified E.O. 12356 Section 3.3/NND No. 785015

progress as well as Italy's orderly and fruitful return in the new international and economic system, is to take place.

I therefore take the liberty to ask for your intervention in the most efficacious way, with the Authorities concerned, to obtain that the gold reserve of the Bank of Italy be returned without delay.

Needless for me to repeat the motives already fully explained in letters dated June 21st and September 7th, 1945, or emphasize the reasons of a juridical, technical and moral character proving the full right of the Bank of Italy to recover its gold, for I trust that in the present circumstance too, yourself and the Allied Governments will show the comprehension, which, in former occasions, they showed for the legitimate rights of Italy.

I shall greatly appreciate it if you kindly let me know what informations you may receive on such a matter, and I am at your disposition to supply whatever information you may need to handle the matter mentioned in this letter.

Thanking you for your kind personal interest, I remain my dear Admiral,

Sincerely yours

s/ Luigi Einaudi

581 Distribution

Action - Finance Sub-Commission

Info - Chief Commissioner
Executive Commissioner
Poland (A)
Poland (B)
A/V., Economic Section.

195

1293

Declassified E.O. 12356 Section 3.3/NND No. 785015

13012/F

5 February 1946

My dear Mr. Prime Minister:

I write to acknowledge receipt of your letter 39364/32151.10/6.1 of 31 January, 1946, regarding the gold presently in the custody of the Allied Financial Agency.

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The various statements which the Banca d'Italia was requested to prepare to substantiate its claim to the gold which was found at La Fortezza were passed by us, in accordance with instructions, to Allied Force Headquarters for onward transmission to the Combined Chiefs of Staff for consideration. We advised the Banca d'Italia in our letter FAM/1.20 of 21 July, 1945, that the Combined Chiefs of Staff had been informed by AFHQ of the discovery of the gold at La Fortezza. It was stated to the Combined Chiefs of Staff that a substantial portion of the gold was believed to have constituted a part of the Banca d'Italia's reserve and that a careful investigation on the facts respecting its removal north was under way.

I am bringing your letter and that of Governor Einaudi to the attention of Allied Force Headquarters, and I will ask that they enquire of the Combined Chiefs of Staff whether any decision has yet been reached on the disposition of the gold discovered at La Fortezza.

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You also refer in your letter to gold removed from Italy to Germany. We have been advised by Allied Force Headquarters that questions of this nature should not be referred through military channels, but rather should be raised by the Italian Government directly through diplomatic channels with the other Governments concerned, in this case the four Governments represented on the Allied Control Council for Germany.

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I am sending a copy of this letter to the Governor of the Banca d'Italia for his information.

Very sincerely yours,

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

Onorevole Alcide De Gasperi,
President of the Council of Ministers
Italian Government,
Rome.

1579

Copies to: Executive Commissioner
Acting Vice-President,
Economic Section
U.S. Embassy (Dr. H.J. Tasca)
British Embassy (Mr. S. Simmonds)

194

BELT/pmf

1297

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel: 550

4 February 1946

Ref: ES/ 20.02/0

Subject: $900,000,000 Loan Requested by Italy

To : The Chief Commissioner
Thru: Executive Commissioner

Attached for information is a record of three recent conversations held with representatives of the Italian Government about the reported nine-hundred-million-dollar loan request by the Italian Embassy in Washington to the U. S. Export-Import Bank.

Harlan Cleveland

HARLAN CLEVELAND
Acting Vice President

Incl: 1
m/a

cc: Executive Commissioner
U. S. Embassy
Col. C. W. Walton
Lt. Col. B. E. L. Timmons
Lt. Col. F. W. Tooby

1578

(1936)

1298

MEMO ON THE 900 MILLION DOLLAR LOAN REQUESTED BY ITALY

Acting on instructions received from Mr. Cleveland with a view to obtaining clarification and as detailed information as possible on the report Mr. Cleveland had been given over the transatlantic phone about the above-mentioned loan, I contacted with the following officials of the Italian Government :

Dr. La Malfa - Minister of Foreign Commerce;
Comm. Di Nola - Ministry for Foreign Affairs;
Gen. Sarracino - Interministerial Committee for Reconstruction.

Gen. Sarracino - 25/1

The request for a loan has been presented by Sacerdoti in Washington to the Export Import Bank so as "not to lose Italy her place in the queue": it should take the form of a blanket loan to cover the total import requirements over and above the UNRRA 450 million dollar allocation. The 900 million dollars should cover freight charges and include the purchase of 50/60 Liberty ships. Copies of the "Import Requirements" book had been, in the meantime, despatched to Washington while the total import requirement program is being broken down by consumer branches with detailed justifications and specifications of the materials requested: it was with a view to this that the rough breakdown into commodities of each consumer branch was drafted in tabular form.

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Minister La Malfa - 29/1

Declassified E.O. 12356 Section 3.3/NND No. 785015

Gen. Sarracino - 25/1

The request for a loan has been presented by Sacerdoti in Washington to the Export Import Bank so as "not to lose Italy her place in the queue": it should take the form of a blanket loan to cover the total import requirements over and above the UNRRA 450 million dollar allocation. The 900 million dollars should cover freight charges and include the purchase of 50/60 Liberty ships. Copies of the "Import Requirements" book had been, in the meantime, despatched to Washington while the total import requirement program is being broken down by consumer branches with detailed justifications and specifications of the materials requested: it was with a view to this that the rough breakdown into commodities of each consumer branch was drafted in tabular form.

Minister La Malfa - 29/1

The Minister said he had vaguely heard of the request for a loan presented by Sacerdoti: he seemed to consider it an autonomous move following on old instructions Sacerdoti had received from ex-Minister Ruini and the old Ministry of Reconstruction organisation. I pointed out that it appeared that the step had been taken jointly by Sacerdoti and Ambassador Tarchiani, whereupon the Minister called Comm. Di Nola on the telephone. Di Nola stated that action had been taken with the authorisation from the Ministry for Foreign Affairs and promised to send Minister La Malfa the relevant documents. Minister La Malfa told me that the situation arising from the ex-Ministry for Reconstruction, Ministry for Foreign Commerce and Interministerial Committee for Reconstruction was extremely confused and that he was

Declassified E.O. 12356 Section 3.3/NND No. 785015

trying to "gather the threads in order to unravel them".

Comm. Di Nola - 30/1

Mr. Di Nola told me that it was quite some time that Sacerdoti and Tarchiani had been sounding the Export Import Bank with a view to presenting a request for a loan and that they had been encouraged to do so by U.S. officials (I tried to discover who these officials were and gathered that probably they were members of the State Dept.). Di Nola says he does not know what form the loan was to have, whether it was to be a blanket loan for the difference between the UNRRA subsidy and the total Italian Import requirements or if it was to be represented by a series of definite reconstruction projects (e.g. railways, ports and harbours, power production and distribution, telecommunications, etc.).
A cable from Tarchiani had been received a few days be= fore by the Ministry for Foreign Affairs in which the Government's authorisation to present the request for the loan had been requested: the competent Ministries had been advised (Di Nola specifically mentioned the Treasury) and authorisation had been cabled to negotiate this loan, the amount of which now appears to be $ 950 million.

Di Nola said that the authorisation was given even though the Government had no idea as to the form the loan was to have. A cable had been received from Tarchiani in which he informed the Government that the "conditions" of the loan had been despatched to Rome: it is not clear whether the "conditions" refer to the form of loan or to the conditions the Export Import Bank would place on such a loan. Di Nola promised to inform AC as soon as the information announced in Tarchiani's last cable arrived [illegible] moreover stated his deep regret at the in=

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Dept.). Di Nola says he [illegible]
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1/2/1946

(F. Consolo)
Program Coordination Branch

1936

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

RESTRICTED

FX 60022 G/8629

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ROUTINE

FREEDOM SIGNED SACMED

AGWAR WASHINGTON FOR CCS FOR CCAC

INFO: CABINET OFFICES WHITEHALL FOR BRIT COS AND ALCOM ROME

RESTRICTED.

This is MAT 987. Italian Government have accepted all provisions under currency agreement as of February first 1946 called for in FAN 583 PARAS 13 to 17 copy of document containing formal acceptance being forwarded.

132 a

AC DIST

INFO ACTION FINANCE
INFO CHIEF COMMISSIONER
ECON SEC 2
COMMERCE
FILE 2
FLOAT

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RESTRICTED

193 a

1303

Declassified E.O. 12356 Section 3.3/NND No. 785015

Translation

The President of the Council of Ministers
59364/32151.10/6.1 Rome, 31 January 1946

Dear Admiral,

the reconstitution of the gold reserve is an indispensable condition for the rehabilitation of our currency circulation.

The Minister of Treasury and the Directors of the Bank of Issue consider it particularly necessary to settle this matter without delay in a final and tranquillizing way, so that no cause for uncertainty may jeopardize the renewed trust in the currency of which the country gives encouraging proofs, in spite of the serious difficulties of the present moment.

Thanks to the Allied Forces, part of the gold which the Germans intended to take to Germany was, as you are aware, recovered near the Northern frontier and taken back to Rome, ever since last May, where it remained under the control of the A.F.A.

At the same time, the Bank of Italy was asked to supply some particulars to evidence its right to claim ownership; this was duly done, and the required informations were forwarded at several intervals.

In consideration of the time that has gone by, it is getting more and more urgent that the consignment should no longer be postponed, according to what the Director of the Bank explains to you directly and with more particulars in the enclosed letter.

On my side, I want to add that the considerations hereby expressed are fully shared by the Government, and I therefore beg you, my dear Admiral, to intervene thus to hasten the re-consigning of the recovered gold, and also to forward whatever information you may have about the finding of what gold was actually removed into German territory.

Believe me,

Sincerely yours,

S/ De Gasperi

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
R o m e

157

Distribution

Action - Finance Sub Commission
Info - Chief Commissioner
Executive Commissioner
Polad (A)
Polad (B)
A/VP, Economic Section

(193)

4160/1/c

see 190a

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Declassified E.O. 12356 Section 3.3/NND No. 785015

13242/F

30 January 1946

SUBJECT : Currency Agreement.

TO : Assistant Chief of Staff,
G-5 Section,
AFHQ.

(132) a

1. I refer to paras. 13, 14, 15, 16, and 17 of FAN 583, and my letter 13242/F of 1 November, 1945 to the President of the Council of Ministers, in which the proposed Currency Agreement was put to the Italian Government. (1736)

2. Attached hereto are copies, and translations thereof, of the President of the Council of Ministers' reply, in which the Italian Government accepts the Currency Agreement as of 1 February, 1946. In our view, the Italian Government's reply meets the requirements of FAN 583. The U.S. and British Embassies concur in this view.

4601/rc

3. I assume that you will wish to forward copies of the attached documents to JCS for their information.

4. The technical details referred to in para. 7 of my reference letter, and para. 9 of the reply from the President of the Council of Ministers are now in process of being worked out with the Italian Treasury and the Banca d'Italia. We shall keep you closely advised of all technical arrangements made.

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See [ ]

Copies to: Executive Commissioner,
Acting Vice-President
Economic Section,
U.S. Embassy (Dr.M.J.Tasca),
British Embassy (Mr.S.
Simmonds).

for Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

(192)

BHLT/pmf

TRANSLATION

From : The President of the Council
of Ministers.

To : Admiral Ellery W. Stone,
Chief of Allied Commission,
Rome.

Ref.No. 44/02423/4

Rome, 24 January 1946

Dear Admiral,

I refer to your letter of 1 November, 1945, (1736) to Prime Minister Parri.

1. I am pleased to hear that the Allied Governments are of the opinion that all lire issued should be unified under the authority of the Italian Government; this represents a further step towards the restoration of the Italian Government's normal powers.

2. In accordance with your wishes, the Italian Government state that they will appoint for the purpose the Banca d'Italia, which will be recognized as the authority issuing the Am-Lire, including the ones at present in circulation.
The Italian Government reserves the right to discuss the question of ultimate compensation with respect to the issue of Am-Lire directly with the Government of the United States and of the United Kingdom through diplomatic channels.

3. I understand that the Allied Governments have discontinued the printing of Am-Lire.

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4. The Italian Government will see that the Metropolitan notes and lire credits necessary for the requirements of the Allied Forces in Italy, and the ones in Venezia Giulia, will be regularly supplied by the Banca d'Italia [illegible]

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Declassified E.O. 12356 Section 3.3/NND No. 735015

of the opinion that all lire issued should be unified under the authority of the Italian Government; this represents a further step towards the restoration of the Italian Government's normal powers.

2. In accordance with your wishes, the Italian Government state that they will appoint for the purpose the Banca d'Italia, which will be recognized as the authority issuing the Am-Lire, including the ones at present in circulation.

The Italian Government reserves the right to discuss the question of ultimate compensation with respect to the issue of Am-Lire directly with the Government of the United States and of the United Kingdom through diplomatic channels.

3. I understand that the Allied Governments have discontinued the printing of Am-Lire.

1572 4. The Italian Government will see that the Metropolitan notes and lire credits necessary for the requirements of the Allied Forces in Italy, and the ones in Venezia Giulia, will be regularly supplied by the Banca d'Italia. On the other hand, it is agreed that the Allied Authorities will give adequate notice in advance, possibly of 15 days, to the Italian Government of their monthly requirements, besides any eventual extraordinary request. We repeat also for said notes and credits what stated at the second part of para. 2 above.

5. For technical reasons of currency control, all the stock of Am-Lire now with AFA will remain physically in the custody of the Banca d'Italia, but at the disposition of AFA. It is agreed that the Allied Armed Forces will fall back on the use of said stock, after the enactment of the present agreement, only if the Italian Government is not in a position to supply the necessary Metropolitan Lire; the drawing will be made giving full information to the Banca d'Italia. For said drawings a special accounting system

(192)

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Declassified E.O. 12356 Section 3.3/NND No. 785015

will be kept, to be agreed upon, between the Banca d'Italia and the Allied Commission. We beg to inform you that the AFA has already physically consigned to the Banca d'Italia some sealed boxes containing stock of Am-Lire.

6. In case of drawings from the above-mentioned stock of Am-Lire, the Italian Government undertakes to reimburse the printing and transportation cost of notes drawn in this manner. This reimbursement will be made by debiting at the end of each month in a post-liberation dollar account the amount equivalent to the cost of the notes drawn during the month, in the proportion mentioned in your letter of 7 December, 1945, and the Italian Government reserves the right to discuss the question of the reimbursement of the production and transportation cost of all the other Am-Lire notes.

7. The Italian Government also undertakes, in the event of a conversion of the present Metropolitan notes and Am-Lire in circulation, and only in case the said Government should not be able to meet the Allied requests in the new currency, to issue in due time a decree recognising the legal tender of the Am-Lire or of any other currency which the Allies might issue. Also for the foregoing we repeat what previously stated in the second part of para. 2 above.

8. I assure you that also for that period of time in which the Am-Lire will remain legal tender in Italy, the provisions which at present rule the reimbursement of the original value of counterfeited notes, the exchange of damaged and torn notes and the destruction of those that cannot be placed again in circulation, will be kept in force. In the event of a conversion of the notes at present in circulation, the above-mentioned provisions will be extended to the new notes, so far as Allied Military Offices are concerned, in accordance with the general provisions which will rule their circulation.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

7. The Italian Government also undertakes to proceed, in case of a conversion of the present Metropolitan notes and Am-Lire in circulation, and only in case the said Government should not be able to meet the Allied requests in the new currency, to issue in due time a decree recognising the legal tender of the Am-Lire or of any other currency which the Allies might issue. Also for the foregoing we repeat what previously stated in the second part of para. 2 above.

8. I assure you that also for that period of time in which the Am-Lire will remain legal tender in Italy, the provisions which at present rule the reimbursement of the original value of counterfeited notes, the exchange of damaged and torn notes and the destruction of those that cannot be placed again in circulation, will be kept in force. In the event of a conversion of the notes at present in circulation, the above-mentioned provisions will be extended to the new notes, as far as Allied Military Offices are concerned, in accordance with the general provisions which will rule their circulation.

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9. It is agreed that the procedure and the supplementary details of the agreement which will be annoted on 1 February, 1946, will be settled, as suggested in your letter of 1 November, 1945, between the Finance Sub Commission of the Allied Commission, the Italian Ministry of the Treasury, and the Banca d'Italia.

I beg you to accept, dear Admiral, my most cordial regards.

Sincerely yours,

/s/ Alcide De Gasperi

Distribution:
Action: Finance S/C
Info : Chief Commissioner
Executive Commissioner
Acting Vice-President
Economic Section
British Embassy
American Embassy

192

1308

Declassified E.O. 12356 Section 3.3/NND No. 785015

Copy

Il Presidente del Consiglio dei Ministri

44/02423/4 Roma, 24 Gennaio 1946

Caro Ammiraglio,

Mi riferisco alla Sua lettera inviata in data 1° novembre s.a. al Primo Ministro Parri.

1. Sono lieto che i Governi Alleati siano entrati nell'ordine d'idee che tutte le emissioni di lire vengano unificate sotto l'autorità del Governo Italiano, ciò che rappresenta un ulteriore passo nel ripristino dei normali poteri dello Stato Italiano.

2. In relazione a quanto da Lei esposto, il Governo Italiano dichiara di designare per l'oggetto la Banca d'Italia, che sarà riconosciuta come autorità emittente delle amlire, comprese quelle attualmente in circolazione.

Il Governo italiano si riserva il diritto di discutere la questione del regolamento definitivo dei rapporti di debito e credito per quanto riguarda l'emissione delle amlire, direttamente con i Governi degli Stati Uniti e del Regno Unito per via diplomatica.

3. Mi risulta che i Governi Alleati abbiano cessato di stampare amlire.

4. Il Governo Italiano provvederà a far fornire regolarmente dalla Banca d'Italia i biglietti metropolitani e i crediti in lire necessari al fabbisogno delle Forze Alleate in Italia compresa quelle dislocate nella Venezia Giulia. Resta inteso che le Autorità Alleate faranno conoscere al Governo italiano con un congruo preavviso, possibilmente 15 giorni, i loro fabbisogni mensili nonchè ogni eventuale richiesta di carattere straordinario.

Si ripete anche per tali biglietti e crediti quanto è detto al capoverso secondo del paragrafo 2.

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5. Per le esigenze tecniche del Governo dalla moneta, tutte le scorte di amlire di cui dispone l'AFA rimarranno materialmente [illegible] della Banca d'Italia [illegible] disposizione dell'AFA. E'

Declassified E.O. 12356 Section 3.3/NND No. 785015

riconosciuta come autorità emittente [illegible] attualmente in circolazione.

Il Governo italiano si riserva il diritto di discutere la questione del regolamento definitivo dei rapporti di debito e credito per quanto riguarda l'emissione delle am lire, direttamente con i Governi degli Stati Uniti e del Regno Unito per via diplomatica.

3. Si risulta che i Governi Alleati abbiano cessato di stampare am lire.

4. Il Governo Italiano provvederà a far fornire regolarmente dalla Banca d'Italia i biglietti metropolitani e i crediti in lire necessari al fabbisogno delle Forze Alleate in Italia compresa quelle dislocate nella Venezia Giulia. Resta inteso che le Autorità Alleate faranno conoscere al Governo italiano con un congruo preavviso, possibilmente 15 giorni, i loro fabbisogni mensili nonchè ogni eventuale richiesta di carattere straordinario.

Si ripete anche per tali biglietti e crediti quanto è detto al capoverso secondo del paragrafo 2.

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5. Per le esigenze tecniche del Governo della moneta, tutte le scorte di am lire di cui dispone l'AFA rimarranno materialmente custodite dalla Banca d'Italia, ma a disposizione dell'AFA. E' inteso che le Forze Armate Alleate ricorreranno all'impiego di tali scorte, dopo l'entrata in vigore del presente accordo, soltanto nel caso che il Governo italiano non sia in grado di fornire le lire metropolitane occorrenti; il prelievo verrà effettuato dandone specifica comunicazione alla Banca d'Italia. Per siffatti prelevamenti sarà tenuta una contabilità speciale secondo un sistema da concordare fra la Banca d'Italia e la Commissione Alleata. Si fa notare che l'AFA ha già materialmente consegnato alla Banca d'Italia delle cassette chiuse contenenti scorte di am lire.

6. Nel caso di prelievi delle suddette scorte di am lire, il Governo italiano si impegna di rimborsare il costo di stampa e di trasporto dei biglietti così prelevati. Tale rimborso sarà effettuato mediante addebitamento alla fine di ogni mese di un conto in dollari post liberation per l'ammontare corrispondente al costo dei biglietti prelevati durante il mese secondo

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la misura indicata nella sua lettera del 7 Dicembre c.a. e il Governo Italiano si riserva il diritto di discutere la questione del costo di produzione e di trasporto di tutti gli altri biglietti emessi.

7. Il Governo Italiano si impegna anche ad emanare tempestivamente, nell'eventualità di una conversione degli attuali biglietti metropolitani e delle emissioni in circolazione, un decreto che riconosca il corso legale delle emissioni e di altra moneta da emettere dagli Alleati, soltanto nel caso che venisse meno l'adempimento delle somministrazioni in nuovi biglietti metropolitani. Anche per questi si ripete quanto già detto al secondo capoverso del paragrafo 2.

8. Le assicuro anche che, durante il periodo in cui le emissioni conserveranno valore legale in Italia, saranno mantenute in vigore le note disposizioni che regolano attualmente il rimborso del valore originario di emissione dei biglietti contraffatti, il cambio dei biglietti danneggiati e logori e la distruzione di quelli incircolabili. Nell'eventualità di una conversione dei biglietti in circolazione, le suindicate disposizioni verranno estese ai nuovi biglietti, nei confronti delle intendenze militari Alleate, compatibilmente con le norme generali che ne regolano la circolazione.

9. Resta inteso che le modalità di attuazione e i dettagli supplementari dell'accordo di cui alla presente lettera, che entrerà in vigore il 1° febbraio p.v. saranno definiti, come da Lei suggerito nella sua lettera del 1° Novembre u.s.; tra la Sottocommissione Finanziaria della Commissione Alleata, il Ministero del Tesoro e la Banca d'Italia.

Gradisca, caro Ammiraglio, gli atti della mia doverosa osservanza e i più cordiali saluti.

F.to Alcide De Gasperi

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All'Ammiraglio Ellery W.STONE
Capo della Commissione Alleata.

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valore originario di emissione dei biglietti danneggiati e logori e la distruzione di quelli incircolabili. Nell'eventualità di una conversione dei biglietti in circolazione, le suindicate disposizioni verranno estese ai nuovi biglietti, nei confronti delle intendenze militari Alleate, compatibilmente con le norme generali che ne regolano la circolazione.

3. Resta inteso che le modalità di attuazione e i dettagli supplementari dell'accordo di cui alla presente lettera, che entrerà in vigore il 1° febbraio p.v. saranno definiti, come da Lei suggerito nella sua lettera del 1° Novembre s.a.; tra la Sottocommissione Finanziaria della Commissione Alleata, il Ministero del Tesoro e la Banca d'Italia.

Gradisca, caro Ammiraglio, gli atti della mia doverosa osservanza e i più cordiali saluti.

F.to Alcide De Gasperi

1569

All'Ammiraglio Ellery W. STONE
Capo della Commissione Alleata.
Roma.

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TRANSLATION

CC

JAN 2 9 RECD

From : The President of the Council of Ministers.

To : Admiral Ellery W. Stone, Chief of Allied Commission Rome.

Ref. No. 44/02423/4

Rome, 24 January 1946

Dear Admiral,

1736

I refer to your letter of 1 November, 1945, to Prime Minister Parri.

1. I am pleased to hear that the Allied Governments are of the opinion that all lire issued should be unified under the authority of the Italian Government; This represents a further step towards the restoration of the Italian Government's normal powers.

2. In accordance with your wishes, the Italian Government states that they will appoint for the purpose the Banca d'Italia, which will be recognized as the authority issuing the Am-lire, including the ones at present in circulation.

The Italian Government reserves the right to discuss the question of ultimate compensation with respect to the issue of Am-lire directly with the Government of the United States and of the United Kingdom through diplomatic channels.

3. I understand that the Allied Governments have discontinued the printing of Am-lire.

4. The Italian Government will see that the metropolitan notes and lire credits necessary for the requirements of the Allied Forces in Italy, and the ones in Venezia Giulia, will be regularly supplied by the Banca d'Italia. On the other hand, it is agreed that the Allied Authorities

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of the opinion that all lire issued should be unified under the authority of the Italian Government; This represents a further step towards the restoration of the Italian Government's normal powers.

2. In accordance with your wishes, the Italian Government states that they will appoint for the purpose the Banca d'Italia, which will be recognized as the authority issuing the Am-lire, including the ones at present in circulation.

The Italian Government reserves the right to discuss the question of ultimate compensation with respect to the issue of Am-lire directly with the Government of the United States and of the United Kingdom through diplomatic channels.

3. I understand that the Allied Governments have discontinued the printing of Am-lire.

4. The Italian Government will see that the metropolitan notes and lire credits necessary for the requirements of the Allied Forces in Italy, and the ones in Venezia Giulia, will be regularly supplied by the Banca d'Italia. On the other hand, it is agreed that the Allied Authorities will give adequate notice in advance, possibly of 15 days, to the Italian Government of their monthly requirements, besides any eventual extraordinary request. We repeat also for said notes and credits what stated at the second part of para. 2 above.

5. For technical reasons of currency control, all the stock of Am-lire now with AFA will remain physically in the custody of the Banca d'Italia, but at the disposition of AFA. It is agreed that the Allied Armed Forces will fall back on the use of said stock, after the enactment of the present agreement, only if the Italian Government is not in a position to supply the necessary metropolitan Am-lire; the drawing will be made giving full information to the Banca d'Italia. For said drawings a special accounting system

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will be kept, to be agreed upon, between the Banca d'Italia and the Allied Commission. We beg to inform you that the AFA has already physically consigned to the Banca d'Italia some sealed boxes containing stock of Am-lire.

6. In case of drawings from the above-mentioned stock of Am-lire, the Italian Government undertakes to reimburse the printing and transportation cost of notes drawn in this manner. This reimbursement will be made by debiting at the end of each month in a post-liberation dollar account the amount equivalent to the cost of the notes drawn during the month, in the proportion mentioned in your letter of 7 December, 1945, and the Italian Government reserves the right to discuss the question of the reimbursement of the production and transportation cost of all the other Am-lire notes.

7. The Italian Government also undertakes, in the event of a conversion of the present metropolitan notes and Am-lire in circulation, and only in case the said Government should not be able to meet the Allied requests in the new currency, to issue in due time a decree recognising the legal tender of the Am-lire or of any other currency which the Allies might issue. Also for the foregoing we repeat what previously stated in the second part of para 2 above.

8. I assure you that also for that period of time in which the Am-lire will remain legal tender in Italy, the provisionswhich at present rule the reimbursement of the original value of counter-feited notes, the exchange of damaged and torn notes and the destruction of those that cannot be placed again in circulation, will be kept in force. In the event of a conversion of the notes at present in circulation, the above-mentioned provisions will be extended to the new notes, as far as Allied Military

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of all the other Am-lire notes.

7. The Italian Government also undertakes, in the event of a conversion of the present metropolitan notes and Am-lire in circulation, and only in case the said Government should not be able to meet the Allied requests in the new currency, to issue in due time a decree recognizing the legal tender of the Am-lire or of any other currency which the Allies might issue. Also for the foregoing we repeat what previously stated in the second part of para 2 above.

8. I assure you that also for that period of time in which the Am-lire will remain legal tender in Italy, the provisionswhich at present rule the reimbursement of the original value of counter-feited notes, the exchange of damaged and torn notes and the destruction of those that cannot be placed again in circulation, will be kept in force. In the event of a conversion of the notes at present in circulation, the above-mentioned provisions will be extended to the new notes, as far as Allied Military Offices are concerned, in accordance with the general provisions which will rule their circulation.

9. It is agreed that the procedure and the supplementary details of the agreement which will be enacted on 1 February, 1946, will be settled, as suggested in your letter of 1 November, 1945, between the Finance Sub Commission of the Allied Commission, the Italian Minister of the Treasury, and the Banca d'Italia.

I beg you to accept, dear Admiral, my most cordial regards.

Sincerely yours,

/s/ Alcide De Gasperi

Distribution:
Action: Finance S/C
Info : Chief Commissioner
Executive Commissioner
Acting Vice-President,
Economic Section
British Embassy
American Embassy

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COPY

Il Presidente del Consiglio dei Ministri

44/02423/4

Roma, 24 Gennaio 1946

Caro Ammiraglio,

Mi riferisco alla Sua lettera inviata in data 1° novembre s.a. al Primo Ministro Parri.

1. Sono lieto che i Governi Alleati siano entrati nell'ordine d'idee che tutte le emissioni di lire vengano unificate sotto l'autorità del Governo Italiano, ciò che rappresenta un ulteriore passo nel ripristino dei normali poteri dello Stato Italiano.

2. In relazione a quanto da Lei esposto, il Governo Italiano dichiara di designare per l'oggetto la Banca d'Italia, che sarà riconosciuta come autorità emittente delle amlire, comprese quelle attualmente in circolazione.

Il Governo Italiano si riserva il diritto di discutere la questione del regolamento definitivo dei rapporti di debito e credito per quanto riguarda l'emissione delle amlire, direttamente con i Governi degli Stati Uniti e del Regno Unito per via diplomatica.

3. Mi risulta che i Governi Alleati abbiano cessato di stampare amlire.

4. Il Governo Italiano provvederà a far fornire regolarmente dalla Banca d'Italia i biglietti metropolitani e i crediti in lire necessari al fabbisogno delle Forze Alleate in Italia comprese quelle dislocate nella Venezia Giulia. Resta inteso che le Autorità Alleate faranno conoscere al Governo Italiano con un congruo preavviso, possibilmente 15 giorni, i loro fabbisogni mensili nonché ogni eventuale richiesta di carattere straordinario.

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2. In relazione a quanto da Lei esposto, il Governo Italiano dichiara di designare per l'oggetto la Banca d'Italia, che sarà riconosciuta come autorità emittente delle amlire, comprese quelle attualmente in circolazione.

Il Governo Italiano si riserva il diritto di discutere la questione del regolamento definitivo dei rapporti di debito e credito per quanto riguarda l'emissione delle amlire, direttamente con i Governi degli Stati Uniti e del Regno Unito per via diplomatica.

3. Mi risulta che i Governi Alleati abbiano cessato di stampare amlire.

4. Il Governo Italiano provvederà a far fornire regolarmente dalla Banca d'Italia i biglietti metropolitani e i crediti in lire necessari al fabbisogno delle Forze Alleate in Italia comprese quelle dislocate nella Venezia Giulia. Resta inteso che le Autorità Alleate faranno conoscere al Governo Italiano con un congruo preavviso, possibilmente 15 giorni, i loro fabbisogni mensili nonché ogni eventuale richiesta di carattere straordinario.

Si ripete anche per tali biglietti e crediti quanto é detto al capoverso secondo del paragrafo 2.

5. Per le esigenze tecniche del governo della moneta, tutte le scorte di amlire di cui dispone l'AFA rimarranno materialmente custodite dalla Banca d'Italia, ma a disposizione dell'AFA. E' inteso che le Forze Armate Alleate ricorreranno all'impiego di tali scorte, dopo l'entrata in vigore del presente Accordo, soltanto nel caso che il Governo Italiano non sia in grado di fornire le lire metropolitane occorrenti; il prelievo verrà effettuato dandone specifica comunicazione alla Banca d'Italia. Per siffatti prelevamenti sarà tenuta una contabilità speciale secondo un sistema da concordare fra la Banca d'Italia e la Commissione Alleata. Si fa notare che l'AFA ha già materialmente consegnato alla Banca d'Italia delle cassette chiuse contenenti scorte di amlire.

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6. Nel caso di prelievi delle suddette scorte di amlire, il Governo Italiano si impegna di rimborsare il costo di stampa e di trasporto dei biglietti così prelevati. Tale rimborso sarà effettuato mediante addebitamento alla fine di ogni mese di un conto in dollari postliberation per l'ammontare corrispondente al costo dei biglietti prelevati durante il mese secondo la misura indicata nella Sua lettera del 7 Dicembre s.a. e il Governo Italiano si riserva il diritto di discutere la questione del costo di produzione e di trasporto di tutti gli altri biglietti amlire.

7. Il Governo Italiano si impegna anche ad emanare tempestivamente, nell'eventualità di una conversione degli attuali biglietti metropolitani e delle amlire in circolazione, un decreto che riconosca il corso legale delle amlire e di altra moneta da emettere degli Alleati, soltanto nel caso che venisse meno l'adempimento delle somministrazioni in nuovi biglietti metropolitani. Anche per questi si ripete quanto già detto al secondo capoverso del paragrafo 2.

8. Le assicuro anche che, durante il periodo in cui le amlire conserveranno valore legale in Italia, saranno mantenute in vigore le note disposizioni che regolano attualmente il rimborso del valore originario di emissione dei biglietti contraffatti, il cambio dei biglietti danneggiati e logori e la distruzione di quelli incirculabili. Nell'eventualità di una conversione dei biglietti in circolazione, le suindicate disposizioni verranno estese ai nuovi biglietti, nei confronti delle intendenze militari Alleate, compatibilmente con le norme generali che ne regolano la circolazione.

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9. Resta inteso che le modalità di attuazione e i dettagli supplementari dell'accordo di che alla presente

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attuali biglietti metropolitani e delle amlire in circolazione, un decreto che riconosca il corso legale delle amlire e di altra moneta da emettere dagli Alleati, soltanto nel caso che venisse meno l'adempimento delle somministrazioni in nuovi biglietti metropolitani. Anche per questi si ripete quanto già detto al secondo capoverso del paragrafo 2.

8. Le assicuro anche che, durante il periodo in cui le amlire conserveranno valore legale in Italia, saranno mantenute in vigore le note disposizioni che regolano attualmente il rimborso del valore originario di emissione dei biglietti contraffatti, il cambio dei biglietti danneggiati e logori e la distruzione di quelli incirculabili. Nell'eventualità di una conversione dei biglietti in circolazione, le suindicate disposizioni verranno estese ai nuovi biglietti, nei confronti delle intendenze militari Alleate, compatibilmente con le norme generali che ne regolano la circolazione.

1503

9. Resta inteso che le modalità di attuazione e i dettagli supplementari dell'accordo di che alla presente letter, che entrerà in vigore il 1° febbraio p.v., saranno definiti, come da Lei suggerito nella Sua lettera del 1° Novembre s.a;, tra la Sottocommissione Finanziaria della Commissione Alleata, il Ministero Italiano del Tesoro e la Banca d'Italia.

Gradisca, caro Ammiraglio, gli atti della mia doverosa osservanza e i più cordiali saluti.

F.to Alcide De Gasperi

All'Ammiraglio Ellery W. Stone
Capo della Commissione Alleata,
Roma.

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50 to CC

ALLIED FORCE HEADQUARTERS
APO 512

JAN 26 RECD

AG 463.7 GTO-O

22 January 1946

JAN 26 1946

SUBJECT: P.O.L. and Container Accounting.

TO: All Concerned

Letter, this headquarters file and subject as above, dated 30 October 1945, and all previous AFHQ Letters on the above subject are rescinded.

1. As a result of the dissolution of Petroleum Section this headquarters, the responsibility for accounting subsequent to 31 August 1945 in Italy, Sicily, Sardinia, Greece, British zone in Austria, Jugoslavia, Albania, and Venezia Giulia devolves upon the Combined Petroleum Committee, in accordance with the provisions of Administrative Memorandum Number 1, dated 7 January 1946. Such accounting will be maintained in accordance with directives from London and Washington.

2. To discharge its responsibilities to the British and United States Governments, the Combined Petroleum Committee will maintain a Theatre product account until 31 January 1946 at which time joint military responsibility for supplying national programmes ceases. Subsequent to that date, accounting will become a responsibility of the individual services and civilian organizations.

3. In the interim period subsequent to date of termination of Land Lease (August 31st 1945) until further notice, C.P.C. will prepare a Theater account on the following basic principles:

a. OPENING STOCKS AT SEPTEMBER 1ST 1945.

Stocks to be credited to United States and British Governments for opening entries in the account will be as follows:

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(1) United States

All stocks in the Theater, loan those passed to British on Lend-Lease, and stocks held in civilian depots which have already been recorded as a firm debit against the Italian Government through Allied Commission.

(2) British

Stocks handed over on 60/90 day Lend-Lease basis at August 31st regardless of actual quantities held in British installations.

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Ltr. ANT , file AG 463.7 CPC-O,
dtd 22 Jan 46. (Cont'd)

b. CONTRIBUTIONS (Imports)

All contributions from United States and British sources will be credited to the appropriate account, regardless of nationality of the installations in to which cargoes are discharged. Such credits will be in respect of cargoes from extra-Mediterranean sources only, and will not include shuttle tanker movements within the theater.

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c. ISSUES

Services and civilian organizations will report to C.P.C. all transactions subsequent to August 31st 1945. National debits will be assessed from such reports, and issues to the various national programmes will be aggregated and charged according to the supply responsibility as defined by London and Washington, regardless of nationality of issueing.

d. CLOSING STOCKS

By deducting actual national liabilities (para c.) from the opening stocks (Para a.) plus contributions (Para b.) the book stock ownership will be disclosed. This figure will vary from actual inventories for the following reasons:

(1) For geographical reasons, issues to a national programme will be effected from installations controlled by a nation which is not responsible for supply.

(2) Issues will be made to United States and British units from British and United States installations respectively.

(3) United States cargoes from the Western Hemisphere may be discharge into British installations and vice-versa.

(4) There is a certain amount of inaccuracy in ascertaining true consumption.

e. ADJUSTMENTS

As soon as possible after the date of termination of C.P.C's, accounting responsibility, the difference between book and physical stocks will be adjusted by actual physical transfer, or by settlements between nations as mutually agreed.

4. IMPLEMENTATION

To accomplish the accounting detailed in paragraph 3 above, certain information will be required from Services and organizations detailed. Such

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information will be prepared and submitted to the Combined Petroleum Committee monthly until further notice. Reports for a particular month will be forwarded as soon as possible in the month following the period of reported transaction. Retroactive reports covering the months of September, October, November and December will be forwarded as soon as possible where not already forwarded.

a. CONTRIBUTIONS

Monthly reports will be rendered to C.P.C., A.F.H.Q. by controlling agencies namely D.G.T., P.B.S., Commander-in-Chief Mediterranean, U.S. Navy, C.I.P., Greek Petroleum Board, showing quantities of Bulk and Packed POL out-loaded or received at all ocean terminals (except Coastwise shuttle movements) and will contain the following information for each transaction:

(1) Ocean terminal submitting report
(2) Date of transaction
(3) Name of vessel
(4) Amount outloaded by product
(5) Amount received by product
(6) Port of origin and nationality of consignee in the case of cargo received
(7) Port of destination and nationality of consignee in the case of cargo outshipped

b. CONSUMPTION. (Other than national programmes)

Responsibilities of the various services are defined as:

(1) C-in-C MEDITERRANEAN

No reports other than those presently submitted in accordance with C-in-C Mediterranean letter Med. 45/301/3/32 dated 5 June 1945 and those reports of issues to Italian National Programmes presently submitted to C.P.C. None are required.

(2) U. S. NAVY

(a) Issues to U.S. Armed Forces including issues to U.S. Quasi Military Organizations and W.S.A.

(b) Issues to British Armed Forces.

(c) Issues to British Quasi Military Organizations (including M.O.W.T.)

(d) Issues to all other National and Multi-national organizations, except those issues reported in accordance with paragraph 4 C below.

(3) U.S.T.

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(c) Consumption by all British Army units (including British Quasi Military Organizations) of products issued from U.K. Controlled installations and Depots.

(b) Issues to R.A.F. and R.N.

(c) Issues to U.S. Armed Forces

(d) Issues to U.S. Quasi Military Organizations.

(e) Shipments of POL from British Depots into British zone in Austria for both British military and Austrian civil consumption. MSP will maintain records and receipts to enable an eventual settlement with the approved Austrian Government for civil supplies.

(f) Issues to all other National and Multi-national Organizations, except those issues reported in accordance with paragraph 4 c below, and issues to Civil authorities in Austria.

(4) P.B.S.

(a) Consumption by all U.S Army units (Including U.S. Quasi Military organizations) of products issued from P.B.S. controlled installations and Depots.

(b) Issues to U.S.A.A.F., A.T.C. and U.S.N. except transfers to U.S.N. at Palermo.

(c) Issues to British Armed Forces.

(d) Issues to British Quasi Military Organizations.

(e) Shipments loaded and dispatched from U.S. Depots into British zone in Austria which is a purely British responsibility.

(f) Issues to all other National and Multi-National Organizations, except those issues reported in accordance with paragraph 4c below, and shipments made to British zone in Austria.

(5) R.A.F.

(a) Issues to U.S. Armed Forces.

(b) Issues to U.S. Quasi Military Organizations.*

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(e) Issues to all other National and Multi-National Organizations, except those issues reported in accordance with paragraph 4c below.*

(6) U.S.A.A.F. and A.T.C.

(a) Issues to British Armed Forces.

(b) Issues to British Quasi Military Organizations.*

(c) Issues to all other National and Multi-National Organizations, except those issues reported in accordance with paragraph 4c below.*

(7) C.I.E.

(a) Issues to U.S. and British Armed Forces segregated by Nationality.

(b) Issues to U.S. and British Quasi Military Organizations.*

(c) Issues to other National and Multi-National Organizations.*

c. ISSUES MADE TO NATIONAL PROGRAMMES.

The system of reporting all issues made to Italian, Greek and Jugoslav national programmes will remain unchanged. Issues made again t the Italian National programme will be reported to C.C.S. A.F.H.Q., M.A.A.C. together with supporting receipts. All issues against the Greek and Jugoslav National programmes will be reported to C.C.S., A.F.H.Q. C.M.F. together with all supporting receipts.

5. Financial settlement between nations and multi-national organizations such as AC and AMG in accordance with Petroleum Committee Theater Account will be effected through the medium of the Combined Chiefs of Staff, Washington, with the following exceptions:

(1) Issues made to nationals other than British and U.S.

(2) Issues made to nationals other than issues made to national programmes (see para 4c above).

(3) Issues made to quasi-military organizations, U.S. ZEI and Br. ZEI units.

c. Financial settlement in respect of the above exceptions will be effected through the medium of the respective Fiscal or Financial Authorities. Amounts involved will be included in C.C.S.'s. Theater Account as a debit

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against the appropriate nation, but any governmental repayment action must remain a responsibility of the fiscal or financial Authorities. Issues made by one nation to a quasi military organization of another nation will be reported by U.S. with supporting receipts to the appropriate fiscal or financial authority for any repayment action which may be required.

6. AFTER 31st JANUARY 1946.

[illegible]

a. It is planned that after January 31, 1946, storage will be arranged and cargoes consigned to particular floating storages so that joint accounting will be discontinued and petroleum distribution return to normal national lines and to commercial practice in the case of civil type ships.

b. During the current interim period every effort will be made by the Combined Petroleum Committee and the Central Mediterranean Petroleum Coordinating Committee to ensure that cargoes from British or U.S. sources will be discharged into the correspondent national storage which started for the product in order that national holdings on January 31, 1946 will approximate national ownership of theatre stocks.

c. The handover to national lines on January 31, 1946, will be further accelerated and difficulties obviated if efforts are made by each service to reduce the cross-hauls of petroleum products. It is not intended that operations facilitating be liquidated, but, apart from issues ex Petrol points, many issues from British stocks to U.S. units, and vice versa, can be reduced considerably so that only small tonnages in bulk will be remaining for repayment.

d. After January 1946 services must, therefore, be prepared to accept all accounting functions concerning receipts and issues of fuel in this theatre. National debits and credits accumulated at the operational facilities in Italy, etc., will be notified by [illegible] transfers in kind as arranged between the various [illegible] parties, or by [illegible] the recipient Government through fiscal channels.

NOTE: (a) Debitable issues for which receipts in triplicate are required.
(b) Issues to and consumption by U.S. and British Armed Forces to include issues made to U.S. NAT and Br. IPI Forces respectively, and to be supported by receipts.
(c) Issues supported in accordance with this letter will not include transfer of stock between ocean and inland bulk and packed depots

1327

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ltr, AFHQ, File AG 463.7 GPC-C
dtd 22 Jan 1946. (Cont'd)

under control of F.F., U.S.F., D.C.T. and F.B.C.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

Edward F. Sibert

EDWARD F. SIBERT
Colonel, AGD
Adjutant General

DISTRIBUTION:
C plus
20 - CPC (extra)

1561

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1328

Declassified E.O. 12356 Section 3.3/NND No. 735015

Translation

Bank of Italy
The Governor

Rome, 22 January 1946

Dear Admiral,

You will remember that, last May, the part of the gold of the Bank of Italy which was found still in custody, in the Fortezza gallery, under the supervision and management of the Bolzano Branch of this Institute, was transferred back to Rome, by the Allied Financial Agency, but that the gold itself wasn't returned to the Bank but deposited in a vault of the Institute and placed at the disposition of the A.F.A. under the sole control of the latter.

On the instructions of the Commission (Letter dated May 25th and Memorandum dated May 29th, 1945), the A.F.A. asked us to send a detailed report on the right of the Bank of Italy to claim the ownership of the gold.

In a letter dated 21st June, 1945, forwarded by the Minister of the Treasury, the Bank gave a detailed answer to the Commission on these various matters, proving its right to obtain the restitution of the gold found in Fortezza, and asking for the intervention and help of the Allied Authorities to find and recover such gold as had formerly been transferred from Fortezza to Berlin by the Allies.

Shortly afterwords, the A.F.A., in a letter dated July 21st, 1945, asked the Bank of Italy to supply further particulars about the circumstances in which the gold had been transported first to Milan, then to Fortezza and Germany, about the law suit against the former Governor Azzolini, and the previous statement of the Bank that the gold found at Fortezza never went out of its possession. In a letter n. 74243, dated September 7th, 1945, addressed to A.F.A., a detailed answer was supplied, as well as full particulars and copies of the documents requested.

Since that time, the Bank of Italy received no message, either about the restitution of the Fortezza gold, or about the recovering of what gold had been transferred to Germany.

1531 Being well aware of the economic and financial situation of Italy, you will fully appreciate the urgent necessity to re-establish without delay the gold reserve if the monetary rehabilitation of the Country on which depend all our reconstruction program as well as Italy's orderly and fruitful return in the new international and economic system, is to take place.

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
R o m e

190 a

Dec 193

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Declassified E.O. 12356 Section 3.3/NND No. 785015

I therefore take the liberty to ask for your intervention in the most efficacious way, with the Authorities concerned, to obtain that the gold reserve of the Bank of Italy be returned without delay.

Needless for me to repeat the motives already fully explained in letters dated June 21st and September 7th, 1945, or emphasize the reasons of a jurisdical, technical and moral character proving the full right of the Bank of Italy to recover its gold, for I trust that in the present circumstance too, yourself and the Allied Governments will show the comprehension, which, in former occasions, they showed for the legitimate rights of Italy.

I shall greatly appreciate it if you kindly let me know what informations you may receive on such a matter, and I am at your disposition to supply whatever information you may need to handle the matter mentioned in this letter.

Thanking you for your kind personal interest, I remain my dear Admiral,

Sincerely yours,

S/ Luigi Einaudi

Distribution

Action - Finance Sub Commission

Info - Chief Commissioner
Executive Commissioner
Polad (A)
Polad (B)
A/VP, Economic Section.

1559

190a

1330

Declassified E.O. 12356 Section 3.3/NND No. 785015

15242/F

9 January 1946

My dear Mr. Prime Minister:

1. I write with further reference to my letter 15242/F of 18 July, 1945, to the President of the Council of Ministers. 137

2. With respect to paragraph 4 (b) of my letter under reference, I am now directed by the Combined Chiefs of Staff to inform your Government that it is now no longer necessary for the Italian exchange control authorities to consult with the Allied Commission before authorising any external financial transactions undertaken by Italian insurance companies or involving the foreign branches or subsidiaries of such companies.

Very truly yours

/s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USN,
Chief Commissioner.

9/1/1946

1558

Onorevole Alcide De Gasperi,
President of the Council of Ministers
Italian Government.

194

1331

Declassified E.O. 12356 Section 3.3/NND No. 785015

ACTION AMLEGATION ROME 14 1105 Jan 46

INFORMATION

217

SECRET

PARA ONE PD REFERENCE YOUR TELEGRAM ONE TWO JANUARY REGARDING LIRA EXCHANGE RATE PD HAVE NO REPEAT NO INFORMATION FROM ITALIAN GOVERNMENT THAT CHANGE IN OFFICIAL EXCHANGE RATE IS CONTEMPLATED PD WE HAVE NO REPEAT NO REASON TO THINK ANY SUCH CHANGE IS IN EARLY PROSPECT PD

PARA TWO PD ITALIAN GOVERNMENT PROGRAM FOR CURRENCY CONVERSION CMA WHICH WE UNDERSTAND HAS BEEN POSTPONED FOR TIME BEING CMA WOULD NOT HAVE HAD EFFECT OF EXCHANGE RATE DEVALUATION

1551

PRIORITY

FINANCE SC

G. J. LEIGH

1332

Declassified E.O. 12356 Section 3.3/NND No. 785015

P 58505
JAN XXXXXX 121156 A

G/7316
R.R 131530
ROUTINE

AFHQ SIGNED SAUSEO CITE FHGNG
AIRCOM ROME

CONFIDENTIAL

CONFIDENTIAL.

OGS have directed that AFA be transferred to AFHQ but will remain in ROME on detached duty. Chief Financial adviser Allied Commission will continue to negotiate the currency agreement as called for in para 13 fan 583.

AC DIST

ACTION FINANCE 2
INFO CHIEF COMMISSIONER
MX CORM
FILE

27/1997/67

CONFIDENTIAL

1555

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Declassified E.O. 12356 Section 3.3/NND No. 785015

O O O/C..

JAN 14 REC'D

121018

G/7301

JAN 13 1500

ROUTINE

COMNAVIAM

ALLIED FINANCE COM ROME (RA C PASS)

INFO NAVDET PALERMO HQ DET COMNAVIAM

SECRET: SECRET

HAVE INFO LIRE IS TO BE DEVALUED. REQUEST ADVICE.

AC DET

ACTION: FINANCE

INFO : CHIEF COMMISSIONER

EX COMMISSIONER

FILE

FILE (SKELETON)

O/C

SECRET

1553

CIPHER TELEGRAM

This message will not be distributed outside
British or American Departments or
Headquarters without
O.T.P. [illegible]

187

1334

Declassified E.O. 12356 Section 3.3/NND No. 785015

(Copy)

HEADQUARTERS ALLIED COMMISSIO.
APO 394
FINANCE SUB COMMISSION

13044/F

5 January 1945

SUBJECT : Aid to Allied escaped POW.

TO : Executive Commissioner.

1. Reference attached memorandum from Allied Screening Commission.

2. As far as I am aware, Italians who suffered property damage at the hands of the Germans for aiding Allied escaped POW are not receiving any compensation. We put the problem to the Italian Government in our letter 13044/F of 8 September, 1945, but have had no reply, in spite of several reminders.

166

3. A monetary reward is of course paid to all Italians by ASC in these cases where the Italians can prove having given aid, food shelter, etc, to Allied escapes.

1941

(Signed) B.E.L. TIMMONS
Lt. Col.
Deputy Director
Finance Sub Commission

155 BELT/pmf

186a

1335

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ch Comm.

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

31 December 1945

Ref. ES/11.14

SUBJECT : Implementation in North Italy of the Ministerial Decree on the Price of Matches.

(184)

My dear Mr. Minister:

I refer to your letter of 18 December 1945, reference 03/23013, addressed to the Chief Commissioner, to which I have been requested to reply.

In view of the fact that the northern regions of Italy will be returned to the control of your government by 1 January 1946, the question raised by you of implementing the decree of 2 February 1945 may be considered academic, and it is not believed that any action need be taken by the Allied Commission.

Very truly yours,

Harlan Cleveland

HARLAN CLEVELAND
Acting Vice President

Dottore Mario Scoccimarro
Minister of Finance, Italian Government
ROME

1553

cc: CC
EC
Price Branch

(186)

1336

Declassified E.O. 12356 Section 3.3/NND No. 785015

ARMY MESSAGE CENTER

DECODED MESSAGE

6/6318

PARAPHRASE UNNECESSARY

ACSC W 111/23

FILED: 221700Z
ROUTINE

FROM: ADVAN FHQ PCS

TO : ARMY FOR NORDAC INFO CABINET OFFICES FOR BRITISH CHIEFS OF STAFF

REF TO THIS MESSAGE: W-89988

22 December 1945

For FEPOA.

Cite COMZ.

This is CAX 725.

A

Refer CAX 928 (Italian request for unblocking funds in Far East).

Italian Embassy WASHINGTON has been notified by State Department of following information which has been given to Supreme Commander for Allied Powers as basis of reply to aide-memoire from Italian Embassy WASH.

(A) Italian Embassy TOKYO authorized to make withdrawals from its yen accounts with banks in JAPAN for payment of salaries of personnel, maintenance of Italian properties and support of Italian nationals.

(B) Italians in good standing with present Italian Government are regarded as unobjectionable nationals, and liberal licensing policy will be followed with respect to their yen assets. However licenses will NOT authorize disposition of any of their foreign currencies, precious metals or foreign exchange.

(C) All unobjectionable nationals, including Italians, will be permitted to take with them upon departure from JAPAN normal personal effects, and up to equivalent of 250 dollars of any foreign currencies in their possession.

(D) NO repatriates from JAPAN will be provided for the present with facilities for converting yen holdings into foreign currencies, precious metals or foreign exchange.

1557

(E) For time being, it is NOT considered appropriate to authorize release of Italian dollar funds held in custody of Swedish Legation. Accordingly Italian request to pay salary arrears of TOKYO Embassy staff from August 1943 in dollar currency was NOT favorably considered.

DEC 29 1945
Econ Sec Distr.

G-5 ACTION: Finance
INFO: Chief Com
A/UP
File

NOTE: MAG 928 is FX-46427 MS OUT 877 12/10/45

ACTION: G-5

INFORMATION: US FCLLD RESTD MTC FISC DIR

MC IN 4330 23 Dec 45 0750A Ref No W-89988 dn/H

85

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COMMAND PAY OFFICE NAIROBI

9547 21 December 1945 PRIORITY

RESTRICTED PD

PARA ONE PD ITALIAN GOVERNMENT IS PAYING CREDIT BALANCES OF RELEASED ITALIAN OFFICERS COOPERATORS AT THE RATE OF SEVENTY TWO LIRE PER POUND FOR MILITARY PAY CREDITS AND AT FOUR HUNDRED LIRE PER POUND FOR MONEYS DUE THEM FOR COOPERATOR WORK PAY PD

PARA TWO PD BREAKDOWN SHOULD BE MADE IN CERTIFICATES OF CREDIT TO BE ISSUED IN FUTURE IN ORDER TO AVOID DISCONTENT BROADLY SPREAD AMONG RELEASED OFFICERS COOPERATORS P

PARA THREE PD REQUEST SUCH BREAKDOWN BE CABLED TO THIS HEADQUARTERS FOR CREDIT OF THREE FIVE TWO SIX SEVEN CAPTAIN DANTE LAZZARI RECENTLY REPATRIATED PER SUGAR GIANT SUGAR CANADIA PD

1551

IPW Division

484

THOMAS H. COURLAY
1st Lt., USA
Actg Asst Adjutant

1846

1338

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref. 13201/F

20 December 1945

SUBJECT : Loss of Funds.

TO : G-5 AFHQ. (Financial Adviser)

Ltr deals with losses of funds of Allied Commission.

6 Inds.

Ltr. from Finance Sub-Commission.

123.
(20 Dec 45)

6th Ind
HEADQUARTERS, ALLIED COMMISSION, APO 394
16 February 1946

TO : Hq MTOUSA, APO 512.

1. Attention is invited to 4th Ind.

2. In view of above, case is considered to be satisfactorely closed.

For the Chief Commissioner:

L.W. STEARNS
Lt Col, AGD
Staff Officer to CC

1553

(184) a

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Translation

The Minister of Finance
n. 05/23413

DEC 23 REC'D
CC/1603

Rome, 18 December 1945

To Admiral Stone
Chief of the Allied Commission
via Veneto
Rome

In a previous letter sent by the Administration of the Monopoly to the Headquarters of the Allied Commission, it was asked to extend to Northern Italy the matches selling rate, fixed by the Government by a Ministerial Decree of February 2nd 1945 published on the Gazzetta Ufficiale n. 28 of March 6th, 1945.

The form prescribed and followed for the determination of the said rate, which, we repeat, is caused by the manifestation of the will of the Government, through a decree, - in this case, a Ministerial Decree - shows that this is a purely fiscal regulation, taken in the interest of and on account of the Italian State.

Therefore, not to frustrate the intention of the Italian Government, it is urgent to issue orders so that the above mentioned matches selling rate may be extended without delay to the provinces which are still under Allied Administration.

In fact, the difference between the rates brings about a smaller fiscal revenue for what concerns sales in Northern Italy, and encourages the smuggling of matches from the North towards the South, to the benefit of black market.

We trust that, after taking in consideration the above mentioned reasons, you will kindly issue orders for the new rates to be immediately enforced in the Northern provinces.

THE MINISTER

S. M. Scoccimarro

15/1

e/a/

EC SHIFT 28 Dec
ACTION: ECON Sec
INFO: CA Sec
CC
EC

134

1340

Declassified E.O. 12356 Section 3.3/NND No. 785015

1514

/ACE DEC 18 RECD

CHIEF-CMMR

ALLIED FORCE HEADQUARTERS
APO 512

AG 101 GEC-O

15 December 1945

SUBJECT: Establishment of Allied Supply Accounting Agency.

TO: All Concerned.

1. In accordance with directive from the Combined Chiefs of Staff (TAM 692) there is established within Allied Force Headquarters a unit designated as the Allied Supply Accounting Agency.

2. The Allied Supply Accounting Agency will be attached for administration to Headquarters, Allied Commission. It will receive guidance on policy matters from G-5 Section, except as that Section may otherwise direct.

3. The Allied Supply Accounting Agency will be responsible for maintenance of civilian supply accounts relative to the period of Combined military responsibility in Italy, Greece, Albania, and Jugoslavia. In this connection, the Agency will:

a. Take over from M.M.L.B. (Balkans) all accounting responsibilities in connection with all supplies issued to the civil authorities in Greece, Jugoslavia, and Albania, and to UNRRA during the period of combined military responsibility in each of these countries.

b. Prepare and submit bills for these supplies to the respective civil authorities in these countries and to UNRRA in accordance with directives from the Combined Chiefs of Staff and this headquarters.

1548

c. Take over from the Allied Commission the following activities in connection with civilian supply accounting in Italy:

(1) Completion of returns called for in TAM 228 of 17 July 1944. (ACC/A.G accounting for civilian supplies).

(2) Completion of records of issues of civilian supplies to the Italian Government during the period of combined military responsibility.

1236

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Ltr, AGCT, File AG 101 SEC-C, dtd 15 Dec 45. (Cont'd)

(2) Completion of records of issues from US/UK military stocks to the Italian Government for civilian use and to the Italian Armed Forces on the basis of returns made to the Agency by the Services concerned.

(4) Consolidation and presentation of bills to the Italian Government for all civilian supplies issued under (2) and (3) above.

(5) Consolidation of out-turn reports transmitted by the War Shipping Administration in connection with the F.S.A. import program.

(6) Such other civilian supply accounting as may subsequently be specified by the Combined Chiefs of Staff or this headquarters.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

EDMUND T. SHUBERT
Colonel, AGD
Adjutant General

DISTRIBUTION:
10 - Allied Commission
1 - XIII Corps for A.A.I.B.
1 - PBS
1 - PBS (South)
1 - MBFLU
1 - RTA for MB
1 - USFA
10 - G-5
1 - G-4
1 - FA (B)
1 - "A" Branch
1 - G-1 (A)
1 - G(Maint)
1 - U.S.A.
1 - CCF (Coal)
1 - UNRRA
1 - Fiscal Director
10 - Allied Supply Accounting Agency, Allied Commission

Ac List

ACTION: ECON SEC (6)
INFO: CHIEF CMMR
EXEC CMMR
FINANCE S/C (2)

1342

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY.

FROM : AGWAR FROM CCS

TO : AFHQ FOR MORGAN. INFO: CABINET OFFICES WHITEHALL FOR BRITISH CHIEFS OF STAFF.

REFERENCE THIS MESSAGE: W 87984 11 December 1945

FOR INFO:

Cite CCAC

This is TAM 721

Refer MAT 987 193

AM Lire advances to French Forces in ITALY.

1. AFA authorised to continue to supply funds for French troop expenses as outlined in TAM 24.

2. Funds for civilian expenses of French in ITALY should be obtained directly by French from Italian Government, for example through establishment of blocked Franc Account as suggested paragraph 2 MAT 922. TAM 24 does NOT authorise providing lire to finance civil needs.

3. NO funds should be advanced by AFA to cover expenses of salvaging any Allied vessels sunk in Italian ports or to cover repair of material belonging to Allies taken by Italians. Cost of such salvage and repair constitute Allied claim against ITALY which should NOT be dealt with through Allied Commission. There would be NO objection, however, to French obtaining lire for these purposes from Italian Government by establishment of Blocked Franc Account. Disposition of this account would be determined under procedure established under peace treaty or otherwise for establishment and settlement of Allied claim against ITALY.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

FX 55132
DEC 111955 A

G/5413
DEC 121300

ROUTINE

AFHQ SIGNED SACMED

SEE ADDRESSEES LISTED BELOW

RESTRICTED

RESTRICTED.

Action ATWAR Washington info Cabinet Offices Whitehall USFET Main AIRCOM Rome. To ATWAR for CCS for CCAC info Cabinet offices Whitehall for British Chiefs of Staff.

This MAT 964.

Use of Italian external assets.

(1) Under para 3 of Fan 563 the Italian Government are required to consult with Allied Commission before authorizing the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1943.

(2) Such requests by the Italian Government are required to be reported to CCS for guidance as to reply to be made.

(3) In view of procedure adopted in case of Italo-Swiss payments agreements namely Italian Government informed of US/UK attitude through embassies, should the Italian Government hence forward be required to consult the US and UK embassies and not Allied Commission, in the first instance.

(4) It is understood that Italian external assets maybe used for purpose of paying debts incurred prior to 10 June 1940 according to text of notes verbale relative to Italo-Swiss payments agreement. Does this represent the adoption of a general policy in this respect. If so may the Italian Government be so informed.

C DIST. ACTION: EX COM 2-INFO: CHIEF COMM.-POLAD 2-POLAD 3-FINANCE-FILE

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RESTRICTED

1344

Declassified E.O. 12356 Section 3.3/NND No. 785015

DEC

CITE FHOBG FX 55654
DEC 061837 A

G/5150
DEC 061155
PRIORITY

FREEDOM SIGNED SACMED
AGWAR WASHINGTON FOR CCS FOR CCAC
INFO: CABINET OFFICES WHITEHALL FOR BRITISH CHIEFS OF STAFF USFET
MAIN ALCOM ROME.

RESTRICTED.

Rate ¢ of exchange.

This mat 960.

Italian Government notifies new rate of exchange 25 lire equal 1 Argentine peso effective November 30.

4/Econ/cc

AC DIST.

INFO ACTION : FINANCE SC
INFO : CHIEF COMMISSIONER
ECON SEC 2
COMMERCE SC
FILE 2
FLOAT

1543

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1345

Declassified E.O. 12356 Section 3.3/NND No. 785015

CC DEC 4 1945

Ref: 4616/65/20 30 November 1945

Dear Dr. Smodlaka,

I refer to your letter Pov.br. 1891/45 of 25 Nov. 1945.

My 4616/65/20 of 27 November was sent in reply to your Pov.br. 1807/45 of 16 November 1945. In this letter I said that unfortunately I was not in a position to answer the first query raised by your Government, but referred you to the United States Embassy, where it is hoped, you will be able to obtain this information.

In answer to the second query, the official rate between the dollar and the lira is 100 lire equal 1 U. S. dollar.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Josip Smodlaka
Yugoslav Representative to ACI
Rome

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Copy to: Finance S/C.

1346

Declassified E.O. 12356 Section 3.3/NND No. 785015

NOV 29 RECD

HEADQUARTERS ALLIED COMMISSION
APO 794
FINANCE SUB-COMMISSION

HELT/eb

29 November 1945

13012/F

SUBJECT: Occupation Money in Germany.

TO : Chief Commissioner.

1. I think you are interested in the following story which appeared in THE STARS AND STRIPES for Wednesday, 28 November 1945, and which you have undoubtedly already seen:

"OCCUPATION MONEY SNAFUED IN REICH"

"Paris, Nov. 27 (ZNS) - The Soviet government has been granted the use of the American engraving plate for printing German occupation marks, with the result that Soviet currency is intermingled with American currency and is exchangeable for it.

"American officials, who acknowledged this condition, said, 'The Russians have won the battle of the plate.' They explained that after three weeks of insistent demand, Soviet occupation authorities had received the engraving plate prepared in Washington, and were printing marks by the billions.

"The result is that German marks issued to Russian soldiers are almost identical with marks issued in the American zone, and thus the U.S. Treasury stands behind Soviet currency when it is exchanged for francs or dollars.

"The admission was made recently by Col. Bernard Bernstein, chief of the financial branch, G-5, USFET. Colonel Bernstein, with headquarters in Berlin, is in effect the present head of the Reichsbank.

1543

"The colonel explained that he had put off the Russians for three weeks, with one pretext or another, but that finally he yielded and granted them use of the engraving plate prepared at the Bureau of Printing and Engraving at Washington.

"Promptly the Russian printing began. Colonel Bernstein admitted that Soviet marks, on the same pattern as American marks, have now been printed up to the number of 13 billion, as compared with 15 billion printed by the U.S. for all four occupation Powers - and only half of

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1347

Declassified E.O. 12356 Section 3.3/NND No. 785015

that has been issued.

"Actually, there is a slight difference between the American and Soviet marks. On the Russian mark, the serial number is preceded by a dash, '-', whereas the American, British and French occupation marks have '0' as the first figure.

"At least this difference existed at the beginning. Now, according to American officials in Germany, even this distinction has disappeared, and the Soviet marks are identical with others."

2. The sale of watches, fountain pens, etc., by American personnel to Russian soldiers, and subsequent conversion of the marks so realized into dollars through army pay channels has, of course, been proceeding for some time. As I think I mentioned to you in conversation, the U.S. Second Armored Division in Berlin is reported to have remitted to the U.S. in one month 3 million dollars more than the total pay of the Division. I now understand that the U.S. Army in Germany is introducing more stringent remittance restrictions.

Acting Director
FINANCE SUB-COMMISSION

1542

180

[3 4 8]

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13065/F 29 November 1945

SUBJECT : Financial Statement by
Senatore Federico Ricci.

TO : Chief Commissioner.

1. Senatore Federico Ricci, recently resigned Minister of the Treasury, issued yesterday a statement on Italy's financial situation to the domestic and foreign press. I have summarized in the following paragraphs the highlights of this statement.

2. The national debt of Italy is now in round figures 1,000 billion lire (including funded and floating debt but excluding the note issue of the Banca d'Italia and the amount of AM lire in circulation).

3. The currency circulation of Italy is now estimated at 285 billion lire (in small-denomination State notes and large-denomination Banca d'Italia notes), exclusive of the AM lire currency in circulation, estimated at 81 billion lire. Total note circulation is thus estimated at 366 billion lire.

4. For the fiscal year 1945-1946, revenue (including the State monopolies of tobacco, salt, matches, etc.) is estimated at 105 billion lire for all Italy. Expenditures for the fiscal year are estimated at 340 billion lire. The deficit would thus be 235 billion lire. (I feel this figure is too optimistic - further salary increases for State employees and continuing unemployment benefits in North Italy could easily increase the deficit to 300 billion lire.)

5. Senatore Ricci reviewed the recent 5% Government bond issue (total sales of 106 billion lire) without adding

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Declassified E.O. 12356 Section 3.3/NND No. 785015

anything new. He stated that no new bond issue was contemplated, and indicated that sales of Treasury bills and additions to Postal Savings were satisfactory.

6. Senatore Ricci reviewed Italy's chief post-liberation foreign exchange assets, as follows:

(a) the troop expenditure account, now credited with $150 million

(b) the FEA $100 million credit for supplies during the period Sept.-Dec., 1945

(c) the $50 million UNRRA 1945 program

(d) an estimated $36 million from remittances and export proceeds

(e) an estimated 3 million pounds sterling from remittances and exports.

7. Ricci also referred to the supplies shipped to Italy during the period of combined military responsibility, but did not mention figures.

8. The reasons for the delay in the currency conversion are listed by Ricci as follows:

(a) necessity of organizing 60,000 guards for banks and transport, and the mobilization of 30,000 banks employees

(b) a sufficient quantity of the new currency has not yet been printed

(c) diplomatic reasons relating to the conversion of AM lire, the conversion in Venezia Giulia, the Colonies, and Jugoslavia.

1540

9. Ricci alleged certain figures were incomplete because he lacked data for north Italy. He further stated that in AMG territory taxes are paid to the Allies, who issue lire for the necessary expenditures. (This section of Ricci's statement is very inaccurate and careless. The normal fiscal returns are sent each month for every Provincial Treasury Office in AMG territory to the Ministries of Finance

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1350

Declassified E.O. 12356 Section 3.3/NND No. 785015

and Treasury and the Banca d'Italia. Taxes are not in any real sense paid to the Allies; they continue to be paid to the Italian fiscal system, and expenditures are authorised in accordance with normal budget procedure. We do not issue AM lire in AMG territory to meet State expenditures; the normal cash reserves of the Banca d'Italia are utilized.)

10. Ricci stated that he felt the tax on capital should be spread over several budgets, but that on this point the Minister of Finance held a different view. Ricci then went on to refute rumours of disagreement between himself and Scoccimarro, adding slyly that he (Ricci) actually believed in higher taxes than his collegue at the Finance Ministry.

11. Ricci state that Italy must in the future have foreign loans. He feels the lira is "resisting" and can be saved from further marked internal depreciation (i.e., that prices and the cost of living will not increase further).

12. A notable omission in Ricci's statement is his lack of treatment of the proceeds of imported supplies. He merely indicates that such receipts are not counted in the revenue estimates, and implies that collections of such receipts have been very slow.

1531

B.C. Summers Lt. Col.
Acting Director
Finance Sub Commission

Copy to : Acting Vice-President,
Economic Section.

179

1351

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref: 4616/65/EC 27 November 1945

Dear Dr. Smodlaka,

I refer to your letter Pov.br. 1807/45 of 16 November 1945.

I regret I am not in a position to be able to answer the first paragraph of your letter; it is suggested you contact the United States Embassy for a reply. They will, it is hoped, be able to assist you.

The official rate between the dollar and the lira is 100 lire equal 1 U.S. dollar.

Yours very truly,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Josip Smodlaka
Yugoslav Representative to ACI
Rome

1538

cc: Finance S/C
Chief Commr.

1352

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref: 4636/65/MC

27 November 1945

Dear Dr. Smodlaka,

I refer to your letter Prv.Nr. 1307/45 of 16 November 1945.

I regret I am not in a position to be able to answer the first paragraph of your letter; it is suggested you contact the United States Embassy for a reply. They will, it is hoped, be able to assist you.

The official rate between the dollar and the lira is 100 lire equal 1 U.S. dollar.

Yours very truly,

/s/ [illegible]

WILLIAM W. SMITH
Rear Admiral, USN
Chief Commissioner

Dr. Josip Smodlaka
Yugoslav Representative to ACI
Rome

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

JUGOSLAV DELEGATION

TO THE ADVISORY COUNCIL FOR ITALY

Dov. br.1891/45 Rome, 25th November 1945.

175a

My dear Admiral Stone,

With reference to my letter Dov.br.1807/45 of 16th November 1945, I have the honour to inform you that the Yugoslav Government asked again to be informed about the following:

1) the arrangements reached by the Italian Government and the United States Liquidation Commission concerning war expenses;

2) the exchange rate taken at this occasion for the U.S. Dollar.

I shall be very grateful to you if you could kindly furnish me with such informations.

Believe me,

My dear Admiral Stone,

Very sincerely yours,

Dr. Josip SMODLAKA,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for
Italy.

1536

Rear Admiral
Ellery W. Stone,
Chief Coordinator
Allied Coordination
ROME.

177a

1354

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref: 4616/65/EC

27 November 1945

Dear Dr. Smodlaka.

I refer to your letter Pov.br. 1807/45 of 16 November 1945.

I regret I am not in a position to be able to answer the first paragraph of your letter; it is suggested you contact the United States Embassy for a reply. They will, it is hoped, be able to assist you.

The official rate between the dollar and the lira is 100 lire equal 1 U.S. dollar.

Yours very truly,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Josip Smodlaka
Yugoslav Representative to ACI
Rome

1535

cc: Finance S/C
Chief Commr.

Surplus
4601/Ec

1355

Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

TRANSLATION

43/06667/16

MINISTRY OF FOREIGN AFFAIRS

Rome, 26 February, 1946

Italian banking situation in Venezia Giulia

(s) R. Prunas

---SEE 200 in 4601/CC---

1534

Surplus

4606/cc

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Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

NOV 24 RECD

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13242/F 23 November 1945

SUBJECT : Proposed Currency Agreement.

TO : Chief Commissioner.

1. It is the purpose of this memorandum to report to you on a two hour meeting I had this morning with Minister of the Treasury Ricci and Governor of the Banca d'Italia Einaudi. We discussed the proposed currency agreement embodied in your letter 13242/F of 1 November to the President of the Council of Ministers (copy of which is attached hereto), and the status of the Italian Government's plans for currency conversion next Spring.

2. I indicated to the Minister of the Treasury that the Allied Commission considered the negotiation of the currency agreement an urgent matter, as undoubtedly did the Italian Government, in view of the projected currency conversion. Although Senatore Ricci and Governor Einaudi appeared to be familiar in general with the contents of this letter (of which they received copies directly from Finance Sub Commission on 1 November), they were not aware of the status of the Italian Government's action on such letter. Senatore Ricci sent for his subordinates who were directly handling the matter and proposed that we go through the letter paragraph by paragraph. It had not been my original intention to discuss the letter in detail but merely to learn informally the general line of thinking along which the Italian Government were approaching the currency agreement and when an answer to your letter might be expected. However, we proceeded to discuss the letter in detail and in the course of the discussion the following objections on the part of the Italian Government emerged:

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(a) Para 3 (b) of the currency agreement letter.

The Italian Government is seriously concerned over the proposal that they should agree to furnish

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Declassified E.O. 12356 Section 3.3/NND No. 785015

whatever amounts of Italian currency are needed in the future by the Allied Forces in Venezia Giulia, as they realize that we plan a simultaneous currency conversion in Venezia Giulia and they fear that we might convert all existing currency in both Zone A and Zone B, including the recently issued Jugoslav occupation lire. The Italian Treasury does not seem to have formulated any views on the problems involved in the issuance of the Jugoslav occupation lire. We are, of course, now attempting to elicit from G-5, AFHQ, a decision as to whether the Jugoslav occupation lire is an obligation of the Italian Government and must, therefore, be included in any currency conversion, although I made no mention of this to Senatore Ricci and Governor Einaudi.

(b) Para 3 (b).

Governor Einaudi took the position that the date of the currency agreement, and the date when the Allied Forces in Italy should shift over to the use of Metropolitan lire and discontinue the use of AM lire, should coincide. He also desires that the entire reserve stocks of AM lire currency should then be physically handed over to the Italian Government. I pointed out that it might be sometime before the Italian Government could be in a position to supply the Allied Forces with sufficient quantities of Metropolitan lire, and that this fact should not be allowed to hold up the finalization of the currency agreement, as AM lire can continue to be used after the date of the currency agreement and up to the date when the Italian Government can supply Metropolitan lire direct to the Allied Forces. I further indicated that our instructions from the Combined Chiefs of Staff do not provide for a physical handing over of unutilized stocks of AM lire, but that on the contrary, we are required to maintain a sufficient stock as an emergency reserve. No payments would of course, be made from this stock except with notification to the Italian Government. The right to use such emergency reserve is provided for in para 4. of your letter to the President of the Council of Ministers. Senatore Ricci agreed in

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general with our point of view. In view of the fact that there appeared to be disagreement on this point between Ricci and Einaudi, Ricci indicated that the question of the stock of AM lire would be further considered and either our proposal accepted or a definite counter-proposal made.

(c) Para 3 (c).

Both Senatore Ricci and Governor Einaudi objected strongly to making any current payment for the Allied Military lire utilized by the Allied Forces in the period between the date of the currency agreement and the date of the shift over of the Armed Forces to the use of Metropolitan lire. I pointed out that only a very small sum would be involved in any case, and although Ricci and Einaudi did not commit themselves, I believe that the Italian Government will accept this point of the agreement.

(d) Para 5.

Ricci and Einaudi raised another strong objection to our practice of redeeming counterfeit notes taken in by Allied officers in the course of their official duties. Our adoption of this policy was sanctioned by AFHQ and CCS, on the ground that it would be obviously unfair to penalize Allied officers for the existence in Italy of wide-spread counterfeiting, which is unfortunately becoming more and more difficult to detect. Although Senatore Ricci has for some months been in possession of the complete Allied Financial Agency balance sheet and all supporting data, he stated that he was unaware that we redeemed counterfeit notes and stated that the Italian Government wished to give further consideration to this section of our proposed currency agreement.

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3. I suggested in closing that it would be helpful if the Italian Government could formulate its definitive views on our currency agreement proposals and submit them in the form of a letter to you, in order that we may then seek the views of CCS on any modifications proposed from the Italian side. I received the definite impression that the

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entire matter of the currency agreement had, up to this morning, received only the most cursory consideration.

4. Before leaving I enquired of Senatore Ricci as to the present status of the Italian Government's plans for currency conversion. He informed me that no definite plans had been formulated, but intimated that the chief responsibility now rested with the Minister of Finance, as it is intended to make the currency conversion a tax vehicle. Senatore Ricci also said that no date has been definitely fixed. Later in the conversation he referred to two possible dates, the end of February and the 15th of March. I stressed to Senatore Ricci the necessity of advising us at least one month, and preferably two, in advance of the conversion, of the exact date fixed, in order that we may communicate this information to the pay-masters and Finance Officers of the Allied Forces, who in turn must issue their instructions and arrange for adequate supplies of the new currency to be in the possession of the various Allied pay officers, in order that the whole pay system of the Allied Forces may be shifted over on the appointed day and Allied Military lire and old-style Metropolitan lire currency in the hands of the Allied personnel converted into the new currency. I also asked Senatore Ricci to keep the Allied Commission as closely informed as possible of the Italian Government's general plans for currency conversion.

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Acting Director
Finance Sub Commission

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Appendix "A"

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner

13242/F

1 November 1945

My dear Mr. Prime Minister:

1. I write with reference to my letter 13242/F of 18 July, 1945.

2. I am further directed by the Combined Chiefs of Staff to inform you that the Allied Governments are now prepared to accede to the request of your Government that all lire currency issues be unified under the authority of the Italian Government. As you are aware, this request was first made to the United States Government by the Quintieri-Mattioli Financial and Economic Mission during their visit to the United States in November, 1944 - January, 1945, and was referred by the United States Government to the Combined Chiefs of Staff.

3. In order to implement the decision of the Allied Governments referred to in paragraph 2 above, I am authorized by the Combined Chiefs of Staff to enter into an agreement with your Government under which:

a. The Italian Government, or an agency designated by it, will be recognized as the issuing authority of Allied Military lire currency, including all such lire now in circulation.

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

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c. The Italian Government will agree to reimburse the United States and

Declassified E.O. 12356 Section 3.3/NND No. 785015

paragraph 2 above, I am authorized by the Combined Chiefs of Staff to enter into an agreement with your Government under which:

a. The Italian Government, or an agency designated by it, will be recognized as the issuing authority of Allied Military lire currency, including all such lire now in circulation.

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

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c. The Italian Government will agree to reimburse the United States and United Kingdom Governments currently for the cost of printing and transporting currency made available to your Government after the effective date of the agreement contemplated in this letter. We shall advise you in due course as to the landed cost of Allied Military lire. It is anticipated that your Government will reimburse the United States Government on a monthly basis, by means of a debit to a post-liberation dollar account at the end of each month, for the cost of the Allied Military lire made available to your Government during that month. I am directed to state that these arrangements are without prejudice to any claim by the United Kingdom and United States Governments for reimbursement for the cost of printing and transporting currency and stamps issued by the Allied Forces prior to the effective date of the agreement, as well as any unutilized balance of Allied Military lire and stamps.

4. The Allied Commission reserves the right of the Allied Governments to issue Allied Military lire or to use any other currency deemed desirable, in the event adequate supplies of lire currency are not made available to the Allied Forces by your Government at any time. I would appreciate your assurance that in the event your Government effects in the future a conversion of outstanding currency and Allied Military lire is declared non-legal tender, your Government will promulgate promptly a decree recognizing AM lire, or any other currency deemed desirable, as legal tender in Italy, if the Allied Forces should have to resort to the use of such currency or currencies.

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5. I should also appreciate your assurance that during the period in which Allied Military lire remains legal tender in Italy, your Government will recognize and maintain in force the various technical regulations regarding Allied Military lire currency adopted by the Allied Commission in consultation with the Chiefs of the Allied Pay Services. Such regulations relate inter alia to the redemption of counterfeit notes, exchange of mutilated and foul notes, and destruction of defective notes. The Banca d'Italia is, I believe, familiar with those regulations. Your recognition and adoption of such regulations should also apply to the new type Italian lire currency when it has been issued by your Government and taken into use by the Allied Pay Services.

6. I would suggest that this letter and your acceptance thereof by letter be considered to constitute an agreement, which would be effective as of the date of your acceptance. It would also be desirable to indicate in your letter whether your Government itself is to be recognized as the issuer of Allied Military lire, or whether such issuing authority is to be an Italian agency designated by your Government.

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

[illegible]

Yours very truly,

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

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

DISTRIBUTION:

Hon. Alexander Kirk, American Embassy, Rome

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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

[P.T.O.]

Yours very truly,

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

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

DISTRIBUTION:

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Executive Commissioner,
Political Advisor (A)
Political Advisor (B)
Acting Vice President Econ. Section
G-5 Section (Financial Advisor), AFHQ

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Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13002/F 20 November 1945

SUBJECT: Currency Circulation.

TO : Chief Commissioner ✓

1. I think you will be interested in the attached copy of an article entitled "Armistice Italy" from the London ECONOMIST of 10 November 1945.

2. The ECONOMIST has misinterpreted the figures it has apparently gotten from official sources on the currency circulation. We estimate the circulation at the present time to be some 285 billion lire, exclusive of the some 70 billion AM lire in the hands of the Italian public and the banks.

B E L Timmons Lt. Col.
Acting Director
FINANCE SUB-COMMISSION

Incl: 1

Copies to:
Executive Commissioner
Acting Vice President, Econ. Sec.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

THE ECONOMIST, November 10, 1945

ARMISTICE ITALY

The publication of the Allied terms to Italy in a White Paper issued this week is of little more than historical interest. More than two years have elapsed since Marshal Badoglio's acceptance of unconditional surrender; and during that time Italy's role has been strikingly transformed. From being defeated enemies the Italians have become "cobelligerents" or all but Allies. It is difficult to find a proper term for their present role in the traditional vocabulary of diplomacy and international law. The history of the armistice period, as reflected in the White Paper, throws into relief the fact that the unconditional surrender was never enforced; and that there has never been the slightest need to enforce it. Only three weeks after Italy's surrender, General Eisenhower stated that some of its terms had already become obsolete. In September, 1944, a year after the armistice, the Allies were in a position considerably to relax their control over the new Italian administration. The Italian Government was given the freedom to issue decrees and other legislative acts without obtaining Allied approval. The rehabilitation of the country's economy became the avowed purpose of Allied policy, and imports of food, coal and clothing to Italy soon begun on a fairly generous scale. Italy's final contribution to the Allied cause has been fully acknowledged in the Allied countries.

In a sense the treatment of Italy by the Allies might be regarded as a very fruitful experiment in shaping a moderate peace without vengeance. Yet so far the experiment has been carried just far enough to show that it is in fact, inadequate. Technically - and partly in actual fact - Italy is still living under the armistice. Its territory is still occupied; and its Government has recovered only limited independence. The country seems to be fully ripe - perhaps over-ripe - for the transition from armistice to peace. Yet the Allied Powers have not yet been able to agree on the general lines and the details of a peace settlement. Consequently the country is politically in a state of suspense which cannot fail to hamper, indeed, to retard, its economic and political recovery.

1514 For the first time since the armistice it is now possible to obtain a fairly accurate idea of the economic situation in Italy and to measure the effect of the obsolescent armistice on it. Generally speaking, Italy has - as was to be expected - emerged from the war in a state of impoverishment and disorganization. But its condition is not grim; and it has not suffered the total disintegration apparent in some European countries. The war damage inflicted on its economy is estimated by the Italian Government at about 20 billion dollars. The productivity of its agriculture has gravely deteriorated.

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This year's grain crop yielded 90 to 85 million quintals, compared with a pre-war yield of about 115 millions. The wheat crop amounted to 50 million quintals. This leaves the country with a deficit of 20 to 25 million quintals, which must be imported if the Italian people are to get a daily ration of 200 grams of bread. In other foodstuffs, the situation is incomparably worse. The supply of meat is down to a quarter, of sugar to one-tenth and of dry vegetables to one-half of the pre-war level. The soil has been seriously starved of fertilizers; and it will probably take a number of years before its normal yield is restored.

The transport system has suffered heavy losses. Only half the pre-war rolling stock is intact. But the state of the railways is no worse than that in most European countries; indeed, 62 per cent of the permanent way has escaped destruction. The merchant fleet, however, has been decimated. Only 350,000 tons - now included in the Allied pool - remain out of a pre-war tonnage of 3,300,000. Coastal shipping is reduced to one-third of its pre-war volume. Similarly, road transport has dwindled to 35 per cent, and its rehabilitation has been hampered for lack of tires.

The general situation in industry is illustrated by the following table, which shows the volume of output planned for the beginning of 1946 (in percentages of pre-war output):-

	Per cent.		Per cent.
Metal industry	85	Precision tools	100
Lead	80	Electrical equipment	110
Zinc	75	Chemicals	80-90
Aluminium	50	Textile manufactures	
Railway rolling stock	150	(wool and cotton)	180
Magnesium	100	Artificial silk	50
Motor cars	170	Footwear	100
Agricultural machines	120	Building industry	75
Naval construction	50	Food industries	60-100

The plan is ambitious. It shows the extent to which the capacity of Italy's heavy engineering, chemical, and light industries has remained intact or has even been expanded during the war. The shortage of fuel is, however, the Achilles heel of the plan. To keep the Italian industries running, coal imports at the rate of 800,000 tons per month would be needed. The quota of Italian imports has, however, been cut down to 126,000 tons per month. Imports of electrical equipment are needed to restore the power stations in southern Italy. (In northern Italy about 90 per cent of the electrical installation was saved by the partisans from destruction.) So far, 35 to 50 per cent of the power plants in southern Italy have been put back into commission, thanks to the import of electrical equipment from the United States. Oil, cotton, wool and cellulose have also come from the same source. Thus, Italy's recovery has so far been to a very large extent due to American assistance. Correspondingly, American influence on the Italian economy is becoming very marked.

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The picture emerging from these economic indices is one of a country struggling hard towards recovery. What is needed to stimulate the recovery is partly positive - a little more aid in food and coal - and partly negative - the removal of some remaining obstacles. There can be little doubt that the occupation regime, which up to a time helped in the economic rehabilitation, is now markedly impeding it. In some of the large cities about 40 per cent of housing accomodation has been requisitioned. But the most striking evidence of the disturbing effect of the occupation is to be seen in Italy's financial situation. The circulation has reached 285 billion lire compared with 23.5 billion in 1938; and of this total nearly one quarter - 65 billions - is currency issued by the occupation forces. That the Government has not yet been able to work out any financial policy is in part because of the incalculable inflationary effect of the occupation regime. The unresolved dispute over the reparations still to be paid by Italy further contributes to an atmosphere of economic uncertainty.

*

This uncertainty cannot fail to overshadow the political scene. Here, too, there are definite signs of recovery and stabilization. But there are also some unmistakable signs that any progress towards stability may easily be disturbed and upset. Briefly, the manifestations of stability can be summed up as follows: the reunion between southern and northern Italy did not lead to the violent collision between conservatism and revolution which might have occurred if the Allies had insisted on their original, rigidly pro-Conservative and pro-Monarchist policies. Most of the northern partisans have been enlisted in the new police force. Two problems thus seem to have been solved at a stroke - the "purge" of the police and the future of the partisan bands. There has been remarkably little social unrest so far. The controversy over Monarchy and Republic has been relegated to the background; and it has been widely accepted that the Monarchy in post-Fascist Italy is no more real then the 1875 Constitution in liberated France. Its burial is to be arranged in an equally undramatic manner after the election of Italy's Constituent Assembly next March.

That the Republic is almost certain to carry the day seems to follow from the fact that in Italy, as elsewhere in post-Fascist Europe, political life is, for the time being, settling down into the framework of a three-party system, in which a slightly progressive and slightly clerical Christian Democracy is the only effective and broadly based counter-balance to the Left. On the Left, it looked at one time as if the fusion between Socialism and Communism was going to be more real in Italy than elsewhere. Both parties were in almost equally bitter opposition to what they called the Churchillian policy of support for the House of Savoy at any price. The Socialists felt isolated; and they tended to look to Russia rather than to the west.

But two events have reversed the trend. The Labor victory in Britain gave a new stimulus and a new self-reliance to the Italian Socialists; unwittingly, the British electorate voted them out of their planned fusion with

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the Communists. On the other hand, Signor Togliatti's support for the Jugoslav claims to Trieste and to the Soviet demand for reparations has probably weakened the appeal of Communism in Italy. All these trends suggest stabilization on a basis of radical, but not of extreme, republicanism.

Yet the political scene is still somewhat disturbed. Italy has now one and a half million men unemployed. The Government plans public works for the employment of 700,000 people at a cost of 136 billion lire. But hundreds of thousands will still remain without a job. Most of that reserve army of unemployed are former Fascists. They are a formidable nucleus for some sort of neo-Fascist movement, especially now that they have been re-accorded the right to participate in politics. Nor are they the only disgruntled elements. The index of the cost of living stands at 2000 (100 in 1943). Industrial wages have risen to 1000 while salaries have risen to 500 only. The lot of the industrial worker is hardly enviable; but the "white-collar worker" is relatively still worse off. A similar situation in the early 'twenties resulted in sharp antagonism between the industrial working classes and their organizations on the one hand and, on the other, the lower middle classes to which Fascism made its appeal. It is difficult not to see the makings of a similar antagonism in the present situation. The Italian democratic parties fear a recrudescence of Fascism in some new form; they fear also that the Western Powers may support it in order to keep the Left in check. Political observers see a disturbing symptom in the sudden, mushroom-like growth of the Party of the Common Man, whose political idiom suggests a leaning towards neo-Fascism.

The present Italian Government may perhaps be strong enough to deal with all these economic and political uncertainties if its position vis-a-vis the Allies can be strengthened. At the moment, it lacks in the economic sphere the margin of supplies which could make all the difference between a winter of discontent and unemployment and a reasonable economic recovery. Politically it is handicapped by its equivocal position - half-ally, half-vanquished; half a pillar of the new radical Europe, half an outcast from the United Nations. Even though Great Britain cannot make any substantial direct economic contribution to the restoration of Italian stability, it could do very much to increase the self-reliance and prestige of the Italian Government. A little more interest, a greater readiness to treat with Italy as an equal, some signs of a desire to end the anomalies of armistice and occupation could create a new mood in Italy, undo the disillusions of Churchillian diplomacy and lay the foundations of lasting Anglo-Italian understanding.

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COPY

YUGOSLAV DELEGATION

TO THE ADVISORY COUNCIL FOR ITALY

Prot.br.1987/45

R o m e, 16th November 1945.

Dear Admiral Stone,

The Yugoslav Government are anxious to know that arrangements have been reached between the Italian Government and the United States Liquidation Commission concerning war expenses.

At the same time the Yugoslav Government would like to know which exchange rate has been taken for the U.S. Dollar.

Believe me, Dear Admiral Stone,

yours very truly,

Dr. Josip Smodlaka,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for Italy.

1523

Rear Admiral
Ellery W. Stone,
Chief Commissioner
Allied Commission

R O M E.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

COPY

DIPLOMATIC DELEGATION

TO THE ADVISORY COUNCIL FOR ITALY

Pov.br.1807/45 Rome, 16th November 1945.

Dear Admiral Stone,

The Yugoslav Government are anxious to know what arrangements have been reached between the Italian Government and the United States Liquidation Commission concerning war expenses.

At the same time the Yugoslav Government would like to know which exchange rate has been taken for the U.S. Dollar.

Believe me, dear Admiral Stone,

yours very truly,

Dr. VOJO ANTELA,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for Italy.

1523

Rear Admiral
Ellery W. Stone,
Chief Commissioner
Allied Commission

R o m e.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

AIDE MEMOIRE

PAYMENT OF £.125,000 TO THE LONDON BRANCH OF THE

CREDITO ITALIANO

On 27 March 1946 there was received from the Ministry of the Treasury a routine report on foreign exchange operations which included the following item : "On 21 February 1946, a payment of 125,000 pounds sterling to the London Branch of the Credito Italiano for debt payment."

As a result of a request by the Commission to the Ministry of the Treasury for full details of the transaction, a letter, reference No.12579 dated 17 April 1946, was received from Mr. Corbino in which he stated, in part, that the Credito Italiano was unfavourably judged on account of the debts it had left and that dealings between Credito representatives and those of the British creditors were started in order to settle the matter.

The British Government has advised that there were not at any time representations by the British creditors or on their behalf, but that the initiative and all the pressure came from the Italians themselves who were concerned in the interests of their own economy to place the bank in a position whereby it could resume business in the United Kingdom.

The Supreme Allied Commander has directed that the Italian Government be informed that the above action taken by the former Minister of the Treasury Mr. Corbino, and the failure of the Italian Government to refer the matter to the Allied Commission before effecting this transfer of funds are considered to be at least a violation of the spirit of the Allied Commission's letter 12827 of 18 July 1945 addressed to the Prime Minister at the time with particular reference to the control of Italian external transactions and external assets.

The Italian Government is also requested to note that the provisions of the above mentioned letter of 18 July 1945 are still in effect.

152 Delivered by C.C to Prime Minister 1130 hrs, 16 November

Dist
Ex Comm.
Poland (A)
Poland (B)
C.C.

- - - C O P Y - - -

Sforza
4601/cc

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Declassified E.O. 12356 Section 3.3/NND No. 785015

16 January 1946.

AIDE MEMOIRE

PAYMENT OF £125,000 TO THE LONDON BRANCH OF THE CREDITO ITALIANO

On 25 March 1946 there was received from the Ministry of the Treasury a routine report on foreign exchange operations which included the following item: "On 21 February 1946, a payment of 125,000 pounds sterling to the London Branch of the Credito Italiano for debt payment."

As a result of a request by the Commission to the Ministry of the Treasury for full details of the transaction, a letter, reference No. 12573 dated 17 April 1946, was received from Mr. Corbino in which he stated, in part, that the Credito Italiano was unfavourably judged on account of the debts it had left and that dealings between Credito representatives and those of the British creditors were started in order to settle the matter.

The British Government has advised that there were not at any time representations by the British creditors or on their behalf, but that the initiative and all the pressure came from the Italians themselves who were concerned in the interests of their own economy to place the bank in a position whereby it could resume business in the United Kingdom.

The Supreme Allied Commander has directed that the Italian Government be informed that the above action taken by the former Minister of the Treasury, Mr. Corbino, and the failure of the Italian Government to refer the matter to the Allied Commission before effecting this transfer of funds are considered to be at least a violation of the spirit of the Allied Commission's letter 13242/F of 18 July 1945 addressed to the Prime Minister at the time with particular reference to the control of Italian external transactions and external assets.

The Italian Government is also requested to note that the provisions of the above mentioned letter of 18 July 1945 are still in effect.

1521

Spaak
4 Feb 46

1373

Declassified E.O. 12356 Section 3.3/NND No. 785015

ALLIED FORCE HEADQUARTERS
G-5 Section
ALLIED SUPPLY ACCOUNTING AGENCY
care of
FINANCE SUB-COMMISSION
HEADQUARTERS ALLIED COMMISSION
APO 394

NOV 16 REC'D

15th November 1945

SUBJECT : Financial Supervision of the Columbia Club (in liquidation).

160

TO : Chief Commissioner
Allied Commission.

1. In accordance with your letter dated 2nd November, I submit for your approval a copy of the receipts and Payments Account of the Liquidation Fund of the Columbia Club, showing that the affairs of the Club have been finally liquidated except for final distribution of the surplus funds to the proper American and British Authorities.

2. A treasury check numbered 4982 for $ 733.94 being the American share of the surplus was sent on 10th November 1945 to the Adjt of 2675 Regiment for onward transmission to the Theatre Central Welfare Fund (U.S.Armed Forces).

3. Instructions for the disposition of the British share have been requested.

4. I will report finally when I have verified the receipt by the respective interested parties of the amounts due to them.

1520

R. Duguid Maj. RA
CHIEF ACCOUNTANT
Allied Supply Accounting Agency

Enclosure - (1)

Copy to : Executive Commissioner,
The Columbia Club Committee.

195

THE COLUMBIA CLUB IN LIQUIDATION

RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 7th OCTOBER 1945 TO 7th NOVEMBER 1945

1514

Declassified E.O. 12356 Section 3.3/NND No. 785015

[3 7 3]

Declassified E.O. 12356 Section 3.3/NND No. 785015

THE COLUMBIA CLUB IN LIQUIDATION

Receipts and Payments Account for the period from 7th October 1945 to 7th November 1945

Receipts		$	Payments	
To Cash Balance handed to trustee and deposited with Bank		1,563.89	By Redemption of Coupons	
" Reimbursement for counterfeit notes		20.00	" Q.M. Supplies	
			" Cheque Book	
			" Balance - Cash at Bank on 7th November c/d	
	$	1,583.89		$

APPROPRIATION ACCOUNT

To Balance - Cash at Bank b/d		1,467.87	To distribution :	
			U.S.Army cheque to the Custodian, Theatre Central Welfare Fund	
			" Balance held in bank for distribution to British Army	
	$	1,467.87		$

1513

1376

Declassified E.O. 12356 Section 3.3/NND No. 785015

E COLUMBIA CLUB IN LIQUIDATION

d Payments Account for the period from
tober 1945 to 7th November 1945

	$			$
stee		Payments		
	1,563.89	By Redemption of Coupons		90.75
		" Q.M. Supplies		24.87
	20.00	" Cheque Book		.40
		" Balance - Cash at Bank on 7th November c/d		1,467.87
	1,583.89			1,583.89

APPROPRIATION ACCOUNT

/d	1,467.87	To distribution :		
		U.S.Army cheque to the Custodian, Theatre Central Welfare Fund		733.94
		" Balance held in bank for distribution to British Army		733.93
	1,467.87			1,467.87

1513

1377

Declassified E.O. 12356 Section 3.3/NND No. 785015

AUDITORS REPORT

I have examined the books and accounts of the Columbia Club in liquid
and have obtained all the information and explanations I have required. I
opinion the account now presented shows a true record of the receipts and
ments of the Columbia Club for the period 7th October 1945 to 7th November
as shown by their books.

A certificate dated 8th November 1945 to the effect that there are no
outstanding liabilities against the Columbia Club has been addressed to me
S/ldr Mackenzie with the approval of the Chairman Lt.Col. Lloyd W.Stearns.

The cash at bank as at 7th November 1945 has been substantiated by a
ment from the Banca D'America e D'Italia. The balance of$733.93 shown on
Appropriation Account is held for distribution to the British Army accord
King's Regulations.

10 November 1945

P.R.W. Weymau
MAJOR R.A.
Chief Accountant

15117

1378

Declassified E.O. 12356 Section 3.3/NND No. 785015

AUDITORS REPORT

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P R W. Wyman

MAJOR R.A.
Chief Accountant

1517

1379

Declassified E.O. 12356 Section 3.3/NND No. 785015

November 45

SUBJECT: Financial Supervision of Columbia Club
(in liquidation)

TO : P. R. W. Whynam, Major, R.A., Finance Subcommission

1. You are hereby designated as special financial supervisor of the Columbia Club (in liquidation) to succeed Lt. Col. Paul D. Banning, AUS, who will be relieved from further assignment and duty in this theater effective 1 November 1945.

2. Attached hereto are copies of audit reports for the months of July, August, September, and for the period from 1 to 6 October 45. This latter statement shows on that date Lt. Henri P. Rancourt, transferred to S/Ldr. C. A. MacKenzie a cash balance of $1,563.89 to be used in liquidating liabilities of the Club.

3. Upon final closing of the affairs of the Club (which should be accomplished in the near future) you are directed to make an audit of the remaining financial transactions, and to insure upon final liquidation of the Club that the remaining assets are divided equally between the American and British Armies in accordance with pertinent U.S. Army regulations and the King's regulations.

4. Your final report will be submitted to this office with copies for the Executive Commissioner and the Columbia Club Committee.

1526

Incl.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1380

Declassified E.O. 12356 Section 3.3/NND No. 785015

2 November 45

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(in liquidation)

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4. Your final report will be submitted to this office with copies for the Executive Commissioner and the Columbia Club Committee.

1576

Incl.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Office of the Chief Commissioner (for your files)

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner

13242/F.

1 November, 1945

My dear Mr. Prime Minister:

1. I write with reference to my letter 13242/F of 18 July, 1945.

2. I am further directed by the Combined Chiefs of Staff to inform you that the Allied Governments are now prepared to accede to the request of your Government that all lire currency issues be unified under the authority of the Italian Government. As you are aware, this request was first made to the United States Government by the Quintieri-Mattioli Financial and Economic Mission during their visit to the United States in November, 1944 - January, 1945, and was referred by the United States Government to the Combined Chiefs of Staff.

3. In order to implement the decision of the Allied Governments referred to in paragraph 2 above, I am authorized by the Combined Chiefs of Staff to enter into an agreement with your Government under which:

a. The Italian Government, or an agency designated by it, will be recognized as the issuing authority of Allied Military lire currency, including all such lire now in circulation.

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

1515 c. The Italian Government will agree to reimburse the United States and United Kingdom Governments currently for the cost of printing and [illegible] currency made available to your Government after the

Declassified E.O. 12356 Section 3.3/NND No. 785015

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4. The Allied Commission reserves the right of the Allied Governments to issue Allied Military lire or to use any other currency deemed desirable, in the event adequate supplies of lire currency are not made available to the Allied Forces by your Government at any time. I would appreciate your assurance that in the event your Government effects in the future a conversion of outstanding currency and Allied Military lire is declared non-legal tender, your Government will promulgate promptly a decree recognizing AM lire, or any other currency deemed desirable, as legal tender in Italy, if the Allied Forces should have to resort to the use of such currency or currencies.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

5. I should also appreciate your assurance that during the period in which Allied Military lire remains legal tender in Italy, your Government will recognize and maintain in force the various technical regulations regarding Allied Military lire currency adopted by the Allied Commission in consultation with the Chiefs of the Allied Pay Services. Such regulations relate inter alia to the redemption of counterfeit notes, exchange of mutilated and foul notes, and destruction of defective notes. The Banca d'Italia is, I believe, familiar with these regulations. Your recognition and adoption of such regulations should also apply to the new type Italian lire currency when it has been issued by your Government and taken into use by the Allied Pay Services.

6. I would suggest that this letter and your acceptance thereof by letter be considered to constitute an agreement, which would be effective as of the date of your acceptance. It would also be desirable to indicate in your letter whether your Government itself is to be recognized as the issuer of Allied Military lire, or whether such issuing authority is to be an Italian agency designated by your Government.

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

Yours very truly,

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

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

DISTRIBUTION:

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

Declassified E.O. 12356 Section 3.3/NND No. 785015

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[illegible]

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Executive Commissioner,
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Acting Vice President, Econ. Section,
G-5 Section (Financial Adviser), AFHQ.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner

13242/F.

1 November, 1945

My dear Mr. Prime Minister:

1. I write with reference to my letter 13242/F of 18 July, 1945.

2. I am further directed by the Combined Chiefs of Staff to inform you that the Allied Governments are now prepared to accede to the request of your Government that all lire currency issues be unified under the authority of the Italian Government. As you are aware, this request was first made to the United States Government by the Quintieri-Mattioli Financial and Economic Mission during their visit to the United States in November, 1944 - January, 1945, and was referred by the United States Government to the Combined Chiefs of Staff.

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Declassified E.O. 12356 Section 3.3/NND No. 759015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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1736

Declassified E.O. 12356 Section 3.3/NND No. 785015

5. I should also appreciate your assurance that during the period in which Allied Military Lire remains legal tender in Italy, your Government will recognise and maintain in force the various technical regulations regarding Allied Military Lire currency adopted by the Allied Commission in consultation with the Chiefs of the Allied Pay Services. Such regulations relate inter alia to the recognition of counterfeit notes, exchange of mutilated and foul notes, and destruction of defective notes. The Banca d'Italia is, I believe, familiar with these regulations. Your recognition and adoption of such regulations should also apply to the new type Italian lire currency when it has been issued by your Government and taken into use by the Allied Pay Services.

6. I would suggest that this letter and your acceptance thereof by letter be considered to constitute an agreement, which would be effective as of the date of your acceptance. It would also be desirable to indicate in your letter whether your Government itself is to be recognized as the issuer of Allied Military Lire, or whether such issuing authority is to be an Italian agency designated by your Government.

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

Yours very truly,

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

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

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Acting Vice President, Econ. Section,
G-5 Section (Financial Adviser), AFHQ.

Declassified E.O. 12356 Section 3.3/NND No. 785015

1389

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Rear Admiral, USNR
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Political Adviser (A),
Political Adviser (B),
Acting Vice President, Econ. Section,
G-5 Section (Financial Adviser), AFHQ.

Declassified E.O. 12356 Section 3.3/NND No. 785015

1390

Declassified E.O. 12356 Section 3.3/NND No. 785015

13062/F

30 October 1945

My dear Mr. Ambassador;

I write with reference to your letter of 8 October, regarding the resumption of communications between Italy and the rest of the non-enemy world.

The message summarised in the second paragraph of your letter was received by us from the Combined Chiefs of Staff as TAM 696 and the substance thereof was conveyed to the Minister of the Treasury in our letter 13062/F of 6 October, with copy to you. A further copy of such letter is attached for your ready reference.

As soon as the Italian Treasury has notified us of the date on which they will permit the resumption of all types of non-transactional and transactional commercial and financial correspondence with the non-enemy world, we shall immediately notify your Embassy, the British Embassy and G-5, AFHQ.

Yours very truly,

/s/ Ellery W. Stone

Ellery W. Stone,
Rear Admiral, USNR,
Chief Commissioner.

1512

The Hon. Alexander Kirk,
U.S. Ambassador,
American Embassy
Rome.

BELT/pmf

Surplus

1391

Declassified E.O. 12356 Section 3.3/NND No. 785015

OCT 20 1945

0021

Trieste, 11th October, 1945

Excellency,

With reference to the various requests made by my Company in order to be specially granted the permission to correspond with our subsidiary companies and branch offices abroad, considering that we have complied with the different conditions required, we have written a letter to the AMG 13 Corps, Financial Department, as per enclosed copy.

We shall be grateful if you will kindly see your way to intervene so that the restrictions now in force may be abolished thereby enabling us to resume our activities as soon as possible.

I take this opportunity to kindly call your attention to what "The Economist" of the 25th August published concerning the activities of the Italian insurance companies. According to "The Economist", the Italian insurance companies did not deal in foreign countries on an economic basis, but used their foreign organisation as a political weapon to gather information and with propaganda aims. This is completely false, and as far as the Assicurazioni Generali is concerned, I solemnly declare that nothing of the sort was ever done by my Company. The Assicurazioni Generali have built up their foreign organization little by little in years of hard and tenacious work and always on economic and business-like methods.

I remain, Excellency,

Yours faithfully,

enclosure

(Capt. Antonio N. Gomulich)

To his Excellency
Admiral Hilery Stone
Rome

1511

E.C. DIST - 19 OCT 45

ACTION: ECAD SACC
INFO: CINCMED CINCNAV
FAC CINCAIR

1130

1392

Declassified E.O. 12356 Section 3.3/NND No. 785015

ASSICURAZIONI GENERALI - Direzione Centrale

COPY

Trieste, 5th October 1945

Chief Finance Officer
Allied Military Government
13 Corps
TRIESTE

Your ref. 13C/AMG/FIN/3571
Subject: Commercial Insurance

We would refer to your letter of August 21st, informing us of four conditions to be fulfilled before we can be authorized to resume our relations or undertake financial transactions with our external branches, subsidiaries or third parties.

In this connection we think that the foreign exchange control by the Allied Military Government (point a/ in your letter under reply) already exists, and so does the restoration of communications (see point a/ in the same letter).

As regards completion of epuration (point b), we would call your attention to the fact that our Board of Directors has been re-organised some months ago; it is at present formed by members whose personal position is unobjectionable also from a political point of view. In addition, some one hundred persons - between directing officers, officials and employees - have been suspended from service at the request of the Internal Epuration Committees and one General Manager was dismissed in compliance with your order dated August 21st.

In view of the above and as the conditions set out at the time have been fully complied with, at least as regards ourselves, we would again kindly ask - as already mentioned in our letter of July 27th, 1945 No. 1351 - the Allied Military Government to possibly revise the regulations contained in Appendix A and to allow a substantial relaxation of those conditions, by authorizing us to resume commercial and financial correspondence both with the countries of the United Nations and with the territories occupied and controlled by Allied troops, as well as with neutral countries, so as to place us in a position

1511

a. to resume our relations with our foreign reinsurers, which were left in suspense for settling the question of reinsurance both in regard to the existing portfolio and to new contracts;

b. to restore our connections with our numerous foreign branches and subsidiaries which for months and even years have been left to themselves and without any instructions by the Central Management.

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Declassified E.O. 12356 Section 3.3/NND No. 785015

Continued

We confidently hope that the Allied Military Government will take into consideration our present request, all the more as according to a communication from the Italian Treasury Ministry under date of September 24th (see attached copy) the Allied Commission has already authorized forwarding to Italian colonies (Tripolitania, Lybia, Eritrea and Italian Somaliland) commercial and financial correspondance of any kind, it being understood that such a correspondence will be governed by the same regulations governing any similar direct communications with the United States and Great Britain. That authorization is obviously a relaxation of the present conditions on the subject of correspondence and we have no doubt that it automatically applies also to the territory of the 13 Corps; this we would kindly ask you to confirm us.

Your faithfully

ASSICURAZIONI GENERALI

Cleva Melchiori

Enclosure

1509

193

1394

Declassified E.O. 12356 Section 3.3/NND No. 785015

13 October 1945

13062/F

My dear Mr. Ambassador:

I write with reference to your letter of 8 October, regarding the resumption of communications between Italy and the rest of the non-enemy world.

The message summarised in the second paragraph of your letter was received by us from the Combined Chiefs of Staff as FAN 696 and the substance thereof was conveyed to the Minister of the Treasury in our letter 13062/F of 6 October, with copy to you. A further copy of such letter is attached for your ready reference.

As soon as the Italian Treasury has notified us of the date on which they will permit the resumption of all types of non-transactional and transactional commercial and financial correspondence with the non-enemy world, we shall immediately notify your Embassy, the British Embassy and G-5, AFHQ.

Yours very truly,

/s/ Ellery W. Stone

Ellery W. Stone,
Rear Admiral, USNR,
Chief Commissioner.

1508

Orig delivered to Finance S/C for dispatch, 17 Oct 45 E.E.

The Hon. Alexander Kirk,
U.S. Ambassador,
American Embassy
Rome.

BELF/pmf

See 1771

1395

Declassified E.O. 12356 Section 3.3/NND No. 785015

OCT 11 RECD
CC 1733-

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rome, October 8, 1945

Rear Admiral E. W. Stone,
Chief Commissioner,
Allied Commission,
Rome.

My dear Admiral Stone:

The Department has informed me that a message from the joint Chiefs of Staff to AFHQ has been agreed with respect to the resumption of normal, external communications between Italy and the rest of the non-enemy world.

The message will state that Italy is authorized effective immediately, to resume normal external postal and telephone and telegraph communication services, including the exchange of transactional communications, with the remaining countries of the world, which are considered "non-enemy", since negotiations with the Italian Government have now practically been concluded in a satisfactory manner with respect to the proclaimed list, the statutory list and other economic warfare measures.

The Department's message concluded with the statement that AFHQ would inform the American and British Embassies of the effective date of resumption of communications abroad.

Sincerely yours,

A. Kirk.

Alexander Kirk

1507

112

1396

Declassified E.O. 12356 Section 3.3/NND No. 785015

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Rome, October 2, 1945

Rear Admiral H. M. Stone,
Chief Commissioner,
Allied Commission,
Rome.

My dear Admiral Stone:

The Department has informed me that a message from the Joint Chiefs of Staff to AFHQ has been agreed with respect to the resumption of normal, external communications between Italy and the rest of the non-enemy world.

The message will state that Italy is authorized effective immediately, to resume normal external postal and telephone and telegraph communication services, including the exchange of transactional communications, with the remaining countries of the world, which are considered "non-enemy", since negotiations with the Italian Government have now practically been concluded in a satisfactory manner with respect to the proclaimed list, the statutory list and other economic warfare measures.

The Department's message concluded with the statement that AFHQ would inform the American and British embassies of the effective date of resumption of communications abroad.

Sincerely yours,

/s/ Alexander Kirk

1506

192

1397

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13062/F

6 October 1945

SUBJECT : Transactional Communications.

TO : Senatore Federico Ricci,
Minister of the Treasury.

1. I am directed by the Combined Chiefs of Staff to inform your Government that since US/UK negotiations with Italy concerning the recognition of the Proclaimed and Statutory Lists and other economic warfare measures have now virtually reached a satisfactory conclusion, authority is now given to permit resumption of normal Italian external postal and telecommunications services with the non-enemy world.

2. This means that all types of non-transactional and transactional commercial and financial correspondence may now go forward if licensed by your Government, subject to the necessary arrangements as to details of services being made between the Ministry of Posts and Telecommunications and the corresponding Administrations in various other countries.

3. For the time being, the phrase "non-enemy world" is defined as including all countries except Germany, Austria, Japan, Hungary, Rumania, Bulgaria and Finland.

4. Please advise us of the date on which you will amend your public instructions so as to permit the forwarding of all types of correspondence from Italy to the non-enemy world.

(Signed) ROBERT B. MENAPACE.
Colonel.

1503

Copies to: Chief Commissioner
U.S. Embassy
British Embassy
Ministry of Foreign Affairs
Economic Section
Commerce Sub Comm.
Communications Sub Comm.
G-5, AFHQ (your G-5:383.8-2 of 4 October refers)

Joint Director
Finance Sub Commission

(1411)

See (172)

BELT/pmf

1398

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

FX 46974
OO 031902A

F/3899
OCT 032000
ROUTINE

SIGNED BACKED CITE FNFRG
ALL MAT ADDRESSES INFO ALCOA ROME.

CONFIDENTIAL.

This is MAT 922. Advances of AM lire to French.

Further to MAT 897, French now agreed maintenance French forces in ITALY is separate from other French expenditures in ITALY.. AFA has advanced 30 million lire to French paymaster under TAM 24 for troop maintenance for October.

French ask for 500 million lire for rest of French expenditures for remainder this year, this amount to be "guaranteed" by allocation in PARIS of 250 million francs in blocked account. Civil expenses (Embassies, etc.) would further be separated from military expenses (beyond troop maintenance) such as for refloating of French ships found in Italian ports and repair of French materiel taken in FRANCE by Italians. French say they intend to request application article 15 of armistice which required Italian Government to pay for salvage and repair of Allied ships.

Above request supersedes para 2 of MAT 897. Ref para 3 MAT 897, we do not consider provision funds for refloating French ships and for civil purposes is covered by narrow authority given in TAM 24. Please advise reply to be given French. If requested advances are approved, we recommend French be requested take unilateral action on franc blocked account advising Italian Government thereof.

DIST
INFO-ACTION FINANCE SC
INFO CHIEF COMMISSIONER
ECON SEC 2
FILE & FLOAT 3

170

CONFIDENTIAL

1399

Declassified E.O. 12356 Section 3.3/NND No. 785015

Fx 48427
Oct 12/1551A

G 868
Oct 13/1030A
Routine

AFHQ SIGNED SACMED CITE FHGEC

ACTION: ALL MAT ADDRESSEES INFO: ALCOM ROME

CONFIDENTIAL.

This is MAT 928.

Italian request for unblocking funds in far East.

1. Minister Foreign Affairs on 8 October urgently requested unblocking Italian funds in YOKOHAMA SHOKIN GINCO (bank) in TOKIO and Banca Italiana per-LA Cina in SHANGHAI.

2. Ministry says funds needed imperatively for relief and repatriation Italian sailors and other nationals interned in Japanese Territory; relief to Italians in JAPAN and CHINA.financing Italian Diplomatic personnal in JAPAN.

3. Please advise reply to be made,or channels through which Ministry should apply.

1691/27

LIST

INFOACTION : FINANCE SC

INFO : CHIEF COMMISSIONER
ECON SEC (2)
FILE (2)
FLOAT

1563

169a

1400

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

P 16730
DTG 011530A

P/9658
DTG 020930
[illegible]

PRECEDENCE [illegible]
FROM ROME

SECRET.

Following is repeat of TAH 696.

"Opening transmitti nal communi ations refer HAF1065 and TAH 579.

Since negotiations with Italian Government affecting recognition of pre-armed and statutory lists and other economic warfare measures, refer HAF 1065 and TAH 579, have now virtually reached satisfactory conclusion, you are authorized effective immediately to permit resumption with remaining non-enemy world of normal Italian external postal and telecommunications services including exchange of transmitti nal communi ations.

Inform UNRRA HQ ATTSO/UNITED KINGDOM Subversives Lists of date effective.

DIST

ACTION COMMUNICATIONS SC
INFO CHIEF COMMERCIAL BR
EA COMMERCIAL BR 2
SCAP SEC 2
CA SEC
FINANCE SC
COMMERCE SC
FILE 2
FLOAT

1502

169

Confidential

1401

Declassified E.O. 12356 Section 3.3/NND No. 785015

AGAINIT VIENNA

5891 24 September 1945 PRIORITY

CONFIDENTIAL FD

PARA ONE FD REF YOUR SIX NINE SAME SEVEN OF TWENTY ONE SEPTEMBER FD

NO REPEAT NO CURRENCY CONVERSION OPERATION BEING UNDERTAKEN BY ITALIAN GOVERNMENT AT PRESENT TIME FD

PARA TWO AGAINIT VIENNA FD ANY CONVERSION MAY BE UNDERTAKEN LATER BY ITALIAN GOVERNMENT BUT WE HAVE NO INFORMATION AS TO PROVISION OR DETAILS

1501

168

Finance Sub-commission

Ext. 553

NICHOLAS FIORENTINO
CPO USA
Asst Adjutant

1402

Declassified E.O. 12356 Section 3.3/NND No. 785015

THIS IS A PARAPHRASE

E. COMM

SEP 18 REC'D

CONFIDENTIAL

cc-1748

F 43220
SEP NFT

F 8087
SEP 181500A
ROUTINE

AFHQ SIGNED MCNARNEY CITE NAGDS
ACTION AGWAR INFO ALCOM

CONFIDENTIAL

1. Supplies and equipment purchased by UNITED STATES forces from Italian sources with lire drawn from Allied financial agency are held in this Theatre. To ensure a continuing supply cash payment for these items was necessary, and the expenditures were charged against funds allotted to this Theatre.

2. Many of these items are not now needed in this Theatre, also they are ~~xx~~ unsuitable in condition and type for further military use either in the UNITED STATES or in another Theatre.

3. The British policy is to return to the Italian Govt, items purchased with lire and this proceedure is recommended for disposition of items purchased by UNITED STATES. The Theatre Judge Advocate states that such property should be disposed of through ANLC under the surplus property act as it is his view that these items are UNITED STATES property.

4. Dollar reimbursement will not be made for such lire as it is considered that Italian Govt supplied lire with which purchases were made (Ref FAN 583). Therefore, the Italian Govt has an interest in these items and they should be handed to the Italian Govt when they are no longer needed by the UNITED STATES Forces. Such proceedure will

CONFIDENTIAL

1403

Declassified E.O. 12356 Section 3.3/NND No. 785015

save passing the items through ANLC and will help to clear unwanted items from UNITED STATES depots. Complicated accounting will also be avoided, and if disposal of the items by ANLC should take place for dollar, Dollar Credit or Lire or other foreign currency, to the Italian, or any Foreign Govt, it will not put the UNITED STATES in an undesireable position. Similar to this is the policy operating, giving the Supplying Govt the right to recapture items or indicate the disposition OF items received as reciprocal aid.

5. The War Dept is requested to authorize delivery by this Theatre to the Italian Govt, such STORES, equipment etc, which are no longer needed, and which were purchased with lire from the Italian Govt. Items will be evaluated at original purchase price, and a record will be made of each return which will be centralized and maintained by Allied Commission.

Dist

Info-Action - Finance SC
Info - Chief Commissioner
Econ Sect 2
File

1499

167

HEADQUARTERS
18 SEP 1945
C.

1404

Declassified E.O. 12356 Section 3.3/NND No. 785015

Ref: 13044/F

8 September 1945

My dear Mr. Prime Minister,

I am sure you are as concerned as I am over the unfortunate loss of, or damage to, property suffered by helpers of Allied escaped prisoners of war in Italy, which has been brought to my notice by the Allied Screening Commission (Italy), a body which rewards such helpers.

As you know, during the period of enemy occupation numerous civilian helpers of Allied military personnel, escaping or evading the common enemy in enemy-occupied zones, had their property stolen or damaged by the enemy for rendering assistance to these fugitives. You will realise that such damage does in fact fall within the category of war damage, and that therefore the responsibility for granting compensation for such loss or damage is that of the Italian Government.

Although this compensation cannot of course be met out of Allied funds, it is felt that there is a definite moral responsibility on the part of the Allied Governments to ensure that these cases are accepted, investigated, and settled promptly and satisfactorily by the competent department of your Government. The total liquidation of all claims for war damage may represent a major financial problem for the Government, but the total amount involved in the type of claims under discussion is, and will be, a very small proportion of the whole, which could be, it is hoped, liquidated in full without affecting the general economy of the country or any policy of your Government regarding war damage claims generally.

Unfortunately, when, on instructions from the Allied Screening Commission, helpers who have suffered such loss or damage have referred their claims to the various Intendenze di Finanza, or even when such claims have been passed to the Intendenze direct by the Allied Screening Commission, the various branches of the Intendenze have sometimes rejected such claims, stating that they are the responsibility of the Allies. Naturally it is realised that the Intendenze do not appreciate the situation fully, and do not understand the true nature of such claims, but this attitude does tend to lead to embarrassment, and a certain unjustified loss of prestige to the Allies, who are as a result considered unappreciative of the many risks undertaken by these voluntary helpers.

1498

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1405

Declassified E.O. 12356 Section 3.3/NND No. 785015

The Allied Screening Commission are eager to hasten the settlement of such cases, and to confirm that the loss or damage has in fact resulted directly from assistance rendered to Allied personnel escaping from the Germans. Therefore I would be most grateful if the appropriate department of your Government could be asked to take immediate action on all such claims; the Allied Screening Commission are naturally anxious to collaborate to the full on this question, and suggest the following alternative methods by which this action may be implemented.

The first method would be for the Allied Screening Commission to collect all such claims, and, having established that the loss or damage has occurred as a direct result of assistance rendered to Allied escapers and evaders, to forward these claims to the competent Italian Government department. This department would then valuate the loss or damage involved in each case and settle direct with the claimants, at the same time advising the Commission when these claims are settled and the amounts paid.

The other method would be for three accredited Damage Assessors of your competent Ministry to be attached to Allied Screening Commission, who would receive claims passed to them from the Commission, and valuate the loss or damage involved in accordance with the methods employed in their department. In accordance with such valuations the Allied Screening Commission would then arrange to make payment direct to the claimant, and would present for reimbursement a consolidated account at agreed intervals to the department concerned. The Allied Screening Commission prefer this latter method, and feel that since less work would fall upon the Italian Government thereby, this method may also be more acceptable to you.

As you will see, the position of the Screening Commission is invidious at the moment, and I would be most grateful if some satisfactory agreement could be reached to bring an end to this pressing problem. Perhaps you would be good enough to treat this matter as urgent, and give me your views on the above at your early convenience.

Yours very truly

HILARY W. STONE
Rear Admiral U.S.N.R.
Chief Commissioner

1491

166

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

1406

Declassified E.O. 12356 Section 3.3/NND No. 785015

CONFIDENTIAL

FX 41621
SEP 0714411E

E/6916
SEP 111830B
ROUTINE

SIGNED ALEXANDER CITE THIRD
ACTION ALL MAT ADDRESSEES INFO ALOCA ROME

CORRECTED VERSION

CONFIDENTIAL.

This is MAT 900. Italo-Swiss payments agreement.

1. On 10 August Italian-Swiss negotiators in BERNE concluded payments agreement, commercial agreement, cancellation of 1935 agreement, and series of supporting exchanges of notes including one providing for 60 million Swiss Franc 3 year loan to Italian Govt. Not til 2 September did Italian Govt send text to AC and then only in response to AC query about reports that agreements provided for payment of Italian debts to Swiss incurred prior to 8 September 1943. Contents of para 3 of FAN 583 were communicated to Italian Govt on 18 July but Govt explained that negotiations in BERNE had begun on 5 July. Assured AC however that British and U.S. legations in BERNE had been kept fully informed and in any event ratification would be withheld until AC approved provision for settlement of old debts.

2. Payments agreement covers all forms of Italo-Swiss payments except frontier trade, 3 country trade, ocean freight, tourist payments, insurance and reinsurance, and transfer of capital and returns from capital (transfer of commercial profits permitted). Proceeds Swiss payments to ITALY for imports, etc., will be deposited in Swiss national bank in Swiss Francs and used by UFFICIO ITALIANO CAMBI for Italian payments for imports from SWITZERLAND and other payments permitted by the agreement. Use of such balances to make payments to 3 countries is precluded.

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CONFIDENTIAL

1407

Declassified E.O. 12356 Section 3.3/NND No. 785015

(FX 41621 cont'd)

CONFIDENTIAL

Exchange rate will be official rate of day of transaction.

3. 15% of Swiss Franc balances accruing under agreement are reserved to settle debts in arrears, all incurred prior 8 September '43, as follows: Commercial clearing debt 135 million Swiss Francs; railways clearing debt 55 million; special supplies debt mainly armament of Swiss manufacture 130 million; balance due on 1940 loan 58 million. Total 378 million Swiss Francs. In memorandum to AC, Italians state Swiss made settlement of above arrearages prerequisite to conclusion agreement and to obtaining new loan which is essential to finance Italian imports from SWITZERLAND.

4. Italians say they realized most questionable item in debt arrearages was special supplies debt and raised issue during negotiations, but this question delicate because SPAIN might use same argument against ITALY during coming negotiations over civil war debt which almost entirely represents deliveries war material (see MAT airgram 27) however Italians say exports to SWITZERLAND not likely to exceed 130 million Swiss Francs per year at which rate settlement of arrearages will take 18 years which Swiss consider means effective reduction of 30% in total amount of debt calculated on basis present value of 18 years payments. The debt arrearages will be settled without interest.

5. ITALY also agreed establish compensation office in ROME which will tax imports from SWITZERLAND and use proceeds to subsidize exports to SWITZERLAND, thus adjusting for discrepancy in Italian and Swiss prices. This apparently in lieu adjustment in present exchange rate.

1493 6. In commercial agreement each country guarantees quota for specified list of commodities both for export and import. Provision for frequent adjustment in

CONFIDENTIAL

1408

Declassified E.O. 12356 Section 3.3/NND No. 785015

(FX 41621 cont'd)

quotes.

7. Of course these agreements cannot apply to private trade or payments until proclaimed and statutory lists recognized by Italian Government. See TAM 679.

8. In view paras 3 & 7 of FAN 583 and TAM 136 above summary is forwarded and complete text and memorandum follow by air mail. Italians stress urgency of need to ratify agreement. Please advise soonest whether approval of financial aspects may be given.

DIST

INFO-ACTION: Finance SC
INFO: Chief Commissioner
Ex Commissioner 2
Econ Sec 2
Commerce SC
File 2
Float

(M/C Note: This is corrected version of same cable received on 8 Sep & serviced at request of Finance SC)

149:

CONFIDENTIAL

1409

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

PX 41520
SEC 071436

P/5917
081530
ROUTINE

SIGNED ALEXANDER CITE PHGTG
ATT MAT ADDRESSES INFO ALCOM ROME

SECRET.

Ref TAR 666. This is MAT 899.

MAT message dealing with payments agreement follows. Italian Ministry of Treasury states SWISS Government has indicated willingness to unblock two hundred thousand SWISS francs to cover Italian Government diplomatic expenses if SWITZERLAND during period before ITALY-SWISS payments agreement comes into force.

DIST

INFOACTION FINANCE SC
INFO CHIEF COMMISSIONER
ECON SEC 2
FILE 2
FLOAT

M/C NOTE:

No trace of quoted reference.

1494

Confidential

1410

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

FX 41584
SEP 071217B

F/6904
SEP 081100B
ROUTINE

AFHQ SIGNED ALEXANDER CITE FHGEG
ALL MAT ADDRESSEES INFO ALCOM ROME

SECRET

This is MAT 898.

Preparation remittance reports for end July proceeding, refer TAM 248. But consider that by end August additional Italian banks will be handling remittances and scope reporting procedure will have to be extended unless favorable reply to MAT 872 is received.

1162

Dist

Info-Action - Finance SC
Info - Chief Commisstoner
Econ Sec 2
Commerce SC
File 2
Float

F6904

1493

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Confidential

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

FX 41335
SEP 061340B

P/6845
SEP 071715
ROUTINE

ALEXANDER CITE FHQSG
ALL MAT ADDRESSEE INFO ALCOM ROME

SECRET.

MAT 897.

Advances of lire to French Forces in ITALY.

During 4 months ended July French paymasterin ITALY cites expenditures 778 million lire, of which only 57 million for troop pay and 77 million for local purchases as authorized TAM 24. Balance of 644 million "other" paymen s broken down only for July when total 168 million included 36 million for repatriation prisoners and French refugees, 50 million for exchange of French notes for Italians in connection French currency conversion, 40 million to delegate of French admiral in GENOA, 13 million for military cemeteries, and balance not clearly specified. Some of these "other" paymen ts must have included maintenance of French troops in ITALY but most clearly fa l under other categories. Relief expenditures in our view not covered by TAM 193 which rules out lump-sum advances for unspecified purposes.

French paymaster has on hand about 150 million lire, but urgentlyasks for additional 320 million to Finance French expenses in ITALY.

In view limitations contained in TAM 24 and 193, French request is being denied except where projected expenditures are solely for pay of troops and their maintenance in ITALY. Please advise soonest whether these limitations may be relaxed to permit advances to French force as requested without verification by AFA of purposes for which advances are required.

DIST
INFO ACTION FINANCE DC
INFO CHIEF COMMISSIONER
ECON SEC 2
FILE 2
FLOAT

Confidential

Declassified E.O. 12356 Section 3.3/NND No. 785015

SEPT KCCO CC Allegato 193

CC - 1615

Translation

The President of the Council of Minister

166/4.4/19.11

Rome, 4 September 1945

Dear Admiral,

1. By your letter of July 18th, n. 13242 F, the Government heard with great satisfaction the action taken by the Allied Governments to grant greater financial autonomy to the Italian Administration in the field of financial activity. Such regulations, important in themselves, are greatly appreciated the more so as they show the favourable dispositions of the Allied Nations for a gradual normalization in economic relations.

2. The Italian Government acknowledges the communication that the intervention of the Allied Commission in matters concerning taxes and in internal financial questions is now limited to the cases which involve allied military requirements.

The Government is also most happy to be able to count on the offer of advice and collaboration of the Allied Commission on such matters, of which it will avail itself on every occasion.

3. In relation with the conditions that go with the abolition of the consent of the A.C. for financial operations abroad, we assure you that the Minister of Treasury will consult the Allied Commission before authorizing the use of Italian funds abroad for the payment of debts made before September 8th, 1943; in the same way, every initiative for settling Italian clearing accounts will previously be discussed with the Commission.

We also inform you that the Ministry of Treasury is willing to issue the necessary orders for control on financial operations made abroad by Italian insurance companies, as soon as the range of this control has been cleared up thanks to the informations we shall ask to the Allied Commission.

4. The Italian Government also agrees that:

through the channel of the Ministry of Treasury, the Allied Commission is to be informed of the action which may be taken by the Italian Government or by the organisms which depend from it, about the use and control of Italian funds abroad;

the Allied Commission is to receive every forthight a report on the foreign transactions with foreign countries, in the required form and with the required particulars.

1431

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

A.C. Distribution 6 Sept 45

Action: Finance S/C (2)
Info: Chief Comm
Exec Comm

(Finance S/C to complete distribution)

1413

Declassified E.O. 12356 Section 3.3/NND No. 785015

5. The creation of an office for an efficacious control of foreign exchanges is now an accomplished fact, because of D.L.L. 17 May 1945, n. 331. The Italian Exchange Office, created by this regulation, began in fact its activity on August 2nd. - The Banks acting for or connected with the issuing Institute (Istituto di emissione) have also been notified that the Monetary regulations issued up to now remain fully in force and are to be strictly observed; modifications for a simpler and clearer regulating of the matter are to be studied later on.

6. The Commission knows that adequate action is being taken with the Allied Government for what concerns the action to be taken to support the initiatives of economic warfare; in any case, when the question will be solved on general principles, the Minister of Treasury, will contact the British and American Embassy, to establish the way of collaborating to the program prepared, if the end of the war hasn't made it necessary to revise it.

7. I have no difficulty in assuring you that the Government will exercise the greatest surveillance to see that no payments are made to undesirable persons; the Ministry of Treasury will come to an agreement with A.C. about the categories of persons that are to be included in this definition.

8. It remains understood that payment from neutral countries will go on taking place through the banks of the United States and Great Britain, until regulations to support the aims of the Allied Governments for economic warfare are enforced. We trust that the allied side will not fail to make things easier for us, as much as possible, to have the enforcement of this system carried out without adding new burdens to Italian economy, especially now that the war is over.

9. While we acknowledge the ceasing of the surveillance on the agreements with allied and neutral countries for the financing of foreign trade, we assure you that the funds coming from sales abroad will be exclusively reserved for the main payments depending on our import requirements, the maintenance of our diplomatic and consular agents, military expenses, navy and the like.

10. I also agree that the rights of the Allied Governments as from the armistice clauses, about Italian property (attivita') abroad, and the legal position of Italian property in allied countries, should remain unaltered.

Believe me,

Yours truly,

s. Ferruccio Parri

1481

trans. e/c

16

1414

Declassified E.O. 12356 Section 3.3/NND No. 785015

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner

3 September 1945

SUBJECT: Financial Supervision of the Columbia Club.

TO : Lieut-Colonel Banning,
Finance Sub-Commission.

1. On the recommendation of Colonel H.B. Menapace, you are directed to act as special financial supervisor to the Columbia Club. You will see that the Columbia Club Committee and management maintain all financial records and controls in accordance with sound accounting principles. You will see that the discrepancies as noted in the U.S. Army Inspector General's report and the audit as made by Captain Hanwell of the Finance Sub-Commission are promptly corrected.

2. The Columbia Club is to be maintained in a position of solvency at all times. The Club Committee, in authorizing any extraordinary expenditures, will first obtain your written approval as to its advisability from a financial standpoint.

3. You are requested to submit directly to this office a preliminary report as to the Club's solvency and action taken to correct the discrepancies as noted in the Inspector General's and Finance Sub-Commission's reports.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1483

Declassified E.O. 12356 Section 3.3/NND No. 785015

SECRET

FX 39983
AUG 3117512

F/6110
SEPT 011030B
PRIORITY

SIGNED ALEXANDER CITE FHGEG
ALL MAT ADDRESSES INFO AMCOM ROME

1326

SECRET.

Strong possibility Italian Government may undertake currency conversion in October. Consider negotiations on currency agreement directed by N583 should begin soon as possible since probably will require month for completion. Accordingly urgently need replies to MATS 836 and 875. Also wish inform you U.S. and British Embassies have not transmitted notes to Italian Government (paras 12 and 13 N 583). May negotiations on currency agreement be undertaken without waiting for presentation two notes.

149

DIST

INFOACTION FINANCE SC
INFO CHIEF COMMISSIONER
EX COMMISSIONER2
ECON SEC 2
COMMERCE SC
FILE

1487

SECRET Confidential

1416

Declassified E.O. 12356 Section 3.3/NND No. 785015