

ACC

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785016

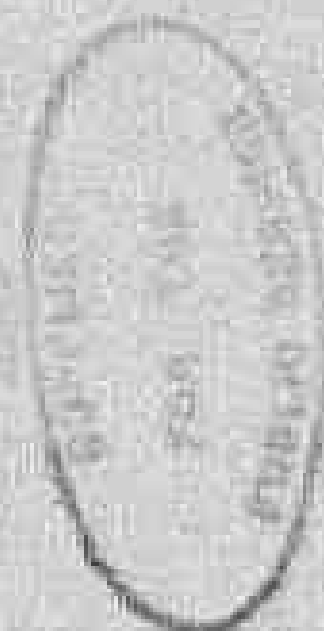
43/250

BLACK MARKET & FOOD DISTRIBUTION
OCT. 1943 - DEC. 1944

785016

Acc/14006/RS.

Black Market + Food Distribution.



REG. 5 - ~~SECRET~~
TS. - 8 DIC. 1964
CH - ~~SECRET~~

OF 0000000000

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THE POLAR

CONFIDENTIAL

FROM OCT. 1943

TO Dec. 1944

CATALOGUE

785016

ACC/14090/PS.

MOST SECRET

Security of Id. against Enemy Attack.

Relia Ref. to Date.

Security of M. against Enemy Attack

Relio Ref. to Date

SECRET

BEST COPY POSSIBLE

785016

Minute, June 14

①

To: C.A.

72a submitted for approval and signature of Com. aprio.

C.A.

6 Dec. 44.

X. 608

J. R. Higgins

②

To: C.A. Sec.

Reference Minute 1 above. Letter signed and returned for dictation. Two copies withdrawn.

C. of S.
8 Dec 44.
X-735.

LoPs. for review.

C.A. Sec.
8 Dec 44.

W. H. S. S. S.
OFFICE, COM. OF STATE

To: C.A. Sec.

Please see Col. Chapman's comment at 2 of 74A.

135c
20 July
Ext. 686

8/57 20 July
Public Safety S-C

Reference Minter 1 above. Letter signed and returned
for dispatel. Two copies withdrawn

C. of S.
8 Dec 44.
X-735.

LoPs. for surface.
E. C. I.

CA Sec.
O Sec. 44.

To. CH See

Please see Col. Chapman's comment at 2 of 74A.

BSC
20/12/44
Ext. 686

S/Sr. Lingfield
Public Safety S-C

3310

Shaden. cat
OFFICE, CHIEF OF STAFF

Folios 4^a, 50^a, 51^a to "Food Conference", Acc/14006/7/PS.
 59^a, 62^{a/d}, 63^a to "Ration Cards", Acc/14006/8/PS.
 7^a, 34^a, 35^a to "Ration Prices & Amassing" 14006/6.
 13^a, t. "Shipments & Schedules of" 14006/8
 15^{a/c}, 17^a, 24^a, 25^a to "Safeguarding food deliveries" 14006/10
 22^a, 27^a to "Specific Prices" 14006/11
 30^a, 31^a, 32^a, 37^{a/b},
 38^a, 39^a, 54^a, 56^a, 57^a to "Reports of offences" 14006/9

RK
 11/5/11

Ex Com:

1. When you have
 time I think
 you would be
 interested to
 read the report
 at 69 E.

2. CIA going has
 been told to you
 to hide some

Thank you

Good

Wally 5/6
 M 4/6

MINUTE SHEET

MINUTE SHEET

69^c

To Executive Commission

I think you will be interested in this report from Region 5.
indicating the activities of Public Safety a paper the Clerk noted.

29 May 44

W.C.F.S.

MINUTE SHEET

To Executive Committee

69^c

I think you will be interested in this report from Region 5.
indicating the activities of Public Safety a paper the black market.

29 May 44

W.C.P.S.

3314

785016

75 H

HEADQUARTERS ALLIED COMMISSION
APO 394
CIVIL AFFAIRS SECTION

Tel: 478008

22nd December, 1944.

Ref. ACC/14006/PS

SUBJECT: Black Market Control Division.

TO : The Regional Commissioner,
Lazio-Umbria Region.

1. Reference your R/3151 dated 15th December, this matter has been given further consideration in the light of your memorandum which was enclosed, and which set out the operations of Black Market Control Division in your Headquarters.

2. As this Division's work appears to be largely connected with investigation and recommendations regarding the planning of Black Market control activities it has been decided to leave to your discretion the organisation of this Division, and the instructions contained in this Headquarter letter No. 14006/PS of the 7th December are withdrawn.

1
72A

By Order of the Chief Commissioner:

G. S. Harrison
G. S. HARRISON, Brig.,
A/TF CA Section.
A/DOCS.

3313

785016

CIVIL AFFAIRS SECTION

MINUTE SHEET

74A
11006
Sec 75

File :

SUBJECT : Blank Market Contd. Air. (Lower Reg.).

No Date To

1. 18 Dec 64 P.S.

In the light of the attached:
Do you still consider that the
B.M.C. Air shall be a part of
the P.S. Air Large Region?

W. H. Shippe

2. 20 Dec 64 C.A. Sect.

Considering the attached, I am
sure that B.M.C. Air should not
be a part of the P.S. Air Large Region.

3316

785016

74 B

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
LAZIO-UMBRIA REGION
APO 394

ECF.1044

R/3151

15 December 1944.

16 DEC 1944

SUBJECT : Black Market Control Division

TO : Headquarters Allied Commission,
Civil Affairs Section.
Attention: Col. Grippe

1. Attached hereto is a memorandum concerning the type of work which the Black Market Control Division, this Headquarters, is interested in.

2. This is sent to you in reply to a letter dated 7 December 1944, reference 14006/PS, sent by Brigadier Lush. Action on this letter has been withheld subject to further discussion as advised by Civil Affairs Section.

John D. Ames
JOHN D. AMES
Lt Colonel,
Acting Regional Commissioner

1 Incl.
As stated above.

74 B

785016

742

MEMORANDUM

The Black Market Control Division in the enforcement phase of its work uses personnel of the R. Guardia di Finanza. The authority of these personnel is limited to the enforcement of laws pertaining to foodstuffs, taxes and other laws rather than to public safety and security. The EM of the Division work with the Guardia di Finanza in cases involving allied military supplies.

The Division works closely with Economics and Supply, and on its behalf has devoted much attention to examination of supply and distribution systems. In this phase, recommendations have been made which resulted in the more efficient use of transport and personnel and in the reduction of loss of supplies. Assistance has also been given to Economics and Supply in obtaining information. Recommendations have been made, on the basis of which prices for essential commodities could be fixed. In this connection work has been done with the "Confederazione dei Commercianti" and specific sub-divisions thereof.

Information concerning the current market situation is obtained through housewives who report availability and prices. A daily record of these prices on essential foodstuffs is maintained in this office.

An overall plan for the fixing of prices on every type of commodity by a civilian price control commission was organized and adopted by the Regional Commissioner (this was later abandoned by the Italian Government).

In order to help maintain the flow of foodstuffs into legal channels, this Division made investigations into transportation bottlenecks, sources of supply, and the regulations governing the flow of supply. Many of these investigations were initiated upon a request of AC Sub-Commissions, such as Transportation, Economics and Supply, Industry and Commerce, Agriculture, and War Materials Disposal. Reports were made and recommendations submitted; in many instances investigations lead to the disclosure of circumstances which warranted recommendations to Agencies or Sub-Commissions other than the ones which had originally initiated the request. Recommendations and suggestions are transmitted to the local Italian Government and its departments through the Regional Commissioner.

3310

5134

785016

Statistics were gathered on the problem raised by civilian restaurants with respect to their use by military personnel and civilians. As a result, the Rome Area commander authorized the opening of "GI restaurants". All of the ^{civilian} restaurants are now off limits to all troops.

When prices of luxury items being sold to troops began rising beyond all reason, a campaign was instituted to control prices by placing "off limits" all shops whose prices were considered excessive. Local experts were hired to advise the Division and as a result prices in the same categories were reduced by as much as 50 %.

Control posts have been operated under the jurisdiction of this Division for the purpose of confining the flow of foodstuffs into regular channels. They have also served as an important means of gaining statistical information on supply. This information has been disseminated to the interested agencies. These control posts have since been abolished by prefectural decree.

This division works with merchants' associations to assist them in studying and analyzing their supply and distribution problems, and is presently working on an over-all plan to attempt to get retail trade back into normal channels.

There has been cooperation with the Public Health Division with regards to the distribution and price of pharmaceuticals. Investigations were made and are in the process of formulation, tracing the course taken by the drugs from the point of distribution by AC to the eventual use by the public. On information furnished, this Division has taken action to restore medicines into normal channels.

TO	
COL. CHAPMAN	
COL. COONS	
LT. COL. COONS	
MAJ. LUCKMAN	
MAJ. WILSON	
MAJ. HANBURY	
MAJ. BALLANCE	

3309

785016

C.A. Sect: CA
Sec

14006

10 DEC. 1944

9 December 1944

17.00/ES

10 DEC. 1944

MEMORANDUM FOR MR. CLEVELAND:

Subject: Black Market

1. Mr. Antolini has informed me that it will be one of your functions to "follow up and take or direct necessary action on all matters affecting Economic Section from Chief of Staff meeting minutes."

2. Attention is directed to minute 13, COS meeting, 5 Dec 44.

"Black Market Control Unit - Lazio-Umbria Region. CA Sec pointed out that this unit did not come under the control of a Sub-Commission. COS directed that it should come under Public Safety Sub-Commission. Econ Sec reported that G-5 AFHQ had asked for a weekly report on black market activities. COS instructed Econ Sec to get reports from all sources and then prepare a frank memorandum on the situation."

3. Attached is Vol II, CA Section file 18/CA; see folio 145 para a of AFHQ G-5 memo 18 Sept; folio 153; folio 155A and COS minute II of 27 Nov.

4. In view of latest directive action 3 Dec, COS meeting, this matter is being referred to you for proper action direction.

TO	INIT	DATE
COL. CHAPMAN	W	11/17
COL. YOUNG	W	11/17
LT. COL. WILCOX	W	11/17
MAJ. LUCKMAN	W	11/17
MAJ. WILSON	W	11/17
MAJ. HANBURY	W	11/17
MAJ. BALLANCE	W	11/17
CAPT. POWELL	W	11/17
CHIEF CLERK	W	11/17

L. D. BENSORE
Colonel, F A
Chief Staff Officer
Economic Section

3206

5800

785016

HEADQUARTERS ALLIED OC. INSURE
AFO 354
Office of the Chief of Staff

Tel: 450134

Ref #1006/13

7 Dec 44

SUBJECT : Black Market Control.

TO : The Regional Commissioner
Lazio Region.

- 1 My attention has been drawn to the fact that the Black Market Control Section in your Headquarters operates as a separate organization and is not governed by any corresponding Sub-Commission in this Headquarters. This leads to difficulties in connection with its functions and responsibilities.
- 2 It is considered that it should be put under the Public Safety Division in your Headquarters and so keep in contact with the Public Safety Sub-Commission in this Commission through the normal channels. You will therefore arrange accordingly.

M. S. LUSH

M. S. LUSH, Brigadier,
Chief of Staff.

Copy to:

Public Safety Sub-Commission.

330.

785016

MG/

CC.RR.General H.Q.

14057
20 November 1944

22/149

To : A.C.-Public Safety Subcommittee
Subj. : Naples - Alimentary situation of vesuvian communes

The Allied Commission - Reg.III- with letter 14 August ult., to Naples SEPRAL, has ordered that 124 communes of that Province, which the Commission classifies "agricultural", will be supplied in a reduced way, what is, only for bread and pasta.

This provision has lately been fixed, by Regional Commissioner Col. Simon, with letter ES 800/244, dated 25 October, to Sepral.

The population concerned with, who hoped a resipiscence of the Commission, do not hide its discontent and preoccupation, for the recent confirmation and for critic situation of their future.

This discontent is largely seconded by the newspapers, which state the agricultural character of many communes.

From another part, the Mayor of Ottaviano, lately, has called to a meeting, in his seat, the Mayors of Somma Vesuviana, Pollena Trocchia, S. Anastasia, S. Giuseppe Vesuviano and Terzigno, who, stigmatized the provisions and pointed out to the Prefect, the gravity of the situation, even for consequences which could arise for the public order, if competent authorities will not repel their decisions and grant to these populations, the total supply.

Agricultural resources of the Vesuvian zone, are really very scarce and bounded to grapes and fruits. Cultivation of vegetables is very small and the one of oil, does not exist at all.

Waiting the settlement of this matter, CC.RR. is attentively watching the situation, in order to prevent any incident. We enclose a copy of the

3206

minute drawn by the chiefs of above next Communes.

the Commanding General
Taddeo Orlando

app.

Commune of Ottaviano
(Naples Province)

The Mayor of Pollina Trocchia, Sant'Anastasia, Somma Vesuviana, Ottaviano, S. Giuseppe Vesuviano, e Terzigno, called to meeting by the Mayor of Ottaviano, A.V. Cav. Franzese Salvatore, in the Town-hall;

Having known that the newspaper "La Voce" of 21st inst., has stated that these Communes will be admitted to the supply of bread and pasta only, with the exclusion from allotment of other necessities, as: vegetable, oil, meat, etc., because of their being agricultural countries; considering that this is not true, as these countries do not produce anything, but grapes and fruits;

That, consequently this news has caused a very painful impression on population, who, besides the damages, to fill their misfortune, have suffered terrible damages by the Vesuvian eruption, which left the most part of them, to poverty;

Considering that, if the news will be confirmed, this discontent could bring to riots, which consequences cannot be foreseen;

Considering too, that these populations, according to law prohibition are not allowed to draw directly from production sources and consequently should appeal to black market, which will be more than more, encouraged and legitimated.

the undersigned

Preoccupied of what above stated and to save their responsibility
Pointing out to competent authorities, the seriousness of the

situation

besides

provisions in order to admit these populations to total supply
wish

that these populations be calmed by an immediate statement, which in giving assurances, provides the immediate supply of the foods included in the exclusion.

Read and approved by all the intervened, to day, 22 October 1944



RISERVATO PERSONALE

Comando Generale dell'Arma dei Carabinieri Reali

UFFICIO SERVIZIO - SITUAZIONE E COLLEGAMENTI

N. 42/149

di prot. R.P.

Roma, li 20 novembre 1944

Risposta al

del

n.

Allegati n.

OGGETTO: Napoli - Situazione alimentare nei comuni vesuviani.

ALLA COMMISSIONE ALLEATA

-Sottocommissione per la P.S. -

R O M A

La Commissione Alleata - Regione III^a - con sua lettera R.S. del 14 agosto u.s. diretta alla Sepral di Napoli dispose che 124 comuni della provincia, dalla Commissione stessa classificati "agricoli", fossero approvvigionati in misura ridotta, soltanto secondo la prescritta razione di pane e pasta.

La disposizione è stata di recente ribadita dal Commissario Regionale colonnello SIMONA con lettera diretta alla detta Sepral R.2 SS.800/244 del 25/10 u.s.

Le popolazioni interessate, che speravano in ³³⁰⁴ aiuto di resipiscenza, da parte della Commissione, non tacciono ora il loro disappunto e le loro preoccupazioni di fronte alla conferma recente e alla critica realtà che loro riserva il domani.

Di tale situazione di disagio si fa ampia eco la stampa cittadina contestando il carattere agricolo di molti comuni. D'altro lato, il sindaco di Ottaviano ha tenuto a convocare recentemente presso di sé i sindaci di Scania Vesuviana, Pollara Trocchia, S. Anastasia, S. Giuseppe Vesuviano e Terrigno, i quali, stigmatizzando il provvedimento, hanno prospettato al Prefetto la gravità della situazione anche per le conseguenze che potrebbero derivarne per l'ordine pubblico qualora le competenti autorità non si inducessero a tornare sulle loro decisioni e ad ammettere le popolazioni dei comuni predetti all'approvvigionamento totale.

In realtà le possibilità agricole della zona vesuviana sono scarseissime, e limitate esclusivamente all'avena e alla frotta. Ir-rilevante la coltivazione dei legumi, inesistente quella olivaria.

In attesa che il problema sia risolto, la situazione è attentamente sorvegliata dall'Arma per prevenire qualsiasi incidente.

Si unisce copia del verbale redatto dai capi delle citate amministrazioni comunali.

IL GENERALE DI CORPO D'ARMATA
COMANDANTE GENERALE
Eduardo Orlando -

Eduardo Orlando

COMUNE DI OTTAVIANO
(Provincia di Napoli)

I Sindaci dei comuni di Pollena Trocchia, Sant'Anastasia, Soana Vesuviana, Ottaviano, S. Giuseppe Vesuviano e Poggioreale, convocati dal sindaco di Ottaviano Avv. Cav. Francesco Salvatore, nella Casa Comunale;

Visto che il giornale "LA VOCE" del 21 corrente ha pubblicato una notizia secondo la quale questi comuni sarebbero stati ammessi soltanto all'approvvigionamento di pane e pasta, ed esclusi dagli altri generi di prima necessità, quali: legumi, olio, carne ecc. perchè paesi agricoli;

Considerato che ciò non risponde al vero, perchè questi paesi non producono tali generi, ma solo uva e frutta;

Che pertanto la notizia ha suscitato penosissima impressione nelle popolazioni che - per colpa di sventura, oltre ad essere sinistrate dalla guerra, sono state anche gravemente colpite dall'eruzione vesuviana per cui maggior parte di esse è ridotta all'indigenza;

Considerato che questa penosa impressione potrebbe degenerare in disordini dei quali non si può prevedere la portata qualora la notizia dovesse essere confermata;

Considerato altresì che queste stesse popolazioni non possono attingere direttamente alle fonti di produzione, dato il divieto delle disposizioni vigenti, e sarebbero quindi costrette a ricorrere al mercato nero che vedono in tal modo privilegiato, potenziato e legittimato.

Gli intervenuti preoccupati di quanto sopra, ed a salvaguardia di ogni propria responsabilità;

del segnalare la gravità della situazione alle autorità competenti.

SOLLECITAZIONE

i provvedimenti adeguati affinché queste popolazioni siano ammesse al totale approvvigionamento

e fanno voti

perché tali popolazioni siano tranquillizzate con un pronto comunicato che, nel riassicurarle, disponga altresì l'immediato approvvigionamento dei generi compresi nell'esclusione.

Letto ed approvato da tutti gli intervenuti, oggi addì 22 ottobre mille novecento quarantaquattro.

P.to Avv. Franzese Salvatore-sindaco del comune di Ottaviano

" A. Not. Restaino Paolo Emilio-sindaco di Somma Vesuviana

" A. Franco Finisola-sindaco del comune di Teverigo

" Napolitano Giuseppe-delegato dal sindaco di S. Giuseppe Vesuviano

" M. Ammirati - delegato dal sindaco di S. Anastasia

" Di Marco Camillo - delegato dal sindaco di Pollena Trocchia.

Per copia conforme ad uso amministrativo

Ottaviano, 23/10/1944

IL SEGRETARIO CAPO

P^o Pasquale Salvatore

Per copia conforme ad uso amministrativo

Pollena Trocchia 26/10/1944

Il segretario comunale

P^o illegibile



P. C. C.

IL CAPO UFFICIO

M. Roberto Ruggieri-

[Handwritten signature]

785016

HEAD QUARTERS
ALBERTA PUBLIC SAFETY COMMISSION
Public Safety Sub-Commission
420 394

70A

May 29, 1944

ACC/14005/PS

SUBJECT : Black Market - Prosecutions.

TO : Lt. Col. Briggs 5700, Regina Province Reg. 5 copy to
Lt. Col. Stogers 3230 Reg. 5.

I am very much obliged to you for your report 25/514/5
25 May 44 on the activities of the Public Safety Officers in
your Province in dealing with the Black Market.

I am more than pleased with the results you have obtained
which reflect the highest credit upon yourself and upon the Public
Safety officers under your command. I would be glad if you would
let them know that their excellent work does not pass unnoticed by
this Headquarters.

Algonquin

3302

A. E. TOLSON, Colonel
Deputy Chief, Public
Safety Sub-Commission.

785016

TO : Rear H.Q., ACO, P.S. Sub-Commission (Att Col. AE Young.).
FROM : H.Q., Region 5, A.M.G.
SUBJECT : Black Market.
REFERENCE : R5/514/5.
DATE : 25 May 1944.

6413
The attached report on Black Market activities in Foggia Province
is forwarded for your information.

For Regional Commissioner

S. Pickering
S. PICKERING
Lt. Colonel,
R.P.S.O.

3301

SP/IG.

785016

Ref: vol 5180

28 May 44.

SUBJECT: BLACK-MARKET ACTIVITIES.

TO: -

A.P.S.O., IN ALL REGIONS.

FROM: -

Provincial Commissioner, AMS, FOGGIA PROVINCE.

1. Attached hereto is a Report by the S.P.P.S.O. on the suppression of the Black Market in this Province. The general principles which have been adopted may be summarised as follows:-

(a) Continuous efforts have been made to instill into the C.C.R. and C.C.P. a spirit of initiative and loyalty. They have been taught that AMS is behind them and all stand no nonsense from wealthy Italians and local politicians. Most of them have responded in a remarkable manner until now we have cases where C.C.R. and outlying districts are bringing to justice people who have offered them bribes, and they are, unaided, stopping American and British drivers of trucks and successfully dealing with the contraband and Italians found on the trucks.

(b) In this Province, the Black Market is principally a matter of dishonest producers selling to Black Market buyers in Naples ~~and~~ ^{who} transporting the contraband illegally by road or by head-~~ports~~ ^{carriers}. Accordingly, the first attack was made upon the roads of running to ground the stopping the traffic and ~~the~~ ^{the} goods. There are some 21 roads leading out of the Province, plus many unmarked tracks. It was therefore, quite impossible to put the Province in a "ringed fence". Stops were put up on the main roads as described by Lt. Col. Bright, and by now it can be said that the main roads are fairly clear of contraband traffic on wheels, compared to their condition before the Road Blocks were set up. (Head-porters are quite uncontrollable as they merely by-pass any post mounted.) Nevertheless, no doubt, a certain amount of traffic continues to evade the posts.

(c) Information collected at the road posts and elsewhere was followed up to disclose the sellers. Illegal sellers were stripped of all their grain down to the bare "strawmen", and to begin with ~~the~~ ^{they} were then handed over to the Italian Courts. This proved unsatisfactory however, and a special Legal Officer was made available by Region to run a Summary Court for trial of Black Market cases. He has made a study of Amassing Laws and Contraband legislation. It is suggested

where CC, AA or CC, AA who have offered them bribes, and they are, unaided, stopping American and British drivers of trucks and successfully dealing with the contraband and Italians found on the trucks.

(b) In this Province, the Black Market is principally a matter of dishonest producers selling to Black Market buyers in Naples and transporting the contraband illegally by road or by head-porters. Accordingly, the first attack was made upon the roads ~~with~~ ^{or} with the idea of stopping the traffickers who were supplying or running to ground the dishonest producers out of the Province, the goods. There are some 21 roads leading out of the Province, plus many unmarked tracks. It was therefore, quite impossible to put the Province in a "ringed fence". Stops were put up on the main roads as described by Lt. Col. Briggs, and by now it can be said that the main roads are fairly clear of contraband traffic on wheels, compared to their condition before the Road Blocks were set up. (Head-porters are quite uncontrollable as they merely bye-pass any Post mounted.) Nevertheless, no doubt, a certain amount of traffic continues to evade the Posts.

(c) Information collected at the Road Posts and elsewhere was followed up to disclose the sellers. Illegal sellers were stripped of all their grain down to the bare "attention", ~~and~~ to begin with ^{and} were then handed over to the Italian Courts. This proved unsatisfactory however, and a special Legal Officer was made available by Region to run a Summary Court for trial of Black Market cases. He has made a study of Assessing Laws and Contraband Legislation; is assisted by an Italian Lawyer, and has done excellent work in imposing quick deterrent sentences. The policy has been to place before him the most important and influential citizens who were caught in the Black Market, and the larger operators. His sentences and the names of the prisoners are widely known throughout the Province, (plans are in hand to placard ~~the~~ ^{the} Municipies to make them more widely known still.)

(d) When A.I. led troops ~~are~~ ^{being} reported to run contraband cargoes, this is arranged to supply the necessary transport and to run the contraband - then closing down on the suppliers and middle-men. Arrangements are in hand for better liaison with Region 2 to ensure that the buyers at their end are also dealt with.

-two-

2. In addition to the foregoing, trained squads of AMG Police Officers, CG.FF and CC.RR descend upon likely farms and search them for un-emersed grain.
3. P.F.R., BARI and MARIAS have co-operated by a certain amount of publicity regarding punishment of offenders.
4. The above activities have brought to light a total of nearly 50 Military trucks engaged in the trade, the Military offenders being handed over to their branch of the Service for punishment. They have not always been punished with adequate severity.
5. The foregoing activities have certainly resulted in the suppression of some of the large Black Market which existed at the end of last year. It is unlikely, however, ~~that~~ ^{that} the market can ever be totally suppressed, ~~for as long as~~ ^{as long as} ~~the instance~~, wheat is readily saleable in the Black Market in NAPLES at Lit. 1300 per qli. and ~~at similar~~ ^{at similar} ~~other communities~~ prices.
6. The suppression of the Black Market is largely a question of transport being available for AMG and civil police officers. Provision of two vehicles by Region 5 has been of great assistance, but it has proved the bare minimum for operations.
7. I have closely watched the activities of the Public Safety Division in connection with the Black Market and consider that Lt. Colonel Briggs is worthy of the highest commendation for organizing the campaign, and Major Montague for carrying it out in such an aggressive and intensive manner. All Police Officers at this HQ have co-operated to the limit of their power.

Ch. D.
 Lt. Colonel,
 Provincial Commissioner,
 A.M.O. FOGGIA PROVINCE.

CET/ENFM.

in NAPLES at Lit. 1300 per qll. and ~~to the extent of~~ *other commodities* at similar prices.

6. The suppression of the Black Market is largely a question of transport being available for AMG and civil police officers. Provision of two vehicles by Region 5 has been of great assistance, but it has proved the bare minimum for operations.

7. I have closely watched the activities of the Public Safety Division in connection with the Black Market and consider that Lt. Colonel Briggs is worthy of the highest commendation for organising the campaign, and Major Montague for carrying it out in such an aggressive and intensive manner. All Police Officers at this HQ have co-operated to the limit of their power.

CET/EGEM.

Lt. Colonel,
Provincial Commissioner,
A.M.G. FOGGIA PROVINCE.

3299

HQ. AMG. Foggia Province
in Lucera

SUBJECT : Black Market Activities

TO : R. P. S. O.
for information of Col. A.E. YOUNG
Deputy Chief,
Public Safety Commission

FROM : S.P.P.S.O., Foggia Province

REF : RP/ 5150

DATE : 19 May 1944

Reference to your R5/514/5 and AOC/14006/PS.

Herewith I submit for the information of the Public Safety Commissioner a record of the action taken in this Province to endeavour to combat the activities of black market operators.

In November 1943 it came to the notice of the Provincial Police that requisitions were being made in the name of the Allied Military Government and that the right to sell grain was being given for high fees. Investigations were commenced and as a result it was discovered that one farmer had contracted to pay Gino Camerino one million lire for the right to sell grain. A payment of 250,000 lire was actually made Camerino was arrested and was later sentenced to 20 years imprisonment and fined two million lire.

On 31st December 1943 a Canadian driver of an Army vehicle reported to A.M.G. that he had been approached by an Italian to transport a load of flour to Naples and the Italian said he was prepared to pay one thousand lire per sack for the transportation. As the unit to which the Canadian soldier was about to move towards the front line arrangements were made by Major Highall to have Pte T/14531596 S. Carter, R.A.S.C. introduced to the Italians. This was done and subsequently a load of flour was picked up and the vehicle set off to Naples with Major Highall dressed as a L/Cpl. It was the intention of the police of this Province to endeavour to find the disposal point at Naples. The interpreter who had come over from Naples to assist the black market operators proved to be none other than Trancillo Serafino, employed as driver to Col. Warner, A.M.G. Naples. Trancillo at the time he came to Foggia was using an official A.M.G. motor car No 1/315 M. 25,000 lire was actually paid to Major Highall for the transport of the flour. Three arrests were made and the case came before a Superior Court at San Severo. The defendants were discharged as the Court held that the original offer was not proved and the subsequent approach by the A.M.G. official was tantamount

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On the 18th January 1944, whilst visiting Bovino with the Provincial Commissioner we found three U.S. trucks transporting grain, a total load of 124 quintals. The grain was seized and the drivers handed over to the American C.I.D. for enquiries. The trucks had been obtained from the Naples Pool and it was obvious from the tired state of the drivers that they had been on the road for a considerable number of hours.

From the date of taking over the Province, 12/11/43 we had seized 13 Military vehicles illegally transporting grain up to and including 10.2.44.

The next serious step was the setting up by the Provincial Commissioner, Lt. Col. Temperley of a road block ~~operating at~~ near Greco Savignano in the Province of Avellino to regulate the traffic from and to Naples. The Provincial Commissioner placed the block in the Province of Avellino as it was the bottle neck

for traffic and demanded the minimum of man power. It quickly became obvious that further action was necessary. As a result it was resolved by the Provincial Commissioner to set up a road block complete with A.M.C. Court to put a brake on the illegal transport of grain, more particularly as the illegal carriage of grain by Allied personnel in Allied trucks had become a serious menace to any sensible form of Military Government.

Plans were prepared for the proposed road block to be set up at Bovino on the Naples Road. The personnel consisted of A.M.C. officers U.S. Military Police, British Military Police, Guardia Finanza and Carabinieri. Lt. Manck was sent to the post to act as Judge. Major Montague was placed in charge of the whole of the personnel. At 1800 hours 21st February 1944 the post commenced operations. The total amount of goods seized up to and including 12th March was 1863 quintals which included 505 quintals seized from Military trucks. 19 Military trucks were seized and found to be illegally carrying contraband goods. 9 of the trucks were American; 2 British, 1 Canadian, 5 French and 2 were Italian Military vehicles.

8 Allied personnel who were A.W.L. were arrested and 7 Italian deserters were found.

272 persons were fined on the spot, 91 persons received nominal sentences: 43 persons received sentences exceeding 3 days imprisonment; 5 were later dealt with and two of them received sentences of 6 years imprisonment and fined 350,000 lire between them. Another received 6 years imprisonment; one sentenced to 6 months and ordered to pay 25,000 lire. The fifth man failed to appear in answer to bail and a warrant has been issued for his arrest. 360 persons were reported to the Italian Courts and their cases are now beginning to be heard. The total amount of fines inflicted apart from the amounts mentioned above was 220,000 lire. A number of the persons were dealt with for entering the Province without permission. The net result of the concerted effort was reflected in the state of the Naples Road, and it was due entirely to the untiring efforts of Major Montague and his assorted personnel. In the meantime I had been in contact with the British and American Military Police to deal with the truck drivers who were accepting bribes to carry grain and as a result was able to bring to justice 3 men for illegally dealing in olive oil and bribing Allied personnel. The 3 received sentences of 7 years imprisonment each and were fined 50,000 lire each.

This concerted action brought about a peculiar change in the attitude of some of the Carabinieri with the result that when they made stops on the road they reported the fact that an

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This concerted action brought about a peculiar change in the attitude of some of the Carabinieri with the result that when they made stops on the road they reported the fact that an attempt had been made to bribe them. Several cases were proved and severe sentences given.

The operations of the Bovino Post and the Patrols did not stop at the apprehending of persons concerned in the transport of the contraband. They were examined, the source of the contraband investigated, the farms searched and the suppliers, particularly the large suppliers, suitably dealt with.

Prior to the setting up of the Bovino Post whenever we were able to borrow a truck from a nearby unit we sent out road patrols at night. This put a strain on our own personnel and I am happy to record that the Provincial Commissioner ~~realizing~~ ^{seeing} our difficulties took part himself in our night excursions.

The total number of Allied trucks seized up to the present time is 47: being 22 American, 8 Italian, 5 British, 10 French and 2 Canadian. The next phase of the operations was to create teams to search farms. We were hamstrung for transport. On 25th March the staff was increased with the arrival of Lt. Bolter

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and Lt. Marsh who, fortunately were supplied by Region with a jeep and a 15 cwt truck. This enable the work to proceed. The results justified anticipations. The racket of obtaining extra rations under a cooperative system in the Castellammare Dockyard near Naples had been brought to light in February and in April Lts Bolter and Marsh exposed a similar racket in Naples operative by the combined Electricity Companies employing 30,000 men. The representatives in both cases were entering the Province and illegally exporting grain and cereals to satisfy the demands of these two classes of workers. We now come to present day operations which are a combination of Allied Officers Guardia Pinanza and Carabinieri all operating on a common basis, so much so, that it is now possible to send off squads of specially selected and trained Carabinieri and Guardia Pinanza whenever transport is available. This phase of the operations is tied up with the more frequent use of our informants; and the setting up of a Black Market Court to deal with the offences of failing to amass or obey the Italian Laws relating to amassing.

Valuable work in this direction has been done by Major Montague and Lt. Greenhill who, amongst other duties were assigned to supervise the Italian personnel operating immediately under our control.

In the meantime Lts Marsh and Bolter were making use of their transport to deal with cases where success was dependent upon unrestricted call on transport. As a result of this arrangement the two officers have now ready for Court the following cases.

On 24th April, 1944 Pte E. Addison, A.S.N. 38057462 was approached at Bari and asked if he would take a load of olive oil from Bitonto to Naples. The bribe offered was 50,000 lire. He agreed to do this and later stole a truck from a nearby unit and went to a farm where eight barrels of olive oil; total amount 39.10 quintals were placed on the truck. The sum of money was paid to him by an unknown man. Three Italians boarded the truck with Addison to go to Naples. All were arrested at Foggia by the U.S. Military Police and the case was entrusted to Lts Marsh and Bolter. The three Italians are being tried at Foggia. On night of 19/20 April 1944, two American trucks were stopped at San Severo by Military Police. Both are loaded with grain, total amount 95 quintals. The drivers were Walter J. Hurvey A.S.N. 37042232 168th Infantry, 34th Division and Pte Israel Indiotor, 133rd Infantry, 34th Division. They were accompanied by two other American soldiers, Pte's Hall and Minnetto and three Italian civilians. The civilians and Pte Hall succeeded

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Since 22 April 1944 the Special Squad of N.G. di Finanza and C.O.M.E. acting orders have done very little road patrolling as after four weeks of regular day and night patro-

= 4 =

lling and improvement of blocks, movement had been out down by 75 %.

2. Operations against olive oil producers were undertaken in Serracapriola and Sansevero; about 100 quintals was found and amassed and propaganda work was done which has resulted in a steady stream of voluntary amassing. Also as a result the Commissario Prefettizio has been put on a serious charge of failing to denounce or amass goods.

3. At Serracapriola also a night block was operated for a fortnight against cereal and legume runners resulting in the seizure of over 400 quintals and two big cases. In the first three men from Molfetta were involved with a British truck; the civilians have received the sentences of from 3 to 5 years and a fine of 75,000 lire each and the two soldiers involved have been arrested by SIE and face a Field General Court Martial for accepting bribes and misusing W.D. transport. In the second case involving the chief millowner of Sansevero enquiries are still proceeding.

4. An expedition is at present at Candela under Vice Brigadiere Izzo (CC.HH.) who has already put four charges against a rich landlord named Pattibene Alfonso for failure to amass wheat, cheese and olive oil and possession of Allied property. Considerable anxiety is being shown by black marketers there who have again begun to amass wheat.

5. Inspections of big landowners premises in Lucera district have resulted in Curato Mariannina, a member of the leading family of the city, having to explain 300 quintals of fave and oats. Here also the effect is notable for the Director of the Conserzio reports considerable anxiety on the part of producers to amass.

6. Spot checks on roads near Troia have failed to produce any catches and here it is soundly reported that in their anxiety to amass some producers have actually bought back wheat sold in the black market in order to amass it.

7. At present an expedition under Maresciallo Novaria is working at Trinitapoli and Gerignola against known offenders in that area. The remainder of our CC.HH. under Vice Brigadiere are returning from Serracapriola are doing court

involving the chief millowner of Lucera
proceeding.

4. An expedition is at present at Candela under Vice Brigadiere Izzo (CC.RR.) who has already put four charges against a rich landlord named Pattibene Alfonso for failure to amass wheat, cheese and olive oil and possession of Allied property. Considerable anxiety is being shown by black marketers there who have again begun to amass wheat.

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8. The A.M.G. Black Market Court has been a very big help in creating a proper atmosphere before the new harvest. Summary Courts have been held in Lucera (twice) Troia (twice) and Serracapriola in the last fortnight and Superior Courts at Foggia and Cerignola. Not only have citizens realised that the game is up, but the Italian Courts have come to life and are now helping considerably. The removal to prison by an Italian Court of a rich Troia landlord for 18 months shook the bad men as did the six years sentences passed by the A.M.G. Court at Cerignola or young men of considerable position in society. The Neapolitan are holding off also because they know well that if they are caught they will automatically lose their trucks. A steady flow of information from prisoners is now helping our squad's more than before.

9. So pleased are the Prefect and the Major of CC.RR.

that they have told Izzo and Giustiniani that each can have any other Cra he wishes to strengthen them squads. The work of Maresciallo Capo Roversa (R.O. di Finanza), Fin. Santoro, Fin. Giuliano, Vice Brigadiere Giustiniani (CC.RR.), Cro Colamante and Cro Borsatti, have been particularly good and at least the first four of these appear fully worthy of promotion.

10. At present blocks are operating much better at Foggia after Major Montague arranged coaching on passes and contraband and had the help of other officers in regularly checking that they were doing their job. The Naples Road Block at Bovino is still the key block but is far short of being 100 % as no Military Police are on duty at night. The Orsara and Ofanto blocks are sound, but that on the Portore is fair. An attack on traders in contraband and Allied Property in the Paeto is planned for the near future.

distances

11. Transport problems have been eased a little, but Court work takes up a lot of valuable time owing to the habit of Italian lawyers of talking for long periods. In the last month approximately 700 Processo Verbale's have been read and 40 cases prosecuted in A.M.G. Courts. Lucera cases are being prosecuted admirably by S. Tenente Tortelli.

12. During the past month the following are among outstanding convictions secured :

- (a) Six years prison and 150,000 lire fine (illegal sale of flour)
- (b) Six years prison and 200,000 lire fine (illegal purchase of flour)
- (c) Five years prison and 75,000 lire fine (illegal purchase of cereals, flour, legumi and attempted bribery)
- (d) Three years prison and 75,000 lire fine (illegal purchase of cereals, flour, legumi - two men)
- (e) Eighteen months prison and 20,000 lire fine (failure to amass and illegal sale of wheat)
- (f) Twelve months prison and 10,000 lire fine (two men acting as middlemen between farmers and Neapolitans)
- (g) Ten months prison and 25,000 lire fine (four men acting as middlemen between farmers and Neapolitans)

13.

Cases ready for court include :

- (a) Commissario Prefettorio of Serracapriola. (failure to denounce or amass legumi and olive oil)
- (b) Two rich men in Candela and Lucera. (failure to amass

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- (a) Commissario Prefettizio of Serracapriola. (failure to denounce or amass legumi and olive oil)
- (b) Two rich men in Candela and Lucera. (failure to amass wheat, oats, fave, olive oil and cheese)
- (c) One Countess in Lucera. (Illegal sale of olive oil)
- (d) Two Agents of the R. Questura di Bari (illegal purchase of legumi).
- (e) The Duke of Andria (Illegal sale of olive oil).

14.

Cases in course of investigation include:

- (a) Commissario Prefettizio, S. Paolo Civitate and others (olive oil ring).
- (b) De Biasi. Chief Miller of Poggia. (suspected misappropriation of several thousand quintals of wheat).
- (c) Casillo. Chief Miller of Sansovero. (suspected dealing's in legumi).

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In justice to our Police Officers in the Province I respectfully report that to meet the demands made on the Department it is necessary for me to call upon them for a heavy and sustained effort.

This report is submitted to Provincial Commissioner for forwarding to Col. A.E. Young the Deputy Chief of the Public Safety Commission through R.P.S.O.

Copy for R.P.S.O. attached.

CL Burpee

Lt. Colonel,
SPPSO, Poggia Province.

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Lt. Colonel,
SPPSO, Foggia Province.

3293

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission

Folio *68* for action/information

C.P.S.....

D.C.P.S.....

Ex. Officer... *C. H. W.*

Police.....

Prisons... *P. A.*

Fire & U.D.....

Regn. & Licensing... ..

Adm. Officer.....

Remarks.....

.....

.....

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The Cost of Living for April.

1. Naples.

(a) The black market prices of bread continues to rise in Naples. It was approximately 180 lire per kilogram throughout April and over 100 in the first week of May. It is believed that the situation is largely seasonal and reflects the exhaustion of black market supplies of local wheat from the 1943 harvest. This explanation is evidenced by the great rise in black market bread prices that has occurred recently in country towns and by the almost complete substitution of white bread made from stolen American flour for country bread on the Naples black market.

(b) Black market prices of potatoes and meat also rose during the month to 45 and 800 lire, respectively, per kilogram. However, the black market prices of three very important items have declined. Olive oil declined from about 200 to 240 lire per litre, largely as a result of two small issues of rationed olive oil at the end of March and the end of April. Fish declined very sharply, from 280 to 125 lire per kilogram, largely, it is believed, as a result of the fish marketing programme developed by the Fisheries Division of AOC, and vegetables declined owing to the appearance of spring crops.

(c) During March and April a total of .4 litres of olive oil, 500 grams of sugar, 180 grams of cheese, 800 grams of dried vegetables, 400 grams of canned stem, and a small quantity of dehydrated soup were distributed in Naples in addition to the regular bread ration of 200 grams.

(d) The result of these black market price changes and increased official food distribution has been that the cost of living in Naples has been kept in control, and at the end of April it was lower than at any time since last February. Cost of living figures, in lire per person per week, comparable to those presented in earlier numbers of the monthly report, are given below. These for March are slightly lower from the preliminary figures published last month, since at that time complete information on official distribution was not available.

The cost of living in Naples.
(per person per week)

7 March	545 lire
16 March	362
23 March	352
30 March	373
7 April	365
15 April	337

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Lafayette
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and vegetables declined owing to the appearance of spring crops.

- (c) During March and April a total of .4 liter of olive oil, 600 grams of sugar, 150 grams of cheese, 800 grams of dried vegetables, 400 grams of canned stew, and a small quantity of dehydrated soap were distributed in Naples in addition to the regular bread ration of 800 grams.

- (d) The result of these black market price changes and increased official food distribution has been that the cost of living in Naples has been kept in control, and at the end of April it was lower than at any time since last February. Cost of living figures, in lire per person per week, comparable to those presented in earlier numbers of the monthly report, are given below. These for March are slightly lower than the preliminary figures published last month, since at that time complete information on official distribution was not available.

The cost of living in Naples.
(per person per week)

7 March	343	lire
15 March	362	
23 March	352	
30 March	378	
7 April	365	
15 April	337	
23 April	331	
30 April	335	

3292

2. Lucania and Calabria.

- (a) An excellent study of the cost of living in Matera, Potenza, Catanzaro and Cosenza on 15 April has been made by Region II, using a budget basis of calculation approximately the same as that used in the studies of this Headquarters. Making a few changes in their calculations to make their April figures strictly comparable with those prepared by this Headquarters for earlier dates gives the following comparison:

	December 1943	January 1944	April 1944
	(lire per person per week)		
Catanzaro	85	120	150
Cosenza	120	140	180
Catara	80	75	120
Potenza	90	100	150
Reggio	200	240	330

- (b) The changes in these figures relative to each other result principally from the current seasonal shortage of local supplies of black market bread, a situation that favors (relatively) cities like Reggio in which American flour is more readily obtainable through illicit channels, and West handlooms (relatively) cities like Catara that are in the midst of the grain growing area. All available evidence indicates that the price of black market bread is rising rapidly in all the smaller towns in Southern Italy.

The foregoing is a reproduction from the Finance Sub-Commission Report from April 1944, Para. 2, pgs. 4 & 5 top of 5.

J. J. LAYLER
Lt. Col. U.S.O.G.S.
Finance Sub-Commission

JJL/ST

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HEAD HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
APO 394

May 8, 1944

AGC/14006/PS

SUBJECT : Black Market Activities.

TO : AFSC Region 5

1. I am very interested in the report of Lta. Belter and Marsh on Black Market activities in the Foggia area.

I am sending a copy to the Executive Commissioner.

Would you be good enough to let me have some facts about the individual cases particularly those in which Allied personnel have been involved because I believe that this HQ ought to initiate some further action to deal with this very serious state of affairs.

A. R. YOUNG, Colonel
Deputy Chief, Public Safety
Sub-Commission

AEY/hgd

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REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
APO 394

64^A file
66A

May 8, 1944

ACC/14006/PS

SUBJECT : Black Market Activities, Region 5

TO : Executive Commissioner.

1. I think you should see the attached copy of a report which I have this day received from the RPO Reg. 5 and which discloses a very regrettable state of affairs.

2. I have asked Reg. 5 for further details of specific cases because I feel that besides being "au fait" with this matter, it is probable that this HQ can take some further action to deal with it.

A. E. YOUNG, Colonel
Deputy Chief, Public Safety
Sub-Commission

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HEADQUARTERS PENINSULAR BASE SECTION

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INS

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APR 18 03 12Z
S 3630
RUMR

ACTION 03 FEBRUARY

UNCLASSIFIED NEWS RELEASE PROGRAM. HIS DRIVE AGAINST BLACK MARKET WAS ANNOUNCED TODAY IN STATEMENT ISSUED BY OFFICE OF THE HIGH COMMISSIONER FOR SICILY, MOSOTEO. 1,250 QUINTALS OF OLIVE OIL, THAT WERE KEPT FOR SALE ON BLACK MARKET, HAVE BEEN SEIZED BY POLICE AND WILL BE DISTRIBUTED TO POPULATION UNDER STRICT CONTROL OF ALTO COMMISSIONARIO, IT WAS DISCLOSED. STATEMENT ADDED THAT ALL LICENSES ARE BEING TAKEN AWAY FROM WHOLESALE AND RETAIL MERCHANTS, WHO HAVE HIDDEN FOOD STUFFS AND CAUSED SHORTAGE OF SAME PRODUCT. ALL CAN PERMITS HAVE BEEN TAKEN AWAY FROM SAME PEOPLE, TO AVOID ILLEGIT CIRCULATION OF FOOD PRODUCTS FOR BLACK MARKET PURPOSES LATER.

ADD LIST

INFO: CDS GEN	1
DMC	1
HIGH GEN	1
ADM SMC	1
C A BR	1
F SAFETY	1
INFO BR	1
FILE	1
FLOAT	1



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REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission

55A

22 March 1944.

ACC/14006/PS

SUBJECT: Alleged Black Market Operations.

TO : C.P.S.

In consequence of complaint by Lt. Col. Middlewood, G.S.O. 2 Economic Section and of his observations in alleged black market operations in wheat on the Foggia, Avellino, Benevento Road (File ACC/14006/PS), I visited Food Sub-Commission on 14 March 1944 and in the absence of Lt. Col. Legg, I interviewed Major G.H.R. Smallwood, Capt. Parker and Major Humphrey.

Later I saw Lt. Col. Francis FPSO, Region III who was aware of the complaint and fully conversant with the conditions and the facts in the provinces. He informed me that Police had been active on the road mentioned and stated that on several occasions they confiscated grain and deposited it in Benevento warehouses. This was at a time when the distribution of food could not be carried out owing to the lack of transportation facilities. Enough grain has been confiscated to feed Benevento for two days.

Had it not been for the issue of confiscated grain to the people of Benevento, there would certainly have been public demonstrations and possibly riots.

Small quantities carried by individuals are not, in Lt. Col. Francis' opinion, reaching the Black Market, but are being used by the people themselves for their families.

Provincial warehouses in Benevento and Avellino have their quota for distribution, but this cannot be properly carried out owing to lack of transport, as a result the people are searching elsewhere for food.

The fact that this grain is obtainable, is certainly in my opinion preventing serious trouble in the towns mentioned.

Since the police raids on the road, large quantities being carried away on carts have ceased.

The Regional P.S.O. as above stated is fully aware of what is happening. He is calling in the Provincial P.S.O's for a conference on the 23rd inst. when the matter will be discussed.

I agree with Lt. Col. Francis that at the moment it would be disastrous to entirely stop the small quantities being obtained, but nevertheless, he is making enquiries and investigations into the source of supply.

Recently, I personally was on this road and spoke to Major Armstrong, Major Stephens who had been dealing with these allegations, and am of the opinion that the P.S.O's mentioned in this report are dealing with the matter in a capable and tactful manner.

See. Copy is to Col. Legg for his information.
OK PSK AG. 22/ March.

E. P. Picking
E. PICKING Lt. Col.

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission.

File that not already on file **52A**
22 February 1944.

2/27/44
SUBJECT: Black Market

TO : C. P. S.

To put down black market and irregular traffic, only the most severe penalties by the Tribunals and strict application of the food laws by Enforcement Officers will have any desired effect.

A vigorous search by Alimentation Enforcement Officers should be instituted. Pressure should be brought to bear by the Italian Authorities to see that this is done particularly as regards large stocks concealed in farms.

Enquiries should be instituted to ascertain the source of supply to the numerous shops which are opening up for the sale of sweetcakes, etc. Who controls these shops? Are they registered?

There should be strict enforcement of price control.

Prices to consumers should be posted - in each Region.

Legal Price control offences which have been brought before the Italian Tribunals are being dealt with too leniently, and are no deterrent for contravention of control; fines have been as low as 30 lire, the average being about 1200 which is readily paid by the offender.

As a result of this lenient treatment, the law enforcement officers apparently are taking less interest in their duties and are becoming apathetic.

The Public should be invited to inform the Police of cases where excessive charges are being made.

Considerable leakage has previously been allowed by the issue of permits to obtain food from the farms without sufficient investigation into the bona-fides of applicants.

I went through the suggestion with Capt. E. I. Dion, Food Shortage Sub-Commission, re: Application by producers for permission to transfer foodstuffs, among which are flour, wheat, and olive oil, from their farms to residences for personal consumption. Many of the passes issued related to vicinity of the Naples - Foggia road which led to special observation in the belief that Black Market activities were rife in that district.

The following suggestions were made:

- 3286**
- (1). Applicants to furnish the addresses of their farms and residences.
 - (2). Applicants provide written proof that they are entitled to

-2-

Retention Allowances, and are not in possession of non-producers' Ration Cards.

- (3) Applicants to provide written proof that they have complied with the laws and have fully met their commitments to the Amassing Authorities in regard to wheat and olive oil.
- (4) Quantities of Rationed Foods for which application is made shall not exceed the proportionate amounts of the Retention Allowances according to number of months remaining in the year, ending June 30.
- (5) On completion of movement of foodstuffs the authorizations to be returned to the issuing office for an indelible cancellation and handed back to the applicant.

Contravention of Alimentation Laws in 1942.

In Naples Province records show for the year 1942, 3000 cases per month. In the same area at present it is less than 100 monthly. Allowing for the temporary breakdown of the system of enforcement owing to the change over to Allied Occupation the figures still seem to indicate a slacking of control, which should be brought to the notice of the Inspector of Alimentation, through a higher level.

Leakage between ship and warehouse, and warehouse to wholesaler and on down to retailer seems to have been checked.

Enlisted men are to take the place of civilians at the Ports. One Officer will be in charge and only on his authority can removal from warehouse be made.

Ships to warehouse and to wholesaler will be made under escort of Carabinieri. Weight and quantity tickets are issued for each movement and no complaints are being received of short weight even down to retailer level. This would apparently indicate the following sources for investigation:

- (1) Quantities hidden at Farms.
- (2) Prices charged at Warehouse to retailers.
- (3) Retailer's charge to consumer.

Ration scales have been circulated to all Regions and to 5th & 8th Armies.

Allegations that members of the Carabinieri are involved in illicit dealings have come to light through recent extracts from Civil Censorship. Such cases have been passed on to the Regional Commission in whose Region the alleged offences occur, for their information and necessary action.

Complaints are being made in all parts of the country and unless the Italian authorities are prepared to rigidly apply the enforcement laws, inflict penalties on offenders, control high prices, etc., the so-called Black Market will continue to exist.

W. H. R. 285
Lt. Col.

785016

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

WJL/ml

2 February 44

TO : PUBLIC SECURITY - Salerno

FROM : Food Sub-Commission

1. The appended copy of a letter is forwarded for information.
2. This confirms earlier reports and it would be appreciated if action could be taken to remedy the situation.
3. The problem is being discussed at conference ACC Headquarters with supply officers on the 7 February.

By Command of Lt. General MAGFARLANE

WJL
W.J. LEEG
Lt. Col. RASC
Director, Food Sub-Commission

Lt Col Pickering

CPS wishes you to attend this meeting, primarily as an observer, but also in case any wild ideas as to what public safety can do in the matter are put forward. You will also be able to advise on the possibility, or otherwise, of some of the suggestions, from a practical P.S. point of view.

Slings

5/4/44

*10. to 12.30pm
and 2pm for
Room 20*

3284

785016

(Copy of message received 31 January 1944)

SUBJECT: Civilian Rations

AFCQ., Adv Admin Echelon, CMF
 Tel: Ext. 131/132
 Ref: 5/1/LAB.
 Date: 28 Jan 44.

TO : C.A.O., AMG Region III.

1. On a recent visit to Torre Annunziata a queue composed of men, women and children were noticed drawing beans from a shop in the main street almost opposite the A.M.G. office. On investigation, it was ascertained that the issue was under the auspices of the communist party who apparently have always been a strong force in that town. It is wondered how the beans were obtained and if it is to be allowed for a political party to be using this means of propaganda. It is suggested it is a dangerous precedent.

2. On a recent journey to Bari, hundreds of men and women were seen on the road to Foggia carrying empty sacks and a similar number returning from Foggia direction carrying a part of a sack of wheat some on bicycles but mostly on foot. The people had walked out from Naples to purchase wheat direct from the peasants. Several parties were interviewed and all said they were nearly starving in Naples, and they had to come out to buy corn and could do so at 30 to 35 lire per kilo.

It was estimated 1,000 people were seen carrying corn into Naples, and a similar number on the way out. It was noticed the pilgrimage ceased at a point 39 miles west of Foggia, proving the fact that food is more plentiful in that area.

At two or three farmsteads on the roadside peasants with pack mules were halted and larger numbers of civilians were in the vicinity. It was apparent these were collecting and issuing points for the grain; Carabinieri and Italian Military were at these farms and one wondered if they were there to supervise this apparent illegal business or there to share in the spoils. It is suggested some action should be taken:

- (1) To regularise it
- (2) To prevent such transactions
- (3) To demand all corn to be sent in to a central point and distributed equally amongst the population.

(Signed) W.E. Lyde
 W.E. LYDE
 Lt. Col.
 A.D.L. (Civil)

Copy to:

Chief of Food Sub-commission, ACC HQ
 Col. Warren
 Col. Lawley
 Major Wiss
 AQMG 920AFHQ. (AAE)

Foggia is the biggest grain producing province in S. Italy.

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47A

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

A
3 February 1944

TO : Col. Kirk
Public Safety, Sub-Commission
A.C.C.

FROM : Food Sub-Commission

47B

The attached report from Economics and Supply is forwarded to you. The enclosed report is connected with the two other reports already forwarded to you.

WJL
W.J. LEGG
Lt. Col. RASC
Chief, Food Sub-Commission

3282

Dispatch

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HEADQUARTERS REGION 4 MAIN
ALLIED MILITARY GOVERNMENT
APO 394

47B

TO : Lt. Col., Legg Food Sub-Commission ACC
FROM : Econ & Supply, Reg. 4
SUBJECT : Grain Amassing, Foggia
REF : RL/ES/011
DATE : 27 January 1944

1. Records of amassed wheat and comparative situation report as of 15 January 1944 furnished you yesterday.
2. The problem of amassing grain and olive oil in Foggia Province was beset from the beginning with countless obstacles and difficulties. Among others; shortage of transport, shortage of containers, (sacks), small numbers of AMG personnel, unpopularity of amassing system, uncertainty of prices and payments, poorly controlled requisitioning and much looting by Army and Air Forces, dispersal of records and civilian personnel, replacement of Fascist minded officials and complaints against others and the lure of big money in the "Black Market" all made their contributions.
3. Since the beginning of the New Year and particularly since the publication of prices and the allocation of 15 trucks from No. 2 Dist. for the collection of grain, prospects of amassing have brightened considerably.
4. Confiscation of considerable grain about to leave the province has been carried out by C.A.P.O. and staff Foggia Province and by members of the C.C.R.R. set up at various check points. Drivers of military vehicles are big offenders even since publication of restrictive orders re. carrying of civilians and unauthorized supplies. On Tuesday 18 Jan. S.C.A.O. and C.A.P.O. Foggia Province apprehended 3 trucks driven by American colored EM's near Troia. Each truck was loaded with 42 sacks of grain aggregating approximately 10 1/2 tons. The trucks were numbered on the windshields 566, 559, 587, 566 numbered on engine hood US 4390437 and front bumper from right to left, P.B.S. 580-3-08-10. 587, numbered US 4222170. Drivers, loads and vehicles were taken in custody by C.A.P.O. Foggia. In this as in other cases I believe that all diligence is being used by capable officers to bring guilty parties to account.
5. A drive to amass in Foggia province is now in progress under direction of Capt. J.D. Sinclair Econ & Supply Reg. 4, attached Foggia Province AMG. A provincial order has been published making infractions of Italian amassing laws punishable by AMG. The most use possible is also being made of the recently announced grain and oil prices.
- 7.

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If a more determined policy is to be adopted to bring in assessable products in Foggia Province extra vehicles, officers and guards C.C.R.R. Guardia Finanza and C.M.P. both British and American will be required.

S.W. ARCHIBALD
Lt. Col., RCE
Dir. Econ & Sup., Reg. 4

785016

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
INTERIOR SUB-COMMISSION

46A

24 January 1944

SUBJECT: Pedestrians on Foggia-Naples Road.

To : Director, Food Control Commission

1. On Saturday evening, the 22nd January, I drove up for some 8 miles on the Naples road from Foggia in the company of the SCAG, Lt. Col. Temperley. I noticed an enormous number of pedestrians walking towards Naples, on the road, each carrying what appeared to me to be, wheat or flour, or "paste".

2. I was informed by Lt. Col. Temperley that, in his opinion, this was flour (or wheat) etc, roughly, the extent of 90%, being transported into Naples for the Black Market. He was of the opinion that 10% was "paste" being taken in by relations or friends as a gift.

3. On Sunday, the 23rd January, when I was returning from Foggia to Naples, I knowingly state that all along the road from Foggia as far as Averiano, there appeared to be a constant stream of traffic. This stream was reinforced by innumerable carts of all descriptions, which were packed with sacks, presumably, of wheat or flour. I must here state that I did not examine the contents of the sacks.

4. Knowing that you might be interested in such a subject, I took a test from the car, as we drove, for 5 minutes on my watch. In this period I counted 50 pedestrians exactly, carrying a full sack on their heads, and 9 carts, loaded to a maximum, with similar sacks.

5. After we had passed Averiano, the stream seemed to die out.

6. I have little doubt in my own mind, from what I personally observed, that this is organised, in view of the fact that on the sides of the road, there were groups of young men, girls, and others, waiting, empty-handed in order, I surmise, to take over the load and carry it on to the next stage. Further evidence of this is that in the same period which I have mentioned above, Captain Temple counted 20 pedestrians waiting back in a group, on his side of the car, empty-handed. I have little doubt that this party had delivered their load and were returning to their loading point. I wish to emphasize that I cannot be accurate in regard to the contents of the sacks, but the SCAG himself gave me the information which I have stated above. The Capt. Foggia informed me that his goods were full. Outside Foggia, the SCAG had a suitcase check, but this was largely vehicles. I also noticed many military vehicles giving lifts to civilians, and noticed on these vehicles, many sacks similar to those described above.

R.B. S. 3-1038

Lt. Col.

Acting Director

Interior Sub-Commission 3279

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44A

HEADQUARTERS
ALLIED CONTROL COMMISSION
Food Sub-Commission
A.P.O. 394

WJL/11

B/F 1006

16 February 1944

ACC/80-1/FOOD

SUBJECT: Food Supply & Distribution Data.

TO : Chief, Public Safety, Colonel KIPP.

1. Your letter ACC/14006/PS is reference.
2. I am in complete agreement with this opinion expressed and the necessity for cooperation.
3. Further I am most anxious to obtain the full support of Public Safety Sub-Commission in putting down black market and irregular trafficking.
4. The following list comprises the existing scale of rationed commodities:

a. Ration Scale:

Ration Card / Bread/Flour/Pasta, to a total of 200 grams per Holders Only) capita per day.

For	Sugar	250 grams per month or 8.3 per capita per day.
All		
Persons)	Dried Beans	100 grams per capita for the month of March.
	Dehydrated Soup	250 grs. per capita for the month of March.

Non Producers. Olive Oil, Sicily. 1 litre per capita per month.

Reggio	1	"	"	"	"	"
Cosenza	1	"	"	"	"	"
Catanzaro)						
Matera	100	grams	"	"	"	"
Potenza	100	"	"	"	"	"
Salerno	300	"	"	"	"	"
Apulia	700	"	"	"	"	"
Region IV	800	"	"	"	"	"
Region III	500	"	"	"	"	"

When Available.

3278

Price Scale to Consumers.

Bread.	All Regions.	3.60 lire per Kilogram
Flour.	"	4.10 " " "

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CONTINUED:

-2-

16 Feb. 1944

Sugar	All Regions	15.00	Lira per Kilogram
Dried Peas	"	30	"
Dehydrated Soups	"	50	"
Olive Oil:	Region I.		
1st Quality		35.50	" " Litre
2nd		33.50	" "
3rd		31.50	" "
	Region II.		
1st Quality		34.00	" " "
2nd		32.00	" " "
3rd		32.50	" " "
	Region III.		
1st Quality		27	" " "
	Region IV.		
1st Quality		25.00	" " "
2nd Quality		23.00	" " "
3rd Quality		21.00	" " "

5. Provision has been made under authority of AFHQ order 107/40 of 6th February 1944 for the supply of a meal to Italian Civilians performing manual work for the Allied Forces per shift of eight hours or more, consisting of:

Flour	1/4 lb.)	
or Bread	1/3 lb.)	
Fresh Vegetables	6 oz.	Per Person
Fresh Meat	1 oz.	
or Dehydrated Soup	4/5 oz.)	

2. (i) Normal Consumer--Provincial Ration Card.

(ii) Persons engaged in legitimate transportation would be in possession of a document issued by Alimentation Office.

4. Frozen Commodities, applicable to all Regions are:

Olive Oil	Sugar
Grain	Dried Fruits
Pulses	Fish
	Meat

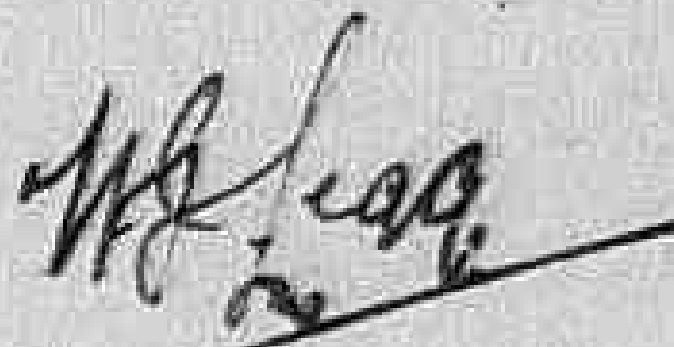
3277

CONTINUED:

-3-

16 Feb. 1944

5. I should welcome liaison with your appointed officer to elaborate the foregoing and to discuss the wider field of operations and policy.



W. T. LEOG
Lt. Col., RASC
Chief, Food Sub-Commission

Ole

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REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

16 February 1944

OO/14006/PS

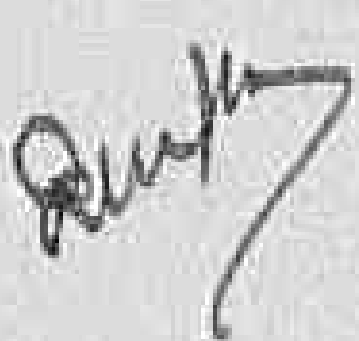
SUBJECT: Control of Movement of Hemp.

C : RC & MD Section.

Reference attached from Region III, the SCAO SALERNO Province and GAO SALERNO Town have been interviewed and have agreed to cooperate in the control of movement of hemp on roads in the area near the provincial boundary as well as to and from the factory in SALERNO.

STANSGATE
Vice-President
Administrative-Section.

ltd.



3270

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HEADQUARTERS
N 3 FIFTH ARMY
A.D.O. 464 U. S. ARMY
LEGAL DIVISION

b2

12 January, 1944.
208/CL/30

SUBJECT: Wrongful Possession of Property of the Allied Forces.

TO: SCALOs of all Corps.

1. Members of the Allied Forces are selling or giving away to Italian civilians cigarettes and other commodities received from army sources (including IX and MALFI), and these commodities are being dealt in by Italian civilians for profit. 15th Army Group has decided that the large scale traffic which is occurring in these commodities is obnoxious in view of the fact that the commodities in question were never intended for the Italian civilian population. Consequently any person who is found to be engaging in commercial traffic therein, will be prosecuted in Allied Military Courts for wrongful possession of property of the Allied Forces under par. (20) of Art. 11 Proclamation No. 2.

2. The possession itself of such commodities shall henceforth constitute sufficient prima facie proof of a charge of wrongful possession; this has the effect of casting the burden on the accused of proving that his possession is authorized, or not wrongful. Theoretically the accused may meet such burden of proof by proving that he received the cigarettes or chocolate or other commodities as a gift from an American soldier (or directly or indirectly from one who received them as a gift from an American soldier), who in turn purchased them from a PX or received them as a gift from non-governmental sources from the United States or elsewhere; or similarly through a British soldier who received them

1. Members of the Allied Forces are selling or giving away to Italian civilians cigarettes and other commodities received from army sources (including PX and NAAFI), and these commodities are being dealt in by Italian civilians for profit. 15th Army Group has decided that the large scale traffic which is occurring in these commodities is obnoxious in view of the fact that the commodities in question were never intended for the Italian civilian population. Consequently any person who is found to be engaging in commercial traffic therein, will be prosecuted in Allied Military Courts for wrongful possession of property of the Allied Forces under par. (10) of Art. 11 Proclamation No. 2.

2. The possession itself of such commodities shall henceforth constitute sufficient prima facie proof of a charge of wrongful possession; this has the effect of casting the burden on the accused of proving that his possession is authorized, or not wrongful. Theoretically the accused may meet such burden of proof by proving that he received the cigarettes or chocolate or other commodities as a gift from an American soldier (or directly or indirectly from one who received them as a gift from an American soldier), who in turn purchased them from a PX or received them as a gift from non-governmental sources from the United States or elsewhere; or similarly through a British soldier who received them as a gift from non-governmental sources from home or elsewhere. A British soldier who purchases from NAAFI has no authority even to give away the article purchased, but an American soldier who purchases from a PX, while he may not resell, violates no regulation or order in making a gift of what he has purchased.

3. In view of the fact therefore, that a charge of wrongful possession will in effect be tantamount to conviction, the charge should not be made in the ordinary case where the civilian has only

785016

a small quantity of cigarettes or candy or other commodity, inasmuch as this might possibly have come directly or indirectly from a soldier who had authority to make such a gift. This of course refers only to commodities which are sold by the PX or might come from non-governmental sources, for a soldier has under no conditions authority to give away any commodity which constitutes a part of his ration, such as a can of "C" or a box of "K" rations.

4. After the foregoing directive has been put into effect, kindly report to this Headquarters the results obtained, together with recommendations concerning its continuance.

By order of Colonel HUME:

D.R.B. Minors Capt.
D.R.B. MINORS,
Capt., Scots Guards,
G-3

DISTRIBUTION:

12 to II Corps
12 to GEF
12 to X Corps
3 C.L.O., 15th Army Group
3 R.C.L.O., Region IV Hq.
15 spares
1 file

785016

file
411A

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
APO 394

ACC/14006/ES

13 February 1944

SUBJECT: Control of Movement of Hemp.

TO : adm. Section

411B

Reference attached from Region III the SCALO SALERNO Province and CAG SALERNO Town have been interviewed and have agreed to co-operate in the control of movement of hemp on roads in the area near the provincial boundary as well as to and from the factory in SALERNO.

[Signature]

R.H. J. MARTIN
Lt. Col.
for C.P.S.

Copy to : RCAFPO Region II with copy of minute
from Region III

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R. W. J. MARTIN
Lt. Col.
for C.P.S.

Copy to : RCAPD Region II with copy of minute
from Region III

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HEADQUARTERS
REGION 3 ALLIED MILITARY GOVERNMENT
APO 394 U.S. ARMY

41B

MEMORANDUM

29 January, 1944

TO : HQ, AMG, ACMF.

1. In the whole of Region 3 Hemp Area the system of control of the roads to avoid the movement of Hemp and/or hemp products without the necessary signed authority, is working very well, and the effect is already evident - the black market is nearly dead.
2. It is essential, however, to have a similar control on the borders of Region 2 Salerno, because the spinning industry, particularly at Sarno, has a lot of raw material in its hands, and the hemp product therefrom is leaking out freely into the black market.
3. It is requested, therefore, Region 2 be asked to exercise for a time at least strict control round the factory areas with very special attention in the districts of Sarno, Santa Lucia di Cava dei Tirreni and in Salerno itself.
4. Copies of our various Proclamations are attached hereto, and the terms of same can be used as a guide to Region 2.

LORD FORRESTER
Lt. Colonel, R.H.G.
Chief of Staff.

Copy to S.C.A.O. Naples Prov

Incl:

Proc. dtd 15 Jan 44

Proc. dtd 7 Jan 44

3272

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HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission

40A

10 February 1944.

ACC/14006/13

SUBJECT: Food Supply & Distribution Data.

TO : Lt. Col. W. J. Legs, Director Food Sub-Commission,
(through Admin. Section).

1. You will probably recall that one of the conclusions reached by the Black Market Committee was: "It is therefore recommended that should additional supplies of wheat flour or grain products be brought to the island by AMG, there be, in advance of their arrival, close co-ordination and agreement upon the method of handling and distributing such supplies between the Civilian Supply and Public Safety agencies. Otherwise there is grave danger of additional supplies themselves reaching the Black Market."

2. The foregoing recommendation was applicable to Sicily which was the object of considerable concern at the time; and of course since then innumerable changes of personnel and organization, as well as locations have taken place. The conclusion reached, however, still is sound.

3. It was with this in view that I requested information as to prospective ship arrivals, which you have furnished, beginning 2 Feb. 1944, and with your consent, designated Lt. Col. Pickering of this Sub-Commission to attend the conference of Supply Officers conducted by you on Feb. 7. Similarly you have advised me of alleged Black Market operations which have come to your attention, and which have been investigated.

4. But it is my belief, and I think you will agree, that we can and should go further in the broader application of the committee's conclusion, and especially so, since ACC has now taken on a firm organization with centralized authority. And I realize that you have to do with crops produced in Italy as well as with imported foodstuffs.

5. Accordingly, I should like to have, if available, information regarding the following:-

- a. What now are the rationed commodities?
- b. What constitutes the ration, and what supplements are there for special classes of persons?
- c. What manifest or other written evidence of rightful possession or ownership is issued to persons, or to carriers of such commodities?
- d. What are the areas, if any, where particular commodities are 'frozen' or the movement thereof otherwise restricted?

3271

-2-

5. What are the weak or vulnerable points, in your opinion, in the stream of supply which should be the object of special attention of the police agencies of Italy?

6. I should be pleased to designate an officer of this Sub-Commission to confer with one designated by you for the purpose of consolidating available data regarding the above queries. Perhaps we then can address ourselves again to the task on an organized, national basis, and avoid the 'squirrel-hunting' and prosecution of petty offenders, which results in the dispersion of forces and inconsequential results.

WILLIAM G. AIRS,
Colonel, Infantry,
Chief, Public Safety
Sub-Commission.

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CONFIDENTIAL

file 10006

36A

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
AFC 394

2 February 1944

SUBJECT: Black Market on Foggia Naples road.

TO : Col. F.G. Kirk, Chief, Public Safety Sub-Commission.

We arrived in FOGGIA the night of Jan. 30/44. The following morning we conferred with Col. ANDREWS, C. I. O. of FOGGIA City and the C.A.P.O. CAPT. HILLS. On the same date we went to TURRUSMAGIONE where the Provincia people are located in order to get a better picture of the Black Market situation.

We conferred with MAJOR L. MONTAGUE Assit C.A.P.O. and found that the Provincia officials are doing everything in their power to reduce the Black Market to a minimum. They have appointed one Officer LT. W.M. GREENHILL to make inquiries on Black Market. In the month of December 1943, 25 major cases have been dealt with and about 500 foot passengers have been stopped for carrying small quantity of food. MAJOR MONTAGUE stated that the fines imposed are too light to prevent the repetition of the above mentioned offences. Provincia officials state that the main obstacle to prevent Black Market on the road FOGGIA - NAPLES is the lack of an adequate police force. There are 125 M.P.'s in the city of FOGGIA, 30 are used in administrative work, 35 are guarding billets and the rest are doing actual police work. The Provincia officials believe that in order to control effectively the black market on the FOGGIA - NAPLES road is necessary to create a joint motor patrol to function 24 hours a day. Said patrol should be made of one C. I. officer, British and American M.P.'s plus the CC. RR. We are of the same opinion because the Carabinieri are in no position to stop British and American military trucks.

On Monday Jan. 31 at 1415 hours we departed from FOGGIA to make a thorough investigation on the FOGGIA - AVERLINO - NAPLES road. We stopped practically all pedestrians, carts, civil and military trucks carrying a load of any sort in order to examine their contents. Concerning pedestrians we must here state that there is no evidence of an organized group carrying wheat to be sold on the Black Market. What amount the pedestrians carry is for their own use and in the majority of cases we have found that the contents of their sacks is not wheat or flour, but corn or horse-beans.

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2-

They carry a load of about 50 lbs. in order to have supply for a certain length of time because it would be impossible for them to make such a trip very often.

On the stretch of road between FOGGIA and MONTAGUTO BIVIO, we stopped six carts and opened their sacks and examined the contents, and found that, of the six, two were carrying horse-beans and corn, one was carrying 30 sacks of flour from FOGGIA and PANTHI - whilst the sixth cart was carrying food for military horses located at the MONTAGUTO R. R. Station. On the same stretch of road we stopped one civilian truck, one British truck, and one American C & R car. The civilian truck was carrying a few sacks of horse-beans, some wood and a few passengers. The British truck was stopped along the road but it was empty. The driver was talking with two girls carrying two small sacks of corn, but certainly not for selling on the black market. We ordered the driver to move on. The American C & R car was halted near the MONTAGUTO R. R. Station; two girls were in it and they had three sacks of flour about 25 lbs. each, which flour was legally purchased in FOGGIA and had the approval of the CONSORZIO officials. They were returning to their home in NOLA (NAPLES). We ordered the C & R car to proceed to its destination after giving the driver a severe warning and ordering the girls to make their way on foot.

W. R. R. R. R.
Capt.

GRIZZARD G. A. MASTROIANI,
1st Lt. Infantry

3200

785016

Black Market file 7A 14006

Proposal of Brig. Parkinson

33A

1. The supply of 15,000 tons of flour a month is required for last quarter of the year.
2. This flour should be released at convenient ports to ease transportation problems, accompanied by wide publicity & propaganda to force bidders to disgorge.
3. Take over demand for official grain storage and place under strict and central distribution.
4. Selection of bidders to whom flour is distributed should be made, eliminating those whose integrity is doubtful from any point of view.
5. Bids should be stamped with the name (or serial number) of the bidder, authorized to sell bread to that particular customer. This should be done at the time and place of issue. (Consider emergency ration issue)
6. At the end of each day the number of coupons turned into a central collection Agency and the total issued be balanced against the flour issued to him each month.
7. Put up in every bakery in large print, the amount of bread each coupon entitles the customer to have.
8. Enlist agents everywhere to look for violations of the regulations, particularly the sale of stolen or forged coupon books to bidders.
9. Demand for more transport in the procedure to insure distribution.
10. The 300 grams of bread now issued might be varied by issuing 150 grams of rations on designated days. (Good psychological effect)
11. Bread lines should be controlled to insure equal distribution.
12. The export of rice from the island should be prohibited at once and arrangements should be initiated to find methods of using the available rice crop to supplement the wheat ration. Not find buckley. Look into crop
13. Some consideration should be given to increase the caloric value of the ration to meet individual requirements. (Gradations and study)
14. Mixing of other flour with wheat flour. (Does in England) (Not rice; 88% flour is bread)
15. Increase the strength and water absorbing capacity of wheat flour by the addition of ingredients (insulated with a view to getting a greater number of loaves from a given quantity of flour).

3267

RECOMMENDATIONS

14. Educate the public to make more use of other foods available on the island.
17. Food subsidy and price fixing.
18. Schools should be opened immediately and free hot meals be provided for all children. (Soup.)
19. The feeding program should be instituted regardless whether the schools are opened for educational purposes or not.

Prepared by:
Public Health Sub-Commission, A.F.C.
15 November, 1943.

785016

Public Safety
P/K. 29A

RESTRICTED

COLLECTED COPY
ADM ORDER #1 REAR

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

17 January 1944.

ADMINISTRATIVE ORDER)
NUMBER - - 1)

RECONSTITUTION OF FOOD SUB-COMMISSION

1. Effective 14 January 1944, the Food Sub-Commission will operate under the Economic Directorate and is reconstituted as follows:

Lt. Col. W. J. Legg	(B)	Central Economic Committee
Major S. P. McCreadie	(B)	Interior Sub-Commission
Capt. A. J. Parker	(B)	Interior Sub-Commission
Capt. F. F. Gregory	(B)	Interior Sub-Commission

a. The office of the Sub-Commission will occupy Room 8B, 2nd Floor, Provincia Building.

b. The Interior Sub-Commission no longer has any responsibility for food distribution and rationing.

By command of Lieut. General MAC FARLANE:

OFFICIAL:

L. W. Stearns
L. W. STEARNS,
Capt., AGD,
Actg. Asst. Adj. Gen.

L. W. STEARNS, 3265
Capt., AGD,
Actg. Asst. Adj. Gen.

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B/F 14006
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785016

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Public Safety Division

8 January 1944

AMG/15006/PS

SUBJECT:- Request for Black Market Information.

TO :- Col. E. H. Foley, Jr., Finance Sub-Commission.

1. The questions posed by your letter of 30 Dec. 1943 on the above subject, received by me this date, define, in effect, the Black Market problem; and the answers thereto, if available, would present its solution.

2. But the answers are not determinable at present. The Black Market basically is not a police problem. It is a problem of production, supply, and distribution. Unless and until a system is established, or the previous system restored, whereby inspectors visiting producing areas, can estimate the probable yield, and thereupon make a demand upon the producer that so many quintals, or other unit of measure, be presented at the Amasco or other depository under penalty for default; unless and until means of transportation are afforded to the producer or processor for the movement of his commodity; unless and until the stream of supply is closely defined and regulated, as it once was, the Black Market, so-called, will continue to flourish. If, as has been reported, there is a surplus of olives or olive oil in Bari, and a shortage elsewhere, and transportation cannot be provided to the legitimate dealer to move his product thereto, the economic principle of supply and demand operates in the latter place and we call it Black Market. Transportation would alleviate if not eliminate the resultant condition. So far as meat is concerned, the system of livestock registration must be reestablished both as a means of directing distribution and of enforcing sanitation measures in slaughtering.

3. The foregoing considerations undoubtedly are familiar to you. I mention them to indicate how far removed in my judgment the ultimate solution to the situation is from one of police prosecution.

4. From a purely administrative point of view I should also point out, that, as created this sub-commission or division as it is called under AMG, is not an operating agency, but a planning or staff agency. Its jurisdiction is restricted to Regions I and II. The Regions, in accordance with G.O. No. 8, JAG Hq., conduct the direction of operation, i.e. the investigations, arrests and prosecutions, except in the major cases, when they are expected to report the matter to the Director of Special Prosecutions as prescribed in the legal sub-commission letter on the subject dated Dec. 6, 1943, copy of which is enclosed. No major Black Market cases as therein defined have been reported. And, in view of the DCMG's letter of 1 Jan. 1944 to the regions, they will not hereafter be the subject of reports to this Hq. unless the DCMG calls for them.

5. This communication does not answer your questions. And, in all candor, I do not believe that anyone can answer them in view of the existing

-2-

organization or lack of it. Recent advice is that the Central Economic Committee is directing its attention to the restoration of the Italian commodity control system. When this is done, the Italian police, if operated from a central source, can address itself to the Black Market problem at large. It will be able to report the extent of the Black Market because it will be able to determine from the food control people how much has been produced and how much has passed through the prescribed storing and distribution channels.

6. Finally, it should be said that the police, despite the multitudinous extraneous tasks imposed upon them, are not ignoring the problem. Arrests and prosecutions are being made. Sentences, at least in Sicily, are severe and are published. Road blocks are established, and searches are made. But these measures, in the light of the problem as a whole, are so much squirrel-hunting. When the whole organization, following a fixed and clear policy in this and in kindred matters, is geared up together, less will probably not be necessary, and the law enforcement aspect will be relatively simple.

PAUL G. KIRK,
Colonel, Infantry,
Chief, Public Safety
Division.

3263

785016

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

EHF/mar

23A

30 December 1943

In reply
refer to: 430

SUBJECT : Request for Information on the Black Market

TO : Public Safety Sub-Commission - Brindisi

1. The Finance Sub-Commission has been informed by the Italian Ministry of Finance that an advance of 200 million lire contemplated by Italian Government to the olive oil marketing agency will not be necessary as most of the olive oil is apparently going into black market channels.

2. The Finance Sub-Commission would like, therefore, to secure information on the black market. Specifically, we wish to have information on the following points:

- a. What is the present extent of the black market in each of the major commodities?
- b. Through what channels is the black market fed and how are the goods marketed? Perhaps the Finance Sub-Commission might be able to assist in choking off the black market by preventing the use of bank funds, if any, in the financing of the black market?
- c. What progress is being made in eliminating the black market or stopping its growth?

3. In order to be able to act intelligently in regard to controlling the inflationary situation from our end, the foregoing information is necessary. We would like also to be kept informed of future developments in this field for the same reason.

4. Your kindness in providing us with this information will be greatly appreciated.

E. H. FOLEY, Jr.
Colonel

Finance Sub-Commission

Reply at 26A.

3262

785016

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
BLACK MARKET COMMITTEE

Col. Kirk

21A

ED/21

ED/PJM/wai

31 December 1943

Subject: Report of Black Market Committee for December 1943

To: Deputy Chief of Staff (G and S.I.), AMG

1. The Black Market Committee did not hold a meeting in December because of the disruption in operations caused by the move in location of headquarters. The sub-commissions represented on the committee continued operations along lines suggested by the committee, but these operations are being covered in the reports rendered by those sub-commissions.

2. This report is rendered in accordance with the provisions of para. 2c, Admin. Order No. 1, AMG, dated 9 November 1943.

RJ Northland

R.J. Northland
Captain, Infantry
Secretary

P.G. Kirk

P.G. Kirk
Colonel, Infantry
Chairman

3261

785016

Public Safety

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
LEGAL SUB-COMMISSION

20A

AM/1003/L

5 December 1943

SUBJECT: Trial of Carabinieri.

TO : LT. Correa.

1. Four Carabinieri were convicted by a general military court in Palermo yesterday of an unsuccessful attempt to steal two 100 pound bags of sugar from an AMGOT warehouse. There was no evidence before the court that this was other than an isolated offense and the Carabinieri were therefore sentenced to 4, 3, 3, and 3 years imprisonment respectively.

2. During the hearing it emerged however that a determined effort had been made by senior officers of the Carabinieri, including a Lt. Col. to hush up the case. This may have been due to a desire to avoid giving publicity to the attempted theft. It may have been due to other reasons. Now that the Carabinieri have been sentenced, they may be prepared to state what they intended to do with the sugar which they obviously intended to remove in a carabinieri truck and possibly were taking it back to the Carabinieri Hq.

3. The Papers are with the D.P.L.C., Palermo.

Copy to:

Public Safety.

GEORGE PERLON

COLONEL

Chief Judicial Officer.

Regt 7

3260

PA 14006

B 3/12

785016

Regd C/F 14006

19A

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
FOOD COMMITTEE
APO 512

ED/AM/5jm

ED/21

27 December 1943

Subject: Retention of Wheat by Landowner

To: Black Market Committee, Eo. A.G.

1. The Legal Sub-Commission was consulted by Lt. Col. A.F. Henderson to determine if a person owning several tracts of agricultural land is entitled, under Italian law, to one land-owner retention of wheat for each tract of land. The Legal Sub-Commission advised him that such an owner of multiple holdings is entitled to only one retention.

2. This statement of the Italian law is forwarded to your committee for its information.

Regd J. Mortland
REG J. MORTLAND
Captain, Infantry
Secretary

3259

*Seen by C.F.
PH 1/2*

785016

Reg. 8/F 1000618A

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
BLACK MARKET COMMITTEE
APO 512

20/100/92

ED/21

7 December 1943

Subject: Report of Black Market Committee for November 1943

To: Deputy Chief of Staff (G-2), AGC

18B

1. Enclosed is the report of the Black Market Committee for the month of November, 1943.

2. This report is rendered in accordance with the provisions of para. 2 c, Admin. Order No. 1, AGC, dated 9 November 1943

WILLIAM J. HORTLAND
Captain, Infantry
Secretary

3218

18B.

ALLIED MILITARY GOVERNMENT
BLACK MARKET COMMITTEE
REPORT FOR NOVEMBER 1945

1. Organization. The Black Market Committee was organized under the provisions of paragraph 1, Administrative Order No. 1, AMG dated 9 September 1945.

2. Purpose. The committee is to coordinate measures to facilitate the equitable distribution of food and other necessities at reasonable prices, especially measures to control prices, to curb and eliminate the Black Market and to control the rationing of necessities.

3. Meetings. Two meetings were held in November.

4. Action. A program of law enforcement outlined by the committee was approved by Brig. Gen. McCherry and Brig. Quarterback. In carrying out this program the following steps have been taken:

- a. A special prosecutor's office to handle black market cases has been set up.
- b. A publicity program including summaries of sentences imposed in black market cases was instituted and is now in effect.
- c. Restaurants were declared off-limits to military personnel to conserve available food for civilians.
- d. Increased bread rations for carabinieri have been urged as a means of better law enforcement.
- e. A sub-committee was appointed to work out details of methods of enforcement of food distribution system.

R. J. MORTLAND
Captain, Infantry
Secretary

P. G. RICE
Colonel, Infantry
Chairman

3257

785016

PLA on 14006/13

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
A.P.O. 512
LEGAL SUB-COMMISSION

16A

AMC/1109/L

Subject: Office of Director of Special Prosecutions.

To: R.O.L.O.s (thru HQACs) Regions I and II, 6th December 1943.

1. In order to achieve uniformity in prosecution and, as far as possible, uniformity in the imposition of punishments for all crimes deemed desirable to effect special interests of the Allied Military Government, there has been established within the Legal Sub-Commission, this Headquarters, the Office of the Director of Special Prosecutions, Legal Sub-Commission.

2. The function of the Office of the Director of Special Prosecutions is to supervise and, whenever necessary, to assist in or conduct all prosecutions, within the occupied territory, of crimes within the category described in paragraph 1.

3. Crimes within the category described in paragraph 1 are :-

- (a) All criminal acts of any kind or nature whatever, that are committed with the purpose or intent of aiding or assisting the enemies of the United Nations or of interfering with the operations of the Allied Forces.
- (b) All criminal acts which tend to bring about a substantial interference with the operations of the Allied Forces within the occupied territory, irrespective of the specific interest with which they are committed.
- (c) All acts of organized or mass violence or terrorism or of organized or mass resistance or opposition to the Allied Military Government or other lawfully constituted government or its representatives or agents.
- (d) Violation of Article V of Proclamation No. 7 of July 1943.
- (e) All violations of applicable laws, decrees, Proclamations, orders and regulations (hereinafter referred to as "block warrant orders") which constitute :-

- (1) a division of essential commodities from legal channels by hoarding, transportation or sale through other means.

22, 6

3. Crimes within the category described in paragraph 1 are :-

- (a) All criminal acts of any kind or nature whatever, that are committed with the purpose or intent of aiding or assisting the enemies of the United Nations or of interfering with the operations of the Allied Forces.
 - (b) All criminal acts which tend to bring about a substantial interference with the operations of the Allied Forces within the occupied territory, irrespective of the specific interest with which they are committed.
 - (c) All acts of organized or mass violence or terrorism or of organized or mass resistance or opposition to the Allied Military Government or other lawfully constituted government or its representatives or agents.
 - (d) Violation of Article V of Proclamation No. 7 of July 1943.
 - (e) All violations of applicable laws, decrees, Proclamations, orders and regulations (hereinafter referred to as "black market cases") which constitute :-
 - (i) a diversion of essential commodities from legal channels by hoarding, transportation or sale through other than legal means;
 - (ii) an unlawful purchase or sale of such commodities at prices in excess of legally prescribed maxima.
 - (f) All other substantial violations which in the judgment of the C.A.C., Legal Officer or C.A.P.C. having jurisdiction thereof are of such a nature or extent as to fall within the category described in paragraph 1.
4. Wherever cases of the kinds mentioned in paragraph 3, sub-para. (a), (b), (c), (d) and (f), or major black market cases arise, it shall be the duty of the C.A.C., C.A.P.C. or Legal Officer having jurisdiction :-
- (a) to report the case immediately through Regional Headquarters to the Director of Special Prosecutions;
 - (b) whenever practicable in view of existing examination and transportation difficulties, to withhold prosecution of the offenders until advice is received from the Director of Special Prosecutions through Regional Headquarters to proceed with the prosecution.

(c) To give all such cases special preferred and expeditious treatment, including to the maximum extent possible special investigative attention to make certain that all available evidence of the offence has been secured and all available individuals involved in the offence have been discovered and apprehended.

5. It shall be the duty of each Regional Headquarters to forward as soon as practicable all reports of the type described in paragraph 4 hereof to the Director of Special Prosecutions and, in any event, to render such assistance to the investigation and prosecution of offences so reported as the Regional Chief Legal Officer deems necessary.

Where, however, in view of the nature of the case so reported and the state of transportation and communication facilities, it is not deemed practicable to withhold prosecution until advice is received from the Director of Special Prosecutions, it shall be the duty of Regional Headquarters to take all necessary steps to ensure prosecution of the case in accordance with the policy defined in this directive.

6. All prosecutions for offences that affect the interests of A.M.G. as defined in para. 3 hereof shall be brought before A.M. Courts.

7. The procedure described in para. 4 hereof shall be followed in all cases of any nature whatsoever, if it seems likely that the prosecution is to be brought before a General A. M. Court. The duties of Regional Headquarters with respect to such cases shall be as set forth in para. 5 hereof.

8. Under black market cases as distinguished from other black market cases are subject to the procedure set forth in para. 4 hereof. No hard and fast rule can be laid down defining a major black market case. Illustrative of the type of case falling into this category are the following types of cases. These are examples only for they by no means exhaust the category:-

- (a) Violations which are the result of the operation of any organized group, ring or conspiracy;
- (b) Violations which involve a breach of trust such as violations by law enforcement officers or other public officials charged with the suppression of black market practices or with the administration of supplies or rationing;
- (c) Violations whose extent is such as to indicate a black market operation on a major scale.

9. Success of the current drive against black market cases is of especial importance to the A.M.G. Hence the greatest emphasis should be laid upon the prosecution and investigation of major cases. Other than

7. The procedure described in para. 4 hereof shall be followed in all cases of any nature whatsoever, if it seems likely that the prosecution is to be brought before a General A. K. Court. The duties of Regional Headquarters with respect to such cases shall be as set forth in para. 5 hereof.
8. Major black market cases as distinguished from other black market cases are subject to the procedure set forth in para. 4 hereof. No hard and fast rule can be laid down defining a major black market case. Illustrative of the type of case falling into this category are the following types of cases. These are examples only for they by no means exhaust the category :-
- (a) Violations which are the result of the operation of any organized group, ring or conspiracy;
 - (b) Violations which involve a breach of trust such as violations by law enforcement officers or other public officials charged with the suppression of black market practices or with the administration of supplies or rationing;
 - (c) Violations whose extent is such as to indicate a black market operation on a major scale.
9. Success of the current drive against black market cases is of especial interest to the A.A.G. Hence the greatest emphasis should be laid upon the prosecution and investigation of major cases. Other black market cases should also be the subject of an intensive law enforcement drive by C.A.Os, Legal Officers and C.A.P.Os. The greatest available concentration of time, effort and enforcement personnel should be made upon this type of violation. The steps to be taken in pursuance of this policy will depend on a large extent upon the resources of the C.A.O., Legal Officer or C.A.P.O. having jurisdiction and his knowledge of local conditions. The following measures, however, should be put into effect whenever they are applicable:-
- (a) Imposition of uniform punishments for this type of violation within the limits set forth in the directive of the Chief Judicial Officer on the subject;
 - (b) A special effort to discover and apprehend major violators, suppliers, transporters of grain on a large scale and individuals connected with organized black market activity;
 - (c) In connection with the above a policy of leniency to minor offenders who aid the enforcement authorities by giving information concerning their sources of supply, their confederates, or other matters;
 - (d) Dissemination by whatever means available of publicity as to cases actually tried, the names of the offenders and the punishments imposed.

- (e) Establishment of road blocks and the use of such other special investigative devices as may be warranted by conditions obtaining in any particular locality.
10. Communications from Regional Headquarters will be transmitted to the Legal Sub-Commission for the office of the Director of Special Prosecutions.

Richard H. Wilmer

RICHARD H. WILMER

Lt. Colonel,
Acting Deputy Chief Legal Officer,

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(For information)
" "
" "

3236

785016

Lt. Col Martin

Sir

Copies as promised
on 4¹²/43.

B. J. Hefford
Major
Supt Civil Police



785016

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
FOOD COMMITTEE
APO 512

ED/RJA/pjm

ED/22

4 December 1943

Subject: Recommendations for Consideration of Black Market
Committee

To: Chairman, Black Market Committee

1. The following suggestions as to means of augmenting the supply of bread in the legal market made by the Food Committee in its meeting of 30 November are quoted from the minutes of the meeting.

"29 a. Road blocks should be instituted on all roads leading into large towns for purposes of checking on all vehicles and their loads. - Refer to Black Market Committee."

"29 b. Placing into effect Black Market Committee enforcement plans. - Refer to Black Market Committee."

2. Consideration by your committee of the above suggestions would be appreciated.

Rex J. Northland
REX J. NORTHLAND
Captain, Infantry
Secretary

RCAO Region I + CPS Region I have
assured me foregoing suggestion already in
operation.
P4/K

785016

SUBJECT: Demands for Movement
by Rail

AMG/109/13.

12A

22 Oct 43

PAST AIR

~~XXXXXXXXXXXXXXXXXXXX~~
A.P.H.Q. Army Area Ech

Ref your AMG 3/527 dated 16 Oct, this office letter
AMG/109/9 dated 21 Oct, and telegram FA 74 dated 22 Oct.

1. We are in complete accord with your suggested procedure for the handling of demands for movement by rail.
2. We are endeavouring to have established an Adv Supply Ech of AMGOT HQ Palermo, which would have an adequate staff to collate the demands for rail movements of essential civilian supplies for all Southern Italy, and work them out with the AMG and the people in your H.Q. Until some such group is set up we will be unable to present a really comprehensive picture of all the movements required. 3253
3. However, in order to get this under way, we have asked Major J. Chayton, Agricultural Officer of AMGOT HQ Palermo, who is now in Naples, to get in touch with Major Thomson of your staff and work out the movements desired of the grain supplies in Foggia, Matera and Potenza provinces, which is the biggest single item in the picture. Major Chayton will work closely with the head of the Italian Consorzio Agrario for Meridional Italy, who is also located in Naples. His organization has much of the information on which these allocations will be based, and will be of invaluable assistance in implementing the movements decided upon.

AMGOT
15 Army Group
C.A.F.
VLM/RT

R.L.
M.A.P. THOMSON
Colonel,
Senior Staff Officer.

Copy to: Major J. Chayton, c/o AMG 3 Army
H.Q. A.P.H.Q.
AMG HQ, Palermo
Lt. Col. Mumford
AMG Region II

785016

RESTRICTED

128 1067

MINUTES OF BLACK MARKET COMMITTEE MEETING
1630 on 27 Nov. 1943ATTENDPresent:

Brig. G.S. Parkinson
 Col. W.P. Evans
 Col. P.O. Kirk
 Lt. Col. A.J. Henderson
 Lt. Col. W.J. Legg
 Maj. H.A.H. Dickie
 Maj. J.G. Watts
 Capt. R.J. Northland
 Capt. A.J. Parker
 Capt. R.B. Smith
 1st Lt. M.F. Curran

Public Health
 Industry and Commerce
 Public Safety
 Staff, Econ. Directorate
 Interior
 Agriculture
 Agriculture
 Staff, Econ. Directorate, Secy.
 Interior
 Information
 Finance

3252

6. Col. Kirk summarized discussions of last meeting.

7. Col. Kirk summarized action taken since last meeting which effect program agreed upon then.

See
14040/PS

a. G.O. 88, AM, dated 23 Nov. 1943 has been issued. It defines and limits powers of AM.

b. Program was presented to Brigadier Gasterbeck and Brig. Gen. McSherry and approved by them.

c. Brig. Gen. McSherry and Col. Legg approved setting up a special prosecutor's office for black market cases. It is to be under Lt. Curran.

d. Information sub-committee has been given representation on committee by Admin. Order No. 2, Hq. AM, dated 18 Nov. 1943. A weekly compilation of sentences is to be given to Information sub-committee for publicity purposes. A list of names, places, and offences is to be sent to AM in the field.

e. Cooperation of military establishments obtained, making all restaurants off limits for military personnel to save food for civilians.

f. Carabinieri still are not getting increased rations authorized by G.O. 88 and 87, Hq. AM. A letter citing situation has been sent to Brigadier Gasterbeck and forwarded to Brig. Gen. McSherry. Italian troops in Sicily buy staple foods in open market but if insufficient quantities are available some Army agency makes up the deficiency.

8. Action. Capt. Northland is to prepare for Col. Kirk a schedule of the dates, quantities, and places of arrival of wheat ships. (Action by Capt. Northland.)

9. Lt. Col. Legg reported on plans for checking the efficiency of the rationing system.

10. Following sub-committee appointed to work out details of methods of enforcement of food distribution system.

Lt. Col. W.J. Legg	Interior, Chairman
Col. W.P. Evans	Industry and Commerce
Representative of	Public Safety

This committee will not meet until Lt. Col. Legg has completed, during coming week, his inquiries into operations of rationing system.

785016

- 2 -

REGISTERED

11. Brig. Parkinson presented two statements which he believed should be investigated for accuracy.
 - a. G.I. employees are receiving 1200 grams of bread a day.
 - b. AMB lorries were firewooded carrying black market petrol and wheat outside Messina.
12. Next meeting will be on call of chairman.

REX J. HARTLAND
Captain, Infantry
Secretary

3251

785016

Pub. Safety Div

RESTRICTED

GA

REPUBLIC OF THE
UNITED STATES GOVERNMENT
150 512

20 November 1943

14006/PS

ADMINISTRATIVE ORDER

NUMBER

5)

1. Reference paragraph 2b, Administrative Order No. 1, this Reg, dated November 9, 1943, Lt Col HERBERT L. STURGEON, 150 512, Infantry, General Sub-Commission, is appointed Chairman of Food Committee, vice Col E. S. 3250
30 US relieved.

By command of Brigadier General MORTIMER:

D. C. TUCKER
Brigadier
Acting Chief of Staff

OFFICE OF:

W. H. Stevens

W. H. STEVENS

Capt, 150

Actg Asst Adj Gen

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HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Public Safety Division

8A

FILE: 16022/G-1

DATE: 27 Nov. 1943

SUBJECT: Conference

Fill in each column, initial action, and draw a line across the sheet just below initials. Number each memo consecutively in first column. Use entire width of sheet for long memoranda.

NO.	FROM	TO	DATE	
1	Col Kirk Public Safety	Col Rathbone AFO		Your letter, above subject, reads in part, "Black Market and Food Committee - The Chairman (Col Kirk)" Col Adams had earlier been designated as chairman of Food Committee; & later as chairman Black Market Committee. The membership of the two committees, for all practical purposes, is identical; - and, by agreement, when a meeting of one is called, the other is called also, and the items pertaining to each are discussed under the respective chairmen. I take it that this arrangement is satisfactory, that the two committees retain, under their respective chairmen, their separate identities, minutes, etc.; and can, if need be, separately called by the chairman of each. If this is so, will you please indicate below; - or is a merger contemplated? P. G. Kirk
	Col. Rathbone	Col. Kirk		The arrangement as outlined above is perfectly satisfactory, & no merger is contemplated. I am very sorry that I was not able to report this to you as the Chairman of the Food Committee. 27 Nov 1943 Rathbone Col.

785016

STUDY OF COST OF LIVING AMONG PALERMO RELIEF FAMILIES
11th October 1948

Food Committee

file

Dist.

6A

Reasons for Study.

A large number of complaints have been received to the effect that people on relief in Palermo are unable to get enough to eat on the relief allowance granted to them. It was decided to make a small sample study of this question in Palermo and to attempt to discover:

- (a) The purchasing power of the relief granted.
- (b) The extent to which recourse to the Black Market is necessary to obtain needed food.
- (c) The possible caloric value of the foodstuffs purchased.

Eighty families living in various sections of the poorer districts of the city were selected at random from the relief rolls for study. Each of these families was visited by an investigator between 21 Sept. and 5 Oct. 1948 and the head of the family was personally interviewed as to food costs and possibilities of obtaining the main items of the diet. One families report was obviously at such variance with the other seventy-nine that there was decided question as to its validity and it was not included in the totals. 3248

Reliability of Data.

The data obtained from the different interviews of the seventy-nine families are in general agreement as to the prices paid to obtain food both on the regulated and Black Markets and as to the availability of necessary items on the regulated market. It would appear that such uniformity of results obtained from entirely independent sources gives some assurance of the reliability of the data.

Findings of the Study.

The main diet of the poorer people in Palermo has regularly been bread, pasta, olive oil, beans and such green vegetables as are in season. Directly prior to the occupation, bread, pasta, olive oil, and horse beans were all available in the ration amounts on the regulated market at the specified government prices. Fresh vegetables were not rationed and were obtainable.

Since the occupation, pasta, olive oil and horse beans are not obtainable on the regulated market and can be secured only in the Black Market. A comparison of the difference in the prices is as follows:

Pasta. Regulated Price.....4.20 Lira a Kilo (Unobtainable except in Black Market.)
Black Market Price.....50.00 Lira a Kilo.
Percent of difference of Black Market price over Regulated...10950%.

Olive Oil. Regulated Price....25.00 Lira a Litre. (Unobtainable except in Black Market)
Black Market Price...180.00 Lira a Litre.
Percent of difference of Black Market Price over Regulated...445%

Horse Beans. Regulated Price.....7.00 Lira a Kilo.
Black Market Price...20.00 Lira a Kilo.
Percent of difference of Black Market Price over Regulated...186%.

PART 2

Bread is obtainable now in the regulated market regularly in the full daily ration amounts only if the family representative is always fortunate enough to be in the approximately the front 2/3rds of the bread line, which is not very likely. The people in the rear of the line get none, because there is insufficient quantities of bread in the stores. Our investigation showed that the families interviewed generally obtain bread only three days a week instead of seven. There fore, they can thus receive only 2/7 of the ration allowance of 100 grams per day. To obtain the remainder they must resort to the Black Market at what are to them prohibitive prices. The Black Market price of bread is eight times the regulated price.

Only women with numerous children, being widows or wives with husbands absent from home find it difficult to stand long periods in the bread lines, since they have someone to leave their children. But if they do not stand in line, they do not get any bread at a price they can afford.

Some vegetables are not rationed and are freely obtainable in season, but the price has increased since the occupation by 200%. Because there is little variety on the market at any single season the people cannot eat vegetables to the exclusion of all other foods. Potatoes in one season, tomatoes in another, beans in the third, etc., is supplementary for a people used to a diet of peas, olive oil and beans.

The food obtainable on the present relief grants is inadequate both in amount and nutrition. These conditions may lead to malnutrition and physical damage to those forced to exist on it for any considerable length of time.

Prior to the occupation, the relief granted was barely sufficient to live on. The daily average income of living and the measurability of most things of value had fallen to their economic value. The condition of people in Palermo on relief appears to be somewhat less satisfactory than the occupation.

Even prior to the occupation, the amount of relief granted allowed the families to purchase some of the ration amount of any of the regulated prices. Today no such is obtainable except on the Black Market. The price of this soap is beyond the reach of the relief families because the Black Market price has increased 100% over the regulated price.

Many of these families appear that they have managed to exist only by selling their blankets, furniture, and other essential household items above our occupation. This means of existence the situation is no longer open to them when their goods are all sold. Therefore, the conditions are daily becoming more serious.

This study is not intended to be conclusive in proving the adequacy or inadequacy of the relief granted but is rather an exploratory study which, if it indicates anything, shows the need for further study as well as the intense competition between the official ration, the black market, substituted goods, ration rules and relief. Some of these factors can be treated separately.

Note: Appendix showing comparison of Black Market prices and ration prices is given on the following page.

- 3 -

APPENDIX

LB

Price of Black Market Articles compared with fixed Prices.PRESENT FIXED PRICES.Bread.....3.60 lira a kilo
(only partially obtainable)Olive Oil.....22 lira a litre
(Unobtainable)Pasta.....4.20 lira a kilo
(Unobtainable)

Milk.....7 lira a litre

Sugar.....8.75 lira a kilo
(Unobtainable)Soap.....15 lira a kilo
(Unobtainable)Horse beans.....7 lira a kilo
(Unobtainable)Potatoes.....3 lira a kilo
(Unobtainable)Cheese.....33 lira a kilo
(Unobtainable)PRESENT LOWEST BLACK MARKET PRICE.

38 lira a kilo.

120 Lira a litre.

50 lira a kilo.

50 lira a litre.

70 lira a kilo.

40 lira a kilo.

20 lira a kilo.

10 lira a kilo.

70 lira a kilo.

3246

Example of what an average family of five could buy for one week's relief payment which amounts to 245 Lira.

Bread....5 3/4 Kilos (Partly on the regulated market and partly on the Black Market.)

Pasta....1 Kilo (On the Black Market.)

Green vegetables....7 Kilos (On the regulated market.)

The cost of these three items in the quantities indicated averaged 237.50 lira leaving the family with a balance of 7.5 lira for other purposes.

(Signed) ERNEST F. WITTE, Major CMP
Public Health Division,
Public Welfare Section.

785016

Col Kirk

5A

32

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
ECONOMIC DISBURSEMENT
APO 512

RJM/pjm

26 November 1943

SUBJECT: Meeting of Food Committee and Black Market Committee

TO : Members of Committees.

1. The Food Committee will meet Saturday 27 Nov. 1943 at 1430 in the Conference Room. The agenda will include:

3245

- a. Report on Algiers food meeting - Col. Evans
- b. Report on Naples conference on food - Col. Evans
- c. Results of survey of Region I for grain in excess
- d. Conditions in Region I.
- e. Consideration of Brig. Parkinson's program for the control of flour and bread distribution (submitted 13 Nov.)

2. The Black Market Committee will meet immediately following the adjournment of the Food Committee.

Rex J. Northland

REX J. NORTHLAND
Captain, Infantry
Secretary

Copies to:

Brig. Huxley
Brig. Parkinson
Col. Adams
Col. Evans
✓ Col. Kirk
Lt. Col. Denmore

Lt. Col. Lagg
Maj. Hartman
Admin. Directorate
Legal Sub-Commission
File
Information Sub-Commission

785016

HEADQUARTERS

ALLIED MILITARY GOVERNMENT

APO 512.

24th November, 1943.

REFERENCE : 16022/G-1.

SUBJECT : Conferences.

TO : Executive Council (Capt. Van Dusen)
Staff Conference (Lieut. Macnamara)
Black Market and
Food Committee (Capt. Northland)

1. Secretaries of Council, Staff Conference, and Committees are responsible for convening meetings. They are also responsible for maintaining an up to date list of Officers who should attend the various meetings. If in doubt, they will refer as follows :-

Executive Council	- Executive Officer
Staff Conference	- Deputy Chief of Staff (Admin.)
Black Market and Food Committee	- The Chairman (Col. Kirk)

2. Heads of Sections, Directorates, Staff Branches and Sub-Commissions concerned will, if unable to attend a meeting themselves, appoint the next senior Officer available to attend instead.

By Command of Brigadier General McSherry.

R. B. Rathbone

R. B. RATHBONE,
Colonel,
Executive Officer,
(Administrative)

Copies to :- Deputy Chief of Staff (Admin.)
Communications Section.
Economic Directorate.
Administrative Directorate.
Colonel Kirk. ✓
Adjutant General.

3A

Col Kirk (Public Safety)

Thank you for a useful report on Blake market proposals.

As regards Brig Gen McSherry comes back please report to him and let him have a summary of the Committee proposals. He please 3242
let me know how much he sanctions so that I can get the necessary orders out. There is that orders to Regions will be necessary, copies to AMG Planning Group and ACC Brindisi

Carl Briggs

18 Nov.

Nov. 27, 1943.

Gen. McSherry concurs & says go ahead. Col. McSherry advised of OK to Special Procurement plan

Brig. Kuetterback informed & Def Sub/C. to be on committee.

by Col. Kuetterback

Can get the necessary copies
that orders to Regions will be necessary, copies
to AMG 15 Army Group and ACC Bonifacio

Carlson 41

18 Nov.

Nov. 27 1943.

Gen. M. E. Sherry concurs & says go
ahead. Col. Upjohn advised of OK to
Special Prosecution plan.
Brig. Quetters informed & Inf
Sub/C. to be on committee.

Done by Col. Sherry

(11)

PA

Brigadier Guenterbock:—

3B

Herewith a copy of the preliminary report of the Black Market Committee appointed by you.

A preliminary study was made by Lt. Corea & me, the results of which were submitted at one meeting of the Black Market Committee. The study itself & the action of the Committee appear in the report.

Pursuant to the Committee's action, you have been requested to designate representation on the committee of the Information sub-commission; I am to see Col Spofford, following the receipt of positive information that food will be imported, regarding the cooperation of the ecclesiastical hierarchy; Col Spofford & I have concurred in the recommendation for the designation of a Special Prosecutor (Lt. Corea) subject of course to your approval, to work in close conjunction with Public Safety;—a similar Police-Prosecutor relationship should be established in each Region.

I regret that I can offer you only a carbon. Col. Chauley is taking the

original with him. I should be
grateful for the return of this copy, as
it is the only one now in my
possession.

Kirk
Col. Inf.
C. P. Safety.

785016

MEMORANDUM
 UNITED STATES GOVERNMENT
 Public Safety Sub-Committee
 APO 512

3C

17 November 1943.

MEMORANDUM SUBMITTED TO SUBCOMMITTEE ON BLACK MARKET

Re: Law Enforcement Measures to be taken against the Black Market.

A. Introductory

1. The term "black market" as used in this report includes the following types of illegal activity:

- a. Violation of rationing regulation by diverting rationed commodities from legal channels through bartering, transportation and sale by other than legal means, and otherwise;
- b. Violations of price-fixing regulations by unlawful purchases and/or sales.

2. This report is preliminary and tentative. It is based solely upon discussion of the problem with officers of the AGC who have been and are engaged in dealing with it. There has been no opportunity to obtain at first hand the opinions of civil police officials or other competent civilians upon the subject. Nor has there been opportunity to conduct investigation at any place on the island other than the city of Palermo.

3. Throughout this report the problem has been considered only as it exists in respect of a few essential commodities and of these principally wheat grain and grain products.

a. While it is clear that enforcement of laws and regulations with respect to black market activity in other commodities bears a direct relationship to the problem in respect of these few essential commodities, it is felt that the importance of the selected few items together with the limitations of the enforcement machinery, require concentration of the enforcement effort upon a relatively narrow objective.

3241

B. The Existence of the Black Market as a Law Enforcement Problem.

1. It is clear, that at least as to wheat and grain products, the black market exists because of the acute shortage of these commodities. It follows that no law enforcement measures will serve to cure or even to alleviate substantially this evil unless at the same time that such measures are undertaken adequate additional supplies are made available under a rigorously guarded system of equal distribution.

a. It is therefore recommended that should additional supplies of wheat flour or grain products be brought to the island again,

-2-

there be, in advance of their arrival, close coordination and agreement upon the method of handling and distributing such supplies between the Civilian Supply and the Public Safety agencies. Otherwise there is grave danger of the additional supplies themselves reaching the black market.

b.

C. A Tentative Enforcement Program.

1. Any enforcement program with respect to the black market in grain products on this island will have two aspects which are not mutually exclusive. These are an effort directed principally at producers to bring about a "discarding" of grain held by them in contravention of existing regulations and a drive upon those engaged in the unlawful transportation, purchase and sale of that commodity.

2. Insofar as the "discarding" aspect of the problem is concerned, a program based upon the following three points is suggested.

a. Announcement that a prosecutive drive was to be made upon unlawful possession of wheat followed immediately by detection and confiscation of illegal hoards and prompt prosecution and punishment of their possessors.

b. Simultaneous announcement that for a limited period of time (presumably not more than a week), anyone who voluntarily turned in to the designated authorities an illegal hoard would not be prosecuted and would be paid for his grain at the legal rate.

c. Use of all available agencies of propaganda (exclusive of radio) to publicize both phases of this program. In this connection the assistance of the clergy of the island should be obtained through the local hierarchy.

3. The general enforcement program as to all phases of the problem including the aspect of "discarding" disclosed supra, should include the following measures:

a. A concentration of enforcement effort upon all types of black market activity including most importantly violations of those regulations designed to safeguard the distribution of additional supplies brought to the island by A.S.

b. Adoption throughout the island of a uniform prosecutive and enforcement policy in respect of those violations and the employment in dealing with them of familiar prosecutive techniques. This would include a uniform policy of punishment for various kinds and degrees of offense within certain limits e.g. a complainant never who made an illegal purchase because he could not otherwise obtain food for his own use and need, would not be prosecuted and convicted of that type would be encouraged. Similarly a small black market operator who aided the general enforcement program by furnishing information concerning his source of supply or his confederates or the like, would be shown

3270

-3-

leniency.

c. The enforcement policy as to black market activities generally should be strengthened. This should not involve a diversion of enforcement effort from the few most essential commodities but should result in the application of a uniform policy of punishment in any black market case that comes to the attention of the the enforcement authorities. In this connection the co-operation of the Italian courts in dealing with offenses of this nature, coming before them, should be obtained.

d. The co-operation of the local military police authorities should be obtained. Liaison between their organization and civilian enforcement agencies should insure the prompt transmittal of information of violations obtained by the military police. Consideration should be given to a request for stricter enforcement by the Military Police against violations of black market regulations by members of the Allied Forces. This does not directly affect the problem but may have a bearing from the standpoint of morale; i.e. we should not ourselves be supporting an evil we are urging the Sicilians to stamp out.

e. There should be wide publicity given to the measures suggested under g, h, and i, supra. Penalties in black market cases should be made public and as well educational publicity concerning the objectives of enforcement should be disseminated. In this latter connection the co-operation of the clergy mentioned in f, g supra, might be obtained.

f. Although not really distinct from the suggestions set forth in g supra, the following proposals relative to the enforcement machinery are made a separate point because they apply to any enforcement program that may be adopted with equal force.

1. It is essential that the Carabinieri upon whom almost the entire enforcement program absolutely depends, be themselves so provided for that there is no necessity for them to engage in the very practices which they are charged with suppressing. This may have been accomplished by the recent decrease in wages and ration given the Carabinieri.

g. Any Carabinieri himself found engaging in black market activity or the omission of such activities should be severely dealt with and this policy should be borne throughout the entire program.

2. The needs of the Public Safety Division of the Region in respect of transportation, communication and personnel (principally relieving Carabinieri now tied up in unnecessary and largely ornamental guard duties) should be ascertained and every effort made to satisfy them.

h. This is already being done by the Public Safety Sub-Commission in co-operation with the Public Safety Division of the Region.

*See letter
dated 1/1/44*

3239

-4-

3. A legal officer should be detailed as Special Prosecutor for the Region with duties similar to those of a District Attorney in the United States. The relationship obtaining between this officer and the head of the Public Safety Division of the Region should approximate that customarily existing between the District Attorney and Chief of Police in an American city.

a. It should be the duty of the Special Prosecutor to see that a uniform enforcement policy is carried out by the courts throughout the region and that prosecutive techniques are employed to the maximum extent in aid of the investigative function of the Public Safety Division.

4. Consideration should be given to the administrative problem of the courts and particularly JAG courts, that might arise from the increased volume which an enforcement drive would bring to them.

5. It should be ascertained whether an enforcement program of the type suggested would create any problem insofar as the prison capacity of the Region is concerned.

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NOTES re: BLACK MARKET COMMITTEE MEETING OF NOV. 16, 1945.

After the submission of the foregoing report at the meeting of the Black Market Committee of November 16th, 1945, a discussion was had in the course of which the following points were raised:

It was the sense of the the Committee that no program of enforcement that would be effective could be undertaken unless and until additional supplies reached the island.

It was agreed that the plan outlined in the foregoing report was sound (except for certain technical difficulties with respect to the "disbanding" program outlined in para. C, 2, discussed infra) and that immediate action should be taken to work out the details.

As to para. C, 2, Col. Pollock raised the point that the procedure outlined would raise a practical difficulty in prosecution of offenders if C, 2a, and C 2b, were to be carried out simultaneously. He stated, however that he agreed with the principle of the plan set forth in C, 2, and he suggested that perhaps the difficulty could be resolved by dividing a city or province into subdivisions and permitting voluntary surrender of hoards in one subdivision while pursuing a vigorous enforcement policy in another. It was the sense of the meeting that further consideration should be given to working out the details of this matter.

As to other phases of the plan outlined in the report it was agreed: that Col. Pollock would have made in the Legal Division a study of appropriate limits of punishment for various types of offenses; that Col. Kirk would take up with right headquarters the question of approaching the religious hierarchy of the island for assistance in the propaganda program and as well the matter of having the Information Sub-Commission represented on this Committee; that Col. Kirk would take up through his sub-commission the matter of assistance in the fields of transportation, communication and personnel needed by the regional public safety division and also the matter of any administrative problems in respect of prisons raised by this plan. 3237

Col. Pollock raised the point that it would be helpful to the general enforcement effort if price ceilings on certain non-essential commodities, which are now universally ignored could be raised or lifted altogether. Lt. Correa representing Finance pointed out that however desirable this might be from a purely law enforcement point of view, there might be objection to such a step by Finance on the ground that it conflicted with their efforts to control inflation. It was agreed that Lt. Correa would request the Finance Sub-Commission to prepare

-2-

a study indicating to what extent and in respect of what commodities the proposal of Col. Pollock could be put into effect.

In respect of the proposal of the foregoing report that a Special Prosecutor be designated Col. Pollock pointed out that the present organization of the Legal division did not include any legal offices with duties analogous to those of a District Attorney and that in his opinion such an office was needed for law enforcement generally in the occupied territory. It was agreed that he and Col. Kirk would take this matter up with higher headquarters with a view to obtaining designation of an officer for those duties.

It was the sense of the meeting that, as soon as definite word was received that additional supplies were to be shipped, an enforcement program along the lines of the plan outlined in the report should be initiated.

3236

RECEIVED

RECEIVED

RECEIVED

16 Nov. 1943

2A

Present:

Brig. W. W. Vankin
 Col. F. G. Kirk
 Col. L. J. Smith
 Col. W. F. Evans
 Col. G. Follock
 Lt. Col. W. J. Legg
 Maj. A. A. Hartman
 Maj. D. Russell
 1st Lt. W. F. Corree
 Capt. R. J. Northland

Public Health
 Public Safety, Chairman
 Economic Directorate
 Industry & Commerce
 Legal
 Interior
 Agriculture
 Staff, Admin. Directorate
 Finance
 Staff, Econ. Directorate, Secy.

1. Lt. Corree read preliminary draft of suggested program of action by committee. Included were a short-run phase to determine extent of black market and to bring in as much boarded wheat as possible and a long-run phase to reduce the extent of the market as much as possible. Copy of proposed program is attached to original of minutes of meeting.

2. Following points were suggested by one or more members in discussion following presentation of program.

- Black market can be broken only by bringing in enough food to ensure people they will get at least their minimum requirements.
- Relax of price maxima in some commodities may be necessary in order to concentrate on a few commodities, especially since only market in some commodities is black market. No known violation will be overlooked but should concentrate on most important commodities.
- A subsidy plan for keeping down prices right afloat.
- If food is imported, committee must see that none gets into black market.
- Special prosecutors should be provided to prepare and follow up cases.

3. Agreed. It is sense of black market committee that program of law enforcement as outlined by Lt. Corree is entirely feasible provided there is positive assurance of arrival of wheat in near future in quantities suggested by Food Committee.

Further, the method proposed to bring about disbanding was in principle approved subject to further study of certain technical aspects.

Suggested employment of several means of propaganda and information were approved.

4. Col. Legg agrees in principle but holds reservations on specific measures until latter are discussed more fully.

5. Action. Col. Follock is to compile list of maxima and minimum sentences which could be appropriate for black market activities.

Col. Kirk is to see ecclesiastical authorities to enlist their help when necessary minimum quantities of food can be assured.

Col. Kirk to see Chief of Staff to request that Information Sub-Committee have representative on committee.

6. Next meeting on Thursday, 18 November 1943, following adjournment of Food Committee.

(over)

785016

1640 29/10/83

To Col Young -

In reference to H() there / A
 seems repetition here of basic error
 already committed here - To attack
 so called Black market all price
 control orders must be posted he-
 fore not after situation becomes
 more serious - Then let P.S. go
 after all suspected dealers in
 food stuff outside of proper
 channels - Convict those possible
 give only severe prison sentences
 and hold suspects as undesirable
 until such time as safe to let
 them out -

But however supply and
 finance people must be definite.

Baker

Gen. Sec. pending
 reg.

Subject: Reports for Public Safety Division.

AMGOT/212/HQ.

16 Aug. 45.

C.A.P.O.

Province. (through S.C.A.O.)

It would be appreciated if Provincial C.A.P.O.s could forward to this Headquarters (Public Safety Division) through S.C.A.O.s a short report covering the following points.

1. General Police position.
2. Extent and effectiveness of co-operation of
 - (a) Carabinieri Reali.
 - (b) Agenti di P.S.
 - (c) Guardia Municipale.
3. Any points on which P.S.D. H.Q. can assist either by way of advice or in any other way.
4. Co-operation with F.S.P. and/or C.I.C. Is this properly tied up and maintained?
5. State of prisons with as complete a list of such establishments as is possible and some indication of total population and the general state of their administration.

785016

PUBLIC SAFETY DIVISION

ROUTING SLIP.

TO SEE :-

C.P.S.

D.C.P.S. *Plumb*

PRISON SECTION. *293*

CIVIL POLICE SECTION.

FIRE AND CIVIL DEFENCE
SECTION.

LICENSING AND REGISTRATION
SECTION.

785016

Cd. Rolles - 173
D.P.S.

TO : Chiefs All Sub-Commissions.
FROM : Joint Assistant Chiefs of Staff, Allied Commission.
SUBJECT : Memorandum, "The Problem of Public Finances, Prices and Inflation Control in Italy."
REFERENCE : AC/1011
DATE : 13 October 1943.

1057/PS

Rec'd from
Brig. H. H. H.
R.H.M.

1. Attached for your information is a memorandum prepared by the Finance Sub-Commission entitled "The Problem of Public Finances, Prices, and Inflation Control in Italy".
2. It is requested that the memorandum be studied by all appropriate sub-commissions with a view to a joint consideration of the problems therein mentioned in the near future in Palermo.

(sgd) D.S. RATHBONE)

COLONEL,

R.B. RATHBONE

COLONEL,

J.J. ALERIGHT

for, Joint Assistant Chiefs of Staff.

DISTRIBUTION :
All Sub-Com.
JACS
E-F.
AS

3233

12
THE PROBLEM OF PUBLIC FINANCES, PRICES, AND INFLATION CONTROL IN ITALY

1. Elements of the Problem

It is apparent, on the basis both of our experience in Sicily and on the forewarnings we have received from Italy that the condition of the Italian public finances and the general price situation in Italy present a serious problem to the Military Government and the Allied Commission. The usefulness of Italy as a base for continued military operations would be gravely prejudiced should the financial situation materially deteriorate.

Briefly, the situation is this:

- (a) Public expenditures in Italy are high and will continue to be high. The Italian Government may be able to reduce certain military expenditures; but the necessity of continued military operations together with the costs during a period of readjustment of industry and agriculture are likely to hold total public expenditure at a high level.
- (b) The public revenue system of Italy is badly disrupted. Tax collections are likely to be below normal and the capacity of the Government to borrow was already exceedingly low before the invasion took place. The Government, in order to pay its current expenses, was increasingly dependent on borrowings from the Central Bank, which, by July 1943, were resulting in increases in currency issues of from 8 to 10 billion lire per month.
- (c) Allied operations in Italy are now, and are likely to continue, at a level which gives rise to heavy cash expenditures in the area of occupation. This is an additional factor of an inflationary sort.
- (d) Savings channels are also unlikely to be operating in a normal manner. Insurance, Postal Savings, and bank deposits may be slow to resume their former rates of increase. This means that a larger-than-normal part of the national income will be available for direct civilian expenditure on consumer goods and services, and hence will further stimulate price increases.
- (e) Commodities will undoubtedly continue to be acutely scarce, which will play into the hands of commodity speculators and black-market operators. This will accentuate the inflationary effects of the above situations. However, some amelioration will be provided by the cessation of the drains of goods to Germany, and possibly also by the decreased Italian military requirements.
- (f) The principal deflationary factor is likely to be the decrease in aggregate wage payments due to the unemployment resulting from industrial dislocation. This factor will be partially offset by relief payments which will to an extent replace wages in the income stream.

This memorandum is designed only to call attention to various phases of the whole problem, with special emphasis on the financial side. AMG in Sicily

785016
1232

ment, in order to pay its current expenses, was increasingly dependent on borrowings from the Central Bank, which, by July 1943, were resulting in increases in currency issues of from 8 to 10 billion lire per month.

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(f) The principal deflationary factor is likely to be the decrease in aggregate wage payments due to the unemployment resulting from industrial dislocation. This factor will be partially offset by relief payments which will ^{2,32} to an extent replace wages in the income stream.

This memorandum is designed only to call attention to various phases of the whole problem, with special emphasis on the financial side. AMG in Sicily has confronted the problem with a local control program which takes into account most, if not all, of its aspects.

2. As a practical problem, the situation may be presented as twofold:

(a) Income must as far as possible be diverted from expenditure on consumer goods and services and directed towards increased savings and tax payments.

(b) Supplies of goods and services must be increased as far as possible, and their distribution must be handled so as to keep black-market operations at a minimum.

3. Problems involved in attempting to divert income from expenditure on consumer goods and services:

(a) It will be essential to examine and reconstitute the public revenues. To some extent this will be a matter of putting in motion the existing tax

- 2 -

collection machinery and enforcing the existing tax laws. To some extent it may also involve the tapping of new tax sources. The major elements include the following:

- (1) Collection of existing taxes. There is a natural tendency, in a time of great confusion, for so routine and unpleasant a matter as tax collection and payment to be allowed to lag. One clear element in the problem of inflation control is to see to it that the existing taxes are enforced and that collection is prompt and complete.
- (2) Existing tax rates may be too low and will need to be revised. Entirely new taxes may also be feasible. This problem calls for competent and rigorous study and prompt recommendation.
- (3) The monopolies of the State are not now operating in Sicily and may be inoperative elsewhere in the occupied territory. Insofar as the Military Government considers the monopolies as a desirable element in the revenue structure, they should be overhauled and put in operation. In Sicily this concerns only tobaccos and matches, and the job is under way. On the mainland salt is also involved.
- (4) The lottery is an element in the revenue system which requires study to determine whether the Military Government wishes to see it reopened. It will probably be found to be inoperative throughout the occupied territory.
- (5) The Italian Government, prior to its surrender, was becoming increasingly unable to borrow money. Normally, the Southern Province and Communes operate at a deficit which is covered by the National Treasury. The National Government itself has, of course, had huge deficits since it declared war. Borrowing is the only way in which such deficits can be financed without materially contributing to inflation, since the alternative is resort to currency issue -- directly or via the Central Bank. One relatively simple step by which public borrowing can be resumed is to reopen the Postal Savings System -- a step which is being reviewed in Sicily. We must consider what further steps the Italian Authorities can take to revive the flow of funds into the public Treasuries, whether through public loans, loans from industry, or forced savings.
- (6) Private savings channels can be reopened with less difficulty. The AMG in Sicily has already laid the groundwork for removal of restrictions from the banks. In some parts of South Italy banks are being reopened immediately. In re-establishing the Social Insurance system, every effort must be made to maintain the level of contributions so as to reduce the need of deficit financing.

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Military Government considers the monopolies as a desirable element in the revenue structure, they should be overhauled and put in operation. In Sicily this concerns only tobacco and matches, and the job is under way. On the mainland salt is also involved.

(4) The lottery is an element in the revenue system which requires study to determine whether the Military Government wishes to see it reopened. It will probably be found to be inoperative throughout the occupied territory.

(b) The Italian Government, prior to its surrender, was becoming increasingly unable to borrow money. Normally, the Southern Province and Communes operate at a deficit which is covered by the National Treasury. The National Government itself has, of course, had huge deficits since it declared war. Borrowing is the only way in which such deficits can be financed without materially contributing to inflation, since the alternative is resort to currency issue -- directly or via the Central Bank. One relatively simple step by which public borrowing can be resumed is to reopen the Postal Savings System -- a step which is being reviewed in Sicily. We must consider what further steps the Italian Authorities can take to revive the flow of funds into the public Treasuries, whether through public loans, loans from industry, or forced savings.

(c) Private savings channels can be reopened with less difficulty. The AMG in Sicily has already laid the groundwork for removal of restrictions from the banks. In some parts of South Italy banks are being reopened immediately. In re-establishing the Social Insurance system, every effort must be made to maintain the level of contributions so as to reduce the need of deficit financing. Other forms of insurance institutions, including the State-owned life-insurance institute, need to be examined to determine how soon and to what extent they can be assisted to reopen.

(d) Wage policy, both of the Military Government and of the Italian Government, needs constantly to be reviewed with its inflationary aspects in mind. The present policy of the AMG in Sicily is to put wage increases in a passive role -- i.e., to readjust wages only as increased living costs seem to compel readjustments.

4. Problems involved in endeavoring to increase supply and to control prices and distribution of goods.

We here come to the phase of inflation control which is not purely financial or monetary, but is related to the whole problem of purveying, rationing, and pricing of commodities and, to some extent, of services. In AMG Sicily these problems are being dealt with primarily by the Supply, Agricultural, Communications, and Public Safety Divisions. The following paragraphs attempt no more than to mention the more conspicuous elements in the problem, which, no doubt, have occurred to the appropriate Sub-Commissions.

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- (a) The heart of the Italian supply problem is to be found in the maintenance and increase of local agricultural and industrial production. This cannot be overemphasized. The guiding principle is that Italy can (and normally does) go a long way towards feeding and supplying itself, and every effort must be made to restore this situation with the least possible delay. In determining the allocation of goods and shipping space for Italian civilian supply, emphasis should be placed on those imports which will contribute most effectively to increase Italian production. It is assumed that there will be no significant export from Italy of products essential to the Italian supply situation.
- (b) The black-market needs continuously to be studied in order to determine its main source of supply, its organization, and the most probable factors (whether actual scarcity within the territory, speculative withholding, improper price-control methods, or what not) giving rise to it. It is also exceedingly important to get some idea of the actual extent of the black market in various commodities. E.G., if 75 per cent of wheat supply is being handled through the black market, something is radically wrong and the problem is obviously acute; if only 5 per cent is being handled, the problem may very likely be safely ignored if other problems are more pressing.
- (c) The rationing system needs constantly to be reviewed, in order to determine what relation it bears to living needs and whether it is as liberal as visible supplies permit. Increases in rations deprive the black market of customers.
- (d) The legal price system also needs continuous study in order to ensure its being as realistic as possible. Whatever formulae are used in fixing or otherwise regulating prices, the regulations cannot be enforced if they bear no reasonable relationship to the prevailing cost situation.
- (e) The enforcement of whatever rationing and price-control systems are established calls for persistence and energy. Everyone associated with the Military Government has a stake in effective enforcement, although the Police and Legal Divisions are most closely involved and responsible. Some of the important enforcement devices are: posting of price-lists, closing of shops of flagrant violators, imposition of prompt and severe fines and imprisonment, confiscation of stocks, and other forms of cutting off supplies from violators.
- (f) It has been the experience in Sicily and will certainly be that of AMG on the mainland that lack of transport aggravates the supply situation and is thus related to the problem of inflation control. Whatever can be done to provide transport to the civilian economy will contribute to easing the supply shortage and consequently will ease prices.

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5. As a means of measuring the trend of prices and of the cost of living - and without which it will not be possible to see which way we are going - it will be necessary for the AMG, either in collaboration with the Italian Government or separately, to prepare price and/or cost of living indices. These indices must measure "effective" rather than official prices. Such a project has gotten slowly under way in Sicily but it needs to be pushed to completion.

We are preparing drafts of memoranda on the financial aspects of these problems. Other Sub-Commissions may wish to prepare memoranda on the aspects of the problem outlined in Section 4 above, with a view to subsequent joint consideration of the entire problem.

Financial Sub-Commission

13th October, 1943.

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