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

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INFORMATION
JAN. - JULY 1944
(1 OF 2)

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REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Education Subcommittee

ED/TVS/tjr

ED/6-7/AGG

7 April 1944

SUBJECT: Needy School Children.

TO : Director, Public Health Sub-Commission.

Dear Brigadier PARKINSON:

Will you let me thank you for your Memorandum "Needy School Children" of 6 April 1944, a copy of which you were good enough to send this Sub-Commission.

This is a problem with which we have been and are preoccupied.

Please be good enough to share with me the returns from your inquiry.

Sincerely,

T.V. SMITH
Lt. Col., AUS
Director of Education.

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PEAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

Public Health Sub-Commission

MINUTES OF CONFERENCE OF REGIONAL WELFARE OFFICERS
AUSPICES OF PUBLIC HEALTH SUB-COMMISSION

Brigadier G. S. Parkinson, Director

26 and 27 May 1944.

Chairman
John McSweeney
Major, Spec. Res.

Secretary
Tom E. Wintersteen
1st Lt. Spec. Res.

FRIDAY

26 May 1944.

The meeting was opened by Brigadier Parkinson, Director of Public Health Sub-Commission, to whose remarks Commandatore Speciale made reply. It was moved by Major Kenny and seconded by Capt. Savin and duly ordered that these statements be included in the minutes of the meeting and that the minutes be made available to those attending. (See Appendices I and II)

Captain Silveira presented the agenda for the meeting (Appendix III) and expressed the hope of the Public Health Sub-Commission that the discussions would be full and free and directed toward the practical difficulties of the Regional and Provincial officers. He presented Major John McSweeney, Chairman of the Conference, and Lt. Tom E. Wintersteen as Secretary.

The Chairman called on Captain W. H. Savin, RMO, Region 1 to lead the discussion on Provincial Welfare Departments and related problems. Captain Savin's remarks are summarized below:

The discussion of this subject becomes important in the light of the recent ACC Executive Memorandum No. 58, directing the creation of Provincial Welfare Departments in each Province, and in view of Commandatore Speciale's statement.

To understand the present departmental organization it is necessary to know the earlier stages of welfare organization in Sicily. Welfare officers arrived at Sicily early in the occupation. Sussidi Militari, which was the largest relief agency, had been abolished by decree of AMG., and has not since been revived. In Catania and Messina, where Captain Savin first served as Provincial Welfare Officer (RMO), mobs of several thousands persons demanded relief, exhibiting their Sussidi Militari booklets as proof of their right to assistance. The Ente Comunale di Assistenza (ECA) was the only relief agency remaining in every commune. It had to be reorganized quickly to meet all relief needs. Attention was given to the large cities first, and little reorganization was done in the small communes until several weeks after the occupation.

The relief program in these two cities was linked with the employment agencies, since it was recognized that employment was the best form of assistance that could be supplied.

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The relief program in these two cities was linked with the employment agencies, since it was recognized that employment was the best form of assistance that could be supplied. Jobs, cash relief and subsidies to institutions were the immediate concerns of the FWOs.

The Region was still under Military Government and the Italian officials worked under direct orders of Allied officers. In the larger cities more competent civilian personnel was hired to get the situation under control quickly. Cooperation and willingness to act promptly was the general attitude of prefects and sindaci.

After the first 2 months, during which the Finance Officers gave funds directly on request, FWOs received all requests for communal relief funds and subsidies for institutions, and their approval was required for all grants.

In October the RGAO for Sicily ordered the creation of Provincial Welfare Departments. They were to be established in each province by November 15, and all were actually started and functioning by December 1. The recent order No. 58 of ACC is almost exactly a duplicate of the order issued to Sicily. Gradually the job of collecting and analyzing requests for funds from communes and institutions was turned over to the Italian welfare departments and by 1 February was entirely in their hands. On that date Captain Savin was able to report that Italian personnel in the provinces was able to carry on the provincial departments.

The key to the situation is personnel. In the early days of the occupation there were not enough Allied officers experienced in welfare administration. Italian personnel had either left or was in the main, particularly as regards the leadership of ECA, lacking in initiative and the capacity to handle the big job facing them. Prefects in most cases made very good appointments in consultation with Welfare Officers.

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The meeting was opened for questions and comment.

- Q. Chairman Major McSweeney: "Were ECAs operating in communes at time of occupation?"
- A. "The FWOs gave their attention to the largest communes. In the beginning requests for funds for ECA from the small communes were handled directly by Finance Officers, without reference to the P.H. & W. Section. As soon as possible, for instance in Messina Province, the FWO made a tour of all communes with the Finance Officer, correcting the most glaring faults. Some evidence of graft and poor administration were found. It was then known that Provincial Welfare Departments were to be ordered. It was not possible to supervise the ECAs of all communes until the Departments were organized."
- Q. Major Kenny: "How was top personnel recruited?"
- A. "When personnel of a provincial or communal job was incompetent an explanation of the situation to the prefect and a description of the job was usually enough to get the appointment of a competent man."
- Q. Captain Carver: "Will Captain Savin give a description of a provincial organization?"
- A. "The organization of the various provinces differed, according to the type of province. Ragusa Province, with a population of 250,000, of which 50,000 lived in the largest city, had only 12 communes. This is a rural province, virtually untouched by the war. This province had only a Commissioner, an assistant for child welfare and 5 or 6 clerks.
- Palermo Province, with a population of 1 million, including the 450,000 of Palermo City, has 72 communes. The Commissioner here had three assistants and a total staff of 35 employees. The administrative budget was about 200,000 Lire per month. The staff included 3 Ispettori who made visits to communes, inspecting ECA operations and institutions."
- Q. Captain Willcox: "What were ECA relief rates?"
- A. "The maximum rate was 25 Lire for head of family and 5 Lire for each dependent a day. The maximum was usually restricted to families of officials whose allotments had been cut off. The rate in most provinces was 15 Lire for the head of the family and 5 Lire for each dependent, and in some rural communes was as low as the former Sussidi Militari rate of 8 Lire for the head and 3 Lire for each dependent.
- In Palermo Province the average monthly governmental expenditure for all relief purposes during the year ending 30 June 1943 had been 24,000,000 Lire. During the period (five months) October 1943 to February 1944, the comparable figure was 15,000,000 Lire per month."
- Q. Major Pirt: "Did this include materials in kind?"

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Q. Major Birt: "Did this include materials in kind?"

A. "No."

Q. Major Birt: "Were private donations included?"

A. "No. Only governmental funds."

Q. Major Birt: "To what factors does Captain Savin attribute the reduction?"

- A. "1. Centralization of relief in ECA.
2. Better administration and tighter control, eliminating graft.
3. The availability of jobs with Army and spending of soldiers."

Q. Comm. Speciale: "What would be the attitude of the group to a proposal to pay now the Sussidi Militari grants for September and October? This is being considered because many borrowed in anticipation of receipt of these grants, and need help in repaying loans."

A. (After discussion) The consensus was that this question should be considered one of the many questions regarding indemnification of war damage. Its answer would depend on the policy on the whole question.

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C O N F I D E N T I A L

- Q. Comm. Speciale: "Should ECA buy food and distribute in kind rather than provide relief in cash?"
- Major Kenny: "In U.S. our experience with distribution of surplus commodities was not good. No balance to diet thus provided and relief very irregular."
- Capt. Wilcox: "Relief in cash, especially when supplies are short, is better because regularity can be better achieved."
- Capt. Brooke: "In Sardinia relief in form of staple foods is frequently given in kind."
- Capt. Ballew: "When supplies are short, as temporary measure to get food to people quickly, distribution in kind has merit. But as a permanent or long range program it is not to be recommended."
- Capt. Savin: "The question is broader than merely persons on relief. Wage levels are not much greater than relief rates in many instances. The food distribution system for all the people cannot be improved by attempting to develop a special one for part of the people. In one of the provinces of Sicily the Prefect has raised funds from his wealthy friends for a proposed non-profit market. His idea is to purchase vegetables, fruits, fish and other non-rationed, locally produced foods and resell at cost to persons of low income. The proposal is being considered."
- Consensus: As a temporary measure staples might be given in kind by ECA, but this should be supplemented by cash for the purchase of fruits and vegetables.
- Q. Major Birt: (Directed to Comm. Speciale) "Does the Italian Government intend to perpetuate the departments of social welfare now organized in the Provinces?"
- A. Comm. Speciale: "The present Italian Government believes that this question is of such importance as to require the consideration of the Legislative branch of the Government, when Italy is entirely liberated. The present Government supports the general nature of the plan as a temporary measure, pending legislative action."
- Q. Major Birt: "What is the scope of these departments intended to be? What agencies and institutions were included in Sicily? What is relationship with the social insurances? As an example, is Sussidi Militari included?"
- A. Capt. Silveira: "No time at that moment to go into whole question raised by Major Birt. In re. Sussidi Militari it was pointed out that a recent decree of the Italian Government raised the payment of Soccorso Militari (Sussidi Militari) 70%, and directed that the granting of the assistance is to be determined by the ECA, with certain additions to its committee. Payment is to be made through the Post Office."

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RECESS FOR LUNCHEON

Captain Carver, RMO, Region II was asked to lead the discussion on Italian Refugees in Dispersal Areas. A summary of his remarks follows:

Region II was notified on 1 November that the Region should be prepared to receive Italian Refugees at the rate of 100 to 500 per day. Provincial committees were organized to plan for reception and dispersal, but were quite ineffective. The first refugees generally arrived disinfested (there was no typhus in Region II) but they were ragged and hungry and had again picked up lice. A great deal of scabies was found.

Frequent shifts in personnel and policy produced chaotic administration of the program. Frequently the refugees arrived before the RMO was notified that they were on the way. In the first weeks he was never notified in sufficient time to make proper arrangements to receive trains.

In recent months there has been considerable improvement. Clothing has been issued in the Refugee Transit Camps, disinfestation and medical screening has been more thorough, notifications have been received more promptly and the refugees have been better fed en route.

A problem which has not been taken into account by those allocating refugees to the Provinces is that large areas in many places are reserved for military purposes. Allocation of quotas solely on the basis of population, without adjustment for other factors in the Province, has led to ³¹²³difficulty and unfairness.

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Good committees on both provincial and communal levels, are essential. They must include hard-working sincere persons, chosen because of their interest and willingness to work, not in recognition of their positions. It is a great help if the leading member of clergy of the area is a member, however, because of the clergy's influence with the people in securing a welcome for the refugees.

Each province should have a reception center with a capacity of at least 1000 persons. Trains carry from 700 to 1000 persons. Since arrival of trains is always uncertain, it is never possible to disperse the individuals directly into the communes. Arrangements for feeding should be close to the reception center, if not part of it.

Reception center should have:

1. Adequate latrines. Churches and theaters are seldom so equipped and are therefore not good.
2. Dispensaries for disinfection and isolation of ill persons.
3. Facilities for bathing and laundry.
4. Materials and facilities for repair of clothing, old razor blades for cutting, needles and thread and scrap material.

It is necessary to recognize the great importance of keeping families together. The size of families is always astounding, but regardless of difficulties they must be kept together. It is best also to recognize the differences between classes. Peasants are unhappy in the towns, and formerly well-to-do or educated families are dissatisfied in the homes of laborers.

There are many difficulties in the way of successful dispersal of refugees into the communes. Distances are frequently great and transport very difficult to obtain. Most Sindaci are not interested and do not want refugees in their towns. Traditional attitudes of one section of Italy toward another influence reception. Italy has not been a united country long enough for the people to have forgotten ancient enmities. To a resident of Reggio an Italian from Cassino is an alien.

At best, billeting in private homes creates difficulties for the people concerned. Italian houses are small, extra rooms not in daily use by the resident are rare. Refugee families never have equipment for household living, thus forcing their hosts either to share their own meager possessions or treat the refugees callously. The result is ill-feeling on both sides. Difficulties mount when forced billeting is used, for the relationship of the two families begins in an attitude of hostility and there is no chance that the practical difficulties can be solved. These points become important if it is desired to secure stability in the refugee group, for it is such problems as these that lead refugees to abandon their assigned billets and take to the road.

Among the refugees are always men who refuse to work. The white collar group resent being forced to accept manual jobs. Peasants are usually willing to take farm work, but dislike having to do ordinary unskilled labor on docks or in towns. The only effective answer is a "no work, no eat" policy.

The refugees complain more of lack of food and cold than they do of dirt and overcrowding.

The greatest need is for a planned propaganda campaign designed to convince those receiving refugees of their duty to their fellow countrymen.

Q. Comm. Zaniboni: "What is the physical condition of the refugees, especially the children?"

A. There were many bad colds, bronchitis, some pneumonia and

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Q. Comm. Zaniboni: "What is the physical condition of the refugees, especially the children?"

A. "In the beginning there were many bad colds, bronchitis, some pneumonia and many pregnant women. There is no typhus or smallpox. The situation is now much improved, but there is need for milk for small children."

Q. Comm. Zaniboni: "Are inspectors needed?"

A. "Yes, very much. The Italian Government should have one in each province."

Q. Major Birt: "Foggia Province has many refugees from the south of Italy. Can they be repatriated?"

A. Consensus: The problem of repatriation is one for the Italian Government in this connection, the importance of the central registration of refugees was voted.

Q. Lt. Wintersteen: "Naples Province faces an acute situation if refugees attempt to return to their homes north of the Volturno River, as the battle lines move north. Can anything be done to deter such a movement, or could the policy of the Italian Refugee Branch (IRB) be such as to bring these north-bound refugees within the jurisdiction of their camps and program?"

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1. Major Stuart: "The IN cannot accept returning refugees into their camps since their facilities must be planned for the evacuation of forward areas."

RECESS

Major McSweeney opened the discussion of children's institutions. He spoke highly of the cleanliness and order generally prevalent in institutions he had seen, and of the kindly and sympathetic attitude of the religious personnel who operate the institutions.

Captain Silveira spoke of the difficulty of determining the amount of financing needed for institutions. At one time in Salerno Province it was found that to provide 1300 calories of food per day the cost was 12½ Lire per person, and to buy at the level of 2200 calories - the cost was 20 Lire per person, per day. No way had been found to get an accurate idea of the cost of other elements of institutional management or supply. He said the Welfare Branch of P. H. Sub-Commission would be interested in any information it could obtain.

Major Birt spoke of the confused situation regarding institutional financing. Formerly institutions received funds from one or more of four principal sources:

1. Earnings from trust funds, endowments or property.
2. The Church, local parishes, the diocese or the Vatican.
3. Wealthy patrons.
4. The government, communal, provincial or national.

The first three of these sources have, in the majority of instances, been eliminated or seriously curtailed by the war. Regarding the fourth it is frequently difficult to find which level of government is to finance the institution. He recommended putting all institutions into the budget of the comune in which they are located. There was some disagreement with this, since many institutions, in effect, serve several communes, or even receive people from other provinces.

Comm. Speciale outlined the procedure of pre-war financing. Institutions submitted annual budget estimates in advance, and grants were made, subject to change in event of increased costs. At the end of the year a grant of public funds was made if necessary to bring the institutional budget into balance.

Captain Savin said that in Sicily he had found that institutions reported that they never had a deficit, but that was because governmental funds were always used to balance the budget. Answers to two questions were needed now:

1. Definition of the authority of Italian welfare officials in financial matters.
2. Establishment of a uniform procedure of financing within the welfare departments.

Q. Major Birt to Comm. Speciale: "Did the Ministry of Interior ever publish any statements of minimum standards which were to prevail in institutions in receipt of public funds before the war?"

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A. "There were no standards set. Each institution had a committee of management and was subject to inspection by the Vice-Prefect Inspectors. It was considered that the standards of the committee and the VPI were acceptable to the Ministry. In the absence of any standards previously formulated by Italian authorities, it would be inadvisable to issue any now. In the chaotic situation left by the war it would be difficult, if not impossible to enforce them if issued."

Captain Savin brought up the question of a funding procedure for institutions pointing out that Executive Memorandum No. 58 calls for budgets to be acted upon by the DPM before acceptance by the Finance officer. Since the government of Sicily was turned over to the Italians the delegate of the Ministry of Finance in Sicily has been acting on budgets without reference to D.P. W. This was called to Comm. Speciale's attention and he will take the situation under advisement with the Ministry of Finance.

There was considerable discussion of the chaotic situation created by evacuations of institutions during the period when the territory was under attack, extensive requisitioning of properties by the military, and the extent of war loss of buildings and equipment. Considerable praise was given to the work of those in charge of institutions for the way in which they handled very difficult situations and for the generally fine condition of their institutions. The "sweatshop" tinge to some work done in institutions and the lack of activity in institutional activity programs was deplored.

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RECESS

SATURDAY

27 May 1944

Major McSweeney opened the discussion of child-care problems. When he was assigned to Region III an important problem was presented by children who had been "adopted" by troops, and were being surrendered to the Regional Welfare Officer, under terms of an Army order forbidding units to keep children as mascots. The necessity of finding accommodation for them took Major McSweeney into many institutions. These children presented a very difficult placement problem, since they had been thoroughly "spoiled" by the troops with whom they had stayed and were not at all inclined to give up the freedom, indulgent kindness, excitement and adventure of their "army" life.

Several factors in Italian life makes child-care in Italy differ materially from the programs to which we are accustomed in the U.S. and Britain.

1. Families in Italy are larger than in our countries. This means that when fathers and mothers are killed several children, not just one or two remain to be placed.
2. Italians seem to think and plan for care by categories, e.g. separate programs for illegitimate children, without regard to the fact that they thus become marked; and separation of children by sex, which destroys family ties between brothers and sisters.
3. There is frequent placing solely on basis of financial problems of parents, a policy expressly forbidden in most State laws in the U.S.
4. Except for care given by relatives on a very informal basis, there is practically no evidence of foster home placement.
5. There is often a lack of observance of adoption laws.
6. Education of children in institutions is on a fairly definite class basis, i.e. the children of manual laborers are given education and training which is different both in kind and extent from those given children of parents of the white-collar class.

In Region III there are some cases of refugee children lost, orphaned or abandoned in the battle area, requiring placement. There have not been too many such cases, not as many as some anticipated.

The extent of juvenile delinquency in Naples had greatly disturbed the Regional Legal Section and the RWO was asked to collaborate in developing a better program and procedure. In his report the RWO directed attention to the effect of the occupation on the poor children of the city. Italy is a poor country and the children had never seen the evidence of wealth and plenty that coming of the Allies brought. Allied troops were careless, left coats and bags casually in cars, placing tremendous temptations before the children.

When children began to come before the courts, sentences in the first instances were too lenient. A child would be punished very much less severely than an adult for the same offense. The result was that families of the lowest social levels in Naples began using their children in crime, contributing to their delinquency.

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The schools were closed much too long, and after they began to reopen the buildings in some of the areas most in need were still occupied by troops or used for military purposes. The fact that schools remained closed was a definite contribution to increased delinquency.

The RMO worked with the Regional Legal Section toward a more humane handling of persons awaiting trial and a better court procedure for juveniles. He has attempted to recruit the nucleus for a probation staff, and has himself accepted responsibility for 27 children who report to him once a week.

After the schools had been reopened the Education Section found that many children (at least 65%) were underfed. The Economics and Supply Section has allowed a supplemental ration for kindergarten and day-nurseries and it is hoped to expand this gradually until a hot luncheon is provided to all school children. The dried soups brought in by the Economics & Supply are well suited for this purpose when properly prepared.

In closing, Major McGweeney said that the war created many urgent problems for children and the agencies for their care. In better days we would want to establish as high a standard of care as possible, but that now we must be content with whatever we can make available.

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Major Birt stated that some kind of standard is essential. It is impossible to evaluate an institution except against a standard. Executive Memorandum No. 58 requires the establishment of standards as we should be prepared to give the Italian officials realistic leadership in their formulation.

Capt. Savin called attention to the child welfare policies and procedures of the D.P.W.s of Sicily. A bulletin was prepared in conference with the Italian officials and contains a statement of the minimum standards used in Region I. Child Welfare Directors in provinces used these statements as a guide in their placement of children.

Q. Major Birt, directed to Comm. Speciale: "In the past, committees of citizens worked with the courts in the handling of juvenile delinquents. These committees used the Carabinieri or Civil Police to make their investigations. Is the present Italian Government satisfied with that procedure?"

A. "No. It is hoped that further reforms will lead to such investigations being made by child welfare workers."

Q. Major Birt to Comm. Speciale: "There are no juvenile courts in some provinces. Will the Italian Government start at least one in each province?"

A. Comm. Speciale was not aware that they are not now functioning as completely as they should.

In regard to placement, Capt. Savin described abuses discovered in Sicily. Couples intending to marry would have a child first, in order to secure the indemnity paid to mothers of children born out of wedlock. Also, mothers would place children in institutions for illegitimate children, and a few days later return and adopt them, in order to secure the 5 Lire per day paid to foster parents. Comm. Speciale said that this was an immoral program. He explained that these payments were part of the demographic policy of the Fascist Government and that all such laws were under review.

RECEES

As the meeting reconvened, Capt. Silveira said that Brigadier Parkinson had requested the consideration of the conference on a matter not listed on the agenda, and that it was desired to bring it up at this time, while Lt. Colonel Frizelle was available.

Lt. Colonel Frizelle stated that recently, in Sicily, a conference of Italian Public Health Officials was convened. He and Major Bizzozero had attended, representing ACC Public Health Sub-Commission. During this conference the question of reorganization of the National Government activities in the fields of health and welfare was discussed.

The groups then meeting decided to recommend the creation of a Ministry of Health and Welfare, in which all health and welfare functions on the national level would be centered. A chart of the organization of the proposed ministry had been prepared and was submitted for discussion by Lt. Colonel Frizelle.

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A. Comm. Speciale was not aware that they are not now functioning as completely as they should.

In regard to placement, Capt. Savin described abuses discovered in Sicily. Couples intending to marry would have a child first, in order to secure the indemnity paid to mothers of children born out of wedlock. Also, mothers would place children in institutions for illegitimate children, and a few days later return and adopt them, in order to secure the 5 Lire per day paid to foster parents. Comm. Speciale said that this was an immoral program. He explained that these payments were part of the demographic policy of the Fascist Government and that all such laws were under review.

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As the meeting reconvened, Capt. Silveira said that Brigadier Parkinson had requested the consideration of the conference on a matter not listed on the agenda, and that it was desired to bring it up at this time, while Lt. Colonel Frizelle was available.

Lt. Colonel Frizelle stated that recently, in Sicily, a conference of Italian Public Health Officials was convened. He and Major Bizzozero had attended, representing ACC Public Health Sub-Commission. During this conference the question of reorganization of the National Government activities in the fields of health and welfare was discussed.

The groups then meeting decided to recommend the creation of a Ministry of Health and Welfare, in which all health and welfare functions on the national level would be centered. A chart of the organization of the proposed ministry had been prepared and was submitted for discussion by Lt. Colonel Frizelle. (See Appendix 4). The group considered it advisable to specify that medically trained men be the heads of each of the divisions of the Ministry, since the welfare functions were so largely medical.

The meeting being opened to discussion, Lt. Wintersteen pointed out that the proposed chart of organization did not actually include the most important welfare functions. The terms used on the chart refer to two social insurance systems, and are not inclusive of the most important welfare activities. The question was raised if the doctors were talking about a Ministry of Health and Social Insurance, rather than Health and Welfare.

Capt. Savin stated that this subject is of the greatest importance. It was the first proposed change in a European government and would be given great attention everywhere, if effected. Differences between British, American and Italian administrative practice and philosophy must be recognized. To Capt. Savin, this proposal was like stating that the Social Security Board and the Children Bureau should be placed under the U.S. Public Health Service.

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The doctors of the States would be aghast at such an idea. He agreed that a joint Ministry of Health and Welfare would be possible but proposed two separate major sections which would operate independently on all levels of administration. These would come together only at the top, in the person of ministerial rank who would represent both in the high councils of the government. The head of the welfare section should be a person familiar with welfare organization and procedure, and the position should not be limited to doctors. The point is welfare experience, not medical training.

Lt. Colonel Frizelle made clear that the present draft of the chart was a preliminary draft, prepared as a basis of discussion. He believed that its proponents welcomed criticism and proposals for amendment. Major Kenny proposed that three RWOs be designated to advise with the Public Health Sub-Commission on this or similar problems. All present concurred and the Chairman agreed to request Brigadier Parkinson to take this action. Capt. Savin also suggested the inclusion of Italian welfare personnel from the provinces in future discussions.

Returning to the agenda, Major McSweeney introduced Signorina Luigia Barbati, Secretary of the Youth Committee, and consultant to the ACC Education Sub-Commission, to lead the discussion on planned recreation.

Miss Barbati said that the Sub-Commission had given its first attention to the problems of school buildings and equipment and to pressing problems of health. Many school buildings have been damaged or are used by the military and the first effort was to repair and free enough buildings so that the schools could reopen. Then as children returned, health problems came to light and demanded action. Only recently had it been possible to give any attention to planning recreation programs. Efforts have been made to secure playground space in the congested areas of Naples City, but both space and equipment are difficult to obtain. The program being tentatively formulated will include sports, handicrafts, club activities and spectator programs. The Sub-Commission realizes that these programs must be well planned, for it will be difficult to attract the children away from the free-and-easy, exciting life of the streets.

Major Birt said that he has been much interested in the question raised by the abolition of G.I.L. Its program had had 4 elements: Fascist party propaganda, material relief, military training and sports, including club activities, handicrafts and dramatics. The relief provided was a duplication of other relief programs and had been clearly an effort to buy interest in other phases of G.I.L. activity. The military training was definitely out of place. The propaganda was mixed in with all other activities but had definitely to be eliminated.

The fourth element of G.I.L. met definite needs and should be continued, under other auspices. Foggia Province has considered the subject.

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The fourth element of G.I.L. met definite needs and should be continued, under other auspices. Foggia Province has considered the subject and believes it best to put all these forms of recreation activity under the schools. The great problem is with the older children, 12 to 18 years of age, who are out of school. Planning a program for them, in the schools is difficult but Foggia is working in that direction. The plan is to have a separate department of the school system, with sports as the basis of the program. It is hoped that some of the experienced former G.I.L. officials will prove to be acceptable, after screening.

The welfare department will assist with school lunches, and provide for the relief needs of families, but the program planning phases will be the responsibility of Education, rather than Welfare.

There was general agreement with Major Birt's statement of the problem and Foggia Province's procedure.

Major Birt went on to point out that many of the activities proposed both in recreation and in the assistance and child welfare fields previously discussed, would need large numbers of carefully trained personnel. Italy has not had schools of social service administration and suffers now from lack of trained and experienced personnel.

2100
It was the consensus that the Italian National Government should give early attention to establishing courses in social service in the higher educational institutions. This was adopted as a recommendation of the conference to the Italian Government.

The Chairman closed the meeting with expressions of thanks to Comm. Speciale and his staff present in the meetings for their interest and help, and to Captains Silveira and Savage for the excellence of their preparations for the conference.

In reply, Comm. Speciale expressed the thanks of the Government for the interest if the groups in the welfare of the Italian people and assured the conference that the closest attention would be given our comments, suggestions and recommendations.

Adjournment.

T. E. WINTERSTEEN,
1st Lt. A.U.S.
Secretary.

--- 9 ---

C O N F I D E N T I A L

T. E. WINTERSTEEN,
1st Lt. A.U.S.
Secretary.

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SECRET

Welfare Conference 26 May 1944

Brigadier Parkinson's Opening Remarks.

1. A welcome to H.E. Commandatore Rosario Speciale. His presence here is one of the many signs we are receiving of the close cooperation of the Italian Government with this Sub-Commission and it is unnecessary for me to say how much we value and appreciate this.
2. The policy of the Allied Control Commission is that the Italian Government should not be pressed for particular legislation and our task is to operate existing forms of government after removal of undesirable elements, and not to introduce reforms and changes.
3. This is not intended to mean that we should not assist the Italian Government and give our support where possible to any changes they may wish to make and that they wish to make certain changes in their Public Health and Welfare Services was brought to light at a recent meeting held at Palermo when the question of setting up a Ministry of Health was discussed.
4. It would not be right however to suggest that the views expressed there were those of the whole country and as the creation of a new Ministry in any country is not just one of passing moment, it must take time and must get the wholehearted support of those it most concerns.
5. The wish of this Sub-Commission as far as Welfare is concerned is not to destroy machinery just because it had a Fascist origin, but rather to pick out all that was good and by modifying it to meet the needs of a changing world to weld it into something which will remain with the Italian people as one of the good things which sometimes cometh out of evil long after the horrors of this war are forgotten.
6. I am very glad to see so many old friends here this morning and to have an opportunity of hearing something about your work which has been so well performed, often under the most difficult circumstances on account of shortage of personnel, transport, etc., and I would like to take this opportunity of thanking the American and British Red Cross for the valuable help they have given us.
7. I will not take up more of your time as you have a long agenda. I hope you will have a very satisfactory conference and will be able to solve some of the many problems that you meet in your

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APPENDIX II

Statement made by the Director General
of Civil Administration, Comm. Rosarino
Speciale at a Welfare Meeting held by
The Allied Control Commission
26 May 44.

I am glad to participate at the meeting of the Allied Military Government Officers who direct welfare activities in liberated Italy, and to express to them the deepest gratitude for the high spirit of humanity which inspires their work of alleviating the suffering of the needy population.

The Allied command, upon reaching Sicily, saw the necessity to give a new organization to welfare in the Island.

It is probable that such necessity was determined from the state of complete disorder, caused by the war, in the various welfare services of Sicily, some of which were not in condition to function because of the continuous movement of population from one city to another for reasons of safety, because of the moving of some offices to places less exposed to military action, and because of the paralysis in railway, postal, telegraphic and telephonic services; thus it was not even possible to send the funds necessary to the granting of assistance.

What was seen in Sicily took place, until recently, in many other provinces, causing a condition of want among the population which was worthy of note.

These premises may serve to mitigate the unfavorable impression of the Allied Military Government on the functioning of welfare in the liberated provinces, which, without the causes above indicated, would not, perhaps have been noticed.

The Minister of Interior, taking into consideration the desire expressed by the Allied Control Commission, has given instructions to the High Commissioner in Sicily that, as a temporary measure, there be maintained in operation on the Island the new welfare organization created by the Allied Government, even though lacking a law which juridically sanctions its operation.

Subsequently, it was asked that a permanent character be given to the reform extending it to the other liberated provinces and to those that will be returned to Italian administration.

The Italian Government thinks it not opportune to undertake a reform of such social importance when yet so large a part of the national territory awaits liberation and when the country still needs to undergo long labour before reaching a definite adjustment. The reform, in addition, implies a substantial modification in the existing legislation of public assistance and charity, which has an old tradition in Italy, and it is well that the regular legislative assembly pass upon such a reform at the time when, with the total liberation of Italy, it will be possible to proceed with the reconstitution of the two branches of Parliament on the basis of new democratic principles.

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Until this happens, the Minister of Interior proposes to prepare quickly a legislative provision with the object to create, of a temporary character, in all liberated territory and in that which will be subsequently freed, an office analogous to that existing in Sicily which will take in all activities that are social welfare in nature, an office endowed with autonomy, capable, that is, to carry on its work quickly without having first to receive particular authorizations from the Ministry.

The new organization contemplates the establishment in every capital city of the province a provincial office whose function shall be to make possible the realization of all the services deemed necessary to the diversified classes of needy persons: the aged, adults, children, infants, excluding, however, all health services.

In order that the provincial welfare office may attain the scope of work assigned to it, it shall have a branch in every commune, that is, the Ente Comunale di Assistenza in its new form as established by the recent law-decree of April 14, 1944, No. 125.

To avoid useless expenditures the new offices shall avail themselves, insofar as possible, of the personnel of the agencies temporarily suppressed and to limit the hiring of new personnel to such that is ~~strictly~~ **absolutely** needed.

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APPENDIX II - Sheet 2

The necessary funds shall be provided in part by the agencies whose functions pass on to the new welfare organizations, and in part by the government, providing for this purpose contributions towards their respective budgets as a supplement which it actually gives to the Ente Comunale di Assistenza and other forms of financial assistance charged exclusively to it.

As regards the institution of a Regional Welfare Department the Ministry of the Interior retains that for the present it is best that such a plan be put off whether it be because it seems of little practical usefulness, or whether because it could bring about conflicts in function in Sicily and in Sardinia with the High Commissioners, or for reasons of economy, especially when it is considered that regional coordination of welfare is not an essential objective, whereas an efficacious policy of control of the provincial and communal welfare activities, may well be placed, in each province, with the Prefect, who should be always responsible for the proper functioning of the services that are operating within his jurisdiction.

The Ministry of the Interior plans to keep itself in rapport with the sections of the Allied Control Commission which are responsible for welfare in order to make factual the particulars of the reform which, it is well to make clear, must have for the present a temporary status.

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APPENDIX III

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission
(Welfare Branch)

Conference of Regional Welfare Officers,
26 and 27 May 1944.

APPENDIX

26 May.

0900 - 0930

Introduction.

1. Opening remarks

Brig. Parkinson, Director, PR Sub-Commission.

2. Dichiarazione Italiana
alla Guilia Assistenza

Comandatore Rosario Spetale, Prefetto del Regno, Direttore Generale dell'Amministrazione Civile.

3. Organization of Meeting.

Capt. E. E. Silveira, Chief, Welfare Branch.

0930 - 1045

Provincial Welfare Departments and related problems. Discussion Leader: Capt. W. H. Savin, Regional Welfare Officer, Region I.

1045 - 1100

Recess.

1100 - 1200

Continuation, with special reference to functions of ECA, and types and standards of general relief.

1400 - 1530

Refugees in Dispersal Areas. Discussion Leader: Capt. Ransom Carver, Regional Welfare Officer, Region II.

1530 - 1545

Recess.

1545 - 1700

Institutions: standards, financing, coverage.

27 May.

0900 - 1030

Child Welfare, with special reference to OMMI, child placing, foster homes. Discussion Leader: Major John McSweeney, Regional Welfare Officer, Region III.

and Full Assistance
Speciale, Prefetto del
Regno, Direttore Generale
dell'Amministrazione
Civile.

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Recess.

Institutions: standards, financing, coverage.

Child Welfare, with special reference to OMMI, child placing, foster homes.
Discussion Leader: Major John McSweeney, Regional Welfare Officer, Region III.

Recess.

Continuation, with special reference to planned recreational work.

Particular subjects desired to be discussed by Welfare Officers.

C O N F I D E N T I A L

0930 - 1045

1045 - 1100

1100 - 1200

1400 - 1530

1530 - 1545

1545 - 1700

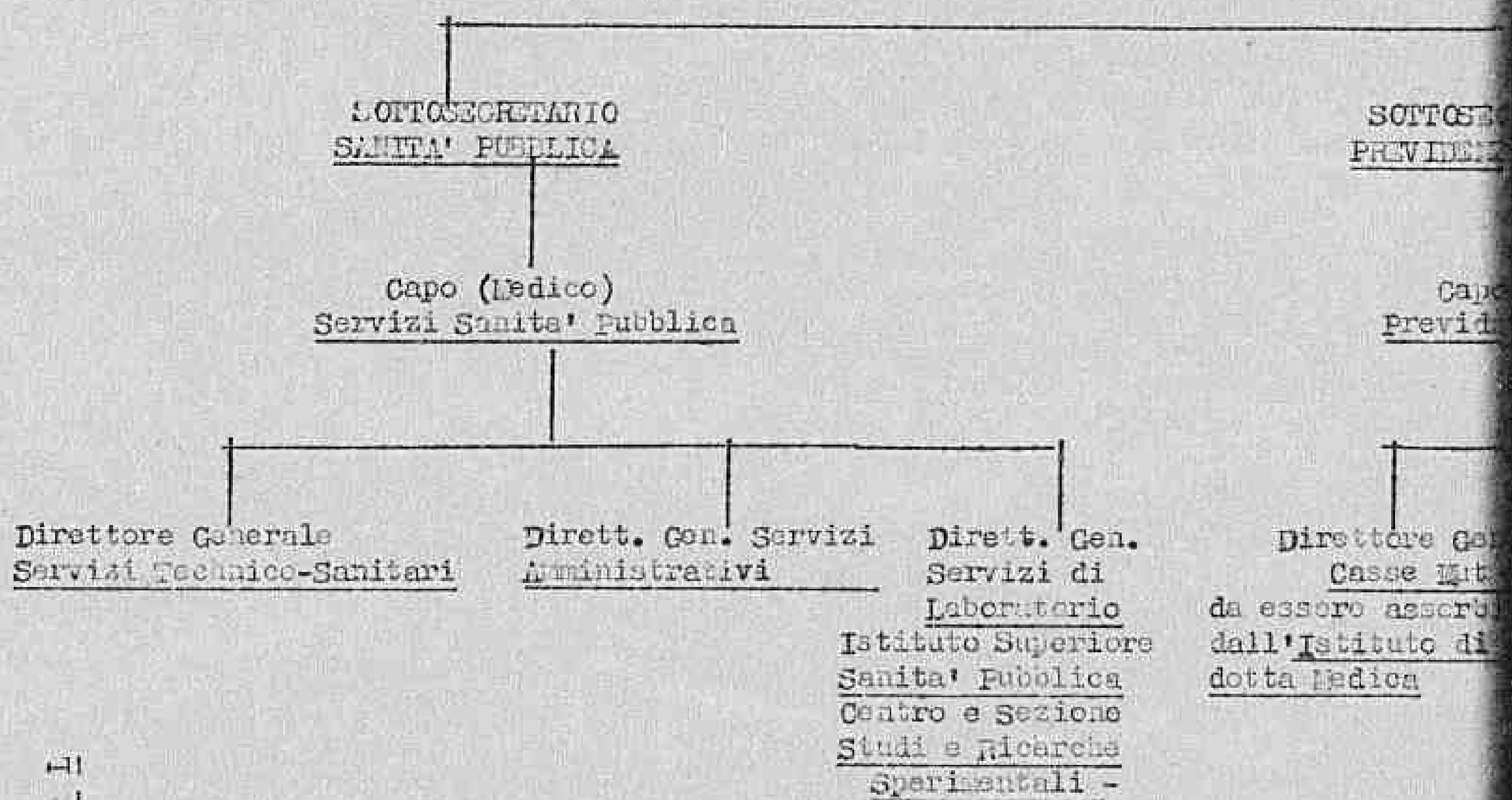
27 May. 0900 - 1030

1030 - 1045

1045 - 1200

1400 -

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APPENDIX IVMINISTERO

3115

FEB 11 1966

APPENDIX IV

MINISTERO

**SOTTOSEGRETARIO
PREVIDENZA SOCIALE**

Capo (Medico)
Previdenza Sociale

Gen. Servizi
Erativi

Dirett. Gen.
Servizi di
Laboratorio

Istituto Superiore
Sanita' Pubblica
Contro e Sezione
Studi e Ricerche
Sperimentali -

Direttore Generale
Casse Mutue
da essere assorbito
dall'Istituto di Con-
dotta Medica

dirett. Gen.
Previdenza
Sociale

Dirett.Gen.
Assicurazioni
Sociali e
Infortunati del
Lavoro

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CONFIDENTIALAPPENDIX VPARTICIPANTS IN THE CONFERENCE OF REGIONAL
WELFARE OFFICERS 26 - 27 May 1944Allied Control Commission Personnel:Public Health Sub-Commission:

Brigadier G. S. Parkinson, Director, Public Health Sub-Commission.
 Lt. Colonel Frizelle, Chief, Public Health Branch.
 Captain Paul S. Savage, Executive Officer.
 Captain E. L. Silveira, Chief, Welfare Branch.
 1st Lt. Luogene Yarracough, Public Health Nursing.
 2nd Lt. Maria C. Milano, Public Health Nursing.

Regional Welfare Officers:

Major John McSwaney	Region III
Major Charles J. Mirt	Region V
Major Raymond Kenny	Region IV
Capt. William H. Gavin	Region I
Capt. Ransom Carver	Region II
Capt. C. S. O. B. Brooke	Region VI
Capt. John Hellen	AAG 8th Army
Capt. T. M. Willcox	AAG 5th Army

Other Allied Control Commission Officers:

— Lt. Colonel T. V. Smith, Director, Education Sub-Commission.
 Major T. G. Bergin, Public Relations Branch.
 Major Luigi Ottavino, War Material Disposal Sub-Commission.
 Major Rakes, Civil Affairs Branch.
 Major J. O. Stuart, Italian Refugee Branch.
 Lt. Tom E. Wintersteen, Provincial Welfare Officer.

Civilian:

Luigia Barbati, Education Sub-Commission.

Red Cross Personnel:

Mr. W. W. Jefferson, Director Civilian War Relief, ARC.
 Major C. Knight, British Red Cross.

Italian Government Personnel:Ministry of Interior

Comm. Rosario Speciale, Director General, Civil Administration.

Regional Welfare Officers:

Major John McShenney	Region III
Major Charles J. Hirt	Region V
Major Raymond Kenny	Region IV
Capt. William H. Savin	Region I
Capt. Ransom Carver	Region III
Capt. C.S.O.B. Brooke	Region VI
Capt. John Faller	AG 8th Army
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Mr. W. H. Jefferson, Director Civilian War Relief, ARC.
 Major C. Knight, British Red Cross.

Italian Government Personnel:

Ministry of Interior

Comm. Rosario Speciale, Director General, Civil Administration.
 Dott. Domenico Manafra, Consigliere, Civil Administration.
 S. Ten. Ignacio Greco, Civil Administration.

Italian Refugee Office:

Vito Zaniboni, High Commissioner.
 Prof. Luigi Joechia, Maggiore Medico.
 Avv. Francesco Oneto.
 Manlio Morrica.

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REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Finance Sub-Commission
A.F.C. 394

Education
7302/151

25 June 1944

SUBJECT: The cost of Living for May 1944.

TO : Vice-President, Administrative Section.
Directors, Administrative Sub-Commissions.

The following is a reproduction from the Finance Sub-Commission Monthly Report for May 1944, page 29 para. 6.

The cost of living in Naples reached its highest level yet attained in May. The reasons for the increase, in order of approximate importance were: only a very small ration of dried beans was distributed during the month; no olive oil was distributed during the month (a ration was issued early in June to make up for the failure to distribute in May); the black market prices of bread and pasta continued to rise, reaching 200 and 300 lire per kilo, respectively; the prices of fruits and vegetables rose somewhat.

The cost of living in lire per person per week for the city of Naples, comparable to earlier figures published in this report, was as follows:

April	7	347 (revised)
	15	317 (revised)
	23	311 (revised)
	30	314 (revised)
	7	365
	15	403
	23	413
	30	404

The revision in the April figures result from changing the substitution factor of rationed dried beans for black market potatoes in order to give proper weight to the greater caloric value of beans per unit weight.

J. J. LAWLER
Lt. Col. USGR
Finance Sub-Commission

3227

JJL/gf

785016

AMG POLCORPS Pol. Corps.

June 261030B

July 021100B
ACC Courier

ACTION: ACC REGION 5 CAMPOBASSO
INFO : HQ ACC, AMG 8ARMY MAIN

Suggest you take over Provinces Chieti Pescara Aquila Teramo, leaving
this AMG responsible for Ascoli and part Nacerata w.e.f. 1200 June 27.
Signal agreement.

INFO

3226

HEADQUARTERS,
ALLIED CONTROL COMMISSION,
APO 394.

REPORT FOR MAY 1944.

1. For the last two months this Report has been a record of steady progress in many spheres, but nevertheless work for many assumed a routine character until such time as the Armies were again able to resume the offensive. Like the Armies we devoted the interim period to planning for a big advance. Fifth and Eighth Army AMG's were strengthened, and Region IV, now responsible for LAZIO, UMBRIA and the City of ROME, like Sleeping Beauty, was suddenly brought to life. The day when the Armies started their big attack, so long anticipated, was 11 May, and for the moment AMG teams with the Armies held the limelight.

2. The Armies progressed rapidly, leaving behind a trail of destruction wherever battles were hard fought. Townships like PONTECORVO, CASSINO and PIEDIMONTE ceased to exist as dwelling places, whilst others could accommodate only a small percentage of their inhabitants. As long as last September it is recorded that the enemy completely emptied one place, the population fleeing to the neighbouring hills. Considerable movement of the population took place as a result of all this and as examples, FONDI increased from 19,000 people to 30,000, and TERRACINA from 14,000 to 23,000. Many suffered from exposure and lack of food.

The feeding and medical treatment of all these people, together with the evacuation of refugees, fully extended AMG staffs but presented no new problems. By the end of the month 200,000 people were being fed in the Fifth Army area alone. Well earned were the congratulations of General Alexander and his application of the epithet "the Third Army" to A.C.C.

3. Due to the fast rate of advance contact was often lost with forward CAO's, whilst Provincial teams had to be called up urgently to take over. The small port of CAETA was quickly employed. It was captured on 20 May and although damage to the harbour was considerable a stretch of 'hard' was cleared by the Royal Navy and a U.S. Engineer Unit so that anchorage was available.

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3. Due to the fast rate of advance contact was often lost with forward CAO's, whilst Provincial teams had to be called up urgently to take over. The small port of GAETA was quickly employed. It was captured on 20 May and although damage to the harbour was considerable a stretch of 'hard' was cleared by the Royal Navy and a U.S. Engineer Unit so that schooners could be brought in. The first one carrying food supplies entered on 26 May and was unloaded into a warehouse which had already been secured. By 28 May all supplies were on a sales basis up to a line TERRACINA - PICO, indicating a very rapid recovery of normal economic life.

It was unfortunate that the misery of the refugees in some areas was increased by the conduct of certain troops under French Command, which moreover caused a greater movement of refugees than would otherwise have been the case. Adverse accounts of behaviour of troops continue from many parts of the country. When, however, account is taken of the great number of troops, the many diverse nationalities and the fact that good behaviour is unrecorded, the situation would appear normal. A regrettable exception is the behaviour of African troops under French Command whose misconduct has led to much distress and resentment. The French Command has taken vigorous measures to stop the excesses but the problem remains - and adds to the difficulties of the Refugees Branch.

4. Next to the advance of the Armies harvesting prospects and organisation have received most attention. After long discussions the price of wheat was fixed at 1000 Lire per quintal and it was announced in the Press and over the radio on 15 May by both A.C.C. and the Italian Government. Inevitably, there are localities where dissatisfaction is expressed over the price, but in reaching a decision factors of national importance had to be taken into consideration.

The word "Amassi", of evil association, is dropped and in its place comes "Granai del Popolo". Well conceived publicity is successfully establishing this phrase.

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CONFIDENTIAL

With the wholehearted co-operation of AAI and the Italian Army, the labour problem has been largely solved by the transference to the principal grain areas of 25,000 Italian troops for the period of the harvest, mostly from Sardinia.

5. 30 and 31 May were devoted to the third Regional Commissioners' Conference which revealed both progress and harmony. Harvesting received rightly more time and detailed discussion than any other topic, for its importance to the Allied cause and the welfare of the country up to the time the last grain of wheat is stored could not be too much emphasised.

The personnel ceiling of ACC/MMG having been fixed and attained (including allowance for future expansion) it is obvious that as new areas are brought under control established areas must release personnel. Naturally the first to feel this thinning out process are the Regions in Italian Government Territory, who have nevertheless cheerfully faced the prospect during the month of parting with a number of their key men.

The remainder of NAPLES Province was handed over to Region III on 22 May.

A new defascistization law is being prepared to distinguish between the active Fascists and those who have only been tainted. In this connection emphasis has been laid on the difference existing between "defascistization" and "epuration". These terms are often used loosely and imply that they are synonymous which is not the case.

6. A committee under the chairmanship of the Deputy Chief Commissioner was appointed in order to make recommendations to check the present tendency to inflation.

POLITICAL.

7. The second meeting of the new Italian Cabinet took place on 4 May. Subjects under discussion were (i) the Granio del Popolo and the price of wheat; (ii) Defascistization; (3) Suppression of the Ministry of Foreign Exchange, its duties being taken over by the Ministry of Finance; (iv) Suppression of the Ministry of Popular Culture, press relations being taken over by the Ministry of the Interior (home and foreign news), the Ministry of Communications (tourism and radio), and the Ministry of Education (cinema and theatre); (v) Economic betterment of State employees.

8. The official price of wheat was issued on 15 May. The Italian Government asked that an A.C.C. announcement should be issued, covering AMG

emphasis has been laid on the difference existing between "purge" and "epuration". These terms are often used loosely and imply that they are synonymous which is not the case.

6. A committee under the chairmanship of the Deputy Chief Commissioner was appointed in order to make recommendations to check the present tendency to inflation.

POLITICAL.

7. The second meeting of the new Italian Cabinet took place on 4 May. Subjects under discussion were (i) the Granio del Popolo and the price of wheat; (ii) Defascistization; (3) Suppression of the Ministry of Foreign Exchange, its duties being taken over by the Ministry of Finance; (iv) Suppression of the Ministry of Popular Culture, press relations being taken over by the Ministry of the Interior (home and foreign news), the Ministry of Communications (tourism and radio), and the Ministry of Education (cinema and theatre); (v) Economic betterment of State employees.

8. The official price of wheat was issued on 15 May. The Italian Government asked that an A.C.C. announcement should be issued, covering AMG territory, at 2 p.m. followed at 2.30 p.m. by an Italian Government communiqué fixing a similar price "in order to ensure uniformity".

9. The new law dealing with the punishment of Fascist crimes and illegal practices contains a definition of those crimes which enabled Fascists to assume power in 1922 and to eliminate the last traces of democratic rule. Punishment ranges from imprisonment to death penalty. A list of mitigating circumstances is established to alleviate or to suspend sentences including such actions as fighting Germans. Provincial Commissions are established in each Province to judge all cases. Members of the Commissions will be both judges and laymen selected for their known anti-Fascist records and positions. Commissions will be appointed by the Prime Minister upon the recommendations of High Commissioner and Minister of Justice. The judgments of Provincial Commissions will be determined as in Courts of Law with a provisional appeal. The High Commissioner may review any sentence of the Provincial Commissions.

10. At a later meeting the Council affirmed a policy of war to the end against the Nazis and expressed its hope for a new world of international collaboration based on the principles of the Atlantic Charter and repeated its conviction that the Italian people had been betrayed and forced into a war against their interests and against their will. The Fascist invasions of other nations are deplored and, specifically, the Government looks to the early liberation of Albania.

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FINANCE.

11. The complete report of the Finance Sub-Commission receives the same circulation as this report. It is therefore proposed to present here only the salient points.

12. As the next fiscal year for the Italian Government begins on 1 July it is necessary that a new budget be prepared to control expenditure after that date. The Italian Government is taking steps to prepare such a budget for the territory under its jurisdiction, and at the Government's request the Italian forms were sent to Military Government territory in order that if and when additional territory is turned over to the Italian Government, data will be available to make the necessary changes.

13. In Military Government territory there has been distributed a complete set of forms for the preparation of budgets, the operation of such budgets, the control of expenditures, and for reporting such expenditures. Revenue data are also included in these forms. In designing these forms every attempt was made to adhere as closely as possible to normal Italian accounting and fiscal procedures. Fiscal procedure for the State agencies is quite dissimilar to that for local government bodies, and two sets of forms were necessary. The operation of the new budget procedure should result in a definite measure of expenditure control.

14. Refugees leaving Italy for Palestine have deposited substantial funds with the Internees and Displaced Persons Sub-Commission, which is seeking a means of remitting these funds to Palestine. As there is yet little or no sterling available in the AF accounts, and as CCS has not approved the expenditure of foreign exchange for this purpose, the current procedure results in blocked deposits being held by the Internees and Displaced Persons Sub-Commission, for account of the refugees abroad. The problem has been referred to CCS decision as to policy, with a suggestion that the Jewish relief agencies abroad may desire to obtain lire funds, by purchase of these blocked deposits from the refugees arriving from Italy, if this is not contrary to general policy.

15. The Italian Government decree for the Insurance Advisory Committee has been signed and the opening meeting should take place during the first week in June. Arrangements have been made for the Insurance Department of Finance Sub-Commission to be provided with agenda and minutes of each meeting, and representatives have been invited to attend the first meeting.

16. In response to a request from AFHQ, the Minister of Finance was asked to give assurances as to the implementation of that part of the Armistice terms which provides that the Allied Forces shall be immune from Italian taxation. A satisfactory reply was received from the Minister, stating that no taxes, direct or indirect, will be imposed upon the Allied Forces or organisations

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16. In response to a request from AMFO, the Minister of Finance was asked to give assurances as to the implementation of that part of the Armistice terms which provides that the Allied Forces shall be immune from Italian taxation. A satisfactory reply was received from the Minister, stating that no taxes, direct or indirect, will be imposed upon the Allied Forces or organisations serving with the Allied Forces, or upon individual members thereof whether acting in an official or un-official capacity. Specific instructions which have been issued to Italian tax officials by the ministry were cited in support of these assurances.

ECONOMICS, RESOURCES and SUPPLY.

17. Food. Grain shipments during May were much more regular than in April. Seven bulk wheat ships of a total tonnage of 56,000 tons and one flour ship tonnage 8,600 tons were unloaded during this period. The last ship was diverted to ANZIO with a large portion of its flour cargo together with an additional top cargo of miscellaneous subsistence items to establish a stockpile for the feeding of ROME. The manufacture of pasta for feeding of forward areas has begun and arrangements are well advanced for the manufacture of biscuit for emergency feeding of forward areas. Plans for making use of the local harvest and for its movement from areas with a surplus to areas with a deficiency are well advanced.

18. Food processing has received considerable attention. Plans are in hand to deal with potatoes, tomatoes, marmalade, jam, macaroni, fish (using the salting and drying processes) and yeast manufacture.

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19. Ration Scales.

Supplementary Ration for Heavy Workers. The scheme for the issue of additional rations to heavy workers wholly and in part employed by Allied Armed Forces has been adopted to commence 1 June. This issue will be by means of supplementary ration cards, and these have been delivered to Regional Supply Officers for distribution to the employing units and the process is proceeding smoothly.

Industry and Commerce.

20. Much of the activity of the Industry & Commerce Sub-Commission has been in the direction of rehabilitation of factories and increased production in those concerns that are working. Special attention has been given to the following vital products:-

Soap - requirements of British Army, Italian Army, Navy and Air Force, civilians. Substantial quantities of soft soap will be produced by using the potash from almond-ash.

Glycerine and glycerine dyes for export.

Sulphuric Acid - acid for battery electrolyte has come into production and all British Army requirements will be covered.

Fertilizers - production commencing shortly at seven plants. Sulphur is to be used in place of pyrites.

Carbon disulphide, Cement, Industrial Gases, wire nails and paper.

21. Agreement has been reached with the Italian Government on measures for the future regulation of the manufacture and use of leather. The key to the scheme is control of the production and allocation of tanning extracts, and a survey of these is approaching completion. The project for the repair of salvaged Army boots has been, within its own limitations, very successful, but it is considered that this scheme should be extended even at the cost of manufacture of boots, as the needs of heavy workers for whom this type is suitable are of the most urgent priority. In addition, it is hoped that an early importation of 500,000 pairs of heavy boots will be made, as these, plus local production, would go far towards solving the problem.

22. Export Shipments. Since last reporting the following shipments have been made:-

To U.S.A. 100,019 lbs. Lemon Oil.

Fertilizers - production commencing shortly at seven plants. Sulphur is to be used in place of pyrites.

Carbon disulphide, Cement, Industrial Gases, wire nails and paper.

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22. Export Shipments. Since last reporting the following shipments have been made:-

To U.S.A.....	100,019 lbs.	Lemon Oil.
To U.K.....	10,265 tons	Sulphur.
	336 qtls	Filberts.
	388 qtls	Argols.
	17,731 gals	Lemon Juice.
	243 qtls	Lemon Oil.
	13 qtls	Tangerine Oil.
	37 qtls	Sweet Orange Oil.
	15 tons	Bentonite { sample shipment }
	160 kilos	Briarwood "

23. Hemp products have shown the anticipated increases especially in canvas and sacking; large quantities of binder twine for agricultural purposes have been produced. Supplies to the services have been maintained. The industry has been working for three months on the small stock of spare materials which were in hand. Production must diminish unless items which have been requested are supplied. These items should be regarded as military requirements and priority allocated accordingly.

AGRICULTURE, FORESTS & FISHERIES.

24. The general impression is that most sections of Liberated Italy will have a bumper crop in the present year. This is true not only of grain but of nearly every other crop which is normally planted. Fruit crops such as cherries and strawberries, plums and similar fruits show excellent output, and the general conditions of all crops at the end of May indicates first that most favourable

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weather conditions have offset many of the handicaps resulting from the lack of fertilizers and materials, and second, that Italian farmers in spite of shortage of tools and work animals, and in spite of disruptions due to military activity, have gone ahead and planted the last inches of land and tended and cultivated the crops well.

25. Military installations, such as air fields, ordnance dumps and staging areas, cover a very appreciable portion of the farming land in Southern Italy. While there is considerable damage to growing crops and to agricultural facilities in some areas owing to the military necessity of taking over planted land or buildings, the military is giving splendid co-operation in this particular phase through the Commanding Generals of the Armies who have issued orders instructing that every care be taken in installations and in the requisitioning of facilities, that proper regard be given to areas and facilities which may be utilized for agriculture.

26. Crop reports on the acreage planted and the condition of the crop were collected from all Provinces and the preliminary forecast on 15 May was:-

Wheat	-	1,624,135	metric tons.
Barley	-	153,460	" "
Rye	-	9,990	" "
Oats	-	271,415	" "
Corn	-	151,775	" "
Dry Broad Beans	-	208,830	" "
Potatoes	-	590,990	" "

27. The Granai del Popolo. Following close on the re-organization of the Ministry of Agriculture and the announcement of the programme for collecting wheat and barley last month, activity has been intensified through the Sub-Commission and the Ministry of Agriculture to develop the necessary directives which will make possible the implementation of the collection decree, for the general co-ordination and broad supervision of the collection programme. Reports from the field indicate that the Communal and Provincial Committees in most Provinces are functioning and declarations are being completed. Assessment forms are being printed and will be available in time for the harvest and threshing. Special decrees and directives dealing with the collection of other crops are being prepared and worked out in co-operation with the Italian Government. A programme of publicity and propaganda has been worked out by members of the staff, the Italian Government and FWE, utilizing press releases, posters, radio, sound trucks and motion pictures, in order that every citizen of Italy may realise the importance of the attempt this year of Liberated Italy to assist itself.

28. During the month inspections of important mills in the Provinces of SALERNO, POTENZA and COSENZA were made to ascertain what mills were able to provide bridge and construction timber. Eleven mills were examined and four found having machinery capable of sawing logs, 4 metres or longer in length.

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28. During the month inspections of important mills in the Provinces of SALERNO, POTENZA and COSENZA were made to ascertain what mills were able to provide bridge and construction timber. Eleven mills were examined and four found having machinery capable of sawing logs, 4 metres or longer in length. Public Works and Utilities Sub-Commission was notified of those considered of special interest to them.

29. Fisheries. The 21 tonnara around the Sicilian Coasts are in full swing and part of the harvest is being shipped to Naples. The remainder is being sold on the local markets as fresh fish food or is being either canned in olive oil or salted. Several shipments of hemp cordage were made to Region V during the month. Reports from Sardinia indicate that there is a normal run of tuna fish. The heads of the Fisheries Division of the Agriculture Sub-Commission and of the Ministry of Agriculture made a complete survey on fishermen's needs in Region VII. Hemp cordage necessary to make and repair nets has been distributed to every fishing village from SALERNO to REGGIO CALABRIA. As soon as the material is made ready shipments will be made to fishing villages on the IONIAN Coast.

PUBLIC WORKS & UTILITIES.

30. Highways and Bridges. At the beginning of the month eight bridges on main highways were under construction, and at the end of the month this number had risen to fifteen. Ten new bridges were under survey and design at the end of the month, or were being let out to contract. At the end of May heavy repairs of a major character were in hand on 158 miles of roads, mostly under contract, whilst normal repairs on 791 miles were similarly in hand.

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contract or under strengthened gangs of the "Cantonesi" (direct labour). In spite of abnormally heavy traffic throughout the northern Military Government territory, there was a marked improvement in road conditions during May, both as to foundations and surfacing. All roads coming under first priority (military) were in hand, except for certain delays occasioned by local shortages of bitumen, or transport. The total number of quarries operated rose during May from five to eight.

31. Electrical Division. Under the heading of control of electric power supplies, further meetings were held with officials of the Public Works Ministry regarding a more uniform application of the decree on electricity rationing. The rationing has given very marked and on the whole satisfactory results, with a corresponding saving in coal consumption at thermal power stations, and conservation of the water held in storage at various high-level lakes and impounding reservoirs which furnish power to the numerous hydro-electric stations. The transfer of electricity generating plant from PALERMO (Sicily) to MATESE on the mainland was not found possible during the month, but will be completed in June.

LABOUR

32. Continued representations were made during the month to the Italian Government for the creation of a civilian mobilization law providing for manpower, and it is being given further consideration. The revised draft of the basic labour law was re-submitted by the Italian Government and is now being considered by A.C.C.

33. The labour situation remained fairly static. The continued threat of strike persisted and "sit-downs" of short duration were not uncommon. Unrest was more marked than in any previous month and the Labour Sub-Commission is convinced that there is systematic agitation of the workers coming from one or two major sources. The real cause of the unrest is food, not low wages.

34. Drafting of the Social Insurance plan in close collaboration with the Italian Minister is proceeding slowly. The Social Insurance structure, like the wage structure, is most complex and has never been systematically analyzed by the present Italian Government. The lack of knowledge, on the part of the Ministry, of Italian wage and social insurance laws and regulations is placing a tremendous burden upon the military authorities, who are being asked time and again by the Italian authorities to approve some ill-considered and unworkable scheme based upon fancy rather than upon fact. A social insurance programme is being drafted for direct employees of the Armed Forces in conformity with sound labour policy. The extension of social insurance to this large group of workers has been approved in principle by the A.A.I. Local Resources Board.

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TRANSPORTATION

35. Railways. Whilst military control becomes less rigid in the south, in the north extended territory and preparations for further extension led to an increase in traffic to military railways. Arrangements were made for civilian mails to be conveyed twice weekly on the Naples - Bari military passenger train, and arrangements will shortly be completed to convey civilian mails over other parts of the service. Five additional passenger services have been introduced to meet civilian needs in the Naples - Salerno area.

36. The Coal Division has been placed under the Transportation Sub-Commission for the purpose of drawing up in conjunction with the Italian Government control organisation for handling and distribution of coal.

37. Road transportation problems have been considerably eased by the receipt of a quantity of tyres and tubes for trucks; more have been authorised and when received additional problems will be solved. The total number of trucks available to the end of the month for the transport of civilian supplies was 604. Re-allocations have had to be made to meet anticipated requirements consequent upon military operations.

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38. Shipping. The scheme for the control of auxiliary motor sailing vessels received the approval of all interested bodies and is now in operation. Further progress has been made in the registration of Italian schooners. Up to the present 489 vessels representing about 39,000 deadweight tons have been registered. Of these, 231 are each under 50 tons but over 20 tons deadweight. In addition, 55 motor vessels of 2250 deadweight tons in Sardinian ports are being registered. During the latter half of May, 99 schooner voyages were reported serving 35 ports and various Islands. The quantity of commercial cargo carried amounted to 7247 tons of which timber, 2227 tons, was the largest item, followed by 1312 tons of foodstuffs, fruit and fish. Wine cargoes are not included.

INTERIOR

39. The Royal Decree restoring Local Government in Italy is being made applicable to Military Government territory. Pools of Local Government officers of various grades are being constituted as a reserve for use where no suitable persons to replace the relieved officials can be found locally in recovered territory. Teams of officials have been sent forward to re-organise the devastated Frosinone and Littoria Provinces.

LEGAL

40. The successive passing of increased responsibility to Italian Courts is proceeding with the object of freeing officers for more forward areas.

41. The consolidations of proclamations and orders and the issue of the booklet of "Consolidated Instructions for Allied Military Courts" have proved valuable both as helps and as a simplification.

42. Fascists are being dealt with in two ways, under the Decree of Defascistization of 28 December and under the recent Decree of Epuration. The former is a purely purging decree and provides the machinery for removing Fascists from office. The machinery is not yet properly at work. The latter is a penal decree and provides the machinery for punishing those who have been guilty of "crimes" - this decree has only just been passed. No action under it has yet been possible. The progress of both classes is a matter of special care and interest.

43. In espionage cases seven death sentences were confirmed and one conviction, with death sentence, was squashed.

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44. Some improvement has been shown as to the number of cases awaiting trial and in the prison situation but constant watchfulness is necessary if it is hoped to get Italian Courts to deal with cases with reasonable expedition.

PUBLIC SAFETY

45. The plans for moving Carabinieri into new territory as the Allies advance have worked smoothly. It has been reported on all sides that the Carabinieri have proved of the greatest assistance to Allied Forces in dealing with all civilian problems. It is interesting to note that the appearance of Carabinieri with the advancing troops has been enthusiastically welcomed by civilians.

46. Much closer relationship has been established between Provost and Public Safety Officers, with the object of maintaining direct contact between Allied Military Police and the Italian Police. Courses of lectures by Public Safety Officers are being given at Military Police Training Centres. The system of joint patrols by Allied and Italian Police is being extended.

47. The most serious case of counterfeiting yet discovered was at Palermo, where forged L. 1,000 Allied Military notes were being circulated. The printing press, tools and materials have been seized, 39 persons arrested and L. 42,000,000 recovered.

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48. The problem of overcrowding in civil prisons has been energetically tackled and the crisis has passed. All concerned now have a lively appreciation of the problem. The new Director of Prisons at the Ministry of Justice is forming a competent staff and a body of Inspectors.

49. The Military Security Services have reported that the additional restrictions imposed on the movement of civilians, which have thrown a good deal of work on ACC officers in the field, have proved of great value in checking the activities of enemy agents.

PUBLIC HEALTH

50. Smallpox. No further cases have occurred in Taranto, the disease in Naples is of a mild form. At 31 May 161 cases had been reported. There are no deaths.

Venerreal. The decline of the V.D. rate continues. 2,000 hospital beds for infected prostitutes have now been provided in Italian Government territory. The Italian Government doctors and officials are co-operating well.

Malaria. AIJ has made a considerable amount of Paris Green available for Regions. DDT powder which proved of such value in Typhus Control is now providing of value in anti-malarial work, mixed with oil it is an effective larvicide, and mixed with kerosene or talc it is an effective destroyer of adult mosquito.

Veterinary. 2,500 swine have been lost in Region V from Swine Fever/Hog Cholera. The production of vaccine for this disease and of other biologicals is proceeding satisfactorily.

EDUCATION

51. Defascistization of Educational personnel is not proceeding in Italian Government territory as rapidly as is desired, but some improvement has been manifest recently. There have been a number of student disturbances mainly of a more or less good humoured nature to obtain the benefit of successfully passing an examination without undergoing the burden of a test.

52. The text book printing is now complete. If text books are to be ready for next year a million will have to be printed during the next few months. The work is in preparation.

53. The development of various educational channels for infants, for recreation

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53. The development of various educational channels for infants, for recreation, for youths (including scouts), for adults, for extension classes, for the teaching of arts and crafts and science and for technical education are all proceeding.

PROPERTY CONTROL.

54. A decree has been passed revoking measures previously taken against the property of Allied - French Nationals. Local officials have accordingly been instructed by the Ministry of Finance to revoke orders for sequestration and to re-assign property to the owner or the Property Control Officer for the owner. Banks which had been acting as managers of sequestered properties will continue to manage them for their owner. The Bank management is proving very satisfactory.

MONUMENTS & FINE ARTS

55. M.F.A. officers have been well forward and have entered captured positions with, or shortly after the capturing troops. The MAF is granting every facility for co-operation to avoid inadvertent damage and to enable damage committed to be tabulated.

56. The following lists of protected monuments have been issued to forward troops :

Section 1	-	Sardinia and Sicily.
" 2	-	Apulia, Calabria, Campania and Lucania.
" 3	-	Abbruzzi and Lazio.
" 4	-	Le Marche, Tuscany and Umbria.

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57. A booklet on the preservation of Works of Art with a foreword by the C. L. C. Mediterranean Theatre has been distributed to the troops.

COMMUNICATIONS

58. Telecommunications. No major changes have taken place in the Telecommunications system. Detailed development has been in steady progress; in particular, the capacity of the telegraph circuits to Naples has been made adequate for the traffic with that city. The telephone circuits available for the Italian Government to Naples are inadequate, and an increase in these facilities has been requested of the military authorities.

59. Posts. Detailed improvements have included the provision of four mail services a week from Naples to Bari (in place of two a week), and an airmail service with Tripoli. The sequence and circumstances in which the resumption of postal finance services, advance postal services for P.O.W. mail, and normal postal services in newly occupied areas has been agreed and instructions issued.

60. Censorship. A policy has been agreed and approved to turn over the operational control of internal mail and telegraph censorship to the Italian Government in Italian administered territory, and simultaneously to permit this control to be exercised by the Italian Supreme Command instead of by local Prefects acting under instructions of the Ministry of the Interior. This has the result of centralising the control, and of ensuring that civil censorship is under primarily an instrument of military security and not a source of political information. Policy control is retained and the normal direct executive control by Allied censors in areas forward of the Italian Government territory is not affected.

IMPRISONED & DISPLACED PERSONS

61. General. The numbers of refugees this month from Yugo Slavia were small compared with preceding months; 2895 persons were received, of whom some 2488 were women and children.

62. During the month 571 Zionist Jews were embarked for Palestine. This emigration, the first of its kind from Italy since the commencement of the War largely concerned Jewish refugees located in Ferramonti and Di Bagni Camps. Many problems had to be faced in this first emigration to Palestine, and the lessons learnt will be put to good use when a similar movement of Jews has again to be dealt with.

63. With impending operations likely in mid-May it was decided to organise

control to be exercised by the Italian Supreme Command and the Ministry of the Interior. This has the result of centralising the control, and of ensuring that civil censorship is not a source of political interference primarily an instrument of military security and not a source of political interference. Policy control is retained and the normal direct executive control by Allied censors in areas forward of the Italian Government territory is not affected.

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63. With impending operations likely in mid-May it was decided to organise approximately 1/8th of the Sub-Commission to find an Advance HQ and three Forward Groups. The extra work thrown on to individuals has been dealt with with energy and cheerfulness by all concerned. The organisations by which camps are to the maximum extent run by refugees has made it possible to face greatly increased commitments.

64. Medical. Yugo Slav and Italian civilians are being used to replace military personnel in the Medical Branch and several members of the Friends Ambulance Unit are now numbered amongst the staffs. Maglie Hospital still maintains a creditable military standard of efficiency. Both Leuca and Maglie hospitals are working to capacity and their bed-strength is being increased. The first course for training nurses was completed and of the original 30 who desired to be trained, 15 qualified. A second class of thirty has commenced training. There has been a mild epidemic of measles. Several cases of Whooping Cough and a few of Mumps and Scarlet Fever. Pulmonary Tuberculosis has also been shown to be fairly common. Most cases are absorbed into civilian sanatoriums. Red Cross personnel and Friends Ambulance Unit continued to render yeoman service.

65. Records Bureau. Approximately 31,500 persons have now been recorded. 1,050 enquiries have been booked out of which 375 definite answers have been received. Enquiries for Southern Italy are decreasing as certain results have been obtained and it has been stressed for some time now that the postal channels now available should be used. Enquiries already coming in for areas nearer the old front line and it is estimated that many more enquiries will come in shortly. The Foreign Relations Department of the British Red Cross have established a

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system whereby they accept enquiries from the American Red Cross, Allied Red Crosses, numerous Jewish organisations, and so on, which is an invaluable help in work of this character. The past months have proved beyond doubt the importance and immense psychological value of this work of handling enquiries and communications of displaced persons and this bureau has been able to co-operate with M.E.R.R.A. and other outside organisations fairly effectively.

66. Statistics. As at May 31 (unless otherwise stated) :

Refugee population in Camps and Hospitals	-	4,843
Reception during May (by ship)	-	2,895 +
Reception by means other than ship	-	10
Shipped to Mideast (Jews to Palestine)	-	571
Gross total shipped to Mideast to date	-	20,391

+ of which 911 were women and 1577 were children under 16 years.

REFUGEES (ITALIANS)

67. The Italian military personnel working under the direction of the Refugee Branch for handling refugees from the forward areas has been increased steadily and by the end of the month was 111 officers and 1040 other ranks, an accession of strength of 26 officers and 659 other ranks.

68. Movement during the month :

From 5 Army (by road)	-	4589
From 8 Army (by road/rail)	-	8020
Total		<u>12609</u>

To dispersal areas southward :

To Region I (Sicily)	-	5971
To Region II (Eari Province)	-	1388
To Region III (Naples, Salerno & Avellino Provinces)	-	1440
To Region VII (Reggio & Catanzaro Provinces)	-	1651
Total		<u>8450</u>

In addition 1415 were dispersed to Local Homes and 878 handed over to

Refugee Branch for handling refugees from the front lines steadily and by the end of the month was 111 officers and 1040 other ranks, an accession of strength of 26 officers and 659 other ranks.

68. Movement during the month :

From 5 Army (by road)	-	4589
From 8 Army (by road/rail)	-	8020
Total		<u>12609</u>

To dispersal areas southward :

To Region I (Sicily)	-	3971
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Total		<u>8450</u>

In addition 1415 were dispersed to Local Homes and 878 handed over to the Italian Military authorities for possible military service.

69. As the Armies move forward the unrest amongst the refugees in the South increases. Refugees find it hard to live in the dispersal areas and are eager to return to their homes and property, whether it is intact or not.

PUBLIC RELATIONS

70. Early in the month an officer of the Commission's Public Relations Branch was attached to each of the Armies operating in the field, and these officers were in close touch in preparation for the active period expected. As a result contact was maintained with events and war correspondents and proper publicity was assured.

71. A number of items dealing with the work of ACC have been released to the press, the photographers attached to the Branch have covered stories of varied interest in the towns recently liberated, refugee camps and the forward areas generally.

72. The routine work was not neglected. Liaison with Sections, Branches, Boards and Regions was maintained, a particular feature being visits to Conferences and meetings held in the Regions. The weekly bulletin is proving increasingly useful and popular, especially in the southern Regions where authentic and up-to-date news percolates only slowly.

W. J. Stone

W. J. Stone
Quentin, 1941

MEMO

Lunch: at 12:15

Lecture: 12:45 - 1400 (including translation)
on Beginning of Risorgimento 1790-1846

tomorrow

2 June 1944.

W. G. T. V. Smith

GENERAL OUTLINE OF ITALIAN HISTORY FROM ROMAN TIMES TO THE FRENCH

REVOLUTION -- SUMMARY -- TRANSLATION OF THE LECTURE GIVEN IN

ITALIAN ON 23 MAY, 44 - BY PROF. POMERAI.

At the beginning of the 5th Century A.D. the Latin poet Rutilius Namastius wrote: "Rome has united many cities into one". He intended to convey with this phrase that Rome had unified the whole of the world and had brought it civilization. This sentence gives us an idea of what the Roman tradition had really been. It did not only include the political organization of the Roman Empire, but also the legacy of culture, of laws, and of social relationship, which has lasted up to our own days.

Before the barbaric invasions, the Roman Empire was still intact. However it began to disintegrate with the influx of many people of different culture and from different countries - mostly of German origin - who gradually took the political and military control.

These people had such low cultural standards that they were able to overtake the Empire only from a purely military standpoint, while, on the other hand, they were overtaken by Roman culture and law.

Instead of Rome becoming barbaric, the barbarians became civilized and incorporated within the Roman Civilization as such. The Roman element still held the leadership in the realms of administration, education, and jurisprudence. The first invasions of the Italian peninsula took place in 401, 450 A.D. In 476 the Western

2 1 3 4
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Instead of Rome becoming barbaric, the barbarians became civilized and incorporated within the Roman Civilization as such. The Roman element still held the leadership in the realm of administration, education, and jurisprudence. The first invasions of the Italian peninsula took place in 401, 450 A.D. In 476 the Western Roman Empire which included Italy, fell. Consequently the peninsula became a separate state, under the nominal jurisdiction of the Eastern Roman Empire, but was actually independent.

The fusion of Roman and Barbaric cultures had been accomplished about the middle of the sixth century A.D., when a new invasion took place. The Longobards - a Barbaric race of German stock - invaded the peninsula in 568 and overthrew the existing political bodies. This was really a military conquest made by men who did not feel the superiority of Roman culture and were determined to create a state of their own founded on the basis of their own tradition. The Longobard State existed from 568 to the eighth century A.D. and was pre-dominant political organization in Italy at that time.

The decline of the Roman Empire occurred simultaneously with the development and growth of Christianity as a social and political as well as religious movement. The Christian principle joined the Roman tradition and became part of it. During the V, the VI and the VII centuries the Bishop of Rome grew stronger and assumed control over the other bishops. This was the foundation of the Roman Catholic Church, during this period Leo the Great and Gregorius the Great were two of its prominent figures.

The Catholic Church, introducing the concept of equality of all men, before God, brought a new element into the social life of the later centuries. This principle was realized through the various Monastic Orders, especially the Benedictine order, founded by Saint Benedict at the end of the fifth century, which had as its motto: "Work and Pray".

The members of this order were not simply ordinary monks having purely religious tasks, but were the principle figures in carrying out social welfare and maintaining cultural life as far as possible.

Emerging after the long period of darkness and decadence of Middle Ages, the new life in Italy was based on a combination of the Catholic Religion and the Roman tradition.

The power exercised by the Pope was not only religious, but also political after the creation of a Papal State, which included the city of Rome and the surrounding provinces. The Papal State emerged as a necessity because, according to medieval juridical concepts, no power including a moral and religious one, could exist without a territorial expression. On the other hand, the existence of an independent state, comprising

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purely religious tasks, but were the principle figures in carrying out social welfare and maintaining cultural life as far as possible.

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On the other hand, the existence of an independent state, comprising the greater part of Central Italy, kept the country divided and retarded its unification.

The Roman tradition and the Catholic religion influenced the minds of the Barbarians so much that they felt the necessity of forming a new political organization based on these two principles.

This new political body was the Holy Roman Empire founded by Charlemagne and which was originated in the year 800 A.D. with his coronation in Rome by the pope.

The Empire of Charlemagne included also the North of Italy down to the Papal State. It was based on a feudal system of government and was divided into many small states, the sovereigns of which were

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responsible to the Emperor.

Southern Italy was on the contrary, under the direct influence of the Saracens who following their offensive thrust which had started after Mohammed (632) reached Sicily and Spain.

Italian civilization thus developed in two completely opposite directions. In the north it was influenced by the Empire of Charlemagne and was chiefly a Franco-German nature. In the south it was of saraceno origin.

The feudal system contained the germ of our disintegration in its decentralization of power. After the death of Charlemagne his successors did not possess his courage and wisdom. Each feudal lord became practically autonomous sovereign, even though dependent in theory from the Emperor. Thus many small states rose in Northern Italy, often fighting among themselves and unable to view the problems of the peninsula from the national outlook.

This period of Italian history (IX-X-XI) centuries was a very dark one. Culture fell to a very low level and life was led mostly in the country and in the castles. Only in the few cities existing at the time people kept the flame of culture alight. In fact after the year 1000 in the cities a new social life gradually arose which brought with it an economic and political rebirth. This was the origin of the Italian Comune, that is, of that form of government depending on local autonomy and administered by a democratic system.

Thus the whole of Northern Italy soon became the center of independent local governments. They waged war against the feudal lords, and

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Thus the whole of Northern Italy soon became the center of independent local governments. They waged war against the feudal lords, and later against the Emperor, who did not care to recognise such new formations which undermined his authority. But he was obliged to recognise the Communes after the battle of Legnano (1166) in which the armies of Frederick Barbarossa were defeated by the troops of the confederated cities of the north.

In Southern Italy there was no formation of Communes, but an unitarian monarchy created by Norman princes, who reached Italy almost at the same time as other Normans reached the British Isles. Thus the kingdom of Southern Italy was formed. It lasted unbroken until 1860.

At the end of the XIII century Italy was divided into the following political formations: The Northern States, which became practically independent from the Papal state in the centre; a monarchy

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in the south; and the maritime republics. Among these the republics of Venice and Genoa were the most economically and politically important. They formed intimate relations with the countries of the East and especially of the Mediterranean.

Florence and Milan also became rich and prosperous states. If on one hand the democratic system of government increased and favoured internal wars, on the other hand it facilitated economic and artistic activities. A general fervour for study moved the people at this time. They searched for ancient, Roman and Greek texts; they tried to beautify their cities in order to depart from the obscurity of feudal times and turn to art and cultures for new forms of life. This was the epoch of Dante, Petrarca, Boccaccio and Giotto. Historical and geographical studies were intensified; in the field of law the Roman juridical tradition was again followed. All this went together with the desire of the people to perfect their character through religion. For this reason Saint Francis of Assisi - the founder of the Franciscan order - became the example of this life for the life to come.

In the XVth and XVIth centuries such fervour for art, scientific research, and creation crystallized in the marvelous, historical phase known as the Renaissance. All branches of human activity were developed in this epoch. Painting was made famous by Botticelli, Titian, Raphaello; sculpture by Michelangelo and Cellini; architecture by Bramante and Michelangelo; scientific studies by Leonardo da Vinci; poetry by Ariosto and Tasso; political studies by Machiavelli; geographical discoveries by Columbus and Caboto.

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Political systems changed from republics to hereditary monarchies (signorie). Each Comune soon handed over all its public power to one of its most important families, such as the Medici in Florence, the Visconti in Milan, and the Della Scala in Verona. Only Venice continued to have a republican administration.

Unfortunately, none of these states had sufficient strength to conquer the others and give unity to the peninsula. On the contrary, they only fought each other and turned to foreigners for help. This is no doubt the reason why foreign states began to interfere in the internal matters of Italy and gradually increased their influence.

Since the year the King of France, Charles VIII, descended into Italy (1494) and during all the following centuries the peninsula became a

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

1307L/F

10 June 1944

REPORT OF THE FINANCE SUB-COMMISSION HQ ACE

FOR MAY 1944

Col. E.H. Foley, Jr. (A) } Joint Directors, Finance
Col. A.P. Graffey-Smith (B) } Sub-Commission

Lt. (jg) J.E. Hicks, USCGR } Joint Editors { Major B. E. L. Thomas
Capt. Andrew Kennard } Editors { Lt. G. H. Willis, USNR.

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B - Issuance of Government authorizations to Spend under AMC

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B	Issuance of Government Authorizations to Spend under AMG Conditions in Campobasso
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I. ORGANIZATION

4. Appointment of the Allied Anti-Inflation Committee (Italy)

1. On 17 May the Chief Commissioner announced the appointment of a committee to consider the existing financial situation in Italy and to recommend the measures which should be adopted to check the present tendency towards inflation.

2. The committee is composed of the following members:

Chairman - Captain Ellery W. Stone, USNR

Col. A.P. Crabtree-Smith - Joint Director, Finance Sub-Commission
 Col. E.H. Foley, Jr. - Joint Director, Finance Sub-Commission
 Mr. Harold Glasser - Division of Monetary Research, U.S. Treasury Department
 Mr. E.M.H. Lloyd - Economic Advisor, British Minister of State's Office, Middle East
 Col. G. Upjohn - Director, Legal Sub-Commission
 Col. N.E. Fiske - Deputy Executive Commissioner

Secretary - Lieut-Comdr. J.J. Lawler, USCGR - Finance Sub-Commission

3. The Chief Commissioner prescribed broad terms of reference and directed that the Committee report its findings and recommendations to him. The committee has been in almost continuous session since its appointment, with three Sub-Committees designated to prepare sections of the final report and recommendations, namely, (a) Financial Policy, (b) Wage and Price Policy, and (c) Supply Policy. The first two sections of the Report are shortly to be sent to AFHQ for GCS.

II. GOVERNMENT FINANCE

4. The Italian Government Deficit

1. Italian State Account

(a) For the last few months through April, the excess of disbursements on Italian government account over receipts has remained fairly stable at around 3,000 million lire per month. While in March the excess came to 3,100 million lire, in April it dropped to 2,700 million lire. These fluctuations are due: (i) to the character of cash disbursements data as such, which depending on chance happenings, will result in higher or lower payments being made in one month or another and (ii) to the bi-monthly peaks in Italian revenue collections. It is not expected

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II GOVERNMENT FINANCE

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(b) It must be pointed out that both allied military expenditures and probably the greatest part of the Italian governmental expenditures are not susceptible to reduction. In the latter are included large amounts which serve directly and indirectly the joint war effort against Germany. As a result of this largely incompressible nature of war expenditures, the amount of action which can be taken in this sphere of anti-inflation control is necessarily limited.

(c) The 2,700 million lire "deficit" in the state account during April was financed principally by the Banca d'Italia which supplied over 1,700 million lire and by the sale of almost 800 million lire of government bills (Buoni del Tesoro ordinari). The funds provided by the Banca d'Italia were secured almost entirely through the increase in bankers' deposits at the Banca d'Italia. That is, the government deficit is being largely financed by the in-flow of personal and business savings into the banks, from the banks into the Banca d'Italia and from the Banca d'Italia to the government.

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(a) The total excess of government disbursements over government receipts in Liberated Italy, as shown by the Italian state account at the Banca d'Italia, for the first 10 months of the fiscal year comes to 25,000 million lire. To this must be added an additional 3,000 million lire advanced by the Allied Financial Agency, which is not shown on the books of the Banca d'Italia. The total thus becomes 28,000 million lire or an average excess of government disbursements over receipts of 2,800 million lire per month.

The summary of the Italian state account from 1 July to 31 April at the Banca d'Italia is given below. The description of the various items has been given in the preceding monthly reports.

Italian State account at Banca d'Italia
1 July 1943 through 30 April 1944
(millions of lire)

	Total Italian Gov't. Territory	Total Military Gov't. Territory	Grand Total Liberated Italy
a. <u>"Deficit" in State account</u>			
Total payments less payments on account of Buoni del Tesoro ordinari	22,873	6,108	28,981
Total receipts less receipts on account of Buoni del Tesoro ordinari	3,435	1,104	4,522
Excess of disbursements	19,455	5,004	24,459
b. <u>How State "Deficit" was met</u>			
Credit advanced by Banca d'Italia to State	8,527	1,486	10,013
Decrease in balance held by State at Banca d'Italia on 1 July 1943	3,042	1,174	4,216
Advances from AEL and AMG	3,150	30	3,180
Funds supplied from Rome	1,921	1,400	3,321
Net receipts in Buoni del Tesoro ordinari account	1,195	329	1,524
Increase in Contabilità Speciale accounts	1,597	579	2,086

total receipts less receipts on
account of Buoni del Tesoro
ordinari

Excess of disbursements 19,455 5,004 24,459

b. For State "Deficit" was met
Credit advanced by Banca d'Italia
to State 10,013

Decrease in balance held by State
at Banca d'Italia on 1 July 1943 4,216

Advances from R.A. and R.S. 3,130

Funds supplied from Rome 3,321

Net receipts in Buoni del Tesoro
ordinari account 1,524

Increase in Contabilita' Speciale
accounts 2,086

Increase in deposits of cash
guarantees 119

Total

19,455 5,004 24,459

2. Government Bonds

(a) In April, for the first time since the liberation of southern Italy, a sizeable portion of the deficit on state account was financed by the sale of government securities. During April, over a fourth of this deficit was met by the net investment, principally by banks, in Treasury bills (Buoni del Tesoro ordinari). Total purchases of the B.T.O. amounted to 1,420 million lire per value, with a net investment for the month of 779 million lire or almost as much as the total investment for the preceding nine months. This development appears to be linked with the strong upward movement in government bond prices in April and, presumably, was likewise caused by the formation of the new Italian government during the month.

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(b) Since the resumption of trading in government bonds in November there have been three factors which have led to a strong upward movement in prices. The payment of the 15 December 1943 5% bond maturity and the general resumption of public debt service on 1 January 1944 resulted in a recovery of bond prices to levels higher than they had been immediately preceding the Allied invasion. The formation of the new government embodying the six anti-fascist parties in April resulted in a further increase in prices which has been well maintained. One security, the 3.50% Rente of 1906 has been consistently selling above par since the advent of the new government. Government bond prices are remaining above levels prevalent a year ago under the fascist regime.

(c) While these remarks apply particularly to the Naples market, the Banca d'Italia reports that with the resumption of good communications around March the Naples prices are applicable to the rest of southern Italy. (The details of the price movements are given in Appendix C.)

3. Cash Position of Italian Government in May

(a) No advances were made to the central Italian Government in May. Outside of the forward Army AMG areas, finance officers are not authorized to make any advances for Italian governmental purposes without prior authorization from Finance Sub-Commission headquarters. No authorization was granted during the month. The Banca d'Italia which has been given the complete responsibility for taking care of the currency needs of the government was able to meet all governmental demands both in the Italian Government territory and in AMG territory. In addition, the Banca d'Italia provided 600 million lire from its Naples branch and 60 million from its Bari branch during May to take care of any governmental financing which may be necessary in the new areas liberated.

(b) Total AFA advances, which have been classified to 30 April, to Italian governmental organizations are as follows:

(millions of lire)

To Italian State Treasury, Armed Forces and State Institutions	4,576
To Provinces	492
To Communes	<u>1,183</u>
Total	6,251

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(millions of lire)

To Italian State Treasury, Armed Forces and State Institutions	4,576
To Provinces	492
To Communes	<u>1,183</u>
Total	6,251

B. Revenue

1. Revenue Collections

Collections of Italian State revenues for the month of April were substantially higher than in any other month since Allied occupation and were substantially above those of April 1943. The continuous improvement in the revenue situation is shown in the table below:

Total State Revenues for the 27 Provinces (gross intake less Capo X) (millions of lire)		Per cent this year to previous year
1942	1943	
July through December	July through December	57
2,553	1,460	
1943	1944	
January	January	51
February	February	85
March	March	144
April	April	143
Total	Total	77
4,345	3,342	

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The detailed tables below show that this improvement is general throughout the area and throughout all important revenue classifications. April collections were larger than those in April 1943 in all provinces other than Potenza, Naples, and Reggio di Calabria. In 12 provinces revenues for the entire 10 month period are larger than for the comparable period a year ago. Naples, however, which alone produces more revenue than all of Sicily, has reached only 53 per cent for the 10 months period. Other provinces which suffered heavily in the war, Catania, Messina, Trapani, Taranto, Salerno, Cagliari, Catanzaro, and Reggio di Calabria have reached less than 70 per cent. Most of these areas are ports at which the loss of revenues from customs duties represents a substantial part of the total decrease.

Direct taxes are now showing a general increase over last year owing to increased assessments made during the last two years, particularly in the case of the war profits tax.

Total Revenue Receipts (Gross Intake, Less Capo X)
(millions of lire)

	9 months to Mar. 43	April 1943	Total for 9 months 10 months to Mar. 44	April Total for 10 months 43/44	Percentage 43/44 to 42/43
Region I.					
Agirigonte	37	6	43	9	100
Calitanzetta	26	5	31	8	103
Catania	292	26	318	29	40
Enna	19	4	23	6	113
Messina	116	14	130	16	42
Palermo	370	40	410	82	72
Ragusa	20	4	24	7	130
Siracusa	35	6	41	11	107
Trapani	134	7	141	11	36
Total	1,049	112	1,161	179	61
Region II.					
Bari	539	82	621	198	149
Brindisi	36	8	44	12	150
Lecco	60	14	74	22	138
Taranto	119	14	133	24	66
Matera	19	4	23	4	100
Potenza	27	5	32	3	84
Total	800	127	927	263	133
Region III.					
Avellino	36	6	42	8	90
Benavento	30	5	35	11	74
Napoli	1,199	168	1,367	128	53
Salerno	92	17	109	17	63
Total	1,357	196	1,553	164	55

Cartanissetta	26	3	31	24	29	25	128	40
Catania	292	25	318	99	29	26	113	42
Enna	19	4	23	20	6	54	72	130
Messina	116	14	130	38	16	295	31	44
Palermo	370	40	410	213	82	7	51	61
Ragusa	20	4	24	24	7	11	107	36
Siracusa	35	6	41	33	11	11	51	61
Trapani	134	7	141	40	11	704	61	
Total	1,049	112	1,161	525	179			

Region II,								
Bari	539	82	621	729	198	927	149	150
Brindisi	36	8	44	54	12	66	138	66
Lecco	60	14	74	80	22	102	100	84
Taranto	119	14	133	64	24	88	23	27
Metara	19	4	23	19	4	23	84	
Potenza	27	5	32	24	3	27	133	
Total	800	127	927	970	263	1,233		

Region III,								
Avellino	36	6	42	29	8	37	90	74
Benevento	30	5	35	15	11	26	53	63
Napoli	1,199	168	1,367	598	126	726	55	
Salerno	92	17	109	52	17	69		
Total	1,357	196	1,553	694	164	858		

Region V								
Campotraso	31	6	37	19	6	25	68	82
Foggia	112	18	130	84	23	107	79	
Total	143	24	167	103	29	132		

Region VI								
Cagliari	204	8	212	101	38	139	66	133
Nuoro	15	3	18	19	5	24	182	89
Sassari	36	8	44	61	19	80		
Total	255	19	274	181	62	243		

Region VII								
Catanzaro	95	15	110	56	17	73	66	104
Cosenza	46	9	55	42	15	57	43	65
Reggio di Calabria	85	13	98	34	8	42		
Total	226	37	263	132	40	172		
GRAND TOTAL	3,830	515	4,345	2,605	737	3,342	77	

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Total Revenue by Sources

(millions of lire)

	10 months to 30/4/43	10 months to 30/4/44	% 43/44 to 42/43	April 1943	April 1944
Capo I Manufacturing Taxes	242	143	59	16	29
Capo II Customs	276	61	22	7	28
Capo III Local Finances	1	2	199		
Capo IV Monopolies	1,534	1,062	69	163	225
Capo V Lottery	143	45	31	9	10
Capo VI Direct Taxes	1,067	1,147	108	225	296
Capo VII State Lands, etc.	5	2	49		1
Capo VIII Indirect Taxes	1,049	554	81	92	156
Capo IX State Supply Office	11	18	164	1	1
Capo XI Ministry of Justice	6	3	50	1	
Capo XVII Ministry of Agriculture	2	1	54		
Others	8	5	67		
Total less Capo X	4,344	3,343	77	514	737

2. Tax revision

During the month the Minister of Finance submitted draft decrees covering the following points:

(a) Income tax (Ricchezza mobile). The draft on this tax multiplies the assessments on businesses by factors varying from 2 to 6 and increases the exemption limit from 2,500 to 10,000 lire. It also eliminates the flat 2, 6, and 9 per cent taxes on various categories of employees, substituting for them progressive rates with differentiation for bachelors, married men, and families with up to 4 and over 4 children. The rates proposed are open to the criticism of being in fact regressive above the income level of 800 lire per week.

(b) Supertax (Imposta complementare). The draft on this tax raises the progressive rates now applied to all types of income combined from their present maximum of 20 per cent to a maximum of 40 per cent. The minimum exception limit is increased from 6,000 to 15,000 lire.

(c) Tax on capital (Patrimonio). The proposal raises the present 4 per cent rate to a sliding scale ranging from 1 to 2 per cent. This step is thought to be the most practicable method of quickly reaching the profits of large landowners upon whom income taxes have never been satisfactorily imposed.

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(b) Sumertax (Imposta complementare). The draft on this tax raises the progressive rates now applied to all types of income obtained from their present maximum of 20 per cent to a maximum of 40 per cent. The minimum exception limit is increased from 6,000 to 15,000 lire.

(c) Tax on capital (Petrineries). The proposal raises the present $\frac{1}{2}$ per cent rate to a sliding scale ranging from $\frac{1}{4}$ to 2 per cent. This step is thought to be the most practicable method of quickly reaching the profits of large landowners upon whom income taxes have never been satisfactorily imposed.

(d) Land tax (Terreni). The proposal increases the rate of duty from 5 per cent to 10 per cent and, in the case of rents received in kind, also increases the amount assessed by 100 per cent. It will be observed, by comparing this proposal to that in paragraph (i), that when the curtax is also taken into consideration the Minister's proposals increase the rate on rural landowners less than $\frac{1}{2}$ as much as they increase the tax on owner-cultivators.

(e) Special tax on workmen. The drafts propose to abolish this tax (2 per cent on wages in excess of 720 lire per month!) inasmuch as all employees will be included in the revised progressive tax on employee income.

(f) Death duties. It is proposed to double the rate in each bracket of the estate tax, making the maximum rate 20 per cent in the highest bracket.

(g) Exceptions. The provision exempting families with more than 7 children from all direct taxes is abolished in the drafts. Children allowances are included in the new income tax on employees.

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(h) Bachelor's tax. It is proposed to abolish the bachelor's tax, and to put in the Richezza Mobile tax itself a heavier burden on single as compared to married persons.

(i) Farm profits (Reddito agrario). It is proposed to increase the valuations for 1944 5 times, excepting that no increases are to be made with respect to crops certified to have been properly assessed. This proposal, in its present form, amounts to a refusal to tax at all income received from the increases in the legal price of wheat, despite the fact that the increase in the price of wheat has increased the danger of uncontrolled inflation.

3. Appeals commissions. The reconstitution of commissions for appeals from assessments is proceeding slowly. The Ministry has been asked to furnish information on all commissions not yet approved by it.

4. Terreni assessments. Many communes have been found where the terreni assessments are still based upon valuations of 1823, multiplied by a small factor. The Ministry has agreed to make a general inquiry in order to determine how many such communes there are, and in order to take steps to increase such assessments.

5. Distillery taxes. In order to prevent the leakage of alcohol to the black market, an attempt is being made to close down all "mushroom" distilleries and to concentrate all such production in recognized and established distilleries, many of which are partly idle at present.

6. Monopolies. Some progress is being made toward increasing the amounts of tobacco, salt, and matches on sale. The present weekly production of tobacco is 62 million cigarettes, 22,500 kilos of cigars, and 16,250 kilos of pipe tobacco. The Italian armed forces take 21 million cigarettes, leaving 41 million for approximately 5 million adult males, or about 8 cigarettes per week each.

7. Italian taxation of Allied forces

In response to a request from AFHQ, the Minister of Finance was asked to give assurances as to the implementation of that part of the armistice terms which provides that the Allied Forces shall be immune from Italian taxation. A satisfactory reply was received from the Minister, stating that no taxes, direct or indirect, will be imposed upon the Allied Forces or organizations serving with the Allied Forces, or upon individual members thereof whether acting in an official or unofficial capacity. Specific instructions which have been issued to Italian tax officials by the Ministry were cited in support of these assurances.

C. Budget and Expenditure Control

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C. Budget and Expenditure Control

1. New Italian Government Budget

As the next fiscal year for the Italian Government begins on 1 July it is necessary that a new budget be prepared to control expenditures after that date. The Italian government is taking steps to prepare such a budget for the territory under its jurisdiction, and at the Government's request the Italian forms were sent to Military Government territory in order that if and when additional territory is turned over to the Italian government data will be available to make the necessary changes. In Military Government territory there has been distributed a complete set of forms for the preparation of budgets, the operation of such budgets, the control of expenditures, and for reporting such expenditures. Revenue data are also included in these forms. In designing these forms every attempt was made to adhere as closely as possible to normal Italian accounting and fiscal procedures. Fiscal procedure for the State agencies is quite dissimilar to that for local governmental bodies, and two sets of forms were necessary. The operation of the new budget procedure should result in a definite measure of expenditure control.

2. Expenditure Control agencies - 8 -

Substantial progress was made during the month in the establishment of those State agencies which are required to maintain control over governmental expenditures. The Commissione Centrale per la Finanza Locale, a body for the control of local government expenditures, was created by Royal Decree during the month. It has been made a part of the Ministry of the Interior as is provided by law, and is expected to function at once. All subventions from the State to local governmental bodies are passed upon by this agency.

Agreement has been reached and instructions are being issued for the establishment of a central office for handling the numerous accounts that are grouped under the heading "Contabilita' Speciale", all of which are separate funds formerly controlled by various State bodies and agencies. The new office will be a part of the Ufficio Collegamento (Central Statistical Office) at the Banca d'Italia, Salerno, and will be controlled by the Treasury Section of the Ministry of Finance.

The Minister of Finance has promised that the Corte dei Conti, the central governmental accounting office for the control of all State government expenditures and fiscal operations, will begin functioning at Salerno on 1 July.

The establishment of these three agencies is a sine qua non of any effective expenditure control.

3. Estimated Disbursements for May

Estimates were received from the Ministry of Finance of disbursements to be made in Italian Government territory. These estimates are given in the following table. The sizeable increases noted for the month in the expenditures of the Ministries of Communications, Agriculture, Interior, Finance, War and Navy and the justification thereof could not be investigated for lack of staff. The Italian Government is able to furnish detailed information only on War and Navy expenditures. Further tables show the items accounting for the principal increases in these estimates.

Italian Government Estimates of Cash Disbursements for Liberated Italy
(April - March)
(millions of lire)

Ministry	April	May	Increase of May over April
Finance	138.0	197.0	59.0
Justice	26.0	38.0	12.0
Foreign Affairs	2.5	.5	-2.0
Italian Africa		1.2	1.2
Education	120.0	137.0	17.0
Interior	179.0	574.0	395.0

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Finance	138.0	197.0	59.0
Justice	26.0	38.0	12.0
Foreign Affairs	2.5	1.5	-2.0
Italian Africa		1.2	1.2
Education	120.0	137.0	17.0
Interior	479.0	574.0	95.0
Public Works	64.0	57.0	-7.0
Communications	528.0	675.0	147.0
Agriculture	13.0	136.0	123.0
Industry & Commerce	3.5	4.9	1.4
Monopolies	99.0	57.0	-42.0
Public Debt	61.0	68.5	7.5
Lottery	1.1	3.5	2.4
Total - Civil Ministries	1,535.1	1,949.6	
Military			
War	646.2	679.8	33.6
Navy	260.8	348.1	87.3
Air Forces	89.0	82.3	-6.7
Merchant Marine	5.5	27.6	22.1
Total - Military	1,001.5	1,137.8	
Total Government	2,536.6	3,087.4	

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Ministry of War

Significant Increases in Estimates for May 1944
(millions of lire)

<u>"Capitolo" Designation</u>	<u>April</u>	<u>May</u>	<u>Increases</u>
Non-commissioned officers and soldiers salaries and allowances, re-enlistments and premiums,	140.0	167.0	27.0
Branch of the Royal Carabinieri - non-commissioned officers, etc.	20.1	39.0	18.9
Family allowances to prisoners of war	44.0	62.0	18.0
Convalescence allowances	3.0	4.0	1.0
Temporary pension allowances	5.0	12.5	7.5
Prisoners of war, and soldiers reported dead or missing but still carried on the rolls	1.1	2.8	1.7
Subsistence for troops	85.8	86.4	.6
Sanitary Services and hospital expenditures	19.0	27.9	8.9
Equipment, renovation and maintenance of arms, munitions, etc.	2.5	5.7	3.2
Works of maintenance	1.1	1.9	.8
Total	<u>321.6</u>	<u>409.2</u>	<u>87.6</u>
Note: Since some of the capitoli excluded from the above tabulation show decreases the net total increase is:-	<u>646.2</u>	<u>679.8</u>	<u>33.6</u>

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646.2	679.8	33.6
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Ministry of the Navy

Significant Increases in Estimates for May
(in millions of lire)

<u>"Capitolo" Designation</u>	<u>April</u>	<u>May</u>	<u>Increase</u>
Salaries and wages for non-commissioned officers and personnel of C.R.E.M.	4.2	10.4	6.2
Salaries of labourers	23.1	31.4	8.3
Subsistence of C.R.E.M.	14.1	15.3	1.2
Water rates and rental of premises	-	.5	.5
Arms and war supplies for maritime and coastal defenses	-	5.0	5.0
Acquisition of materials and equipment for military maritime establishments	.5	1.0	.5
Functioning of workshops for naval and mechanic construction	-	1.4	1.4
Materials for construction and repairing of ships	-	2.5	2.5
Maintenance of ships of the Royal Navy marine construction	2.9	6.7	3.8
Maintenance of ships of the Royal Navy marine armament	.2	2.5	2.3
Works and supplies for naval and mechanic construction relative to the war effort	18.6	20.5	1.9
Works, supplies, arms and armament relation to the war effort - marine armament	9.4	24.1	14.7
Over-time pay and allowances to military personnel	108.0	120.5	12.5
Expenses for food, clothing barracks etc. - marine commissary	27.0	41.8	14.8
Extraordinary allowances for works of marine engineers dependent on the state of war			

repairing of ships	2.9	2.5	2.5
Maintenance of ships of the Royal Navy marine construction	2.9	6.7	3.8
Maintenance of ships of the Royal Navy marine armament	.2	2.5	2.3
Works and supplies for naval and mechanic construction relative to the war effort	18.6	20.5	1.9
Works, supplies, arms and armament, relation to the war effort - marine armament	9.4	24.1	14.7
Overtime pay and allowances to military personnel	108.0	120.5	12.5
Expenses for food, clothing barracks etc. - marine commissary	27.0	41.8	14.8
Extraordinary allowances for works of marine engineers dependent on the state of war	9.6	12.6	3.0
Subsidies to personnel for injuries due to enemy action	.2	12.7	12.5
Expenditures dependent on the international situation	-	1.8	1.8
Total	217.8	310.7	92.9

Note: Since some of the Capitoli
excluded from the above
tabulation show decreases the
net total increases is:-

260.8	348.1	87.3
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4. Actual Disbursements for April

(a) The following table shows disbursements for liberated Italy in April as reported by the Banca d'Italia, compared with March disbursements.

Comparison of Cash Disbursements for liberated Italy
March & April

(millions of lire)

Ministry	March	April
Finance	353.5	246.9
Justice	39.0	28.0
Foreign Affairs	1.4	1.8
Italian Africa	4.2	3.6
Education	147.0	128.1
Interior	520.9	239.2
Public Works	60.5	61.4
Communications	218.5	110.1
Agriculture	36.0	10.5
Industry & Commerce	3.0	7.0
Popular Culture	1.5	2
Total	1,385.5	836.8

Military

War	2,187.4	855.0
Navy	225.6	274.0
Air Forces	189.0	218.5
Total Military	2,602.0	1,347.5

Total Budget Disbursements
Disbursements Outside Budget
Transfer of Funds
Autonomous Administrations
Total

	3,287.5	2,184.3
	715.3	720.0
		600.0
	1,060.2	1,018.1
	5,762.0	4,552.4

Payments in Suspense
Total General Payments
Special Accounts
Temporary Cash Deposits
Total

	-1,555.1	395.5
	4,207.2	4,947.9
	2,873.8	2,654.3
	109.9	2.9
	7,191.6	7,605.1

7.0	7.0
1.5	1.2
<u>1,385.5</u>	<u>836.8</u>

Military

War

Navy

Air Forces

Total Military

2,187.4	855.0
225.6	274.0
189.0	218.5
<u>2,602.0</u>	<u>1,347.5</u>

Total Budget Disbursements

Disbursements Outside Budget

Transfer of Funds

Autonomous Administrations

Total

3,987.5	2,184.3
715.3	720.0
	600.0
1,060.2	1,048.1
<u>5,763.0</u>	<u>4,552.4</u>

Payments in Suspense

Total General Payments

Special Accounts

Temporary Cash Deposits

Total

-1,555.1	395.5
4,207.9	4,947.9
2,873.8	2,654.3
109.9	2.9
<u>7,191.6</u>	<u>7,605.1</u>

(b) The figures for March in the above table include Naples Province and are therefore to be regarded as more complete than the figures appearing in Table X in the April Report of Finance Sub-Commission.

(c) The following table indicates in detail available information on cash disbursements in liberated Italy for April. It purports to indicate that total cash disbursements for all of liberated Italy were approximately 7.6 billion lire. However, as was pointed out last month, the item "Special Accounts" includes a large number of suspense accounts into which payments are made from the accounts of the various Ministries and autonomous bodies. It has been impossible to determine how much "double-counting" is included in this item and to what extent the other items in the table are transfers rather than net outpayments. As estimated in Section II of this report, it is probable that total actual cash disbursements were approximately 3.5 billion lire. As stated in last month's report, the Minister of Finance has been requested to provide a detailed explanation of the net decrease of 1.8 billion lire in the item "Payments in Suspense" (pagamenti collettivi), which apparently was transferred to the Ministry of War's account for Bari. No answer has yet been received. The net decrease in "pagamenti collettivi" reflected in the March figures and a net increase is again shown for April. This means that some Governmental payments are once more being charged against an undifferentiated account rather than against the accounts of the appropriate Ministries.

MilitaryTotal Budget

	Disbursements	267.1	347.3	1293.6	20.3	231.0	15.1	4.5	5.4	2184.3
Disbursements outside Budget	8.2	440.3	103.0	10.5	121.9	6.7	17.0	12.4	720.0	600.0
Transfer of funds Autonomous Administration	39.8	305.3	404.2	26.5	182.8	71.2	16.6	1.0	1045.1	4552.4
Total Payments in Suspense	315.1	1092.9	1801.5	57.3	535.7	693.0	38.1	18.8	4552.4	395.5
Total General Payments Special Accounts Temporary Cash	-11.1	37.8	-164.2	30.9	315.7	60.6	47.6	58.2	395.5	4947.9
	304.0	1130.7	1637.3	68.2	851.4	773.6	35.7	77.0	4947.9	2654.3

Army	171.0	29.7	650.3	0.2	2.4	0.5	.	0.1	855.0
Navy	19.8	0.9	246.9	.	6.4	.	.	.	274.0
Air forces	24.3	.	194.2	.	.	.	.	.	218.5
Total									
Military	215.9	30.6	1091.4	0.2	8.8	0.5	.	0.1	1347.5
Total Budget									
Disbursements	267.1	347.3	1293.6	20.3	231.0	15.1	4.5	5.4	2184.3
Disturbances									
Outside Budget	8.2	440.3	103.0	10.5	121.9	6.7	17.0	12.4	720.0
Transfer of funds						600.0			600.0
Autonomous Admin-									
istrations	39.8	305.3	404.2	26.5	182.8	71.2	16.6	1.0	1043.1
Total	315.1	1092.9	1801.5	57.3	535.7	693.0	38.1	18.8	4552.4
Payments in									
Suspense	-11.1	37.8	-164.2	30.9	315.7	80.6	47.6	58.2	395.5
Total General									
Payments	304.0	1130.7	1637.3	88.2	851.4	773.6	85.7	77.0	4947.2
Special									
Accounts	435.9	305.5	1258.2	36.6	359.7	136.2	20.0	21.4	2654.3
Temporary Cash									
Deposits	.	2.2	0.5	.	0.2	.	.	.	2.9
Grand Total	739.9	1518.4	2896.0	124.8	1211.3	909.8	106.5	98.4	7605.1

5. Authorizations to Spend Issued by the Italian State Government

It was learned that during March the Italian Minister of Finance had issued orders to all branches of the Banca d'Italia cancelling ^{these} authorizations to spend which had been issued by the former Mussolini Government.

As far as can be determined approximately 70 to 80 per cent of the spending by the Italian Government is being authorized by the issuance of ordini di accreditamento. Direct budget charges for salaries, pensions, debt service, and certain miscellaneous items are not included under ordini di accreditamento. There is still no limitation on the time period within which the accreditamenti can be utilized. Consequently no conclusions can be drawn from the following table as to rate or amount of government spending in any particular month. It can be said, however, that these authorizations will result in disbursements in some future period.

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During the month of May the total of ordinari accreditamenti issued by the Italian government is given in the table below. Authorizations for the armed forces account for approximately 70% of the total.

Comparison of accreditamenti issued by the Italian State Government, March and April

(in millions of lire)

Ministry	March	April
Finance	16.3	23.2
Finance State Monopolies	19.0	30.8
Justice	2.3	2.4
Foreign Affairs	0.4	1.0
Italian Africa	.	3.4
Education	32.3	81.4
Interior	5.7	277.4
Public Works	11.3	16.1
Public State Roads	8.2	27.0
Communications:		
State Railways	22.9	32.5
Post and Telegraph	.	.
Agriculture	4.2	1.3
Industry & Commerce	0.9	0.3
Popular Culture	0.1	.
Foreign Exchange		
Total Civil	<u>123.6</u>	<u>496.8</u>
Army	359.3	648.5
Navy	172.3	367.8
Merchant Marine	6.0	15.5
Air Forces	190.3	89.0
Total Military	<u>727.9</u>	<u>1120.8</u>
Total Government	<u>851.5</u>	<u>1617.6</u>

6. Provincial and communal budgets and expenditures

Accurate information regarding the expenditure of provinces and communes is still lacking. No copies of budgets have been received from any part of liberated Italy for the second quarter of 1944. For the first quarter the following numbers of budgets have been received:

Region	Province	Provincial Budgets Received	Communal Budgets Received	Communes in Province
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Communications:

State Railways	22.9	32.5
Post and Telegraph	.	.
Agriculture	4.2	1.3
Industry & Commerce	0.9	0.3
Popular Culture	0.1	.
Foreign Exchange		
Total Civil	<u>123.6</u>	<u>496.3</u>

Army	359.3	648.5
Navy	172.3	367.8
Merchant Marine	6.0	15.5
Air Forces	180.3	89.0
Total Military	<u>727.9</u>	<u>1120.8</u>

Total Government	<u>851.5</u>	<u>1617.6</u>
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Region	Province	Provincial Budgets Received	Communal Budgets Received	Communes in Province
II	Matera	1	32	32
	Potenza	1	2	91
III	Salerno	-	90	145
VII	Cosenza	1	92	136
	Reggio Calabria	1	82	80

No budgets have been received from Region I (Sicily) and Region VI (Sardinia). An analysis of the budgets received confirms the conclusions, previously reported, that while the revenue of communes and provinces has fallen somewhat as compared with the same period of the previous year, expenditures have increased by approximately 70 per cent. It is the general intention of the Ministry of Finance to reduce the expenditure of communes and provinces by limiting the amount of the State contribution. This can only be done, however, after examination by the newly constituted Central Commission for Local Finance of annual budgets previously approved by the Prefect and Provincial Council. A difficulty is already foreseen in this method of control, owing to the fact that practically every local government body is in immediate need of assistance from month to month, and the systematic examination of all budgets will require a considerable period of time to complete. The Minister is

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alive to the difficulties of the situation and to the need for effective control, and steps are being taken which should result in the more expeditious handling of annual budgets.

7. Specific control measures

(a) Office of the State Purchasing Agent. This office, part of the Ministry of Finance, was the object of special study during the month. Its powers include not only procurement, but also supervision of construction and repairs. A recommendation is being made to the Italian Government that this office be used to enforce economies in procurement expenditures.

(b) Appropriation for removal of volcanic ash. A request was made by the Ministry of Public Works to the Ministry of Finance for an appropriation of over 300 million lire for the removal of volcanic ash from roads and streets in Naples and Salerno Provinces. This request was not adequately substantiated, and, after discussion with Public Works Sub-Commission, the Ministry of Finance was advised that no appropriation should be made until adequate supporting information was received.

(c) Maintenance and repair of roads. The previous appropriation of 600 million lire for maintenance and repair of roads essential for military use was amended to include provincial and communal roads in addition to State roads. Roads will be programmed only with the approval of Public Works Sub-Commission.

(d) Residual accounting. The Italian government accounting system includes a system of so-called "residui" accounting, carried out in addition to its "competenza" accounting. All accounting for items that are current, in the sense that they pertain to the year in operation, are included under "competenza", while all items pertaining to prior periods are included under "residui". This system results in much unnecessary work and waste. For instance double accounting must be done in all financial offices, in the central ministerial offices, and in the Banca d'Italia. Preliminary discussions have been held with the Minister of Finance and officials in the Ministry on the possibility of abolishing the residual accounting system.

(e) Unpaid bills. As an anti-inflation measure study is being given to the continuing practicability of postponing the payment of bills contracted by the Italian government prior to 3 September 1943. It is often difficult to separate current from past obligations. In the estimate of requirements of the Italian Merchant Marine for the month of May there was found an amount of more than 21 million lire for payment of the operational expenses of some 40 requisitioned vessels. Upon investigation it was found that most of these obligations had been incurred prior to 3 September 1943. The Minister of Finance was requested to withhold payment of the

(c) Maintenance and repair of roads. The previous appropriation of 600 million lire for maintenance and repair of roads essential for military use was amended to include provincial and communal roads in addition to State roads. Roads will be programmed only with the approval of Public Works Sub-Commission.

(d) Residui accounting. The Italian government accounting system includes a system of so-called "residui" accounting, carried out in addition to its "competenza" accounting. All accounting for items that are current, in the sense that they pertain to the year in operation, are included under "competenza", while all items pertaining to prior periods are included under "residui". This system results in much unnecessary work and waste. For instance double accounting must be done in all financial offices, in the central ministerial offices, and in the Banca d'Italia. Preliminary discussions have been held with the Minister of Finance and officials in the Ministry on the possibility of abolishing the residui accounting system.

(e) Unpaid bills. As an anti-inflation measure study is being given to the continuing practicability of postponing the payment of bills contracted by the Italian government prior to 30 September 1943. It is often difficult to separate current from past obligations. In the estimate of requirements of the Italian Merchant Marine for the month of May there was found an amount of more than 21 million lire for payment of the operational expenses of some 40 requisitioned vessels. Upon investigation it was found that most of these obligations had been incurred prior to 30 September 1943. The Minister of Finance was requested to withhold payment of these sums.

(f) Regional directorates in Sicily. These were originally set up by AMG to coordinate inter-provincial activities and the question of their continuance has been discussed with the Minister of Finance. At present there is, under Italian law, no provision for their existence, and if it is intended to retain them in their present form, a Decree will be necessary to give them legal status and define their functions. Any alteration in the present form of control is a question for discussion with the Ministries and Sub-Commissions concerned. At the suggestion of the Minister of Finance, a financial official in Sicily has been instructed to scrutinize the budgets of each directorate, and, from his intimate local knowledge of the conditions in Sicily, to recommend whether there is an existing need for each office, and, if so, what changes he suggests with particular reference to personnel and salaries. These data will then be discussed with the interested parties in order that definite recommendations can be made to the Minister of Finance concerning the disposition to be made of these agencies.

(g) The civil service and pension system. Studies from the point of view of expenditure control are being made of the Italian pension system and the civil service.

(14) Parastatal agencies. A number of semi-public agencies have taken advantage of the war to request public support for their activities and in some cases have actually received funds from AMG officers. Information is being prepared which will indicate those organizations entitled to receive advances and steps will be taken to prevent further advances. Consideration is being given to the recovery of sums improperly granted.

(15) Included as Appendix E is a description of the procedure used in Campobasso province for the issuance of grants of funds or credits to the various governmental agencies. Under the system generally used in AMG territory, the Intendente di Finanza has been considered to be the chief representative of the Italian government. The procedure in Campobasso, which is probably more in accordance with Italian law, provides for approval of authorizations to spend by both the Prefect and the Intendenza di Finanza.

III. BANKING, POSTAL SAVINGS AND OTHER FINANCIAL DEVELOPMENTS

A. Central Banking Developments

1. Central banking credit outstanding continued the decline during April which has lasted since the first of January and which has resulted in the repayment of almost exactly half of the total 2,000 million lire of central bank credit outstanding at that time. The repayment of a total of 200 million of the credit extensions during the month of April conceals a small increase in advances during the month totaling 41 million lire. These advances took place in Calabria, Sicily and Foggia and presumably are connected with the financing of the marketing of agricultural crops. (See Appendix C for detailed statistics.)

2. Bankers' deposits at the Banca d'Italia increased by 1,700 million lire during April. The total funds which the Banca d'Italia could be called upon to provide to banks reached a total of 12,700 million lire on 30 April while the total funds drawable by others came to 1,900 million lire. The largest single item in the category "Due to Others" consists of 1,100 million lire of non-interest bearing current accounts. This is the category in which AIA accounts are generally carried by the Banca d'Italia branches and AIA accounts which total almost this amount make up the bulk of this item. Income on securities held in custody is also paid into such accounts while awaiting instructions for the disposition of the income.

The "Residual available on advances" increased during the month even though the preceding table shows that advances also increased. This is accounted for by an increase in securities deposited at the Banca d'Italia, thus increasing the amount of the advances which could be drawn upon by banks and others. The table in Appendix C gives the details of these statistics by regions and categories for the last few months.)

the monetary situation and the currency policy pursued

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3. The cash position of the Banca d'Italia and the currency policy pursued are intimately related to currency and exchange problems and the operations of the Allied Financial Agency. These subjects are, therefore, covered in a later section.

4. An employee of the Banca d'Italia, now in the military service, was secured for duty with the Regional Finance Officer of Region IV to work on Banca d'Italia and related banking problems in the newly-liberated areas. Attempts are being made to secure another officer with like qualifications to perform similar duties for the Regional Finance Officer of Region V. As described in fuller detail in other sections of this report, Banca d'Italia personnel and currency from Naples were also provided to assist the AMG Fifth Army Finance Officer.

B. Inspectorate

1. On 6 April 1944 the Italian Government issued a decree giving the Banca d'Italia the powers of the Inspectorate for the Defense of Savings and the Exercise of Credit until such time as the Inspectorate can resume its duties. As the Inspectorate's own staff was restricted to Rome and its functions throughout the country were carried out by the Banca d'Italia, this decree merely gives the Banca d'Italia

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legal power to carry out its duties in connection with credit control.

In order to implement the instructions which have been issued to the branches of the Banca d'Italia to watch credit developments in their area and to discourage credit extensions which would have an inflationary effect, the banks were requested to furnish monthly statements of condition to the Banca d'Italia.

To attempt to make this policy more effective, the branches of the Banca d'Italia have been requested to make an analysis of the balance sheets provided to them and to account for any important movements in credit extensions from month to month.

2. A representative of the Banca d'Italia was appointed to keep in touch with the head office of the Banco di Napoli and another representative with the head office of the Banco di Sicilia. These Inspectorate appointments are to try to insure that these two dominant banks of the South follow anti-inflation credit policies.

The head office of the Banco di Napoli and the branches of the other leading banks in Naples which have been acting as temporary head offices (due to the fact that their head offices have been located in German-occupied territory) were authorized by the Minister of Finance and by the Finance Sub-Commission to assume responsibility for their branches in the newly liberated territory. In cooperation with the Regional Finance Officers of Regions III, IV and V these banks have been given the task of providing personnel, currency, and whatever else is necessary for the early rehabilitation and resumption of banking services in the new areas.

C. Commercial Banking

1. As nearly as can be estimated at this time total banking deposits (other than bankers' deposits) in Liberated Italy at the end of April amounted to around 32,000 million lire, probably rather more than less. This estimate is based on the bank reports which have been received plus the figures on bankers' deposits at the Banca d'Italia.

2. The growth in deposits at the banks during March and April appears to have been over 2,500 million lire a month. The total increase in deposits since September 1943 has been around 12,000 million lire or an increase of around 60 per cent. A decrease in deposit growth may be expected due to the seasonal use of funds by farmers. The Regional Finance Officer of Region I reports, in addition, that greater activity in the rebuilding and repair of houses is a factor reducing the surplus of funds available for deposit.

3. In the city of Naples, deposits decreased by 800 million lire during the summer of 1943 prior to our occupation. On the re-opening of the banks in November, deposits increased at the rate of almost 300 million lire per month to the end of February. By the end of January, the withdrawals of the summer had been replaced. In March, deposits increased by 650 million lire and the summer had been replaced.

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4. From discussions with various bankers and from the scanty other available information, the following causes for the increase in deposits appear to prevail. Around $\frac{1}{3}$ is due to the re-deposit of money which was withdrawn prior to the Allied landings. Another large part represents the conversion of merchants' and other business' stocks into money. It has been almost impossible to replenish commodities and raw materials which are sold or worked up. As a result, gradually real goods held by business are being replaced by reserves of money held at banks. Some of the money comes from new and old enterprises which have been making large profits by selling trinkets, various other souvenirs and other commodities to troops.

While it is reported that the black market operators do most of their financing on a strictly cash basis, some of their savings do come into the banks. Another source is the savings of the agricultural classes some of whom are making large profits by selling their products through the black market. The Banco di Napoli reports that it judges that the bulk of the new money comes from new accounts rather than principally from increases in old accounts. The bank, however, states that it cannot estimate how important the various sources are except that merchants, black market operators and farmers are probably the leading ones. The greater increase in deposits in the Naples area may be accounted for in the following way. The concentration of troop spending has unquestionably been higher in Naples than elsewhere and the sales to Allied troops have been higher here. Naples has been the main military supply port and it is largely from Naples that the black market in Allied commodities is supplied. In consequence of the outflow of goods from Naples, there has been a corresponding inflow of money into Naples. On the other hand, the great disparity of prices between Naples and the other provinces is evidence that the flow of bulky food articles from other provinces into Naples is quite difficult. It is likely, therefore, that the food black market in Naples - where not food from allied stores - is supplied mainly from the agricultural sections near the city. The purchasing power engendered by Allied expenditures in Naples, then, tends to remain in Campania rather than to spread out over the country.

D. Post Office Financial Services

1. Sales and redemptions of postal savings bonds were resumed in Sicily on 1 April. During this first month, there was an excess of redemptions over sales of 155 million lire. This initial large outflow of money in postal savings must be considered as the concentrated effect in one month of the same trend consistently shown in other regions of net withdrawals from postal savings. The provisional certificates available have not been favorably received by the public and the outflow of funds resulting from savers cashing in their old bonds is not matched by new savings deposited in postal bonds.

Even excluding postal savings bonds, Sicily shows a net decrease in funds held by the postal savings system. From the reopening of the postal savings system in the fall of 1943 to 31 March, the total net outflow of funds in postal savings deposits amounts to 72 million lire, whereas the excess of deposits over withdrawals in current accounts comes only to 10 million lire, giving a net outflow of 62 million lire for these two services. The same is true for Naples: there was a net outflow of funds from the postal savings system of 17 million lire in February, 43 million lire in March and only in April, with the formation of the new government, did the trend reverse with a net inflow of 5 million lire.

2. Sardinia appears to be the bright spot in April with a net investment in postal bonds and deposits of around 20 million lire. Complete data on the current accounts in Sardinia are not available but the increase in current accounts should

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3. Complete figures on all of Liberated Italy are not yet available. However, the data on February and March are reasonably complete. These show a net movement on all three types of postal accounts (bonds, deposits, current accounts) of 145 million in during February, and of 82 million out in March. The figures on April are so incomplete that no conclusions can be drawn except for certain areas.

4. As the result of negotiations with Communications Sub-Commission, culminating in a conference of security, postal, and finance interests held on 29 May, Executive Memorandum No. 36 contained in "Istruzioni per la guida dei Uffici della Commissione" has been completely revised and will be published shortly. The principal changes are that whereas formerly it was necessary to obtain approval of Communications Sub-Commission before re-commencing or extending a Service, Provincial Finance Officers may now authorize Postmasters to reopen Post Offices for financial services (as distinct from postal services) provided:

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- (a) that general conditions are suitable
- (b) that an adequate supply of cash is available and can be maintained by the post office's resources,
- (c) that the postmaster has the necessary supplies, records and payment authorities.

5. As a guide to Finance Officers in the forward areas, a memorandum on what Post Office Financial services they can operate immediately, and the conditions under which they can do so, was drawn up and sent to the Regional Finance Officers of Regions IV and V, and to 5th and 8th Armies JMC.

B. Sales of Real Estate

1. While the number of real estate sales reported has decreased slightly in south-eastern Italy (the only area on which we have data), the average value of the real estate transferred has increased somewhat in the last three months to May 1. There were 1,033 transfers in April with an average value of 15,509 lire compared with 1,290 transfers and an average value of 12,923 lire in March. (See Appendix C.)

2. Not enough is known about these statistics to draw any firm conclusions, but it would appear that there is not a great volume of real estate speculative transfer and that there has not been a remarkable increase in prices. It is to be noted that the Italian tax on land transfers is an inhibitory factor. According to the decree of 12 April 1943 the following are the tax rates on real estate transfers:

Value of Property (Lire)	Tax rate
0 to 5,000	5%
5,001 to 100,000	12%
100,001 to 500,000	20%
500,001 to 5,000,000	25%
5,000,001 and above	30%

Assuming that the tax is reasonably effective, it is obvious that it presents a strong discouragement to any increase in speculative land transactions.

IV. OPERATIONS OF UNITED FINANCIAL AGENCY, CURRENCY AND EXCHANGE PROBLEMS

2. Not enough is known about these statistics to draw any firm conclusions, but it would appear that there is not a great volume of real estate speculative transfers and that there has not been a remarkable increase in prices. It is to be noted that the Italian tax on land transfers is an inhibitory factor. According to the decree of 12 April 1943 the following are the tax rates on real estate transfers:

Value of Property	Tax rate
(Lire)	
0 to 5,000	3%
5,001 to 100,000	12%
100,001 to 500,000	20%
500,001 to 5,000,000	25%
5,000,001 and above	30%

Assuming that the tax is reasonably effective, it is obvious that it presents a strong discouragement to any increase in speculative land transactions.

IV. OPERATIONS OF ALLIED FINANCIAL AGENCY, CURRENCY AND EXCHANGE PROBLEMS

A. Currency for Arms in Process of Liberation

1. The manager of the Bari branch of AFA was recalled to Headquarters and given the task of preparing and moving a shipment of currency forward in a motor convoy arranged by the Senior Finance Officer, AMG, 5th Army. He took with him a substantial amount of AM lire, but approximately two thirds of the shipment consisted of 600 million lire metropolitan lire belonging to the Banca d'Italia, and destined for the branches of the Banca d'Italia in Rome, Littoria and Grosinone. In order to reduce the necessity for further shipments of AM lire to a minimum, the AFA representative took with him a letter of credit enabling him to draw on the Rome branch of the Banca d'Italia up to 500 million lire for funds required by the Finance Officers of the 5th and 8th Armies. It is hoped that territory controlled by the Regional Commissioners of Regions IV, V, and VIII will continue to be financed directly by the Banca d'Italia and not by the Allied Financial Agency. In view of the availability of funds belonging to the Banca d'Italia, it may prove to be possible to finance some commands and provinces under AMG 5th and 8th Armies directly through such Banks, and to provide support to the banking system in the form of metropolitan lire currency, rather than AM lire. The Allied Armed Forces will continue for some time to draw their AM lire from the AFA branches at Naples and Bari.

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2. The Finance Sub-Commission was unable to secure the assignment of even one Allied enlisted man from ACC to the party, apparently because of the extreme shortage of enlisted personnel, and the party consisted of, in addition to one Allied officer, 8 Italian guards of the Guardia di Finanza, 5 Italian civilian drivers, and three civilian officials designated by the Banca d'Italia. The burden of financial and administrative responsibility placed upon one Allied officer was excessive, and additional enlisted personnel must be assigned as guards and drivers in future movements if such grave risk of the loss of large sums of currency is to be avoided. A recommendation is being made to G-5, AFHQ, that shipments of currency by officers of the Allied Financial Agency be entitled to military guards under AR35-140 of U.S. Army Regulations, which requires the military establishment to detail guards to accompany shipments of currency by U.S. Army Disbursing Officers.

3. Preliminary reports indicate that this shipment of currency has reached Rome, and that the buildings of the Bank of Italy in Rome were found to be in good condition. As Doctor Cigliana, formerly Assistant Director of the Naples branch of the Banca d'Italia, and one of the officials who was taken to Rome, has with him copies of decrees appointing the present Commissioner and Vice-Commissioner to supervise all branches of the bank in liberated Italy, and the necessary authorization to open the Rome branch under their supervision, the branch of the central bank in Rome is in a position to resume operations, provided adequate personnel is available or can be furnished. By means of circular letters, the branches of the Banca d'Italia in other liberated cities and areas, immediately upon reopening, will be placed under instructions to carry out the banking and credit policies now in effect in southern Italy, Sicily and Sardinia.

4. The Royal Treasury section of each branch as soon as it is opened, should be in a position to provide the funds needed by the local governmental bodies, while the currency reserves of the Bank will be available to replenish the funds of the commercial banks in the normal manner. However, should administrative barriers make it difficult for communes to obtain funds from the Royal Treasury Sections of the branches of the Banca d'Italia, the manager of the AF branch in Rome will deliver to the Finance Officer of AMG 5th and 6th Areas, and Regions IV, V and VIII checks or vaglia drawn under his letter of credit on the Rome branch of the Banca d'Italia. In this way unnecessary disbursement of AF lire will be avoided. Insofar as distribution of currency notes throughout the newly-liberated territory is concerned, the general policy of the Finance Sub-Commission is that communes should obtain currency notes from the nearest commercial bank which has surplus reserves, or from the nearest branch of the Banca d'Italia in return for vaglia drawn on the Banca d'Italia.

5. Coverage of AF accounts by AM Lire

1. In accordance with the policy established, meetings were held with Commandatore Pattinard, Vice-Commissioner of the Banca d'Italia, for the purpose of securing satisfactory undertakings from the bank. The Banca d'Italia agreed to provide 100 per cent coverage in AF lire.

personnel is available or can be furnished. By means of circular letters, the branches of the Banca d'Italia in other liberated cities and areas, immediately upon reopening, will be/after instructions to carry out the banking and credit policies now in effect in southern Italy, Sicily and Sardinia.

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B. Coverage of AEL accounts by AM Lire

1. In accordance with the policy established, meetings were held with Comandatore Pettinari, Vice-Commissioner of the Banca d'Italia, for the purpose of securing satisfactory undertakings from the bank. The Banca d'Italia agreed to provide 100 per cent coverage in AM lire for some 871 million lire held in the working balances of AEL at the end of April. The branch of the Banca d'Italia holding the account will provide the cover locally, and AEL will transfer balances periodically to Naples or to Palermo, in order to release cash in the provincial branches, where the proceeds of the sale of imported goods are continually being paid into the accounts of AEL.

2. More time was required to secure the bank's agreement to a directive that would assure an additional reserve in AM lire adequate to cover globally the balance held by AEL in the No. 2 or "Sterilization" account. The substantial additional sum of 1,500 million lire was paid in to this account on 4 May 1944, for the purpose of withdrawing surplus cash of the banking system in the form of AM lire.

3. As the Banca d'Italia had been paying out AM lire and retaining Metropolitan lire, the amount of AM lire held was scarcely sufficient to cover the balance of 2,100 million lire now standing to the credit of AEL in this account. Accordingly it was proposed that the Banca d'Italia direct each branch to hold 20 per cent of the branch's total cash in the form of Metropolitan lire. AM lire would be paid out only when the branch had reduced its holdings of Italian notes below this level.

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Certain minor objections were raised by the bank and the directive was not issued until 4 June 1944, in satisfactory form.

C. Use of Metropolitan Lire in Sardinia

1. On 20 May, the manager of the Sassari branch of A.F. brought cashiers of the Banca d'Italia to Naples, who took delivery of 280 million lire in Metropolitan lire, which was then transported to Sassari for account of the Banca d'Italia. Thus for the first time the local budgetary deficit and the State payments in Sardinia will be financed by the Banca d'Italia, rather than by A.F. The manager reports that the prospect of having to depend upon its own currency in the future may result in the bank's applying a restraining influence on inflationary borrowings of local governments in Sardinia, while the bank also appears to be able to stimulate the return flow of cash to itself, given this incentive. Every effort will be made to avoid further issue of AM lire to finance Italian activities in Sardinia, and it is hoped that few shipments of Metropolitan lire from Naples will be required. Such shipments will be made by Italian Naval vessels in future.

2. As several trained officers have been lost through hospitalization, and as experienced men are needed in Rome, and Northern Italy, it was decided to recall in Sardinia will obtain their requirements of AM lire from the Banca d'Italia in Cagliari, but the accounts and records will be transmitted to Naples and taken onto the books of the Naples branch of A.F. The unopened boxes of AM lire will be deposited in custody, and payments to the armed forces ordered by A.F., Naples upon request.

D. Review of the Reserve Position of the Banca d'Italia

1. Total currency holdings of the Branches of the Banca d'Italia in Liberated Italy increased by 700 million lire during April, or by roughly the same amount as in March, but 480 millions were acquired for account of the Allied Financial Agency, Campania (Naples and Salerno) was responsible for the bulk of the increase. The doubling of the currency reserves at Foggia during the month deserves mention, however. Most of the other regions have now reached an equilibrium between inflow and outflow of currency. Sardinia and Calabria remain the principal regions still experiencing a net drain and undoubtedly for the same reason: the payment of large bodies of Italian troops.

2. Of the total currency holdings of 6,300 million lire on 30 April, A.F. and other MG accounts accounted for 1,200 million, leaving a free reserve of 5,100 million lire. In the first week of May, a repayment of 1,900 million lire on account of advances was made into a Special No. 2 A.F. account (as reported in last month's report). This left the Banca d'Italia with a net-free reserve of roughly 3,200 million lire, or a little more than 20 per cent of current liabilities excluding the liability for outstanding notes. (The cash position of the Banca d'Italia by branches and by type of currency is shown in the following table.)

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3. The total of A.L. lire currency held by individual Allied troops, by the Italian civilian public, and by Italian banks is estimated to have increased by 3,038 million lire in April, as compared with an increase of 3,124 million lire in March, on the basis of revised data from the Allied Paymasters. (Details are given in Appendix D.)

4. As a result of an analysis of the accounts of A.F. and the latest statistics on the growth of the cash reserves of the Banca d'Italia, it appears that the net inflow of cash into the Banca d'Italia from the commercial banks and the public had dwindled in early May to a small trickle. The deposits of the Allied Financial Agency were then increasing at the rate of about 500 million lire per month, and the provision of coverage for these accounts was reducing the freely disposable reserves of the Banca d'Italia at the rate of about 100 million lire per week in the first weeks of May.

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5. Since that date, various offsetting influences have been at work, which are not as yet reflected in the statistics of the Bank of Italy. Issues of LM lire by the Allied Financial Agency to the Allied armed forces increased from approximately 3 billion lire in April to approximately 4.5 billion lire in May, or by 50 per cent. In addition, some expenditures of LM lire to cover budget deficits in forward areas may be expected. On the other hand, the banks may be faced with a drain of currency to farmers as crops are sold, and the Banca d'Italia is being called upon to cover public deficits in a wider area as a result of the advance of the Allied forces.

6. A part of the currency which returns to the Banca d'Italia is included in its figures as cash reserve, but may not be paid out. Aside from the LM lire currency held by the Banca d'Italia as coverage against the working and special reserve accounts of the Allied Financial Agency, the following categories of notes are redeemed but are not paid out by the banks, under regulations established by the Government or by the bank:

- (a) Perforated unfit currency (annullati).
- (b) Unfit currency not yet perforated.
- (c) Currency printed under decrees of the Mussolini government which were promulgated after 6 September 1943.
- (d) Special series of Italian East African notes.

None of the above are likely to reach large amounts, however, except (c), the German-printed currency.

7. Unless there is some change in the present trend, it appears that the currency available to finance the Allied armed forces will be limited to the supplies of new LM lire here and in Washington, which could last only eight months as a theoretical maximum, at the May rate of disbursements to the Allied armed forces. Larger denominations alone would probably last only six months at the May rate of disbursement, although detailed figures are not as yet available to permit a direct calculation by denominations. The assumption is made in these calculations that no new LM lire is required for any purpose other than the needs of the Allied armed forces. Unless, therefore, the Banca d'Italia is able to accumulate reserves in the future, the Allied forces will not be able to draw appreciable amounts from its reserves until the new Italian currency now in course of preparation becomes available.

E. Remittances from the U.S. and U.K.

1. Additional documents required by two U.S. banks were transmitted to CCS. Remittances were received from some thirty or forty financial institutions in the United States during the month, the cumulative total now reaching some 40,000,000 lire for the Banco di Napoli and about 50,000,000 lire for the Banca di Sicilia. In addition, the Banca di Napoli has received some 40,000,000 lire from the Banco di Sicilia.

None of the above are likely to reach large amounts, however, except (c), the German-printed currency.

7. Unless there is some change in the present trend, it appears that the currency available to finance the Allied armed forces will be limited to the supplies of new 5M lire here and in Washington, which could last only eight months as a theoretical maximum, at the May rate of disbursements to the Allied armed forces. Larger denominations alone would probably last only six months at the May rate of disbursement, although detailed figures are not as yet available to permit a direct calculation by denominations. The assumption is made in these calculations that no new 5M lire is required for any purpose other than the needs of the Allied armed forces. Unless, therefore, the Banca d'Italia is able to accumulate reserves in the future, the Allied forces will not be able to draw appreciable amounts from its reserves until the new Italian currency now in course of preparation becomes available.

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2. Refugees leaving Italy for Palestine have deposited substantial funds with the Internees and Displaced Persons Sub-Commission, which is seeking a means of remitting these funds to Palestine. As there is as yet little or no sterling available in the DP accounts, and as CCS has not approved the expenditure of foreign exchange for this purpose, the current procedure results in blocked deposits being held by the Internees and Displaced Persons Sub-Commission, for account of the refugees abroad. The problem has been referred to CCS decision as to policy, with a suggestion that the Jewish relief agencies abroad may desire to obtain lire funds, by purchase of these blocked deposits from the refugees arriving from Italy, if this is not contrary to general policy.

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F. Other Administrative and Research Problems

1. Authority was requested from CCS to open accounts of IFA in Italian banks other than the Banco di Napoli and the Banco di Sicilia. The branches of IFA were directed to collect 3M. pounds and Yellow Seal dollars from the Banca d'Italia and from other Italian banks. It was agreed, after a conference of the IFA managers, that balances held by IFA branches with commercial banks should be reduced to working minima by transfer to the Banca d'Italia or by expenditure, as soon as is feasible.
2. In order to permit further analysis of the cash expenditures of the armed forces, a request was made that the Royal Navy and the Royal Air Force, as well as the Allied Cominon and Colonial units serving with the British Army, render monthly statistical breakdowns of their expenditures and receipts, in the form now utilized by the British Army. Further details were also requested on a sample basis, of the items included under two categories of the report received from the American armed forces.

G. Currency Accounts

1. The first set of consolidated accounts of IFA on the new basis, showing Receipts and Disbursements instead of Assets and Liabilities, was prepared and distributed. The experience with the new type of statement for the period ending 30 April 1944 having proved to be favorable, it was decided to have the statement form printed and distributed to the branches. A chart of the new set of accounts, together with detailed explanatory data for each Head and Sub-Head, was sent to each branch office of IFA. The set of accounts for the period ending 30 April 1944, is attached as Appendix B.
2. As instructed by CCIC in T.M. Airgram II, the amount of lire 65,174,450 representing Metropolitan lire notes imported into Italy by the British forces, was recorded on IFA's books.

H. Design for Notes of the Banca d'Italia

As the approval of the Italian Ministry of Finance had been obtained, the designs for notes of the Banca d'Italia in denominations of one, two, five and ten lire, were transmitted to Washington. Completed models of the new designs for the four higher denominations were shown to the Finance Minister and to a senior official of the Banca d'Italia, the approval of both being obtained.

I. Forgery of AM Notes

In the latter part of April a gang of forgers was discovered and arrested in Sicily. All the forgers were seized and the larger portion of the forged notes, amounted to 42 million lire, were recovered. Some notes are unaccounted for and are probably in circulation. The printing presses and plates were also taken in the

sent to each branch office of AFI. The set of accounts for the period ending 30 April 1944, is attached as Appendix E.

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The notes are complete forgeries of the thousand lire denomination. Although they are very good specimens of the thousand lire notes, the paper is slightly thinner than that of the genuine notes and the ink is not of the highest quality leading to fading and blurring of the note in use. The notes are printed in both series of the AM lire notes, 1943 and 1943a. That is, some of the notes have only the denomination in numbers while the others have both the number, denomination and the words "one thousand" and "mille lire".

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V. INSURANCE

A. Commercial Insurance

1. Insurance Committee

The Italian Government decree for the Insurance Advisory Committee (see February, March, and April Reports of Finance Sub-Commission) has been signed and the opening meeting should take place during the first week in June. Some of the delay has been due to the Ministers of Finance and of Industry, Commerce & Labor not having decided upon their representatives. Arrangements have been made for the Insurance Department of Finance Sub-Commission to be provided with agenda and minutes of each meeting, and representatives have been invited to attend the first meeting.

2. Commissioners for insurance companies in Liberated Italy

(a) Early in the month the new Minister of Industry, Commerce & Labor approved all the appointments listed in the April report of Finance Sub-Commission with the exception of that for "La Fiume" and its subsidiary, "La Terra". This appointment was challenged by another official of these Companies and the dispute is still in course of settlement. All Regions were notified of these appointments and their significance. Not all appointments have yet been published in the Official Gazette but each Commissioner has received a formal notification from the Minister to enable him to exercise his powers.

(b) Approval of the following additional Commissioners has been notified to the Ministry, but letters of appointment have not yet been issued:

- | | | |
|---|---|--|
| (a) Reale Mutua | } | Filippo Filippi, c/o Naples Office of Reale Mutua |
| (b) Savoia | | |
| (c) Cattolica | | Alfredo Marzocchi, c/o Naples Office |
| (d) Italiana Incendio & Rischio Diversi | } | Giacinto Mormino (who will move from Sicily to Naples) |
| (e) Italiana Vita | | |
| (f) Sicilia 1885 | | Carlo Orlando, of the Palermo Office. |

(g) Arrangements are being made for Company Commissioners to report to the Finance Sub-Commission on their operations after about a month's work. Favorable information has already been received from the Commissioners for Riunione Adriatica di Sicurtà and Alleanza (Vita). The Commissioner for the Istituto Nazionale della Assicurazione appears to have made a vigorous start in the coordination of the Company's affairs, but has been hampered by the requisitioning of a large part of the Institute's Naples premises.

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3. Insurance Plans for Rome

(a) Rome Head Offices of private insurance companies, of which a list was furnished to the SFO, AMG 5th Army will be closed and certain investigations made into the financial position, controlling interests, foreign and reinsurance connections, and other factors likely to require supervision and control by ICC. The decision as to whether and when a Head Office may be allowed to reopen and take charge of its affairs in liberated territory, is reserved to the Finance Sub-Commission. Branch offices will be placed under their respective Commissioners as soon as conditions permit, and will not, in the meantime, engage in any activities necessitating disarmaments. Bodies of a technical character, such as the Italian Institute of Actuaries, will be investigated, and if no undesirable influences are disclosed, may be permitted to continue, being placed as soon as possible in contact with the Insurance Advisory Committee.

(b) Particular emphasis has been laid on the necessity for safeguarding whatever remains in Rome of the main offices of the Istituto Nazionale della Assicurazione. These offices may be regarded as the heart of Italian insurance, certainly of Italian life insurance, and although some evacuation of personnel and records is expected, damage to these premises could have serious consequences.

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4. Financial Intelligence

(a) According to an official of the Istituto Nazionale delle Assicurazioni, Rome Radio some time ago announced the evacuation of the "Direzione Generale" of the Istituto from Rome to Verona. The informant is acquainted with the Rome offices and considers that this evacuation has probably been confined to the higher officials, as the records of the Institute's 4 1/2 million policies, with associated accounting and valuation machinery, are too cumbersome to have permitted wholesale removal under recent transport conditions.

(b) Instructions were given for the dismissal on political grounds of the Naples General Agent of Assicurazioni Generali di Venezia, and of two more local officials of the Istituto Nazionale delle Assicurazioni.

(c) Following location of small amounts of funds belonging to two German companies, a list of known agencies was forwarded to Regions for necessary action.

5. Insurance situation in Regions

(a) The need for central direction and control of insurance companies operating in Liberated Italy was further illustrated during May by the following incidents:

(i) An individual is stated to have been appointed by the Prefect of Reggio Calabria to a post with the Istituto Nazionale delle Assicurazioni.

(ii) Another individual was appointed Commissioner for Calabria for seven companies by the Prefect of Reggio.

(iii) The appointment of local agents as Commissioners of Riunione Adriatica di Sicurtà for Bari, and for Sardinia, were reported.

(iv) An agent of the French "Phoenix" group obtained an authorization as Commissioner for Sicily.

(b) The appointment of several Commissioners (see para 2 above) by the Government nullified several of these but following representations, the Ministry stated it would instruct all Prefects to make no further such appointments, and to cancel those already made. The existence of numerous locally-appointed officials can do nothing to re-order insurance companies' affairs.

6. Insurance of civilian supply vehicles

The Insurance Department advised the Economic Section on insurance against third-party and fire risks of vehicles chartered for hauling civilian supplies, and some insurance has already been effected. No responsible company will at present accept insurance against theft.

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7. Notes on Italian life insurance

Descriptive material on the pattern of life insurance in Italy, the major companies involved, and their methods of operation has been collated in "Notes on Italian Life Insurance", which appears as Appendix G.

B. Social Insurance

1. Commissioners

(a) In conjunction with Labor Sub-Commission approval was given to the following Commissioners for Liberated Italy of social insurance institutions:

(i) Istituto Nazionale delle Previdenze Sociali

Avv. Vincenzo Romanelli

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- (ii) Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro

Avv. Leopoldo Ranucci.

(b) These appointments, which supersede the temporary appointments of Doctor Alberto Rossignoli and Mag. Renato Raselli respectively, have not yet been published in the Official Gazette but when this has been done, their jurisdiction will be extended to AMG territory. Appointment of a Commissioner for the Istituto per l'Assistenza di Malattia ai Lavoratori is under consideration.

2. Dismissal indemnity

Payment by the Istituto Nazionale delle Assicurazioni of these indemnities, which were established by R.D.L. No. 5 of 8 January 1942, had been suspended on severance of communications between the Institute's main offices in Rome and its General Agencies in the Provinces. Following the appointment of a Commissioner for the Institute instructions have been sent to all General Agencies for resumption of payment.

3. Social insurance contributions of employees of contractors working for the Allied Forces.

(a) At a meeting on 10 May 1944, the Wages Committee of HQ ALI ratified proposed rules for social insurance contributions and wages of employees of contractors working for the Allied armed forces. The contractors will pay employees' contributions to the "Previdenza" and "Malattia" organizations, and employer's contributions to these and to the "Infortuni" organization as well. The contributions will be calculated on the base pay, and overtime if necessary.

(b) The base pay will not exceed the Allied Forces daily maximum for the particular occupation, less a deduction of 40 lire for office workers (impiegati), and 30 lire for all others (operai). There will also be paid

- (i) Presence indemnity (Indennita' di Presenza)
 - (ii) Family allowance (Assegni Familiari)
 - (iii) Supplementary allowance (Indennita' supplementare)
- if the total of these three items is less than the Allied Forces maximum.

4. Family allowances (assegni familiari)

Preliminary agreement was reached on the proposed new scale of family allowances. The present ascending scale of benefits was a foundation-stone of Fascist economic and political policy. The increases will be so graduated as to replace the present scale by a flat allowance per dependent. They will replace the 50%

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L i r e p e r d a y

	<u>Former Scale</u>	<u>New Scale</u>
Wife	3.1	4.5
parent	1.8	4.5
one child	2.0	4.5
each of 2 or 3 children	2.8	4.5
each of 4 or more children	3.6	4.5

5. State employees

(a) In addition to the above revisions, study has continued on the subject of family allowances (*Aggiunte di Famiglia*) for State employees whose salaries have always been lower than those for private employees, the difference having become accentuated during the war. Proposals have already been communicated by the Ministries of Finance and of Industry, Commerce and Labor, and are being examined. It has become clear that there is need not only for correction of inequities, but also for an immediate simplification of the entire needlessly complex wage structure, a brief description of which is given below.

(b) The pay of a public employee commonly includes the following elements:

- (i) Base pay (*Stipendio Base*),
- (ii) Supplement for working time (*Supplemento di Servizio Attivo*) paid only when working,
- (iii) Temporary war allowance (*Assegno Temporaneo di Guerra*),
- (iv) Family allowance (*Aggiunta di Famiglia*),
- (v) Bonus for overtime (*Lavoro Straordinario*)
- (vi) Periodic bonuses (*Gratifiche Periodiche*), either the bonus for efficiency (*Premio di operosità*) every six months, or a 13th month's pay every year,
- (vii) Bonus for liability to enemy action (*Indennità di Bombardamento*) for those in certain areas,
- (viii) "Indennità di Toga" for Judges, and other payments peculiar to certain appointments (*Compensi vari per Gruppi Speciali*),
- (ix) Allowances for out-of-pocket expenses such as a travel indemnity (*Indennità di Missione*).

(c) The bonus for overtime (*Lavoro Straordinario*) is not a daily payment, but a monthly one computed by multiplying a rate (2.5 lire to 4.0 lire) by a number of hours not exceeding 75. Originally paid for over-time or particularly intensive effort, it is now being paid largely as a matter of course. Some other payments are complex in their computation (e.g. the "Indennità di Bombardamento" is one-half of the family allowance plus one-third of the travel indemnity adjusted by reference to the temporary war allowance). Such complexities render impossible a uniform interpretation and application of a graduated wages increase, and create disparities which intensify the pressures for wage increases.

6. Pensions (State employees)

(vi) Periodic bonuses (Gratifiche Periodiche), either the bonus for efficiency (Premio di operosità) every six months, or a 13th month's pay every year,

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6. Pensions (State employees)

R.D.L. No. 85 of 13 March 1944 (published on 25 March) raised State pensions by graduated increases, but it has not been possible to extend its provisions to M.S. territory because of absence of provisions to eliminate beneficiaries of Fascist Party patronage. Appropriate amendments were suggested early in May to the Ministry of Finance, but have not yet been acted upon.

7. Pensions (Fascist Militia)

R.D.L. No. 102 of 27 January 1944 (not published until 19 April, two days before the present Government was formed) was passed without reference to ICC, and provided special benefits and increased pensions to members of the former Fascist Militia (Milizia Volontaria Sicurezza Nazionale) and its branches.

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It provides for

- (a) Relaxation of the age limit for pensions, thus increasing the number of potential claimants,
- (b) Pensions for non-commissioned officers of the Militia equal to those paid to members of the Regular Army,
- (c) Special retirement grants for members not able to qualify for pensions under the now broadened regulations,
- (d) Discharge pay in addition to pensions for all those who have completed six years of service. No provisions were included to rule out the militant Fascist elements which comprise the majority of the M.V.S., and the decree has been referred back to the Government for abrogation. So far no action has been taken by the Government.

8. Military allowances

R.D.L. No. 113 of 13 May 1944, published without prior consultation with or approval by Finance Sub-Commission, increased military relief allowances (Soccorso) by 70%, merging the military and general relief authorities, and enabling dependents of Italians in German-occupied territory to claim military relief allowances if in need. The request of the Italian Government that this decree be extended to Military Government territory is under consideration.

9. Insurance of Workmen in Tripolitania and Eritrea

A request was received during the month from the Deputy Director of Claims & Hirings, A.I. for arrangements whereby workmen's compensation (Infertuni organization) could be extended to employees of the Allied Forces in Tripolitania and Eritrea, later expanded to mean all former Italian Africa. Efforts are being made to secure from the Government a letter extending the terms of that addressed by the Head of the Government on 5 November 1943 to the Infertuni organization, covering Allied employees in Italy.

VI. PRICES AND THE COST OF LIVING

4. Agricultural Prices

During the month 400 set the price to be paid for wheat delivered to the Granai del Popolo at 900 and 1,000 lire per quintal for soft and hard wheat, respectively. It was also decided that all other major pulses and grain crops, other than barley which was included in the existing decree for wheat, would be blocked on the farms, counted, and made subject to compulsory sale to the Granai del Popolo, and that the prices of each would be fixed in relation to the price agreed upon for wheat.

5. The Price of Bread

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B. The Price of Bread

1. In making our recommendations on the price of 1944 wheat, we argued that paying a price in the neighborhood of 1,000 lire per quintal would involve either (1) an increase of some 5 billion lire in the already large Italian Government deficit or (2) an increase to nearly 15 lire in the price of bread. Because we believed that either of these alternatives was highly undesirable, and because we believed that a price of 1,000 lire per quintal was unnecessary either to do justice to the farmers or to ensure the marketing of the crop, we recommended that the price be fixed in the neighborhood of 600 to 700 lire per quintal. Inasmuch as it has now been decided to fix the price of wheat at 900 and 1,000 lire per quintal, it is now necessary for us to choose between these undesirable alternatives.

2. We believe that, from the point of view of controlling inflation and of protecting the Allied interests in Italy, it is far more necessary to prevent the price of bread from rising unduly at this time than it is to prevent the Government deficit from increasing.

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(a) If the price of bread is increased enough to cover without subsidy a wheat price of 900 and 1,000 lire per quintal, we believe that it will be impossible to prevent substantial wage increases, whether or not the bread ration is increased to 300 grams per day, because:

(i) Regardless of whether the cost of living is in fact higher with a 300 gram ration at 13 lire per kilo than with a 200 gram ration at 3.60 lire per kilo, every worker and every labor leader will insist that it is. We will find in dealing with workers that none will admit to have purchased bread on the black market, and none will admit, therefore, that the total cost of purchasing 300 grams at 13 lire is properly comparable with the cost of purchasing 200 grams at 3.60 lire and 100 grams at the black market price.

(ii) Moreover, it is only in Naples and only at the present time that it is clearly true that the cost of living would be reduced with a 300 gram ration at 13 lire per kilo. Whenever the price of black market bread is less than 32 lire per kilo, people are better off supplementing a 200 gram ration with black market purchases than they are buying 300 grams at 13 lire per kilo. In all of the towns smaller than Naples the price of black market bread is much lower than in Naples, and up to a few months ago it was not as high as 30 lire per kilo in most places. After the current harvest, black market prices can be expected to decline considerably, and at that time many workers will in fact be worse off under the proposed conditions than they would be if the ration and the legal price of bread were unchanged.

(iii) Even if it is true that the cost of living will be no higher, or even considerably lower, under proposed conditions, wage demands that cannot be resisted are certain to arise. The present situation of industrial workers is one that they rightly believe to be intolerable. If that situation is legalized and made permanent through an increase in the legal price of bread, wage demands will follow immediately. At the present time, workers can ask for an increase in wages only on the tenuous moral grounds that they should be given enough money to permit them to buy more bread than that provided on the ration on which everyone else is expected to live. If, however, the cost of buying 300 grams on the ration is made anywhere near that of purchasing 300 grams to-day, the same group of workers could present the same wage demand on the firm moral grounds that they should be paid enough to permit them to buy the ration which everyone is supposed to be able to get.

We believe that it is certain that irresistible wage demands would be the result of this situation, and that such increases will call for increases in industrial prices. The latter, in their turn, will necessitate further increases in wages and in other industrial prices, thereby creating an inflationary spiral.

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We believe that it is certain that irresistible wage demands would be the result of this situation, and that such increases will call for increases in industrial prices. The latter, in their turn, will necessitate further increases in wages and in other industrial prices, thereby creating an inflationary spiral.

(b) The second important reason why the price of bread should not be increased is that an increase of almost any amount, and certainly an increase of around 250 per cent such as has been proposed in the price of the principal food of the people will have far-reaching psychological effects. The faith of Italians and others in the probable future value of the lira will be immediately affected; the confidence of South Italians in their Government will be shaken; the respect for the Government of liberated Italy and the Allied Military Government on the part of Italians north of the line will be reduced; the opinions of citizens of occupied countries all over Europe will be seriously affected; and public opinion at home, where it is already believed in some quarters that Allied policy is ruining Italy, will be alienated. Any such changes in opinion will increase our difficulties in the liberation of Europe.

(c) We do not mean to imply that the dangers resulting from an increased Government deficit, pointed out in our original memorandum, no longer concern us. On the contrary, we believe that the increase in the Government deficit that will be caused by the price of wheat and the price of bread agreed upon is a very serious problem. Our point is that this

problem is less serious than that which would confront us if the price of bread were increased to 13 lire. In short, we are electing the lesser of two evils. In our opinion, the Government deficit problem is less serious for several reasons:

(i) The increase in the deficit that will result from the action in question will take the form of an increase in the income of farmers, who, under present conditions, save much of their incomes. The consequences of this particular increase in deficit may thus be somewhat smaller than the magnitude of the increase would indicate.

(ii) The deficit problem will be with us for several months whether or not the price of bread is decreased, for the wheat crop will be paid for during the summer, if amassing is successful, while the absorption of consumer income to meet the deficit will be spread over most of the year.

(iii) More importantly, the problem created by the deficit admits of a partial solution:

through heavy farmer taxes,
through increases in other taxes,
and through a more gradual elimination of the bread
subsidy as the food situation improves and as the
quantity of foods available at legal prices increases,

while the problem created by increasing the price of bread admits of no solution other than inflation. We do not believe that taxation can absorb a large part of the increase in incomes of farmers that will be created by the wheat price, but we are attempting to obtain legislation that will do as much along this line as is possible.

3. Finally, it should be remembered that we have a specific directive from CCS to keep the price of bread down. In its message of 10 April, CCS says:

"In order to continue resistance to inflationary trends and to secure the inavailability of certain basic commodities to consumers, the prices of such commodities should be held at low levels for the time being, subsidies being paid to producers, as may be considered necessary to maintain production and delivery to the legal market, such subsidies to be charged to the Italian Government."

C. The Cost of Living

The cost of living in Naples reached its highest level yet attained in May. The reasons for the increase, in order of approximate importance, were: only a very small ration of dried beans was distributed during the month; no olive oil was

subsidy as the food situation improves and as the quantity of foods available at local prices increases, while the problem created by increasing the price of bread admits of no solution other than inflation. We do not believe that taxation can absorb a large part of the increase in incomes of farmers that will be created by the wheat price, but we are attempting to obtain legislation that will do as much along this line as is possible.

3. Finally, it should be remembered that we have a specific directive from CCS to keep the price of bread down. In its message of 13 April, CCS says:

"In order to continue resistance to inflationary trends and to secure the inavailability of certain basic commodities to consumers, the prices of such commodities should be held at low levels for the time being, subsidies being paid to producers, as may be considered necessary to maintain production and delivery to the legal market, such subsidies to be charged to the Italian Government."

C. The Cost of Living

The cost of living in Naples reached its highest level yet attained in May. The reasons for the increase, in order of approximate importance, were: only a very small ration of dried beans was distributed during the month; no olive oil was distributed during the month (a ration was issued early in June to make up for the failure to distribute in May); the black market prices of bread and pasta continued to rise, reaching 200 and 300 lire per kilo, respectively; the prices of fruits and vegetables rose somewhat.

The cost of living in lire per person per week for the city of Naples, comparable to earlier figures published in this report, was as follows:

April	7	347 (revised)
	15	317 (revised)
	23	311 (revised)
	30	314 (revised)
May	7	365
	15	403
	23	413
	30	404

The revisions in the April figures result from changing the substitution factor of rationed dried beans for black market potatoes in order to give proper weight to the greater caloric value of beans per unit of weight.

VII. ACCOUNTING

4. Supply Accounting

1. During the month the condition of the accounts for imported civilian supplies improved somewhat, although there still remains a backlog of work in the Regions which must be handled before the report will be on a current basis. As the result of previous requests for a substantial increase in the Chief Accountant's Headquarters staff, five new officers were assigned and the group began work on supply accounts, one officer in Region I, one in Region IV, one with the Public Health Sub-Commission (to prepare overdue accounts on medical supplies), and two with the Headquarters' staff. The availability of these officers for supply accounting has enabled the formulation of plans for putting this phase of accounting on a current basis.

2. The accounting Sub-Section has received the following supply accounting returns (i.e. statement of stock movements, schedule of imports, and schedule of sales).

Region or Area	From date of occupation through 31 January 1944	February 1944	March 1944	April 1944
Region I	yes	-	-	-
Region II	yes	yes	yes	-
Region III	yes	yes	yes	-
Region IV and AMG 5th Army	yes	yes	yes	yes
Region V and AMG 8th Army	yes	yes	yes	-
Region VI	yes	yes	yes	yes
Region VII	(a) Incomplete	(a) Incomplete	(a) Incomplete	-

(a) Complete and submitted for all provinces in the Region, except Reggio di Calabria.

3. A consolidation of the Regional supply accounting reports through 31 January 1944 was made during the month. This consolidation covers all Italy except the province of Calabria in Region VII. While the accounting for that province is pending completion under the direct supervision of a representative of this HQ, his report has not yet been submitted. For this reason it has therefore been necessary to exclude Calabria province from the January accounts. The 1-5, AMG list of vessels scheduled to arrive through 31 January 1944 reported cargo aggregating 186,000 tons (exclusive of Reggio). Of this amount vessels carrying 56,000 tons were diverted or in transit at the end of the period, leaving a net of 130,000 tons scheduled to be unloaded during the period according to ships' manifests. The quantity reported as received in AMG/ACC warehouses amounted to 114,000 tons, the

Region I	yes	-	-
Region II	yes	yes	-
Region III	yes	yes	-
Region IV and AMG 5th Army	yes	yes	yes
Region V and AMG 8th Army	yes	yes	-
Region VI	yes	yes	yes
Region VII	(a) Incomplete	(a) Incomplete	(a) Incomplete

(a) Complete and submitted for all provinces in the Region, except Reggio di Calabria.

3. A consolidation of the Regional supply accounting reports through 31 January 1944 was made during the month. This consolidation covers all Italy except the province of Calabria in Region VII. While the accounting for that province is nearing completion under the direct supervision of a representative of this HQ, his report has not yet been submitted. For this reason it has therefore been necessary to exclude Calabria provinces from the January accounts. The C-5, AMG list of vessels scheduled to arrive through 31 January 1944 reported cargoes aggregating 166,000 tons (exclusive of Reggio). Of this amount vessels carrying 56,000 tons were diverted or in transit at the end of the period, leaving a net of 130,000 tons scheduled to be unloaded during the period according to ships' manifests. The quantity reported as received in AMG/ACC warehouses amounted to 114,000 tons. There was a variation of 12 1/2 per cent between the quantities on C-5 lists and the quantities unloaded. This difference can be accounted for, in part at least, by the fact that some of the vessels were still unloading at the end of the period, and also by the fact that the manifests are frequently inaccurate. Of the total tonnage received approximately 79,000 tons of food and other supplies were sold for 532 million lire.

4. During the month increased attention was directed to strengthening the accounting structure by clarification or curtailment of unnecessary activities and by consultation with Regional supply divisions to ensure that the accounting procedure as prescribed by the AMG Manual is being properly implemented in their operations.

5. To eliminate unnecessary administrative and accounting work in inter-regional trade, arrangements were made with the Industry and Commerce Sub-Commission for the issuance of an order that exports from one AMG Region to another or to ACC territory should not be purchased and resold by ACC/AMG agencies except in exceptional circumstances. In the future payment is to be made direct by the buyer to the seller through normal bank channels or by purchase of a voucher to be sent to the vendor. Intervention of ACC/AMG in such transactions is thereby rendered

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unnecessary, except that their channels of communications are put at the disposal of both parties for delivery of invoices and value.

6. To ensure that the proceeds of sales of supplies and deposits on containers are promptly recorded in ACC/AMG accounts, Executive Memorandum No. 39 was issued. Under this instruction both the proceeds of sales and deposits on containers are required to be paid direct into the Allied Financial Agency, No. 1 account, with the bank used by the A.F. Branch in the Region. Only where positive inconvenience is established does the order permit an exception, as for example, where sales are made in locations without banking facilities. In such cases, upon full presentation of the facts, the Chief Accountant may permit supply officers to have intermediate accounts, but no payment can be made out of such accounts, and all funds in the accounts existing at the time of the instruction were required to be closed, except those approved by the Chief Accountant.

7. In February 1944 the Internees and Displaced Persons Sub-Commission, ACC, assumed jurisdiction over camps for internees and displaced persons. Prior to that time such camps were operated by the Prisoners of War Committee. To effect the necessary accounting for issues of stores and supplies by Army units (British) to the Sub-Commission, an agreement was reached with the Assistant Financial Adviser, (B), HQ AAI, that his office should prepare an account showing issues to the Displaced Persons camps up to the time such camps were handed over to the Displaced Persons Sub-Commission. For the period subsequent to the handing over of the camps by the Prisoners of War Committee, the Internees and Displaced Persons Sub-Commission has been notified that it should report all stores and supplies drawn from the British Army to the Regional Supply Officer, Region II. In order to expedite the accounting for these supplies, a representative of this office was assigned temporarily to the Internees and Displaced Persons Sub-Commission. The accounts for such supplies are to be rendered on a monthly basis, beginning with February.

8. Under existing directives the Finance Sub-Commission ACC is required to maintain accounts for subsistence and supplies issued to the Italian armed forces. These accounts are required to be built up from reports of issues by Army service depots, and bulk issues from ships reported by the Army Sub-Commission. Incomplete reports have been received from both sources, from which quantitative records have been established by this office. For U.S. depot issues most of the commodities have been priced or information obtained by this office to allow pricing on the base cost. For bulk issues the prices are not required to be reported. Instructions received call for use of the latest U.S. Army subsistence price list. This list does not reflect landed costs so as to include transportation expense, nor is the price shown for every commodity issued in bulk. Accordingly, the rates have not been applied to commodities. Further consideration is being given to this problem.

9. The accounting for medical supplies which under existing directives is rendered by the Public Health Sub-Commission to the Chief Accountant has been delayed. Incomplete warehouse and issue records in the early stages and lack of adequate accounting personnel of both officers and ORs has precluded the prompt submission of these accounts. In view of the situation a representative from the ORs

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10. Special accounting will be required for coal and petroleum products. For past and current issues of coal arrangements have been effected whereby the Coal Section, ACC, will advise the Regional Supply Officers of quantities of coal placed at their disposal. At the same time that Section will supply the Chief Accountant with information concerning the name of the ship, port and date of arrival, quantity, origin and type of coal. Issues of coal from Army depots will be reported by the Regional Supply Officer, after which the accounting will follow the established procedure within the Regions. Plans are now in progress whereby imported coal for civilian use will be delivered and billed to the Italian State Railways. Under the proposed arrangement, issues to authorize Italian civil consumers would be made by the State Railways, which would receive payment therefore at prices to be established by Headquarters ACC. For petroleum products, as indicated in earlier reports of Finance Sub-Commission, arrangements were effected whereby the Comitato Italiano Petroli effects distribution of all issues to essential consumers. CIP is to be billed by this office for all quantities received, upon notification from the

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Petroleum Section, Advanced AFHQ, CIP. However, prior to the various dates on which CIP took over in the several Regions, an accounting is required for issues by ACC/AMG. In view of the difficulties of such accounting, due to the lack of specific information and inadequate records in the early stages of occupation, it has been deemed advisable to handle the matter at Headquarters level, and at present representatives from this office are working thereon in two Regions.

B. Issues of Supplies by Allied Armies

1. Discussions were held with the Assistant Financial Adviser, HQ AMI as to the treatment of issues by the British Army to refugees, co-belligerents, and ACC/AMG. It was agreed, on general lines, that direct issues by the British Army to refugees in camps under Army control, and to Italian military units, should be reported direct to the War Office by the Assistant Financial Adviser, in conformity with normal British Army procedure. All issues made to, or at the request of, ACC will be reported by the Assistant Financial Adviser to the Chief Accountant of ACC.

2. Discussions were held with Peninsular Base Section on the question of rendering reports to the Chief Accountant in respect of issues to Italian military units. Peninsular Base Section explained that they had an accumulation of several thousand shipping tickets from American Army depots which they had not been able to process and that the volume of work was so large that it had been impossible to summarize the shipping tickets already processed by commodities; instead, an estimated ration strength of Italian units supplies has been arrived at and the value of the rations required to supply this strength has been calculated and submitted to the Chief Accountant. Other American depots have submitted summaries of issues by commodities.

3. Shipping tickets for bulk imports for the Italian Army have been received from the Military Mission to the Italian Army up to 30 April 1944, but a consolidated account has not yet been received.

C. ACC/AMG Revenue and Expenditure Accounts

1. Cumulative accounts through 31 March 1944 were prepared and submitted to G-5 Section for transmission to the Combined Chiefs of Staff.

2. These accounts showed no material difference in general form from previous accounts, except that "Storage and Handling Charges in respect of Imports, Exports and Local Purchases" were transferred from ACC/AMG Revenue and Expenditure Accounts to AFHQ's accounts, as it was considered that this expenditure was in the same category as expenditure incurred in the purchase of local supplies for export, and accounts in respect of the sale of imported supplies.

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D. Financial Accounting Directives and Instructions

1. A directive (Executive Memorandum No. 59) was issued dealing with the control of bank accounts opened by Sub-accountants and maximum balances to be held by them.

2. A revised version of Office Memorandum No. 3 on the payment of civilian labor was submitted to the HQ Commandant for issuance by him.

3. Recommendations on the accounting procedure for hemp purchases, and for the financing of the hemp industry, were issued.

4. Recommendations as to the treatment of transportation costs in respect of imported supplies were submitted to the Price Committee.

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E. Organization

1. Three officers from Civil Affairs, Middle East, have been working with the accounting Sub-Section during the past month. The main purpose of their visit has been to acquire experience, but they have at the same time rendered valuable assistance to the Sub-Section.

F. Allied Financial Agency Statement

1. Discussions were held with A.A. on the new form in which the accounts were submitted for the month of April.

G. Miscellaneous

1. The Chief Accountant had discussions in Algiers with the Deputy Paymaster-in-Chief (British) on the subject of clearing up outstanding accounts between the British Army and ACC/MG in respect of Metropolitan Lire imported into the Theatre and advanced to MG, and other advances made by the Deputy Paymaster-in-Chief to ACC/MG. The procedure for the settlement of these accounts was agreed upon, and has since been put into effect. All accounts between British Paymasters and ACC/MG have now been settled.

for Forwarding

Colonel,
Joint Director,
Finance Sub-Commission.

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

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Colonel, *Forney*

Colonel,
Joint Director,
Finance Sub-Commission.

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APPENDIX 'A'

FINANCIAL EFFECTS OF ALLIED OCCUPATION

A. Discussion of the financial effects of the Allied occupation of Italy is usually centered upon four major questions:

1. Does the dollar/pound/lire exchange rate create inflation and exploit Italy?
2. Does the issuance of "untacked" AM lire create inflation and exploit the country?
3. Are soldiers' expenditures and the expenditures of the Allied armies creating inflation and draining Italy's wealth?
4. What are we contributing to Italy through imports and taking away through exports, and what effect do these transactions have upon the inflationary situation?

The first two of these questions have been discussed frequently in earlier numbers of the monthly report, particularly in Appendices A and C of the report for March. In these discussions it was concluded that the effect of both the exchange rate and the use of AM lire depended almost exclusively upon the last two of the questions, the volume of soldier and Allied expenditures and the volume of imports and exports. Statistics on both of these matters, as complete as is at this date possible, are presented below.

B. The relevant data may be summarized approximately as follows:

	through March	through April	through April
	(in billions of lire)		
1. Soldiers' expenditures	12.0	2.6	14.6
2. Expenditures of the Forces	1.8	.5	2.3
3. Disbursements for purchase of exports	<u>.2</u>	<u>.1</u>	<u>.4</u>
4. Total	14.1	3.2	17.3
5. Less: Receipts from sales of imported supplies	<u>.6</u>	<u>.5</u>	<u>1.1</u>
6. Total inflationary effect of Allied operations	13.5	2.7	16.2
7. Italian Government deficit from July 1943	23.0	3.0	26.0
8. Total (6 + 7)	<u>36.5</u>	<u>5.7</u>	<u>42.2</u>
9. Percent, inflationary effect of Allied operations to total inflationary effect (6 ÷ 8)	37	47	38

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8. Total (6 + 7)	36.5	5.7	42.2
9. Percent, inflationary effect of Allied operations to total inflationary effect (6 ÷ 8)	37	47	38
10. Landed cost of goods imported for civilian consumption	2.5	4.0?	13.5?
11. Total "exploitation" effect (4 - 10)	4.6	.. .?	3.0?
12. AFA advances to the Italian Government and its agencies	5.6	.5	6.1
13. Approximation to increase in currency circulation (6 + 12)	19.1	3.2	22.3
14. AM lire put into circulation (in hands of public and banks including Banca d'Italia)	20.6	3.0	23.6
15. Error (14 - 13)	1.5	-.2	1.3

C. Soldiers' Expenditures and Expenditures of the Allied Forces

The data on Allied expenditure given in the table on the next page are approximate only.

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Total Expenditures in Italy of Allied Soldiers and Allied Forces
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(in millions of lire)

	Paid to Officers and men (1)	Net remit- tances (2)	PA and MATTI sales (3)	Soldiers' Em- ploy- ment of local labor (4)	Purchase of local materials (5)	Miscel- laneous expend- itures (6)	Expend- itures of forces (5+6+7)	Total (4+8) (9)
July and August U.S. British Total	634 368 992	- 27 27	3 60 63	6 - 6	5 - 5	- 7 -7	11 7 18	642 278 920
September U.S. British Total	725 475 1,200	459 23 482	2 60 62	8 - 8	14 3 17	2 5 -7	24 8 32	288 395 683
October U.S. British Total	880 280 1,160	466 38 504	1 101 102	15 - 15	24 6 30	- 24 -24	39 30 69	452 871 1,323
November U.S. British Total	1,509 1,004 2,513	720 65 785	106 118 224	40 - 40	71 20 91	5 163 168	116 183 299	799 1,004 1,803
December U.S. British Total	1,534 1,080 2,614	671 213 884	93 184 277	63 - 63	93 66 159	4 42 46	160 108 268	930 791 1,721
January U.S. British French Total	2,047 1,079 3,126	959 71 1,030	110 149 259	91 - 91	91 77 168	10 15 -25	192 92 284	1,170 951 2,121
February U.S. British French Total	1,852 1,324 3,176	1,023 105 1,128	104 169 273	107 - 107	101 33 134	3 15 -18	211 108 319	943 1,136 2,079

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Appendix A.

Before assessing the importance of any of the figures shown in the table, the following points should be noted:

1. "Paid to officers and men"

(a) U.S. figures are taken from reports from all army units in Italy, and from the naval detachment in Palermo. The Palermo navy figures were reported at 2-month intervals prior to March, and thus cause some irregularity in the data. Other U.S. navy units draw their funds through the army, which reports the receipt of dollar checks given in return for lire under the caption "deposits of such items for official credit." Since most of this item represents remittances to soldiers from the U.S., it is impossible to segregate navy funds from these reverse remittances. In April, the U.S. Navy drew about 30 million lire in this manner. The figure for "paid to officers and men" should therefore be about 30 million larger, and "net remittances" should be correspondingly larger. This method of measuring navy pay disbursements also assumes that the navy's lire balances are neither increased nor decreased, and that the whole of its lire expenditure is for payments to personnel. Members of the U.S. merchant marine draw their pay from the navy disbursing officers. Their expenditures in Italy are therefore included in "soldiers' expenditure."

(b) British figures include all the armed forces of the U.K., the dominions, the colonies, and the Allies other than France. All British figures for the month of April are estimates. British disbursement figures are provided for the U.K. army only. The Royal Navy, the Royal Air Force, and the forces of the dominions, colonies, and allies draw their funds from British paymasters, and the reports received by AFA show only net totals advanced to these units. All of such advances are included in "paid to officers and men". That item, and accordingly, "soldiers' expenditures" is therefore over-estimated to the extent that such units increase their cash holdings or make expenditures for local labour or materials.

(c) French figures are taken from reports of the French disbursing officer. About $\frac{1}{3}$ of the total represents an item the nature of which is unclear. It is assumed that all of this item represents cash income of French troops. To the extent that it does not, "soldiers' expenditures" are over-estimated.

2. "Net remittances"

U.S. figures include net PIA remittances, soldiers' deposits with Finance Officers, and an item reported as "APO and sundry receipts." This item represents dollar checks sold for lire. The bulk of such transactions is accounted for by APO money orders used in making soldier remittances to the United States, but there is also included in the item receipts from the basic mess fee of \$25 per month for every officer in the theatre. The latter part of the item would be better classified under PX sales if its total were known, since it does not represent the accumulation of dollars to the credit of the officers concerned. It does represent, however, a deduction from their pay that cannot be spent locally. From

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3. "PX and NAAPF sales"

These figures do not represent the total sales of these organizations, but the proceeds of sales remitted to their home countries for credit or used for purchases from quartermasters. The balance of the proceeds of sales is used for the hire of local personnel and the purchase of local goods for resale. The balance thus represents soldiers' expenditures for local goods and services through the medium of PX or NAAPF, and is thus properly reflected in a larger figure of "soldiers' expenditures."

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Appendix A

4. "Soldiers' expenditures"

"Soldiers' expenditures", as estimated in the table, represent live paid to all Allied officers and men in Italy less remittances and PX and MAFI sales. The figures do not show funds brought into Italy in currency (travellers' checks when cashed would appear in "deposits of dollar funds for official credit"), increases or decreases in cash balances held by soldiers, or funds taken out of Italy in currency. It seems probable that soldiers as a whole are accumulating cash balances and that their expenditures are therefore less than the totals shown. As stated above, the estimates are also too high because they include funds for local expenditure provided to U.S. civilian agencies, expenditures for local labour or supplies made by the U.S. Navy, the Royal Navy, the Royal Air Force, and dominion, colonial, and Allied armies, and any increase that may have occurred in the cash holdings of these organizations. In general it may be said that the calculation of soldiers' expenditures is almost certainly larger than the true figure.

5. "Employment of local labour" and "Purchase of local materials"

The figures shown for local labour are for the U.S. army only, and those shown for local materials are for the U.S. and U.K. armies only. All the other units probably make expenditures for these purposes, but the AFM reports do not distinguish them. To the extent that units other than the U.S. and U.K. armies do make such expenditures, the estimate of soldiers' expenditures is too large.

6. "Miscellaneous expenditures"

This heading contains expenditures of British civilian agencies and other expenditures whose nature is not known.

7. "Expenditures of forces"

As explained above, this item is considerably understated (and soldiers' expenditures correspondingly overstated) because only net paymaster drawings are known for many units operating in Italy. Moreover, it should be remembered that many Allied army purchases in Italy are financed directly by the Italian Government or made through requisitions to be paid later by the Italian Government, and thus their amounts have appeared, or will in the future appear, in the Italian Government expenditures and deficit.

8. "Total"

Most of the errors contained in the figures for "soldiers' expenditures" and "expenditures of forces" balance out in the "total". An approximate check upon the total figures can be obtained by comparing them with IFA payments to finance officers less the increase in (a) cash reserves of finance officers and (b) the balance of IFA and the Banca d'Italia. This figure is the table

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This heading contains expenditures of British civilian agencies and other expenditures whose nature is not known.

7. "Expenditures of forces"

As explained above, this item is considerably understated (and soldiers' expenditures correspondingly overstated) because only net paymaster drawings are known for many units operating in Italy. Moreover, it should be remembered that many Allied army purchases in Italy are financed directly by the Italian Government or made through requisitions to be paid later by the Italian Government, and thus their amounts have appeared, or will in the future appear, in the Italian Government expenditures and deficit.

8. "Total"

Most of the errors contained in the figures for "soldiers' expenditures" and "expenditures of forces" balance out in the "total". An approximate check upon the total figures can be obtained by comparing them with AFA payments to finance officers less the increase in (a) cash reserves of finance officers and (b) BMA and Yellow Seal currency held by AFA and the Banca d'Italia. This figure is 15.3 billion lire as of 31 March, compared to 13.7 billion lire shown in the table as of that date. The check figure is subject to errors in both directions which may approximately offset each other. In so far as the troops have increased the amount of currency in their pockets, or some finance officers have not reported their AM lire on hand, the check figure will be too large. On the other hand, in so far as BMA pounds and Yellow Seal dollars which have been spent are still in the hands of the public or have passed from troops to paymaster and back to the troops again, it will be too small.

D. Civilian exports and imports

1. The table overleaf estimates the value of civilian imports and shows the proceeds derived to date from their sale. The second table below compares disbursements made for the purchase of exports with receipts obtained from the sale of imports.

Page 5 of
Appendix AImports for Civilian Consumption
and Petroleum Products Diverted to Civilian Use
(through March 1944)

	through		February 1944		March 1944		Total through	
	Estimated landed cost per ton (thousands of lire)	U.S.	Quantity (000 of long tons)	Value (millions of lire)	Quantity (000 of long tons)	Value (millions of lire)	Quantity (000 of long tons)	Value (millions of lire)
Flour	13.2	1.1	160.2	4.6	54.8	724	219.6	2,857
Wheat	11.7	3.6	89.1	1.5	24.0	281	110.6	1,281
Soup, dehydrated	59.6	10.8	10.3	64.3	11.4	678	22.2	1,321
Sugar	17.5	17.5?	11.1	8.9	2.7	80	20.0	351
Milk	30.0	91.0	5.0	.4	11.9	191	6.1	207
Vegetables, dry	16.0	7.8?	5.2	.6	12.3	691	17.1	275
Cheese	7.8	7.8?	.5		2.3	40	.9	7
Stew, M & V	56.0						12.3	691
Other food	17.5?		5.1	88			7.4	128
Total food			280.8	16.0	119.4	2,685	416.2	7,118
Medical	590.0?	1.1	523				1.1	523
Sanitary	590.0?	.2	104				.2	104
Newsprint	17.5	1.5	23		.6	11	1.9	34
Soap	2.7	3.0	8		3.3	9	6.3	17
Matches	20.0?	.04	1				.04	1
Seed potatoes	20.0?	15.0	300		12.8	255	27.8	555
Clothing	700.0?				.9	634	.9	634
Miscellaneous	350.0?	.1	45		1.3	456	1.4	510
Total non-food		5.7	764	300	18.9	1,374	39.6	2,378
	(per bbl)						(thousands of bbls)	
Gas oil	.6	?			25.3	14	25.3	14
Gasoline	.7	?			15.2	10	15.2	10
Kerosene	.6	?			4.1	3	4.1	3
Lubricating oil	2.4	?			.7	2	.7	2
Grease oil	3.2	?			.1		.1	
Total petroleum					45.4	29	45.4	29
Grand Total		206.5	31.0	4,915	522	138.3+	485.6+	9,525

Medical	300.0?	1.1	523		1.1	104
Sanitary	300.0?	.2	104		.2	34
Newsprint	17.5	1.3	23	6	1.9	17
Soap	2.7	3.0	8	3.3	5.3	1
Matches	20.0?	.04	1	.04	.04	555
Seed potatoes	20.0?	15.0	300	12.8	27.8	634
Clothing	700.0?			.9	.9	510
Miscellaneous	350.0?	.1	45	1.3	1.4	
Total non-food		5.7	704	18.9	39.6	2,378
				(thousands of bbls)	(thousands of bbls)	
AG oil	.6	?		25.3	25.3	14
Gasoline	.7	?		15.2	15.2	10
Kerosene	.6	?		1.1	1.1	2
Lubricating oil	2.4	?		.7	.7	2
Gear oil	3.2	?		.1	.1	-
Total petroleum				45.4	45.4	29
Grand Total		284.5	1,915	138.3+	455.6+	3,325
Proceeds of sales of imported supplies		397		212		639++

+ excluding petroleum.

++ Proceeds from sales in April were 152 million lire, making a total of 1,091 million lire through April.

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Appendix AComparison of Receipts for the sale of Imports
and Disbursements for the Purchase of Exports
(in millions of lire)

	Receipts from the sale of imports	Disbursements for purchase of exports	Excess of Imports
through December 1945	126	44	82
January	69	24	65
February	181	103	78
March	243	121	122
April	452	122	330
Total through April	1,091	414	677

1. In attempt is made in the table on Page 5 to estimate the landed cost of goods imported into Italy for distribution to civilians. The basic data available is the monthly total of goods for civilian consumption scheduled to arrive in Italy containing items, by quantity only, taken from ships' manifests, and a list of estimates of landed costs for some of the items provided by AHIQ. It has been necessary to estimate a number of landed costs at this office. The valuations estimated are marked in the table with a question mark. They are subject to a wide margin of error since insufficient data is available to us, and since many of the items, such as "medical supplies", "clothing", and "other food" cannot be satisfactory priced on a per ton basis. It will also be noticed that the landed cost figures provided to us for identical goods on U.S. and on U.K. account differ widely. No explanation of this difference has been received.

2. The landed cost of imported goods, so estimated, 9.5 billion lire, greatly exceeds the total of 640 million lire which had been deposited with the Allied Financial Agency as of 31 March as the proceeds of goods sold to Italian civilians. This difference results primarily from the fact that prices charged to the Italian public for essential cost-of-living items, particularly bread, have been much lower than landed cost. The landed cost of American wheat, for instance, is 1,170 lire per quintal, while the price at which bread is sold to the public after meeting costs of transport, milling, baking, and retailing is 360 lire per quintal. Moreover, substantial stock piles of foods have been accumulated. As of 31 March the landed cost value of stocks of imported food was approximately 2.3 billion lire, or almost 1/3 of the total value of foods imported to that date. Other reasons for the large difference between landed cost value and receipts from sale are errors in ships' manifests, losses by theft or enemy action, and delays in reporting receipts. However, in April 450 million lire was deposited in AFA accounts as proceeds of sales of civilian supplies, making the total through April 1,091 million lire.

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2. The landed cost of imported goods, so estimated, 2.5 billion lire, greatly exceeds the total of 640 million lire which had been deposited with the Allied Financial Agency as of 31 March as the proceeds of goods sold to Italian civilians. This difference results primarily from the fact that prices charged to the Italian public for essential cost-of-living items, particularly bread, have been much lower than landed cost. The landed cost of American wheat, for instance, is 1170 lire per quintal, while the price at which bread is sold to the public after meeting costs of transport, milling, baking, and retailing is 360 lire per quintal. Moreover, substantial stock piles of foods have been accumulated. As of 31 March the landed cost value of stocks of imported food was approximately 2.3 billion lire, or almost 1/3 of the total value of foods imported to that date. Other reasons for the large difference between landed cost value and receipts from sale are errors in ships' manifests, losses by theft or enemy action, and delays in reporting receipts. However, in April 450 million lire was deposited in AFA accounts as proceeds of sales of civilian supplies, making the total through April 1, 091 million lire.

3. In comparing the values of imports and exports it should be remembered that goods exported from Italy are bought locally by the Economic and Supply Division at prevailing local prices and sold abroad at prices ruling in the country of sale. The foreign exchange obtained is then held in dollars or sterling in the U.S. or U.K. for later disposition. The values that have been realized from the sale of Italian exports are not known.

B. Conclusions

1. Allied expenditures in Italy have increased steadily from a level of about 500 million lire last summer to over 3 billion lire in April. There is every reason to believe that the figures for May and June will be substantially higher. Currently the Allied contribution to Italian inflation is approximately equal to that contributed by the Italian Government deficit, although the cumulated contribution since last summer is still only about 60 per cent as large as the cumulated Italian Government deficit. It should be remembered, however, that a large, but unknown, part of the Italian Government's expenditure is made for Allied purposes.

2. Imports for civilian consumption have also increased greatly, the total for March being over 80 per cent as large as the cumulated total through February.

The plans in effect called for continued large imports through June with a decline after that date. The landed cost of civilian goods brought in through March off sets, in value, although not in proceeds obtained from sale, 70 per cent of the Allied expenditures made to that date in Italy, and for the month of March the value of imports exceeds Allied expenditures by almost 30 per cent. It is probable that by the end of June the cumulated total of imports will reach 85 per cent of the total of Allied expenditures and decline after that date.

3. The foreign exchange accruing to Italy in March amounted to 122 million lire from exports (if it proves true that prices paid for exported goods in Italy are equal to world prices less cost of transport) and 4 million lire from remittances, while the cost of imports shipped to arrive in March was about 4 billion lire. Thus the landed cost of imports appears to be about 30 times as great as currently accruing foreign exchange.

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APPENDIX 'B'

Issuance of Government Authorizations to Spend under AMC Conditions in Campobasso

(The following description was provided by the Regional Finance Officer of Region V on the system of issuing authorizations to spend which is used in Campobasso. It is given here for its informational value to the provincial finance officers in the newly-liberated areas. The procedure generally used in AMG regions has been to utilize the Intendente as the chief provincial Treasury official in the process of approving orders on the provincial Treasury. The system in Campobasso using both the Intendente and the Prefect appears to be more in accord with Italian practice).

In ordinary circumstances, every State provincial administration requested authorizations to spend from the respective central headquarters, ministries, and General Directories (Direzioni Generali) and according to the various budget categories (capitoli di spesa). The authorizations to spend (ordini di accreditamento or mandati direttivi) were transmitted directly to the Royal Provincial Treasury sections through the General Directory (Direzione Generale) of the Treasury in Rome in order that the payments be made.

When the communications with the Central Italian government were interrupted in September 1943, it became necessary to organize a system for the provision of funds or credits based on the requests of the highest/functional in each of the State provincial administrations. There already existed a government decree, 15 June 1943, No. 428, providing for the possibility of interruption of communications with the central government. This decree states that in case of a province being cut off from the central administration each provincial administration in order to take care of the payments necessary for its respective services, is authorized to obtain an extension of credit from the Royal Provincial Treasury section in favour of the highest official of the administration resident in the province.

Immediately after the Armistice the province of Campobasso found itself cut off from the central Italian government and to be completely autonomous for the time being, so far as any other superior control was concerned.

The Prefect of the Province, availing himself of the powers conferred upon him by his office in virtue of Article 19 of the Code of Communal and Provincial Laws (T.U. della Legge Comunale e Provinciale) in which he is defined as the highest official of the State in the province with the duty of coordinating the action of all the public offices, decided to substitute himself for the central administration at Rome.

For this purpose, the Prefect called a meeting of all head financial officials of the Province (Intendente di Finanza, Director of the Treasury, Director of the Banca d'Italia and Controller of the Provincial Treasury). At this meeting, it was pointed out that the Intendente di Finanza like any other State Provincial officer, does not have any control over the service of payments of the other officers and

in September 1943, it became necessary to organize a government in each of the funds or credits based on the requests of the highest functional in each of the State provincial administrations. There already existed a government decree, 15 June 1943, No. 488, providing for the possibility of interruption of communications with the central government. This decree states that in case of a province being cut off from the central administration each provincial administration is ordered to take care of the payments necessary for its respective services, is authorized to obtain an extension of credit from the Royal Provincial Treasury section in favour of the highest official of the administration resident in the province.

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For this purpose, the Prefect called a meeting of all head financial officials of the Province (Intendente di Finanza, Director of the Treasury, Director of the Banca d'Italia and Controller of the Provincial Treasury). At this meeting, it was pointed out that the Intendente di Finanza like any other State Provincial officer, does not have any control over the service of payments of the other officers and that he provides only for his own special services. The procedure was established that the Prefect would examine, jointly with the Intendente di Finanza, the requests of every responsible head of an agency and would issue the relative authorizations for expenditure (ordini di accreditamento) on the Royal Provincial Treasury Section. Such authorizations would be counter-signed by the Intendente di Finanza to make sure that they were technically correct and to fulfil the duty of surveillance which the Provincial office of the Treasury has over the functioning of the Royal Treasury.

The first authorizations to spend were issued by the Prefect on 24 September 1943. With the arrival of the Allied Military Government officials, the approval of the Provincial Finance Officer of AMG was also required on the authorizations to spend. Every authorization to draw on the Banca d'Italia must thus bear the approval of both the Prefect and the Intendente di Finanza and must be counter-signed by the Provincial Finance Officer.

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(Unofficial Market Prices in Maylon)

(Source: Banca di Napoli, Ufficio Controllo Servizi, Lettera Circolare)

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15 Mar.	95	86	84	84	72	83	95	64	69
27 Mar.	97	89 $\frac{1}{2}$	88	87 $\frac{1}{2}$	77	85	97	87	70
2 Apr.	98	90	88	87 $\frac{1}{2}$	77	86	97	87	69
10 Apr.	98 $\frac{1}{2}$	93 $\frac{1}{2}$	91 $\frac{1}{2}$	91	81	90	99	91	73
16 Apr.	98 $\frac{1}{2}$	93	90 $\frac{1}{2}$	90	82	89 $\frac{1}{2}$	99	92 $\frac{1}{2}$	76
23 Apr.	98 $\frac{1}{2}$	96 $\frac{1}{2}$	95 $\frac{1}{2}$	95	85	94	100 $\frac{1}{2}$	95	84
1 May	98	94	93 $\frac{1}{2}$	93	83	92	100 $\frac{1}{2}$	95	80
7 May	97 $\frac{1}{2}$	93	92 $\frac{1}{2}$	92 $\frac{1}{2}$	83	92 $\frac{1}{2}$	100 $\frac{1}{2}$	94	80
15 May	97	93 $\frac{1}{2}$	92 $\frac{1}{2}$	92 $\frac{1}{2}$	83	92 $\frac{1}{2}$	100 $\frac{1}{2}$	94	80

(Source: Banco di Napoli, Ufficio Controllo Servizi, Lettera Circolari)

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Table 4

Banca d'Italia Credit Outstanding
Liberated Italy

	31 December 1942	31 December 1943	29 February 1944	31 March 1944	30 April 1944
Rediscounts	846	604	473	453	243
Advances	951	1,525	917	796	837
Total	<u>1,797</u>	<u>2,129</u>	<u>1,390</u>	<u>1,252</u>	<u>1,080</u>

Table 5

Current Liabilities of the Banca d'Italia
29 February, 31 March, and 30 April 1944

(In millions of lire)

	By Regions		By Type	
	29 Feb.	31 Mar.	29 Feb.	30 Apr.
Salerno	246	299	387	Due to banks
Lucania	236	226	265	Current accounts
Calabria	656	532	533	Non-interest bearing
Puglia (less Foggia)	2,111	2,584	229	Interest bearing
Basilicata	998	1,155	1,163	Residual
Sicily	2,927	3,426	1,253	available on advances
Total Italian Gov't Territory	<u>7,174</u>	<u>8,222</u>	<u>3,760</u>	<u>3,003</u>
Campania (less			8,732	11,012
				<u>12,704</u>

13 Mar.	92	84	84	77	85	97	87	70
27 Mar.	97	88	87	77	86	97	87	69
2 Apr.	98	88	87	81	90	99	91	73
10 Apr.	98	88	91	82	89	99	92	76
16 Apr.	98	88	90	85	94	100	95	84
23 Apr.	98	88	95	85	92	100	93	80
1 May	98	88	93	83	92	100	94	80
7 May	97	88	92	83	92	100	94	80
15 May	97	88	92	83	92	100	94	80

(Source: Banco di Napoli, Ufficio Controllo Servizi, Lettere Circolari)

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Appendix C

Table 2
Number and Value of Real Estate Sales
(other than forced sales)

	Reported to Bari Office			Reported to Palermo Office		
	Number of sales	Total declared value (Millions of Lire) of	Average value (Thousands of Lire)	Number of sales	Total declared value (Millions of Lire) of	Average value (Thousands of Lire)
1942						
October	1,910	15	7.0	2,020	15	5.7
November	2,462	22	9.0	2,765	19	6.9
December	1,861	14	7.4	2,337	16	6.7
1943						
January	2,362	23	11.0	2,214	23	9.7
February	2,468	25	10.1	2,129	17	9.5
March	2,187	26	10.3	2,939	16	5.2
April	2,781	34	12.2	2,337	22	9.3
May	2,049	30	14.8	2,218	19	6.4
June	1,708	23	13.1	1,608	16	9.4
July	1,955	32	16.3	861	9	10.2
August	1,477	29	19.7	263	2	8.9
September	711	9	13.0	207	1	6.6
October	517	6	11.2	296	2	8.3
November	707	10	13.5	n.d.	n.d.	n.d.
December	862	12	14.1	n.d.	n.d.	n.d.
1944						
January	618	10	12.5	n.d.	n.d.	n.d.
February	1,309	16	11.9	n.d.	n.d.	n.d.
March	1,290	17	12.9	n.d.	n.d.	n.d.
April	1,053	16	15.5	n.d.	n.d.	n.d.

Source: Italian Government Imposta di Registro.

Table 3

Investment in Buoni del Tesoro Ordinari
(Millions of Lire)

June	1,434	32	16.3	861	9	13.2
July	1,366	32	16.3	861	9	13.2
August	1,477	29	15.7	263	2	8.2
September	711	9	13.0	207	1	6.4
October	517	6	11.2	296	2	8.3
November	707	10	13.5	n.d.	n.d.	n.d.
December	862	12	14.1	n.d.	n.d.	n.d.
1944						
January	610	10	12.5	n.d.	n.d.	n.d.
February	1,309	16	11.9	n.d.	n.d.	n.d.
March	1,290	17	12.9	n.d.	n.d.	n.d.
April	1,033	16	15.5	n.d.	n.d.	n.d.

Source: Italian Government Imposta di Registro.

Table 3

Investment in Buoni del Tesoro Ordinari
(Millions of Lira)

	1 July 1943 through 30 April 1944		April 1944		Net	
	Issued	Paid	Investment	Issued	Paid	Investment
Salerno	54	64	-10	17	14	3
Lucania	121	162	-41	15	11	4
Calabria	90	76	14	15	7	8
Puglia (less Foggia)	937	683	274	136	106	30
Sardinia	154	53	101	14	4	10
Sicily	2,121	1,121	1,000	656	355	301
Campania (less Salerno)	949	530	369	513	113	400
Foggia	73	61	12	36	18	18
Campania	48	46	2	18	13	5
Total	1,567	2,845	1,721	1,430	611	779

Table 4
Banca d'Italia Credit Outstanding
Liberated Italy

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Appendix O

	31 December 1942	31 December 1943	29 February 1944	31 March 1944	30 April 1944
Rediscounts	846	601	473	453	243
Advances	951	1,525	917	796	857
Total	<u>1,797</u>	<u>2,129</u>	<u>1,390</u>	<u>1,252</u>	<u>1,080</u>

Table 5

Current Liabilities of the Banca d'Italia
29 February, 31 March, and 30 April 1944

(in millions of lire)

	By Regions		By Type	
	29 Feb.	31 Mar.	29 Feb.	31 Mar.
Salerno	246	299	Due to banks	
Lucania	236	226	Current accounts	
Calabria	656	532	Non-interest bearing	229
Puglia (less Foggia)	2,111	2,584	Interest bearing	1
Sardinia	998	1,155	Residual available on advances	5,056
Sicily	2,927	2,826		8
Total Italian Gov't Territory	<u>7,174</u>	<u>8,222</u>	<u>2,647</u>	<u>2,991</u>
Germany (less			<u>6,732</u>	<u>11,012</u>
				<u>12,704</u>

Germany (less

(in millions of lire)

By Regions		By Type	
	29 Feb.	21 Mar.	30 Apr.
Salerno	246	299	337
Lucania	236	226	265
Calabria	656	532	533
Puglia (less Foggia)	2,111	2,584	3,163
Sardinia	996	1,155	1,253
Sicily	2,927	3,426	3,760
Total Italian Gov't Territory	7,174	8,222	9,361
			Sub-total
			8,732 11,012 12,704
Campania (less Salerno)	2,866	4,202	4,984
Foggia	89	141	115
Campobasso	69	126	140
			Due to Other Current Accounts
			Non-interest bearing
			Interest-bearing
			Residual available on advances
			Sub-total
			1,466 1,678 1,896
Total AMG Territory	3,025	4,468	5,239
Grand Total Liberated Italy	10,198	12,690	14,600

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Table 6

Postal Savings
April 1944
(thousands of lire)

Province	Postal Savings Panda	Postal Savings Books	Current Accounts	Total
Cosenza	2,199	1,665	1,569	5,431
Principi	-1,708	348	10,654	9,294
Lecco	-2,674	45	5,277	2,638
Taranto	-2,413	1,085	8,932	7,604
Salerno	-11,713	-2,163	4,097	-9,779
Grigento	-20,287	n.d.	n.d.	-20,287
Caltanissetta	-7,762	n.d.	n.d.	-7,762
Catania	-33,016	n.d.	n.d.	-33,016
Enna	-3,660	n.d.	n.d.	-3,660
Messina	-33,521	n.d.	n.d.	-33,521
Palermo	-20,311	n.d.	n.d.	-20,311
Ragusa	-10,944	n.d.	n.d.	-10,944
Siracusa	-16,616	n.d.	n.d.	-16,616
Trapani	-8,326	n.d.	n.d.	-8,326
Cagliari	1,175	8,434	24,837	34,446
Sassari	871	4,899	n.d.	5,770
Muro	-738	3,704	n.d.	2,966
Benevento	329	270	n.d.	599
Napoli	-7,004	11,124	1,032	5,152
	-175,719	23,429	68,922	-76,368

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Catania	-3,660	n.d.	n.d.	-3,660
Enna	-33,521	n.d.	n.d.	-33,521
Messina	-20,311	n.d.	n.d.	-20,311
Palermo	-10,944	n.d.	n.d.	-10,944
Ragusa	-16,616	n.d.	n.d.	-16,616
Siracusa	-8,326	n.d.	n.d.	-8,326
Trapani	1,175	24,837	24,837	34,446
Cagliari	871	n.d.	n.d.	5,770
Sassari	-738	n.d.	n.d.	2,966
Nuoro	329	n.d.	n.d.	599
Benevento	-7,004	11,124	1,032	5,152
Napoli	-175,719	29,429	69,022	-76,368
Total				

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Appendix C

Table 7

Postal Savings
March 1944
(Thousands of Liro)

Province	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total
Matera	-702	525	n.d.	-177
Potenza	-4,546	2,073	n.d.	-2,473
Catanzaro	-6,168	1,973	-104	-4,299
Cosenza	-5,121	1,177	n.d.	-3,944
Reggio Calabria	-2,504	4,836	-611	-5,079
Bari	-9,693	2,671	-70,699	-77,726
Brindisi	-1,236	678	15,976	15,418
Lecce	-3,435	1,715	-1,661	-3,383
Taranto	-2,143	1,995	8,988	8,840
Salerno	-8,302	-3,139	-281	-11,722
Cagliari	-514	4,731	-2,519	1,698
Nuoro	-1,074	1,851	n.d.	767
Sassari	-775	4,250	25,632	29,307
Agrianto	-	-676	10,024	9,348
Caltanissetta	-	-423	3,377	2,954
Catania	-	506	2,011	2,517
Enna	-	-1,084	8,127	7,043
Messina	-	3,262	-9,436	-6,176
Palermo	-	-2	1,540	1,538
Siracusa & Ragusa	-	254	-1,065	811
Trapani	-	n.d.	n.d.	n.d.
Campobasso	n.d.	n.d.	n.d.	n.d.
Foggia	n.d.	n.d.	n.d.	n.d.
Avellino	-398	-2,840	198	-3,040
Benevento	-215	-205	n.d.	-420
Napoli	-14,936	5,274	-23,827	-42,759
Total	-63,427	-30,100	-14,142	-82,469

Table 8

Postal Savings
February 1944
(Thousands of Liro)

Province	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total
Matera	-1,470	598	n.d.	-882
Potenza	-6,797	2,316	573	-3,903
Catanzaro	-10,016	2,255	-	-7,761

Calatani	-846	10,024	2,517	2,517
Calatani	-423	3,377	7,043	7,043
Enna	506	2,011	-5,176	-5,176
Messina	-1,064	8,127	1,538	1,538
Palermo	5,262	-9,436	811	811
Siracusa & Ragusa	-2	1,540	n.d.	n.d.
Trapani	254	-1,065	n.d.	n.d.
Campobasso	n.d.	n.d.	-3,040	-3,040
Foggia	n.d.	198	-420	-420
Avellino	-2,840	n.d.	-12,759	-12,759
Benevento	-205	n.d.	-82,469	-82,469
Napoli	-14,906	-23,627		
Total	-69,127	-145,112		

Table 8

Postal Savings
February 1944.

(Thousands of lire)

Province	Bonds	Postal Savings	Postal Savings	Current Accounts	Total
Matern	-1,470	588	n.d.	-382	-382
Potenza	-6,797	2,316	578	-3,903	-3,903
Catanzaro	-10,046	231	-971	-10,786	-10,786
Cosenza	-6,941	1,562	n.d.	-5,379	-5,379
Reggio Calabria	-14,496	1,021	-290	-13,765	-13,765
Imari	-3,680	7,531	112,788	116,639	116,639
Brindisi	-1,495	1,374	16,156	16,035	16,035
Lecco	-2,386	3,768	15,597	14,579	14,579
Taranto	-2,083	2,010	1,398	1,325	1,325
Salerno	-606	637	-674	643	643
Cagliari	850	7,008	24,124	31,982	31,982
Nuoro	-195	1,500	n.d.	1,305	1,305
Sassari	429	2,491	12,421	15,341	15,341
Agrianto	-	79	8,543	6,627	6,627
Calatani	-	-3,269	3,797	528	528
Catania	-	-3,110	2,125	-985	-985
Enna	-	-844	5,685	4,841	4,841
Messina	-	n.d.	847	847	847
Palermo	-	-9,491	4,227	5,264	5,264
Siracusa & Ragusa	-	-4,696	862	-3,834	-3,834
Trapani	-	n.d.	n.d.	n.d.	n.d.
Campobasso	n.d.	n.d.	n.d.	n.d.	n.d.
Foggia	n.d.	n.d.	n.d.	n.d.	n.d.
Avellino	n.d.	-1,720	55	-1,665	-1,665
Benevento	n.d.	-457	n.d.	-457	-457
Napoli	-13,985	4,782	n.d.	-17,088	-17,088
Total	-62,901	-13,311	3192	-145,398	-145,398

Table 2

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Appendix C

Bank Position of the Banca d'Italia
(including A.M. & A.M.C. accounts)
30 April 1944
(millions of lire)

Branch	Bank notes	State notes	A.M. Lire	E.M. Pounds	Dollars	Emergency Italian Currencies	Total
Matera	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Potenza	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Total Lucania	124	6	162	21			313
Catanzaro	58	5	92	5			160
Cosenza	41	1	58	2			102
Reggio Calabria	27	2	50				84
Total Calabria	126	8	200	12			346
Bari	162	28	112	9			311
Barletta	29	1	86	10			126
Brindisi	13		38				51
Lecce	20	7	11				38
Taranto	40	39	56	7			142
Total Puglia (less Foggia)	264	75	303	26			668
Salerno	183	6	179	20	1		389
Cagliari	23		20				43
Nuoro	14	1	30			2	47
Sassari	70	5	145			16	236
Total Sardinia	107	6	195			18	326
Agrianto	19	3	115				137
Calitarrissotia	71	43	87				201
Catania	128	4	227	2			361
Enna	25	5	52				82
Messina	140	1	260				409
Palermo	236	8	588				632
Ragusa	3	1	51				55
			71				79

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Erasmus	20	7	11	-	-	-	142
Locco	40	39	56	-	-	-	
Taranto				-	-	-	
Total Puglia (less Foggia)	264	75	303	26	-	-	666
Salerno	183	6	179	20	1	-	389
Cagliari	23	-	20	-	-	2	43
Nuoro	14	1	30	-	-	16	17
Sassari	70	5	145	-	-	18	236
Total Sardinia	107	6	195	-	-	-	326
Agirigento	19	3	115	-	-	-	137
Caltanissetta	71	43	87	-	-	-	201
Catania	128	4	227	-	-	-	361
Enna	25	5	32	-	-	-	82
Messina	140	1	268	-	-	-	409
Palermo	236	8	388	-	-	-	632
Ragusa	3	1	51	-	-	-	55
Siracusa	7	1	71	-	-	-	79
Trapani	5	-	157	-	-	-	162
Total Sicily	634	66	1,416	2	-	-	2,118
Campobasso	66	4	10	7	-	-	87
Foggia	38	2	81	6	-	-	127
Avellino	40	2	50	5	-	-	97
Benevento	49	7	48	2	1	-	108
Caserta	49	-	31	5	-	-	85
Napoli	1,185	-	484	25	8	-	1,702
Total Campania (less Salerno)	1,323	9	613	38	9	-	1,992
Grand Total Liberated Italy	2,865	182	3,159	152	10	18	6,336

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APPENDIX 'D'

VALUE OF AM LIRE IN HANDS OF ITALIAN BANKS AND PUBLIC

(Excluding Deposits of AFA with banks and Cash Funds held by Accounting Officers of AOC/AMG)

	30 April (Revised)	31 March (Revised)
New AM Lire received (after deduction of shortages)	42,589,726.920	42,588,127.520
Less - Lire held by AFA in current cash, reserve cash, provision against credits granted to banks, and current accounts (including mutilated) AM Lire Outstanding	12,847,271.367 <u>29,742,455.553</u>	15,404,554.582 <u>27,183,572.938</u>
Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers:-		
Funded through AFA Palermo - Army	162,028,960	211,181,238
" " " - Navy	53,192,781	34,891,233
" " " Naples	2,465,573.017	3,085,578.998
" " " Bari	829,446.314	644,714.073
" " " Sassari	102,250.563	75,701.959
Total U.S. Finance Officers	<u>3,612,491.635</u>	<u>4,052,067.501</u>
British Paymasters, Italy +-	1,346,771.191	1,455,000.000
French Paymasters	<u>787,170.683</u>	<u>263,123.478</u>
Total Held by Finance Officers of all Allied Armed Forces	<u>5,740,433.509</u>	<u>5,770,190.979</u>
AM Lire Held by Accounting Officers of AMG/AOC in Cash +	400,000,000	849,745,056
Total Deductions	<u>6,140,433.509</u>	<u>6,619,936.035</u>
Total AM Lire in Hands of the Banks and the Public	<u>23,602,022.044</u>	<u>20,563,636.903</u>
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	<u>2,289,123,000</u>	<u>2,270,000,000</u>

Total Value of AM Lire in Hands of all Italian Banks and the Public, August 1943 to date.

(Excluding cash deposits of AFA with Italian Banks, and funds Held by Accounting Officers in the Field in the Form of Cash)

Total Change During Previous Month

"	"	"	Bari	75,701,959
"	"	"	Sassari	4,052,067,501
Total U.S. Finance Officers				1,455,000,000
British Paymasters, Italy ++				263,123,478
French Paymasters				5,770,190,979
Total Held by Finance Officers of all Allied Armed Forces				
AM Lire Held by Accounting Officers of AMG/ACC in Cash +				849,745,056
Total Deductions				6,619,936,035
Total AM Lire in Hands of the Banks and the Public				20,563,636,903
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy				2,270,000,000

Total Value of AM Lire in Hands of all Italian Banks and the Public, August 1943 to date.
(Excluding cash deposits of AFA with Italian Banks, and funds held by Accounting Officers in the Field in the Form of Cash)

Change During
Previous Month

Total

Lire

Lire

31 August 1943	1,023,510,401	1,023,510,401
30 September 1943	2,832,986,522	1,809,476,121
31 October 1943	4,463,014,925	1,630,028,403
30 November 1943	7,751,937,255	3,288,922,330
31 December 1943	10,925,748,386	3,173,811,131
31 January 1944	14,102,572,467	3,176,824,081
29 February 1944	17,439,133,879	3,336,561,412
31 March 1944 (revised)	20,563,636,903	3,124,533,024
30 April 1944 (revised)	23,602,022,044	3,038,385,141
		23,602,022,044

- ✓ Estimated
++ Excludes small amount held by R.N., R.A.F., and Empire forces, estimated at not more than 50 million lire.
+ Excludes receipts for funds disbursed but not yet allocated to expenditure accounts, which included in this item on the Statement of Receipts and Disbursements.

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Of the total outstanding, it is estimated that 2,289,000,000 lire was held by the Banca d'Italia, in addition to 871 million lire held as cover for AFA's working deposits with the Banca d'Italia. That is to say, about 24313 million lire of AI currency was in the hands of the Italian commercial banks and the Italian public as of 30 April. Of the total held by the Bank of Italy 200 million lire was held as reserve against a special account of AFA, into which the Bank of Italy is depositing currency, in the form of AI lire, in order to effect the gradual withdrawal of AI lire currency.

During the month the Bank increased its total cash reserves by 747 million lire to 6366 million lire, a rise equivalent to about 29 percent of the AI lire put into circulation, and about 14 per cent of the total expenditures of the allied forces and the Italian government taken together. However, 478 million lire of this total increase of 747 million lire had to be set aside as reserve against AFA's current accounts with the Bank of Italy, so that the free reserve available to the Bank rose only 269 million lire during the month.

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ALLIED FINANCIAL AGENCY

CONSOLIDATED STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR PERIOD

(Expressed in Lire)

Item No.	Schedule No.		Total to 31 March 1944	Current Month
1	-	CASH ON HAND AND IN BANKS AT BEGINNING OF PERIOD (including mutilated and unfit A.M. Lira Notes) ..	Nil	15,953,717.94
		<u>RECEIPTS DURING PERIOD</u>		
2	I	NEW A.M. LIRA NOTES RECEIVED	42,588,127,520	1,599,40
3		NEW A.M. STAMPS RECEIVED	169,336,000	-
4	II	DEPOSITS BY A.A./ACC DIVISIONS (pending allocation to revenue or other accounts)	294,707,145	310,715,24
5	III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD	15,844,417	(7,912,97
6	IV	DEPOSITS	57,485,079	19,601,09
7	-	FUNDS PROVIDED TO APA BY ITALIAN GOVERNMENT (see Schedule XXVIII).. (5)	200,000,000	-
8	V	PROCEEDS OF SALES IN ITALY OF SEEDLINGS (4)	344,739,985	140,799,87
9	VI	RECEIPTS IN RESPECT OF A.A./ACC REVENUE (3)	124,392,396	10,738,07
			43,794,642,142	475,540,72
13	X	CORRECT ACCOUNTS (1)	19,348,350	9,875,95
14	-	TOTAL RECEIPTS DURING PERIOD	43,813,990,492	485,416,67
15	-	TOTAL FUNDS AVAILABLE	43,813,990,492	16,439,179,61

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PAGE 1 of APPENDIX E.

APPLIED FINANCIAL AGENCY

P/T 20

AGREED STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR PERIOD TO 30 APRIL 1944

(Expressed in Lire)

	Total to 31 March 1944	Current Month	Total to 30 April 1944
D IN BANKS AT PERIOD related and Unfit (ec)	Nil	15,953,717,941	Nil
PERIOD			
MONIES RECEIVED	42,588,127,520	1,599,400	42,589,726,920
RECEIVED	169,336,000	-	169,336,000
ACC DIVISION'S location to revenue or (ec)	294,707,145	310,715,243	605,422,388
OF BANKS AND COUNTING OFFICERS IN	15,814,417	(7,912,977)	7,931,440
.....	57,485,079	19,601,098	77,096,177
TO AND BY ITALIAN (see Schedule XXVIII) .. (5)	200,000,000	-	200,000,000
IN ITALY OF	314,739,085	140,789,879	485,538,964
OF A.S./ACC	124,392,896	10,738,077	135,130,973
.....	43,794,642,142	475,510,720	44,270,182,862
S (1)	19,343,350	9,675,950	29,224,300
ITS DURING PERIOD	43,813,990,492	485,416,670	44,299,407,162
AVAILABLE	43,813,990,492	16,439,134,611	44,299,407,162

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Item No.	Schedule No.	DISBURSEMENTS DURING PERIOD	Total to 31 March 1944	Current Month
21	XI	FUNDS HELD BY ACCOUNTING OFFICERS IN THE FIELD (pending allocation to expenditure or other accounts)(2)	1,210,363,945	(602,531,641)
22	XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND	169,356,000	-
23	XIII	PURCHASES IN ITALY OF SUPPLIES ..	306,917,355	124,230,545
24	XIV	ADVANCES (no maturity date and no interest rate fixed in advance)(2)	5,816,308,523	444,755,350
25	XV	LOANS	54,121,964	(48,801,004)
27	XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF RE-ENTRANCES FROM ALLIED COUNTRIES	-	4,246,000
28	XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS (2)	4,576,136	1,436,698
29	XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC. (2)	43,440	-
31	XXI	ADVANCES TO ALLIED ARMED FORCES (3)	20,220,693,368	3,085,410,150
32	XXII	DISBURSEMENTS IN RESPECT OF AM/ACC EXPENDITURE (3).....	58,558,480	19,531,616
			27,840,924,201	3,028,278,314
			19,348,350	9,875,950
38	XXVII	CONTRA ACCOUNTS.....	27,860,272,551	3,038,154,264
39	-	TOTAL DISBURSEMENTS DURING PERIOD		
40	XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD.....	15,947,063,937	(2,554,676,103)
41	XXVIII	MUTILATED AND UNFIT A.M. LIRA NOTES	6,654,004	1,938,509
42	-	TOTAL CASH ON HAND AND IN BANKS (including Mutilated & Unfit All Lira notes).....	15,953,717,941	(2,552,737,594)

() = Red figure

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	Total to 31 March 1944	Current Month	Total to 30 April 1944
OFFICERS			
Location			
Accounts)(2)	1,210,363,945	(602,531,041)	607,832,904
OFFICE			
.....	169,336,000	-	169,336,000
.....	306,917,355	124,230,545	431,147,900
and no			
advance)(2)	5,816,308,523	444,755,350	6,261,063,873
.....	54,121,964	(48,801,004)	5,320,960
LY OF			
NO. ALLIED			
.....	-	4,246,000	4,246,000
SUBJECTS OF			
.....	4,570,136	1,436,698	6,012,834
ITALIAN STATE			
REFUGEES, ETC. (2)	48,440	-	48,440
FORCES (3)	20,220,693,308	3,085,410,150	23,306,103,458
OF AME/ACC			
.....	58,558,480	19,531,616	78,090,096
.....	27,840,924,201	3,028,278,314	30,869,202,515
.....	19,348,350	9,875,950	29,224,300
.....	27,860,272,551	3,038,154,264	30,898,426,815
ENG PERIOD			
AT END OF			
.....	15,947,063,937	(2,554,676,103)	13,392,387,834
.....	6,654,004	1,938,509	8,592,513
LIRA NOTES			
BANKS (in-			
it Ad Lira			
.....	15,953,717,941	(2,552,737,594)	13,400,980,347

SECRETNOTES

- *There is a lag of at least one month between (i) the time transactions of Accounting Office are allocated to the various items in this Statement; however, advances made by Allied Forces and refunds made by them to Allied Financial Agency are reflected in this account current.
1. The amounts shown as "CONTRA ACCOUNTS" at 31 March 1944 under "RECEIPTS DURING PERIOD" and "DEPOSITS DURING PERIOD" appeared in the March 1944 Statement of Assets and Liabilities as "DEPOSITS - FOREIGN EXCHANGE CREDITS" and "BALANCES WITH BANKS - Foreign Exchange Credits", respectively.
 2. The following items were reclassified from "ADVANCES" as of 31 March 1944:

To Item No. 28	Lire	4,576,186	
do 29		15,440	
do 21		165,000	(Imprest Funds)
From Item No. 24	Lire	4,739,626	
 3. The item "PAYMENTS ON ACCOUNT OF OCCUPATION COSTS" in the 31 March 1944 Statement of Assets and Liabilities is broken down and is shown as Items Nos. 9, 31 and 32 in the above Statement of Receipts and Disbursements.
 4. In addition to this amount of sales, there are included in "DEPOSITS BY AMG/ACC DIVISION" (Schedule No. II "a" and "c") collections totalling Lire 582,043,389, the major portion of which are "SALES IN ITALY OF SUPPLIES" and will be reclassified accordingly as soon as the individual items are received from the Economic and Supply Division and allocated to the Sub-Heads shown on Schedule V.
 5. These funds represent currency of the Italian Government placed to the credit of Allied Forces program to sterilize surplus currency.

(sgd) H. G. CRAWSHAW,
Colonel,
CHIEF ACCOUNTANT.

(sgd) JAMES H. FENNER,
Major,
CHIEF OF ACCOUNTS.

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The purpose of this report is to provide information on the status of the project and to recommend actions to be taken to complete the project.

The project is currently in the planning stage and the following actions are recommended:

1. Obtain approval for the project.

2. Obtain funding for the project.

3. Obtain personnel for the project.

4. Obtain equipment for the project.

The project is currently in the planning stage and the following actions are recommended:

1. Obtain approval for the project.

2. Obtain funding for the project.

3. Obtain personnel for the project.

Very truly yours,

John F. Kennedy

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Page No. 2
of Appendix E

ALLIED FINANCIAL AGENCY

SCHEDULE TO STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE PERIOD TO 30 APRIL 1944

(expressed in lire)

()=red figure

SCHEDULE
No

CURRENT MONTH TOTAL TO DATE

I NEW A.M. LIRA NOTES RECEIVED

As Notified to Washington
Shortages Revealed on Openings
Boxes

-	42,539,728,000	
1,592,400	(1,080)	
1,592,400	42,539,726,920	
Lire		

II DEPOSITS BY AMC/ACC DIVISIONS

(a) Economic and Supply Division	305,808,113	557,069,071
(b) Economic and Supply Divisions - Deposits on Returnable Containers	(5,755,587)	17,914,299
(c) Public Health Division	8,265,977	24,974,318
(d) Legal Division	2,369,040	5,437,000
(e) Other Divisions	27,700	27,700
Lire	316,715,243	605,422,388

III FUNDS OBTAINED FROM BANKS
AND OTHERS BY ACCOUNTING
OFFICERS IN THE FIELD

(a) From Banks	(15,000)	182,800
(b) " Post Offices	(6,679,173)	-
(c) " British Paymasters	-	6,430,000
(d) " Others	(1,218,804)	1,318,640
Lire	(7,912,977)	7,931,440

IV DEPOSITS

2 2 3 2

(a) Economic and Supply Division	305,808,113	557,069,071
(b) Economic and Supply Divisions - Deposits on Returnable Containers	(5,755,587)	17,914,299
(c) Public Health Division	8,265,977	24,974,318
(d) Legal Division	2,369,040	5,437,000
(e) Other Divisions	27,700	27,700
Line	<u>319,715,243</u>	<u>605,422,388</u>

III FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD

(a) From Banks	(15,000)	182,800
(b) " Post Offices	(6,679,173)	-
(c) " British Paymasters	-	6,430,000
(d) " Others	(1,218,804)	1,318,640
Line	<u>(7,912,977)</u>	<u>7,231,440</u>

IV DEPOSITS

(a) By Controller of Property.		
(1) Psychological Warfare Board-Film Section	916,103	916,103
(2) A.G.I.P.	-	10,000,000
(3) Moharwas & Son	117,219	117,219
(4) Changimal Co.	-	108,714
(5) Goods Ex German Steamers	-	2,816,500
(6) Unione Militare	-	2,400,000
(7) Miscellaneous	168,582	455,023
C/F	<u>1,201,904</u>	<u>14,843,559</u>
Line		

SECRET

SCHEDULE

No

I/F 21

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of Appendix E

	<u>CURRENT MONTH</u>	<u>TOTAL TO DATE</u>
(b) By U.S. Army Units	1,201,904	14,843,559
(c) By Others	19,364,569	60,744,602
(1) "A" Force	460,000	900,000
(2) Command Paymaster No 8		
Com'd Pay Office, OMF	(170,525)	283,505
(3) Pasquale Esposito	-	108,600
(4) Various	(1,254,850)	155,911
	<u>12,601,098</u>	<u>77,096,177</u>

Lire

V
PROCEEDS OF SALES IN ITALY
OF SUPPLIES

- (a) Economic and Supply Division
(1) Supplies Imported or Drawn from Armies 131,319,480 470,325,638
(2) Supplies Purchased Locally 6,260 4,981,228
(b) Public Health Division
(1) Supplies Imported or Drawn from Armies 9,042,133 9,799,898
(c) Agriculture Division
(1) Supplies Imported or Drawn from Armies 432,000 432,000
Lire 140,799,879 435,530,964

VI
RECEIPTS IN RESPECT OF AMG/ACC
REVENUE

- (a) ATA Revenue
Interest Received from Banks 105,466 3,091,650
Miscellaneous Receipts 105,466 3,092,195
(b) AMG Revenue) to close of 7,511,916
(c) ACC Revenue) previous mth 3,066,129
(d) AMG/ACC Revenue received by
ATA direct in current month 54,566 7,163,372
Lire 10,728,079 115,120,072

(c) Supplies Purchased Locally
 (b) Public Health Division
 (1) Supplies Imported or Drawn from Armies
 (c) Agriculture Division
 (1) Supplies Imported or Drawn from Armies
 Lire
 432,000
 140,799,872
 432,000
 435,538,964
 4,981,228
 9,799,898

VI

RECEIPTS IN RESPECT OF AMG/ACC REVENUE

(a) AFA Revenue
 Interest Received from Banks
 Miscellaneous Receipts
 105,466
 3,091,650
 545
 3,092,195
 124,820,840
 7,163,372
 AFA direct in current month
 Lire 54,566
 10,738,077
 54,566
 135,130,973

Z

CONTRA ACCOUNTS

DEPOSITS FOR REMITTANCES

(1) U.S. Dollars (\$ 292.143) 9,865,950
 (2) Sterling (£25) 10,000
 Lire 2,875,950
 29,214,300
 10,000
 29,224,300

XII

A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND

(a) A.M. Stamps issued to Post Office
 (b) Balance on Hand
 Lire
 21,254,000
 148,082,000
 169,336,000

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SECRET

SCHEDULE
No

XIII PURCHASES IN ITALY OF
SUPPLIES

(a) For Export to:

- (1) United States of America
- (2) Great Britain
- (3) North Africa
- (4) Corsica
- (5) Malta

(b) For Re-sale in Italy

Lire

7,606,758	35,385,989
91,250,321	268,929,544
710,033	22,863,520
297,475	385,875
<u>22,310,274</u>	<u>86,730,222</u>
122,174,861	414,295,150
<u>2,055,684</u>	<u>16,852,750</u>
<u>124,230,545</u>	<u>431,147,900</u>

XIV

ADVANCES

- (a) To Italian State
Treasury, Armed Forces
and State Institutions
- (b) To Provinces
- (c) To Communes

297,047,766	4,575,905,376
45,686,327	492,429,665
<u>121,239,566</u>	<u>1,182,808,593</u>
463,973,659	6,251,143,634

(d) To Others

- (1) Items included in Sub-Accountants' Reports not yet allocated pending receipt of proper vouchers or more complete information
- (2) Advisory Council for Italy (pending account of disbursements by Council)
- (3) Library of Congress for

(19,724,200)	3,388,837
--------------	-----------

650,000	650,000
---------	---------

64,573	211,134
--------	---------

Page NC 6
of Appendix
TOTAL TO DATE

Treasury, Armed Forces
and State Institutions 297,047,766 4,575,905,376
(b) To Provinces 45,686,327 492,429,665
(c) To Communes 121,239,566 1,182,808,593
463,973,659 6,251,143,634
(d) To Others

(1) Items included in Sub- accountants' Reports not yet allocated pending receipt of proper vouchers or more complete inform- ation	(19,724,200)	3,388,837
(2) Advisory Council for Italy (pending account of disbursements by Council)	650,000	650,000
(3) Library of Congress for purchase of books	64,573	211,134
(4) Società Acquedotto - Napoli	-	3,000,000
(5) Sanotoda Caputa	-	1,000,000
(6) Expenditure in connect- ion with Refugee Camps (pending allocation)	178,315	213,647
(7) Villa Rosa Mental Hospital	-	1,000,000
(8) Casa della Madre e del Bambino "Principes- sa Maria Gabriella"- Ischia	-	100,000
(9) Miscellaneous Advances under Lire 100,000 each (386,997)	356,621	
Lire	<u>444,755,350</u>	<u>6,261,063,873</u>

Index

Page No 4

THAT THE

CURRENT MONTH

	(a) To Banks	(b) To Others
1. Cash	100.00	100.00
2. Accounts receivable	200.00	200.00
3. Inventory	300.00	300.00
4. Prepaid expenses	400.00	400.00
5. Equipment	500.00	500.00
6. Accumulated depreciation	(100.00)	(100.00)
7. Accounts payable	(200.00)	(200.00)
8. Long-term debt	(300.00)	(300.00)
9. Equity	100.00	100.00
Total	1000.00	1000.00

5,320,660

960

(48, 8v1, vv4)

5.320,960

ZVI

Libro

PAYMENTS TO PERSONS IN
ITALY ON ACCOUNT OF
REMITTANCES FROM ALLIED
COUNTRIES

(a) From United States of America Liro

4,246,000

4,245,000

XVIII

PAYMENTS IN RESPECT OF
SUBJECTS OF ALLIED NATIONS

(a) Emergency Financial Assistance to:-

- (1) U.S. Nationals
- (2) British Nationals
- (3) Greek Nationals
- (4) Yugoslav Nationals
- (5) Montenegrin Nationals
- (6) French Nationals
- (7) Polish Nationals
- (8) Canadian Nationals
- (9) Czechoslovak Nationals
- (10) Belgian Nationals
- (11) Paraguayan Nationals
- (12) Russian Nationals
- (13) Columbian Nationals
- (14) Brazilian Nationals
- (15) Peruvian Nationals
- (16) Swedish Nationals
- (17) Norwegian Nationals
- (18) Netherlands Nationals
- (19) Iceland Nationals
- (20) Swiss Nationals

679,550	2,258,620
350,500	1,152,550
-	49,300
-	172,105
-	2,400
-	97,660
3,000	98,675
8,000	8,000
-	27,535
-	17,930
1	4,500
-	11,200
-	1,800
-	18,000
-	2,000
-	1,200
-	3,000
-	9,700
-	7,100
-	600

SUBJECTS OF ALLIED NATIONS

(a) Emergency Financial Assistance to:-

(1) U.S. Nationals	679,550	2,258,620
(2) British Nationals	350,500	1,152,550
(3) Greek Nationals	-	49,300
(4) Yugoslav Nationals	-	172,105
(5) Montenegrin Nationals	-	2,400
(6) French Nationals	-	97,060
(7) Polish Nationals	3,000	98,675
(8) Canadian Nationals	8,000	8,000
(9) Czechoslovak Nationals	-	27,535
(10) Belgian Nationals	-	17,930
(11) Paraguayan Nationals	-	4,500
(12) Russian Nationals	2	11,200
(13) Columbian Nationals	-	1,800
(14) Brazilian Nationals	-	18,000
(15) Peruvian Nationals	-	2,000
(16) Swedish Nationals	-	1,200
(17) Norwegian Nationals	-	3,000
(18) Netherlands Nationals	-	9,700
(19) Iceland Nationals	-	7,100
(20) Swiss Nationals	-	600
(21) Egyptian Nationals	-	1,200
(22) Albanian Nationals	-	16,833
(23) Lettonian Nationals	-	5,700
(24) Italian Nationals ex Yugoslavia	-	4,000
(25) German Jewish	-	19,320
(26) Austrian Jewish	-	18,200
(27) Jewish	-	10,000
(28) Stateless	-	19,400
(29) Unknown	8,000	24,685
C/F	<u>1,049,050</u>	<u>4,062,613</u>

SECRET

Schedule
No

F/P 21

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of Appendix E

	CURRENT MONTH	TOTAL TO DATE
(b) Expenses in connection with Refugee camps	Brought Forward 1,049,050	4,062,613
(c) Payments to Allied Nations Missions	228,648	247,271
(1) Czechoslovak Military Mission	50,000	150,000
(2) Norwegian Military Mission	24,000	76,000
(3) Royal Yugoslav Military Mission	-	400,000
(4) Belgian Military Mission	5,000	8,000
(5) Netherlands Mission	60,000	115,000
(6) Polish Military Mission	20,000	954,000
	159,000	1,703,000
Lire	1,436,698	6,012,884

XXI ADVANCES TO ALLIED ARMED FORCES

(a) To American Army		
(1) Paid in Lire	839,760,000	11,740,808,000
(2) Paid in Yellow Seal Dollars (\$ 1,505,300 Total to date)	-	150,530,000
(b) To American Navy		
(1) Paid in Lire	34,744,000	190,766,000
(2) Paid in Yellow Seal Dollars (\$ 212,000) Total to Date	10,400,000	21,200,000

785016

XXI

ADVANCES TO ALLIED ARMED FORCES

(a) To American Army		
(1) Paid in Lire	839,760,000	11,740,808,000
(2) Paid in Yellow Seal Dollars (\$ 1,505,300)		
Total to date)	-	150,530,000
(b) To American Navy		
(1) Paid in Lire	34,744,000	190,766,000
(2) Paid in Yellow Seal Dollars (\$ 212,000)		
Total to Date	10,400,000	21,200,000
(c) To British Army		
(1) Paid in Lire	1,276,308,000	7,923,651,830
(2) Paid in B.M.A. pounds (£1,902,600-15-6)		
Total to Date)	200,000,000	761,040,310
(d) To British Navy		
(1) Paid in Lire	-	14,832,800
(2) Paid in Francs (Fcs 15,915)		
Total to Date)	-	31,830
(e) To Royal Air Force		
(1) Paid in Lire	3,535,000	14,035,000
(2) Paid in Francs (Fcs 1,319,844)		
Total to Date)	215,150	2,639,688
Carried Forward	2,364,962,150	20,819,535,458

Mission	20,000	954,000
	159,000	1,703,000
Lire	1,436,698	6,012,884

SECRETSCHEDULENo.

T/F 21

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of Appendix E

	CURRENT MONTH	TOTAL TO DATE
Brought Forward	2,384,962,150	20,819,535,458

(f) To French Armed Forces

(1) Paid in Lire	720,448,000	2,486,568,000
Lire	3,085,410,150	23,306,103,458

XXII DISBURSEMENTS IN RESPECT OFAMG/ACC EXPENDITURE(a) AFA ExpenditureEmoluments of Civilian

Personnel	1,000	107,386
-----------	-------	---------

Motor Transport -

Maintenance of

Vehicles

760

Other AdministrativeExpensesPrinting andStationery

1,482

Maintenance of Offices

35,496

Maintenance of Office

4,410

Equipment

1,905

1,284

Sundries

43,095

Total Other Administra-

tive Expenditure

1,482

Special Expenditure

Purchase of Office

Furniture and

Equipment

94,799

Reconditioning of

Offices

15,700

Total Special

51,590

Expenditure

146,389

Financial Expenditure

Interest Paid to Banks

681

Bank Service Charges

4,555,087

408,332

Motor Transport -	-	<u>760</u>
Maintenance of Vehicles	-	
Other Administrative Expenses		
Printing and Stationery	1,482	35,496
Maintenance of Offices	-	4,410
Maintenance of Office Equipment	-	1,905
Sundries	-	<u>1,284</u>
Total Other Administrative Expenditure	<u>1,482</u>	<u>43,095</u>
Special Expenditure Purchase of Office Furniture and Equipment	-	94,799
Reconditioning of Offices	<u>15,700</u>	<u>51,590</u>
Total Special Expenditure	<u>15,700</u>	<u>146,389</u>
Financial Expenditure		
Interest Paid to Banks	681	4,555,087
Bank Service Charges	-	<u>408,333</u>
Total Financial Expenditure	<u>681</u>	<u>4,963,420</u>
Total AFA Expenditure	<u>18,863</u>	<u>5,261,050</u>
(b) AMG Expenditure to close	5,568,858	47,229,972
(c) ACC Expenditure of previous month	13,391,034	23,065,242
(d) AMG/ACC Disbursements made by AFA direct in previous month, allocated in current month	(1,980,971)	-
(e) AMG/ACC Disbursements made by AFA direct in current month	<u>2,533,832</u>	<u>2,533,832</u>
Dire	<u>19,531,616</u>	<u>78,090,096</u>

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SCHEDULE
No

Appendix E - Page No. 10.
E/T-21
CURRENT MONTH TOTAL TO DATE

XXVII

CONTRA ACCOUNTS

Foreign Exchange Credits

(1) US Dollars (\$292,143)	9,865,950	29,214,300
(2) Sterling (£ 25)	10,000	10,000
Lire	9,875,950	29,224,300
	727,736	883,233

XXVIII

CASH ON HAND AND IN BANKS

(a) Current Cash - Lire	727,736	883,233
(b) Reserve Cash - AM Lire		
(c) Bank Current Accounts	(2,949,472,000)	11,415,320,000
- Lire	389,522,540	1,422,475,621
Total Lire Funds	(2,559,221,724)	12,838,678,854
(d) Foreign Currency on Hand and in Banks		
(1) Yellow Seal Dollars (\$1,411,698.93)	58,249,991	141,169,893
(2) EMA Pounds (£379,138.15.0)	(73,072,879)	151,655,521
(3) Maltese Pounds (£140.2.6)	26,900	56,050
(4) Tripolitania Lire (14,500)	-	12,064
(5) Francs (Fcs 35,425)	(22,960)	70,850
Total Foreign Currency	(14,818,948)	292,964,378
(e) Other Balances with Banks		
(1) Bank of Italy No.2 account (see item No.7)	-	200,000,000
(2) Funds Deposited by US Army Units	19,364,569	60,744,602
Total Other Balances with Banks	19,364,569	260,744,602
Cash on Hand and in Banks		

(1) Yellow Seal
Dollars (\$1,411,698.93) 58,249,991 141,169,893

(2) EML Pounds
(£379,138.16.0) (73,072,879) 151,655,521

(3) Maltese Pounds
(£140.2.6) 26,900 56,050

(4) Tripolitania Lire
(14,500) - 12,954

(5) Francs (Fcs 35,425) (22,960) 70,850

Total Foreign Currency (14,818,948) 292,964,378

(e) Other Balances with Banks

(1) Bank of Italy No.2
account (see item No.7) - 200,000,000

(2) Funds Deposited by US
Army Units 19,364,569 60,744,602

Total Other Balances
with Banks 19,364,569 260,744,602

Cash on Hand and in Banks
at end of period (2,554,676,103) 13,392,387,834

MUTILATED AND UNFIT AM LIRE NOTES
ON HAND 1,938,509 8,592,513

Total Cash on Hand and in
Banks (including Mutilated
and Unfit AM Lira notes
on Hand) Lire (2,552,737,594) 13,400,980,347

APPENDIX (F)

REMITTANCE LISTS SUBMITTED TO THE BANCO DI SICILIA
UP TO 30 APRIL 1944

DOLLAR REMITTANCE LISTS

Bank	Amount	No. of items
(a) items for which credit has been received in an "A/P" account.		
American Express Company, New York	\$100,353.50	2954
Amalgamated Bank of New York, New York	145.50	7
Bank of America, San Francisco	26,495.-	440
Bank of Manhattan Company, New York	508.-	17
Central National Bank in Chicago, Chicago	11,490.50	654
Chase National Bank of the City of New York	3,736.50	67
" " A/c Apostolic Delegate	25,965.50	2
Continental Illinois Nat. Bk & Trust Co, Chicago	1,384.-	65
Corn Exchange Bank & Trust Co., New York	2,240.-	64
Corn Exchange Nat. Bk & Trust Co., Philadelphia	100.-	1
First National Bank of Boston, Boston	4,690.50	121
First National Bank of Chicago, Chicago	4,431.-	138
Irving Trust Company, New York	3,068.-	65
Liberty Title & Trust Company, Philadelphia	4,104.-	105
Manufacturers Nat. Bank of Detroit, Detroit	817.-	15
Manufacturers Trust Company, New York	66,198.-	1748
Marine Midland Trust Company, New York	2,647.-	61
Merchants Bank of New York, New York	615.-	16
National Bank of Detroit, Detroit	4,743.-	104
National Shawmut Bank of Boston, Boston	2,860.-	44
Pan American Trust Company, New York	3,896.-	154
Persara Company, New York	2,704.50	73
Philadelphia National Bank, Philadelphia	1,725.-	42
Public Nat. Bank & Trust Co., New York	3,650.50	135
Stabile Bank & Trust Co., Boston	6,906.50	260
Sterling Nat. Bank & Trust Co., New York	5,298.50	173
Whitney Nat. Bank of New Orleans, New Orleans	850.-	13
	292,143.-	7538
(b) items for which credit will be given upon receipt of advice of payment:		
Irving Trust Company, New York	1,925.-	54
National City Bank of New York	39,764.50	865
	\$33,832.50	8457

Manufacturers Nat. Bank of Detroit, Detroit	104.-	105
Manufacturers Trust Company, New York	817.-	15
Marine Midland Trust Company, New York	66,198.-	1748
Merchants Bank of New York, New York	2,647.-	61
National Bank of Detroit, Detroit	615.-	16
National Shawmut Bank of Boston, Boston	4,743.-	104
Pan American Trust Company, New York	2,880.-	44
Parera Company, New York	3,896.-	154
Philadelphia National Bank, Philadelphia	2,704.50	73
Public Nat. Bank & Trust Co., New York	1,725.-	42
Stebble Bank & Trust Co., Boston	3,650.50	135
Sterling Nat. Bank & Trust Co., New York	6,906.50	260
Whitney Nat. Bank of New Orleans, New Orleans	5,298.50	173
	850.-	13
	292,143.-	7538
	1,925.-	54
	39,764.50	865
	\$332,832.50	8457

(b) items for which credit will be given
upon receipt of advice of payment:

Irving Trust Company, New York
National City Bank of New York

STERLING REMITTANCE LISTS

Bank of England

2 25

REMITTANCES FROM U.S. TO SICILY

1. Cumulated total of beneficiaries of remittances who have been referred to the U.S. Consular Office for determination of nationality 3
2. Cumulated total of those certified as nationals.... 3
3. Cumulated total of those definitely rejected 5
4. Cumulated total of those still pending 5

3185

APPENDIX 'G'Notes on Life Insurance in ItalyA. Background

1. Prior to 1912, life insurance was being conducted by a number of Italian insurance companies, chiefly by the two largest and well-established companies, Assicurazioni Generali di Venezia, and Rinnione Adriatica di Sicurtà, both with Head Offices in Trieste, and each with nearly a century of underwriting experience in many European countries.

2. In 1912 there was established in Rome the Istituto Nazionale delle Assicurazioni (National Insurance Institute) as a State monopoly of all forms of insurances dependent on human life. Policies and funds of the Institute were guaranteed by the State, which received a half of the Institute's net yearly surplus. Although organized as a life insurance company, the Institute was and remains an institution guaranteed, owned, and operated by the Italian Government.

3. The Istituto's monopoly ended in April 1923, when private companies were permitted to re-enter the life insurance field. This re-entry did not, however, greatly impair the dominating position attained by the Institute during its eleven years of undisturbed monopoly. In fact, its position was confirmed as private companies were compelled to cede to the Institute a proportion of every risk assumed. This compulsory reinsurance quota, termed "cessione legale" was on a sliding scale of from 10% to 40% according to the experience of the ceding company. This arrangement continues at the present time, and means that the Institute holds technical records of every life policy issued by private companies.

B. Present Position

1. Although companies were readmitted to life insurance in 1923, not many seem to have taken advantage of this permission, probably due to the complexity of life insurance and the technical difficulties that small companies experience. Of some eighty - odd Italian insurance companies operating in 1940, only fifteen were transacting life insurance. Of these, the contribution of thirteen was very small, only Assicurazioni Generali di Venezia and Rinnione Adriatica di Sicurtà having life portfolios of any size.

2. The relative position of the Institute and the private companies is illustrated by the following figures for 1940/41 of yearly premium income and

Institute was and remains an institution guaranteed, owned, and operated by the Italian Government.

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2. The relative position of the Institute and the private companies is illustrated by the following figures for 1940/41 of yearly premium income and policy reserves:

(millions of lire)	
	Premium Income
Institute (1941)	1149
Two companies (1940) (a)	532
Eleven other companies (1940) (b)	85
	1766
	Policy reserves
	6699
	3821
	366
	10886

(a) Assicurazioni Generali and Riunione Adriatica. Net of reinsurance with the Institute.

(b) Net of reinsurance. Figures for two minor companies not available.

3. In 1941 the Institute declared a total of over 41 million policies in force for total sums insured of nearly 25,000 million lire. The number of policies probably closely approximates the total number of persons insured with the Institute and the private companies together, while in proportion to the reserve figures, total sums insured for all Italy would be about 40,500 million lire.

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Appendix C

4. The Institutes also includes 15,500 annuities, and 1,300,000 "popular" policies (a small policy with monthly premiums collected by stamps). 3,700,000 were insurances effected direct with the public, and the balance were the "cessioni legali" from the companies.

5. With 60% of all policy reserves, 65% of all premium income, and a share in every life insurance contract in Italy, the importance of the Institute is apparent, quite apart from any other factors connected with its functions as a State concern. Moreover, although the Institute itself only conducts life insurance, it owns several general insurance companies, notably Assicurazioni d'Italia (usually known as "Assitalia"), Prævidentia, and La Fiumo. Through them, and other companies, domestic and foreign, in which it has holdings, it thus also holds a strong position in Italian insurance other than life.

C. Organization of the Istituto Nazionale delle Assicurazioni

1. No considerable information is yet available regarding the internal organization of the Head Offices in Rome. It is known, however, that very few powers are decentralized to agencies, where absence of records of policy status makes administration from a point outside the Head Office (as in liberated territory up to now) a matter of great difficulty.

2. All technical records are maintained in Rome. All bank accounts were under the control of Rome, all policies are issued there, and premium collections accomplished by the issuance to agencies of premium receipts in advance of due dates. The Hollerith system is used for the yearly valuations of the reserves of its four million policies, necessitating bulky and easily disorganized records and machinery, while the appearance of the Institute's policies and premium receipts indicates a high degree of mechanization in other departments.

3. The Institute is represented throughout Italy (and in some places abroad) by about a hundred "General Agents" employed under contract, and distributed about one to each Province. These General Agents are not officials of the Institute, but producing or soliciting agents. They also, however, act as forwarding agents for transactions on existing policies. They employ their own clerical staffs and local commission agents (who are not, therefore, State employees), and their remuneration is dependent on the extent to which they develop their territories. Certain limited powers were conferred on them by the Head Office of the Institute in July 1943 to meet invasion conditions, including powers of acceptance for new proposals, and partial disbursing authority for certain claims, surrenders, etc. These powers, however, visualized only a very temporary interruption of communications, and the extended period over which this interruption has lasted is producing complications not visualized when the instructions were formulated. These powers are now in course of abrogation by the Institute's Commissioner for Liberated Italy, who, in substitution for the management, is establishing a temporary central direction in Naples.

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4. Over the General Agents are Inspectors, one for each "Compartimento", whose supervision of the General Agents does not extend to financial matters. Inspectors are the highest salaried officials likely to be encountered outside the Head Office, and experience is that they are competent men.

5. Reference was made above to the "Post Office" functions of General Agents. These have reference to acceptance of new proposals, collection of premiums, and payment of loans, claims and maturities.

(a) New proposals were formerly sent to Head Office for acceptance. Rome issued the policy, set up the necessary technical records, and sent the policy to the General Agent for delivery. The pre-invasion instructions referred to above gave General Agents limited powers of acceptance, and authority to issue a cover note. In view of the long period of interruption of communications, the absence of, and inability to set up, technical records, is becoming a matter of concern, and unless the Head Offices in Rome are found in reasonably good condition, a stoppage of new acceptances may become necessary.

(b) Collection of premiums was formerly effected by preparing premium receipts by machinery in Rome, in advance of the due date, and despatching them to General Agents, who were responsible for the equivalent in cash or unpaid receipts, the latter being returned to Rome for recording change in policy status.

Continued severance from me has rendered this procedure impossible, with the result that General Agents have had to base their collection on their records of receipts a year ago (this is causing complications by reason of these records not containing any changes in policy status). Collections were formerly deposited in bank accounts under control of Rome, but the Commissioner is at present engaged in centralizing local funds accumulated over the past few months, in order himself to retain control of disbursement and investment.

(c) Policy payments were formerly made by Rome by bank draft payable at any bank. Some disbursing powers were given to General Agents in their pre-invasion instructions, but all powers of payment are now being concentrated in the Commissioner, who is using the best available officials to calculate policy payments from the scanty local records available. The same applies to annuity instalments.

D. Political Influences in the Institute

1. Definite conclusions on political influence in the administration of the Institute must await examination of the Head Office. It is generally believed, however, that the funds of the Institute were utilized for purposes not usually financed by life insurance institutions. More than half the total 1941 funds of 8604 million lire were direct obligations of the Italian State, and no data is published on the valuation of policy reserves to enable an opinion to be formed as to the soundness of the liability calculations.

2. The General Agents of the Institute should, however, be viewed with caution. A General Agent's contract is a valuable one, and gives the General Agent complete charge over his subord's assets. There are good grounds for believing that political colour entered largely into the securing of General Agents' contracts, and several such agents have already been removed on political grounds.

E. Organization of the Companies

1. What has been said above regarding the Institute applies with little modification to the companies transacting life insurance. In the case of Assicurazioni Generali di Venezia and Unione Adriatica di Sicurtà, the delay in reaching their main offices in North Italy will be more prolonged than in the case of the Institute. The problems facing the Commissioners will accordingly become more complex, especially as they may have to take charge of more local agencies as occupation of the Italian peninsula proceeds. These companies' Commissioners have also to consider their other insurance, but as centralization is not so complete in general insurance, their problems here are simpler. The Commissioners of the smaller life companies are similarly placed, but due to the smaller agencies and absence of skilled staff, will probably find a standstill on all transactions but premium collections their only course of action.

F. Political Influence in the Companies

1. The system of employing agents with exclusive area contracts seems to be a common one in Italian insurance, and undoubtedly leaves the door open for political influence.

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F. Political Influence in the Companies

1. The system of employing agents with exclusive area contracts seems to be a common one in Italian insurance, and undoubtedly leaves the door open for abuse. No detailed information is available on the infiltration of political influences into the companies except that a number of higher officials have undesirable political histories. Assicurazioni Generali di Venezia in particular has been reported as having been greatly penetrated by such influences, so much so, that its good pre-Fascist name in Continental insurance has suffered. Non-technical posts, such as Commission and General Agencies, are an ideal field for minor party officials.

2. Mention may be made of the various political bodies for insurance agents and staffs (not exclusively life insurance). The chief ones were:

- (a) Federazione Nazionale Fascista delle Imprese Assicuratrici
- (b) Federazione Nazionale Fascista degli Agenti di Assicurazione e di Credito
- (c) Federazione Nazionale Fascista dei Dirigenti dello Aziende del Credito e dell'Assicurazione,

with numerous ramifications of "Confederazioni" and "Sindacati". A recent edition

Page 4 of
Appendix G

has been made to the Legal Sub-Commission, ACC, that these Federations be abolished.

3. There are, however, technical bodies for life insurance in which political influence is probably subordinated to technical functions, such as the Italian Institute of Actuaries, Consultative Medical Committee, and the Consorzio for the Life Insurance of Sub-standard Risks, all located in Rome. These will be investigated.

G. The Insurance Advisory Committee

1. An Insurance Advisory Committee was set up by the third Badoglio Government specially to consider problems relevant to insurance. It consists of three Government representatives, and six company commissioners, including those for the Institute and the two largest companies. If qualified personnel are found in Rome - for example, in the Italian Institute of Actuaries - these will undoubtedly be added.

2. The Committee will consider whether the available resources and life records in liberated territory are sufficient to warrant resumption of all normal payments, and by what companies, whether temporary Government assistance is necessary, and whether acceptance of new life insurances is possible or advisable. It will also formulate plans for tying local offices and the Commissioners' organizations to the appropriate main offices when these are reached.

WAR RECONSTRUCTION
ADMINISTRATIVE COMMISSION
Finance Sub-Commission
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Ed. J. ...
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12 May 1946

SUBJECT: Cost of Living Index.

TO : Vice-President, Admin. Section,
Directors of Administrative Sub-Commissions

1. The Finance Sub-Commission has maintained a cost of living index since November 1941. The original indices in Italy and Puglia are not exactly comparable to the index which has been maintained since January 1944 due to the change in geographical base and to an improvement in statistical base. In consequence only the figures from Finance Sub-Commission reports of January, February and March are presented below. When reference is made to figures from the earlier index, or to the Italian index, which was kept before the invasion, appropriate corrections have been made. April figures will be available in a few days and will be circulated.

2. Caution should be used in employing this index for any other than its original purpose. The index was devised to provide an indication of trends in food prices and cost of living. While adequate for that purpose, it may not be adequate for other purposes, such as providing an exact standard of cost of living which could be used as an exact yardstick for wage legislation.

A. Retail Prices and the Cost of Living to Jan. 1944.

The collection of information on price movements was continued during the month. Sufficient returns on food prices have now been received from the provinces of southern Italy to provide an indication of current developments in food prices and the cost of living. These returns have been received in response to a request made last November by this Sub-Commission to each regional headquarters asking that they provide, for each of the provincial capitals in their regions, weekly reports on legal and black market prices of 12 commodities and an estimate of the quantities of each that were available at legal prices.

The data are as yet incomplete and not entirely reliable. For the period 30 November to 15 January, 178 reports were due, but only 61 have been received. Furthermore, on the reports received, over 20% of the price data requested is missing and information on quantities available is very sparse. The reliability of the data is open to question because of the usual difficulties of determining representative retail prices, especially under the black market conditions, because of numerous definition problems, and because the scarcity of data on quantities available at legal prices, making it difficult to assess the relative im-

2. Caution should be used in employing this index for any other than its original purpose. The index was devised to provide an indication of trends in food prices and cost of living. While adequate for that purpose, it may not be adequate for other purposes, such as providing an exact standard of cost of living which could be used as an exact yardstick for wage legislation.

6. Retail Prices and the Cost of Living to Jan. 31, 1944.

The collection of information on price movements was continued during the month. Sufficient returns on food prices have now been received from the provinces of southern Italy to provide an indication of current developments in food prices and the cost of living. These returns have been received in response to a request made last November by this Sub-Commission to each regional headquarters asking that they provide, for each of the provincial capitals in their regions, weekly reports on legal and black market prices of 12 commodities and an estimate of the quantities of each that were available at legal prices.

The data are as yet incomplete and not entirely reliable. For the period 30 November to 15 January, 173 reports were due, but only 61 have been received. Furthermore, on the reports received, over 25% of the price data requested is missing and information on quantities available is very sparse. The reliability of the data is open to question because of the usual difficulties of determining representative retail prices, especially under the black market conditions, because of numerous definition problems, and because the scarcity of data on quantities available at legal prices, makes it difficult to assess the relative importance of the legal and black market.

Sufficient data on bread and olive oil prices are available for 13 of the 26 provinces, on cheese for 12 provinces, on sugar and salt for 11 provinces, on potatoes and pasta for 10 provinces, and for milk and fish for 9 provinces.

1. Bread.

The price of bread is by far the most important factor in the cost of living in this area. It is believed that in Naples expenditures on bread accounts for over half of food expenditures, while potatoes and olive oil account for about 25% and 15% respectively.

The price of black market bread in Naples was about 15 lire per kilo in January 1943. It rose to 25 lire in July, and then rose rapidly to 37, 60, 80, 115 and 130 lire in successive months from August 1943 to January 1944.

The differences in bread prices from province to province is very great. In September prices varied from 15 lire per kilo (Naples) to 130 in Palermo. In the Italian heel and laster ruling prices were between 15 and 80, and in Sicily about 20. In Sicily and some of the Abruzzo the price was

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from 50 to 60, and in Naples and Salerno 110 and 120 respectively.

In all of the provinces for which comparative data are available except Salerno, the price of bread rose sharply from December to January. In the heel and instep the rise averaged 60% and was generally the same in each of the provinces of that area. In Trapani and Reggio the rise was 20%, and in Naples and Salerno 10 and minus 10 per cent. In general, provinces in which the price was lowest in December reported the greatest per cent increase from December to January. In January the price in the heel and the instep varied from 30 to 45 lire; it was 80 and 75 in Reggio and Trapani, and 100 and 110 in Naples and Salerno.

Legal prices of bread also vary widely from province to province, and unlike black market prices, do not reflect differences in the difficulty of transportation. The lowest legal price is 2 lire in Matera, and the highest is 4 lire in its neighbor, Potenza. The most common price is 3.00. This is the price in Naples, in nearly other than Reggio, in Reggio and Salerno. Cosenza has 2 legal prices 3.00 for bread made from imported wheat and 2.50 from that made from local wheat.

Bread rations are 150 grams per person per day in most of the provinces. In Naples it is 120 grams and in Salerno 100, a circumstance that makes the much higher black market price in those two cities an even higher average price for any reasonable budget of bread consumption. (It was announced early in February that the bread ration was being increased to 200 grams throughout liberated Italy.)

2. Potatoes.

Under present conditions potatoes are the second most important item of food expenditure in Naples, although they are of much less importance in Sicily and Sardinia. The rise has been so great in some provinces during the last weeks that potatoes are probably no longer considered a satisfactory substitute for bread.

In Naples the black market of potatoes was about 8 lire per kilo in January 1945. It fell subsequently, as the crop came in, to 5 lire in June and 3 lire in August. Thereafter it rose to 5, 7, 17, 22, and 36 lire in the months from September 1945 to January 1946. Thus while the price of bread rose 180% from August to January, the price of potatoes rose 600%.

The price of potatoes in Salerno is about the same as in Naples. In December the price was 6 lire in Matera and about 10 lire in the other provinces of the heel and instep. In Catanzaro and Reggio in the toe the price was considerably higher. Recent reports, however, indicate a great rise in the provinces of the instep and the heel. By mid-January the price had reached 20 lire in Brindisi, 22 in Cosenza, and 41 in Salerno.

3. Olive Oil.

Price developments in olive oil are quite different from those of other foods. In the areas where olive oil production is very small the price of olive

Under present conditions potatoes are the second most important item of food expenditure in Naples, although they are of much less importance in Sicily and Sardinia. The rice has been so great in some provinces during the last weeks that potatoes are probably no longer considered a satisfactory substitute for bread.

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3. Olive Oil.

Price developments in olive oil are quite different from those of other foods. In the areas where olive oil production is very small the price of olive oil has been very high for sometime and has risen only moderately. In Naples, for instance, the price was already 50 lire in January 1943. By September it had reached 120, and by January 1944, 330. The rise from August to January was only 60%, in contrast to 180% for bread and 350% for potatoes. In the other areas of low production, Cosenza, Potenza and Salerno, prices were 70, 80, and 170 lire in December and did not rise in January. However, in the areas of high production the heel and the extreme toe, the price was around 30 lire in December, and in each of the provinces of this area the price rose sharply from December to January. The rise was over 100% in Bari, about 60% in Reggio, and about 55% in Teramo. Trapani, an area of high production, is an exception to these statements. The Trapani price was high in December, 50 lire, and rose 50% in January.

Legal prices of olive oil varied in December from about 15 lire in Sardinia, Cosenza and Potenza to 45 lire in Sicily. In the Royal Provinces the price was about 20 lire in December and was raised to about 25 in January. In other provinces for which data are available there has been little change.

A ration of olive oil is distributed in each of the provinces from which reports have been received. In Naples the ration is $\frac{1}{2}$ litera per person per month, but it has not been distributed every month.

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4. Pasta.

In Naples the black market price of pasta is 50 lire in January 1945 and 80 lire in July. By September it was 80 lire and then 100, 140 and 250 lire in the months from October to January 1946. The increase from September 1945 to January 1946 was 175%.

In the other provinces January prices were from 20 to 50 in the last 1945, from 40 to 50 in the first, 100 in Teramo, and 115 in Reggio. In Lecce, no pasta has been available even in the black market for several weeks. The increase of prices from December to January was over 100% in 4 of the 6 provinces for which data are available.

Legal prices vary from 5 to 8 lire. Some pasta is reported to be available at legal prices in Catania, Lecce, and 3 of the Royal Provinces.

5. Meat, Fish and Cheese.

Naples black market prices of these commodities have increased as follows:-

	Jan. 1945	July 1945 (in lire per kg.)	Dec. 1945	Jan. 1946
Meat	80	50	250	270
Fish	14	22	140	140
Cheese	30	55	170	200

In Naples at present fish is about half and cheese about 2/3 of the price of meat. In most of the other provinces the price of fish is about equal to that of meat, and the price of cheese 2 and 3 times as high. In the Naples provinces, meat is approximately 80, fish 70, and cheese 150 to 180 lire. In the heel and toe, meat ranges from 100 to 120 lire, fish is about 100 lire and cheese from 120 to 275 lire.

With very few exceptions the reported data indicates a sharp increase in meat, fish and cheese prices in all provinces from December to January, but there does not seem to be any particular pattern between the provinces nor any particular relationship between the increase for the three commodities.

6. Milk.

In Naples the black market price of milk is about 24 lire per liter. The same price is reported from Lecce and Teramo, almost twice the December price for these provinces. In Catania the price varies from 10 to 16 lire, representing from 0% to 30% over December.

In the four Royal Provinces of Puglia the legal price is 10 lire, but no milk is reported available at this price. In Salerno the legal price is 12 and in Naples and the rest of Region IV it is 7 and 8 lire with small variations.

Meat	30	50	250	275
Fish	14	22	140	140
Cheese	20	55	170	200

In Naples at present fish is about half and cheese about 2/3 of the price of meat. In most of the other provinces the price of fish is about equal to that of meat, and the price of cheese 2 and 2 1/2 times as high. In the Naples provinces, meat is approximately 80, fish 70, and cheese 130 to 180 lire. In the heel and toe, meat ranges from 100 to 130 lire, fish is about 100 lire and cheese from 120 to 275 lire.

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In the four Royal Provinces of Puglia the legal price is 10 lire, but no milk is reported available at this price. In Salerno the legal price is 12 and in Naples and the rest of Region II it is 7 and 8 lire with small quantities available.

7. Sugar.

In Naples the black market price of sugar was 16 lire in January 1943. In July it was still 16, but thereafter it rose to 60 in September and 80 in January 1944. The rise from September to January was 30%.

On the heel the price of sugar is from 100 to 150 lire, in the Naples from 200 to 260 lire and in Salerno 80 lire.

Legal sugar prices are about 8 lire in most of the provinces, but 16 lire in Naples, Reggio and Catania. In most places no sugar is available at legal prices.

8. The Cost of Living.

The prices used in the foregoing discussion have been combined into a composite picture for each province by 3180 the cost of purchasing a budget of

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food, using legal prices to the extent that rations are available and black market prices for the remainder. The budget used was determined through personal interviews with 28 Naples working class families in January 1944. The budget (for one person for one week) contains 2.00 kilos of bread, 0.15 kilo of pasta, 1.50 kilo of potatoes, 0.55 liter of olive oil, 2.52 kilo of vegetables, 1.50 kilo of fruits, and very small quantities of meat, fish, cheese and milk.

The results indicate that the cost of living in Naples rose during the year from Jan. 1943 to June 1943 at about 5% per month. Thereafter, it rose very rapidly as follows:-

(Lira per person per week)

July	46
August	45
September	100
October	211
November	243
December	321
January	342

The results by provinces are approximately as follows:-

	December 7	January 7
Lustep	50 - 80	80 - 100
Neal	70 - 110	100 - 150
Sardinia	100 - 110	no data
Tos	100 - 150	140 - 180
Stoily	150 - 170	185
Chin	200	300 - 350

B. Price and Cost of Living Developments in February, 1944.

1. Increase in bread ration.

The most important development in price and the cost of living during February was an increase in the bread ration to 200 grams per person per day, announced for all of occupied Italy beginning 7 February. Previously the ration was 150 grams in Naples and 180 grams in most of the other provinces. It is not yet known whether this ration is in fact being distributed in provinces other than Naples.

2. The Cost of Living.

In Naples the effect of the increase in the bread ration was to reduce the weekly expenditure necessary for the purchase of 2 kilos of bread nearly 50%, from about 150 lire in the first week of February to about 80 lire after the increase. Increases in the price of other foods over the January average have partially offset this gain, but the cost of purchasing the minimum ration for

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(lire per person per week)

	December 7	January 7
Las Vegas	50 - 60	60 - 100
Meal	70 - 110	100 - 150
Sardines	100 - 110	no data
Ice	100 - 150	140 - 180
Sticily	150 - 170	185
Wain	200	200 - 250

B. Price and Cost of Living Developments in February, 1944.

1. Increase in bread ration.

The most important development in price and the cost of living during February was an increase in the bread ration to 250 grams per person per day, announced for all of occupied Italy beginning 7 February. Previously the ration was 125 grams in Naples and 150 grams in most of the other provinces. It is not yet known whether this ration is in fact being distributed in provinces other than Naples.

2. The Cost of Living.

In Naples the effect of the increase in the bread ration was to reduce the weekly expenditure necessary for the purchase of 2 kilos of bread nearly 50%, from about 150 lire in the first week of February to about 80 lire after the increase. Increases in the price of other foods over the January average have partially offset this gain, but the cost of purchasing the representative food budget for one person for one week ending 15 February. Comparable figures for other recent dates are as follows:

Month of January	Week ending	30 January	7 February	15 February	23 February	29 February
"	"	349	321	369	319	354
"	"					342

3. Bread prices.

The price of black market bread in Naples rose sharply during January and the first week of February, reaching 188 lire per kilo. After the increase in the ration the price fell to 150 lire on 15 February and rose again to 180 lire, the current price. Since the price has not declined appreciably it is probable that civilians have continued to spend the bulk of their income for black market bread in order to increase their total bread consumption.

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4. Other prices.

The Naples black market prices of potatoes, pasta, olive oil, and milk have shown little change during the month. Fruits, greens, fish, and cheese, however, have increased sharply. The increase in fish and cheese prices (about 50%) has brought the relationship between meat, fish, and cheese into line with the rest of liberated Italy.

5. The cost of living, March 1944.

During March the cost of living continued to rise in Naples but remained far short of the very high level reached at the end of January before the bread ration was increased from 125 to 150 grams per day. Figures comparable to those previously published, representing the cost of purchasing a typical working class budget for one person for one week (defined in A above) are as follows:

Week ending	Cost of living
20 February	342 lire
" " 7 March	355 "
" " 15 "	277 "
" " 23 "	300 "

The black market price of bread rose from 120 lire at the end of February to about 140 lire, but the sharp increase in the price of olive oil from 100 to 260 lire per litre was responsible for the largest part of the increase that has occurred in the cost of living. The price of meat also rose during the month. Partly off setting these factors was a decline in the price of fish, and a small distribution of American dried peas under the rationing programme in the week ending 23 March which, by making a certain part of the black market potato purchases unnecessary for that week, caused the cost of living to decline from 15 March to 23 March.

J. J. LAMBLE
Lt. Comdr. U.S.O.S.S.
Finance Sub-Commission

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J. J. LAWLER
Lt. Comdr. U.S.C.G.R.
Finance Sub-Commission

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In the week ending 25 March which, by making a certain part of the black market potato purchases unnecessary for that week, caused the cost of living to decline from 15 March to 25 March.

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J. J. LAWLER
Lt. Comdr. U.S.C.G.R.
Finance Sub-Commission

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The Cost of Living for April.

1. Naples.

(a) The black market prices of bread continue to rise in Naples. It was approximately 150 lire per kilogram throughout April and over 160 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 500 lire, respectively, per kilogram. However, the black market prices of three very important items have declined. Olive oil declined from about 300 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 ACC; 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, 120 grams of cheese, 800 grams of dried vegetables, 400 grams of canned stew, 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. Data 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	343 lire
15 March	352
23 March	352
30 March	373
7 April	385
15 April	387
23 April	387

Edw. K. Turner
Lib. Commission

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sugar, 120 grams of cheese, 300 grams of dried vegetables, 400 grams of canned stew, and a small quantity of dehydrated soup were distributed in Naples in addition to the regular bread ration of 200 grams.

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

7 March	343	lire
15 March	342	
23 March	342	
30 March	376	
7 April	365	
15 April	367	
23 April	351	
30 April	335	

Lucania and Calabria.

- (e) 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:

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	<u>December</u> <u>1943</u>	<u>January</u> <u>1944</u>	<u>April</u> <u>1944</u>
	(lire per person per week)		
Catanzaro	85	120	180
Cosenza	100	140	180
Matera	50	75	180
Potenza	80	100	150
Naples	500	380	335

- (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 favours (relatively) cities like Naples in which American flour is more readily obtainable through illicit channels, and that handicaps (relatively) cities like Matera that are in the midst of the grain growing areas. 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. E, pgs. 4 & top of 5.

J. J. LARSEN
Lt. Cmdr. U.S.C.G.R.
Finance Sub-Commission

JSL/EF

Bulletin No. 3.

POLITICAL:--

Regional Public Safety Office

2 June, 1944.

The first general meeting of the SOCIALIST REVOLUTIONARY PARTY was held in Naples on 7th May. There were about 200 members present. The intemperate attitude so far adopted towards the Government was described; this refusal to collaborate will be maintained unless the party's revolutionary program is adopted -- revolutionary in the sense not of violent change but meaning a peaceful though radical change in the economic and social system.

A message from the Central Executive Committee was read briefly recalling the fight against Fascism by members of the party before the liberation of Naples and that the fight was still going on in silence.

An "Order of the Day" was approved, including the following points:--

"That the present Government does not respond to the interests of the people; has not achieved the hoped-for concord of all the anti-Fascist political tendencies, and still less is inspired by true democratic principles."

"The Party must at present abstain from any action likely to obstruct the activity of the government:--"

"No collaboration or compromise with the bourgeois parties."

"Ask the Allied Authorities to consider the Party as a force in the life of the Nation."

At a Secret meeting held on 6 May, 1944, a proposal that the Party merge with the Socialist Party was unanimously rejected.

THE NATIONAL ASSOCIATION OF WAR VOLUNTEERS:--

It is asserted that this Association is now entirely political. Corresponds, approximately, to the British Legion in England.

Aims:-- (a) to collaborate with the armed forces; (b) to maintain its high tradition; (c) to foster the people's patriotism and

HEADQUARTERS REGION IV
Allied Control Commission

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points: "That the present Government does not respond to the interests of the people; has not achieved the hoped-for concord of all the anti-Fascist political tendencies, and still less is inspired by true democratic principles."

"The Party must at present abstain from any action likely to obstruct the activity of the government:--"

"No collaboration or compromise with the bourgeois parties."

"Ask the Allied Authorities to consider the Party as a force in the life of the Nation."

At a Secret meeting held on 6 May, 1944, a proposal that the Party merge with the Socialist Party was unanimously rejected.

THE NATIONAL ASSOCIATION OF WAR VOLUNTEERS:--

It is asserted that this Association is now entirely political. Correspondence, approximately, to the British Legion in England.

Aims:-- (a) to collaborate with the armed forces; (b) to maintain its high tradition; (c) to foster the people's patriotism and the Nation's progress; (d) to promote the best possible schemes of insurance and assistance for its members and their families.

Over 350 members -- include volunteers of the last war, the Piave Campaign, of the African Campaigns; all civilian and military anti-Fascist patriots; all volunteers in the present war who are not affected by the present laws.

Rather shaky in Organization but its directive council members are real and worthy anti-Fascists.

UNION FOR VETERANS OF "FOUR DAYS."

Headquarters at 72 Via Medina.

Professes to be political, but, in fact, is strongly monarch-ical.

At a recent assembly, ¹⁰⁰Caporali, a former president claimed the right to re-assume the presidency. (It is believed he had been in prison for profiteering.) Some members accused him of selling membership cards at very high prices to people with doubtful pasts. A free fight ensued and the meeting was broken up by the police.

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DECLASSIFIED E.O. 12356 Section 3.3/NND No. 785016

SECT OF ENEUPATRIOTS: (i.e. "Association of a country free from Fascism).

It is said to be formed by students and young reserve officers of Liberal and Anti-Fascist tendencies. One, LA BOSCO, is said to be the president. Chief activities of the Society are chiefly in the Vallo di Diano Region of Salerno Province.

CONDITIONS IN ITALY

The Allied Offensive in Italy has roused Italians out of the apathy into which they had fallen during the past few weeks. Reports had been received that the apathy was in danger of developing into scepticism, then into hostility towards the Allies, and the warmth with which the Italians had greeted the liberating armies had been chilled; that the population was criticising the slowness of the campaign; people were complaining of (a) hardships which follow in the wake of war, (b) bad behaviour of the troops, (c) requisitioning of houses, etc., (d) Black Market, (e) rise in cost of living, (f) economic distress, etc.

Most Italians are now looking towards their compatriots in the north particularly in Rome, and feel they now have a stake in the war of liberation.

The Government has continued its activity; the Cabinet has publicly disassociated itself with Fascism, and has stated that it aims at creating a new international law which will assure liberty and prosperity in accordance with the Atlantic Charter. The conviction of most Ministers is that once Rome is reached, the Cabinet will resign to make way for a more broadly based government containing representatives from Central and Northern Italy.

The dismissal of Fascists from public and private concerns proceeds slowly in the provinces.

BLACK MARKET.

It is reported that, as it was no longer able to afford the high prices of BLACK MARKET PAPER (the only unauthorized source), "IL LOGGIONE," the humorous paper of the Roselli Committee, has ceased publication.

Some Allied Forces personnel are concerned with

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In any case where Allied Forces personnel are concerned with Italians in Blackmarket Offences and the number, name and unit of the Allied Forces Personnel are known, those particulars should be forwarded to HQ AMG Rear, Eighth Army, with a brief note of the offence.

FORGERY.

Hqs Allied Financial Agency (A.F.O. 334) reports that forged A.L. Lira, as shown below, were passed by students in the Province of REGGIO CALABRIA before their arrest. Although the notes have been reclaimed, the denominations and serial numbers are published in the event of duplicates having been, or which might be, passed.

L. 500.
A. 11985970 A
A. 19915971 A
A. 15040755 A
A. 11915171 A
A. 11915971 A
A. 11885971 A

3174

L. 50.
A. 15141755 A
A. 15141751 A

PILFERING.

Two large hauls of stolen Army Clothing have been traced, one behind a false wall in a tunnel 60 feet below ground, the other at the sea shore end of a man size sewer leading into the middle of an Ordnance Dump.

RELATIONS WITH ITALIANS.

Conflicts between Carabinieri and troops of Allied Forces have led to very serious consequences.

HQS AAI warn that if Allied Soldiers molest the Carabinieri, interfere with them in the course of their duties, or misbehave towards them, it is the Commander in Chief's direction that suitable punishment should be meted out to any offender.

ITALIAN MILITARY PERSONNEL.

Disposal encountered during our northward advance:--

- (a) Blackshirt or Army Personnel in uniform taken prisoner; hiding or even operating against the enemy and who wish to rejoin the Italian Army;
- (b) Army Personnel who present themselves as having been in Italian Army;
- (c) Men of military age who are liable to service in the Italian Army but who do not voluntarily come forward.

Action:--

(a) Will be taken prisoner and dealt with as P.O.W. ordinarily, unless it is agreed with Italian Government that they should receive more severe treatment.

(b) Will be evacuated along normal refugee channels to camps at Aversa and Foggia;

(c) Will be dealt with in due course by normal Italian Army Administrative Organization. Descent on...

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- (b) Will be evacuated along normal refugee channels to camps at Aversa and Foggia;
- (c) Will be dealt with in due course by normal Italian Army Administrative Organization. Deserters or absentees will be apprehended and dealt with by Italian Military Courts. Young men who have not yet been called up but who are liable for military service will be called up for service by classes in the normal way. In this category it is necessary to get the Italian machinery into action soon so as to avoid a situation in which Italian Internal Security Divisions containing men of older age groups are stationed in areas in which younger men of military age remain civilians and earn bigger money than the soldiers.

Her. n. b. i. c. i.
Regional Public Safety Officer.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
PUBLIC RELATIONS BRANCH

PRB 26/NE 10

1. June, 1944

ACC WEEKLY BULLETIN NO 11
10 June to 17 June

1. Political

If it is admitted that economics is a part of politics certainly the biggest political news of the week was the increase in the daily bread ration. Beginning July 1st the ration will be 300 grammes in Regions I, II, III, VI, VII, and Campobasso and Foggia provinces. While thus, in the nature of things, is an act of ACC the Italian press quite properly has played up the Government's share in the credit, throwing particularly targets are well chosen for if it is clear that the Badoglio Government deserves credit for the action, it is politically advisable too that the new Government in process of formation should share in the prestige. Gullo and Bergami, it will be remembered, are in both.

There has been during the week a sort of interregnum. The economic ministry has not yet taken over and the Badoglio group has issued no communiques and taken no action of importance. There have been conferences between the Roman representatives and the Ministry at Salerno.

The Ministry of Communications has continued its activities. Various local bus services have been improved and a new special service has been established between Bari and Salerno to take care of travelling officials, ACC personnel included.

We are now in a position to make some corrections and additions to our list of ministers published in last week's Bulletin. There is to be a Ministero del Tesoro as well as a Ministero delle Finanze. Tesoro will be in the hands of Soleri (Liberal), and Finanze under Siglienti (not as we wrote last week, alas! Siglienti) of the Sardinian Action Party. This distinction is a return to the pre-Mussolini separation of governmental financial functions; Tesoro, it was explained, disburses and is regarded with affection, Finanze collects and is consequently looked upon as the enemy of mankind. A late change.

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The tentative list of under-secretaries has also been made known. It is as follows:

Presidency	Action	Penaltes
Press and Information	Christian Democrat	Spotaro
Interior	Socialist	Canevari
Foreign Affairs	Independent	Visconti Venosta
Italians Abroad	Liberal	Morelli
Treasury	Labour Democrat	Menes
Finance	Communist	Pesenti
Justice	Labour Democrat	Bassano
Education	Christian Democrat	Mattarella
Industry and Commerce	Communist	Molinelli
Labour	Socialist	Costa
Agriculture	Liberal	Bergami
Communications and Mercantile Marine	Socialist	Corsi
Public works	Action	Bruno

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Railways and Postoffice	Christian Democrat	Iervolino
War and Aviation	(Communist)	Palermo
	(Liberal Democrat)	Scialoja
Navy	Action	Remirez

2. Report from Rome

On the 15th Fifth Army HQ handed over to Rome Region. Colonel Norman E. Fiske was appointed Acting Regional Commissioner. Rome Region includes the Governorate of Rome, the rest of Rome Province coming under the jurisdiction of Region IV.

In the field of political activity, defascistization is well under way. 87 officials have been removed for Fascist sympathies and Prince Filippo Andrea Boris Pamphili, a member of one of Rome's oldest families and a staunch anti-Fascist, has been appointed Governor. The choice of Doris Pamphili, who has suffered imprisonment and hardship because of his convictions, seems generally popular.

An equally popular action was the removal of Dr. Vincenzo Azzolini, Governor of the Bank of Italy, a well known Fascist and suspected of aiding the Germans in removing funds from Rome to Milan. A Roman Giunta containing two members of each of the 6 parties of the Committee of Liberation was sworn in at the Campidoglio on June 15.

The public services in Rome such as lighting, water, street transport and telephones were found in comparatively good shape although their functioning at present is erratic, - or should we say "intermittent". They at least meet immediate needs. Water mains leading to the city had been perforated in some places but pressure is increasing as these are repaired. Lighting is not too reliable but improvement will take place when hydro-electric producing plants are restored. Telephone services were least affected by damage but complete restoration is dependent on restoration of power facilities, and lines are naturally very much overcrowded with traffic. Gas had been discontinued since March. Lack of fuel is the difficulty. Plans have been made for speedy resumption of train service between Rome and Civitavecchia, Viterbo and Anzio.

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There was approximately two days food supply when we entered the city, but emergency supplies were brought in via Anzio within a few hours. Fruit and vegetables are in short supply. About 4,000 persons in Rome were estimated to be without ration cards. These included refugees, persons returning from hiding, and others who had lost their cards. All these cases are being investigated.

Hospitals suffered no damage. They are not overcrowded but are suffering from the general inconvenience of the rest of the city in lack of gas and below normal lighting and water supplies. Public order was speedily restored and the population has cooperated well. A force of 2,550 police and firemen arrived in the city within the first 24 hours, another 1,000 Carabinieri returned from hiding in the hills and were speedily put into service and another 900 who returned are being refitted and re-equipped. The German supported African Italian Police were dissolved and their arms confiscated, while the Chief of Police, Coletti, was removed. It was thought advisable to dissolve and disarm the well-meaning partisan forces of about 17,000, and some 200 members of the Civil Police as well as many "Secret Service Police agents" had also to be disbanded. The measures were swift and effective and prevented bloodshed. About 2,000 German prisoners were taken and in hospitals and several hundred others were rounded up or threw in the towel.

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Rome monuments are untouched. Museums and galleries are closed and under guard but there are no reports of German looting, although there appears to have been some black market dealing in pictures from private collections by both Germans and local Fascists. Certain important modern archives were removed or destroyed by the Germans and Fascists and a considerable amount of material of historic import concerning the Fascist revolution was looted by the anti-Fascist elements.

The press has created a problem. Certain daily and weekly periodicals which could prove publication at the time of our entry were given temporary permits to continue, but were finally recommended to conform to a certain size and format to economize in newsprint. Others which made their appearance after the liberation are to be combed through. Competition arose between party papers and papers which had been supported by the Fascists and now sought revival. They were urged to unite and coordinate their efforts in one paper only, choosing their own editor. At present only the six party papers and the Messaggero and Corriere are permitted to publish.

Probably the greatest hardship of all - to both Romans and temporary residents - is the closing of the Lido on account of the numerous mines planted by the Germans. Its speedy opening will doubtless give a great filip to morale.

3. AMG with the Armies

We have the following report, dated 13 June from Major Bullock of this Branch, now attached to the 8th Army:

Eighth Army is advancing so fast that it has become impossible to keep in touch with AMG activities everywhere from day to day.

Because of the speed of our advance spearheads are turning over to Regions at a much earlier stage and leap-frogging ahead to newly taken towns further North.

Saturday I went to Avezzano. There were no troops in the town. We were preceded only by an ESS man who got through on a motor cycle while we were waiting for a bulldozer to fill a gap in the road wide enough to carry a Jeep. Wing Commander Beer and the N.Z. Div. AMG Liaison Officer went directly to the Municipio and interviewed the Captain of Carabinieri, the Committee of Liberation and Municipal employees who showed up.

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Some 200 British and American POW's have been befriended by the people in the Avezzano area. The Italians there have been pro-ally for months and many have taken their lives in their hands to help our men. The inhabitants of Tagliacozzo gave a party for New Zealand troops this week. Unless we trust Partisans and others the running risk for us with considerable confidence and tact, I'm afraid, will be very great.

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Citizens who have worked without hope of pay or return, rebuilding bridges and roads so our troops could follow up the retreating Germans have deserved not to be let down. One British officer POW is reported to feel so strongly on the meanness of the reward given Italian families who sheltered our men that he intends to go back when he received his accumulated pay and share it with the people who saved him. AMG can only pay the statutory sum.

The part of Italy through which the Eighth Army has been moving, where the people for the most part had no responsibility whatever for the war, where AMG 8th Army's extremely efficient and practised spearheads can spend only a short time on their way north, has been hard hit. We are dealing with a more respectable and more politically conscious people than in the Neapolitan area and Sicily. These people do not want Fascism nor anything that looks or smells like it. Local self-government, locally chosen is going to be asked for more and more loudly. AMG is and must be concerned only with keeping the L of C quiet, particularly when we are moving so fast. The problem is essentially one for the Region and any Italian government which may be formed.

The speed with which we can get supplies into forward trains is going to be a factor in shaping the reaction of the people to Regional administration after Army AMG leaves. I think everybody is aware of the urgency of this problem. It is a matter of getting ample stockpiles forward in time to points from which AMG can collect them for distribution.

Keeping up with the AMG is an impossible task this week. As we write news comes of the fall of Grosseto. The line, to the best of our information, now runs due east and a little north to a point some 15 miles above Orvieto, farther east to include Toligno, then drops south above Terni, whose capture is announced as we write. The advance has been and is continuous and rapid and detailed reports of AMG activities are slow coming in. A Sitrep of June 12th reported that Chieti had 80,000 civilian inhabitants, food for nine days and water for three days. Mercle and order good. Orsogna, Gerdagelo and Tello were practically uninhabited, having suffered 50 to 100% destruction. A spearhead CMO entered Sulmona on the 12th. Sulmona has suffered little; the main difficulty will be with supplies as the roads are in very bad condition.

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A Fifth Army Sitrep of 14th June states that all but 10 of the 60 communes in Viterbo province have been occupied as well as two in Grosseto. Towns in the path of the armies are in bad shape, others are untouched. There is a universal shortage of salt, sugar and olive oil but in all communities there is some grain on hand. Viterbo was found to be not so badly damaged as first impressions indicated. Food has been delivered water is available and clearing up under way. Civitavecchia was still almost empty on the date of the Sitrep but the Royal Navy had made great progress in clearing the port. Local government has been set up again in the Albani Hills area.

The Provincial Commissioner of Viterbo set up his Hq. in the town on 11 June and has made some progress in reorganizing the provincial administration.

In general, health conditions are good, even the hospital situation north of Rome. The wheat crop is now ripe and harvesting is the chief concern of the moment. "Gum trouble" shows some improvement but another trouble has arisen in connection with the partisans. He wrote: "A serious problem is presented by armed bands of civilians under the titles of 'partisans', 'partisans', 'police', or 'communist' who exist

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Keeping up with the AMG is an impossible task this week. As we write news comes of the fall of Grosseto. The line, to the best of our information, now runs due east and a little north to a point some 15 miles above Orvieto, farther east to include Poligno, then drops south above Tarano, whose capture is announced as we write. The advance has been and is continuous and rapid and detailed reports of AMG activities are slow coming in. A Sitrep of June 12th reported that Chieti had 80,000 civilian inhabitants, food for nine days and water for three days. Morale and order good. Orsegna, Guardasigello and Polio were practically uninhabited, having suffered 50 to 100% destruction. A spearhead CAO entered Sulmona on the 12th. Sulmona has suffered little; the main difficulty will be with supplies as the roads are in very bad condition.

A Fifth Army Sitrep of 14th June states that all but 10 of the 60 communes in Viterbo province have been occupied as well as two in Grosseto. Towns in the path of the armies are in bad shape, others are untouched. There is a universal shortage of salt, sugar and olive oil but in all communities there is some grain on hand. Viterbo was found to be not so badly damaged as first impressions indicated. Food has been delivered water is available and cleaning up under way. Civitavecchia was still almost empty on the date of the Sitrep but the Royal Navy had made great progress in clearing the port. Local Government has been set up again in the Alban Hills area.

The Provincial Commissioner of Viterbo set up his Hq. in the town on 11 June and has made some progress in reorganizing the provincial administration.

In general, health conditions are good, even the hospital situation north of Rome. The wheat crop is now ripe and harvesting is the chief concern of the moment. "Comm trouble" shows some improvement but another trouble has arisen in connection with the partisans. He wrote: "A serious problem is presented by armed bands of civilians under the titles of partisans, 'partisans', 'police', or 'communist' who exist

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in many of the newly captured communes. The people terrorize the official police and are found in complete control of the community and on one occasion held up a C/O at the point of a pistol. Prompt and firm action is necessary as well as strict and the mobile GCRH are very useful in discerning them and restoring law and order in cases where the local police have broken down on account of the numerical inferiority. The problem is made more complicated by the fact that many of these people are sincere and have on occasion helped the Allied cause."

AMC sections have received the congratulations of Corps Commanders of the II and IV Corps. The latter says:

"It is the first time in the world that an army has by previous planning been able to relieve combat personnel of the necessity of wasting men and time looking after the civilian population. We still wonder why it wasn't done 100 years ago."

4. Granai del Popolo

The Agriculture S/C is letting no grain ripen underfoot in its efforts to exploit the present favorable situation.

About 15,000 pairs of American Army shoes have been obtained and will be distributed for sale in those communes where farmers have the best record for getting their harvests into the Granai del Popolo. The shoes are worn but respectable and should be tempting to the farmers.

Col. Hartman tells us that his field men report a bumper crop is awaiting harvest in the Cessino, Tormesino and Pontino Marshes areas, where effort is being made to organize quickly communal committees.

Such committees are now functioning everywhere in Southern Italy and in Sicily there is a committee for every commune on the island.

New posters have been printed and the Agriculture S/C urges all regions to obtain supplies for widespread posting. The posters summarize the terms of the decrees and indicate the amount each farmer may retain for his own use. Binder time is also following the armies.

Plans are under way for a filming of the harvest, FWS the Agriculture S/C, this Branch and the Italian Government all collaborating---or effort was made to have a Regional Commissioner pose with the workers in the field but the answer was sharp: "Who do you think I am - Mussolini?"

5. Fire Arts

Italian Fire Arts officials in Rome report that the Ger-

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5. Fine Arts

Italian Fine Arts officials in Rome report that the Germans purchased a certain number of state-notified paintings from private collectors while in Rome. This is contrary to Italian law but the protests of the Superintendent of Galleries were overruled by the Minister of Education and the late Count Ciano. They also report that certain Fascists sold state-notified art-objects in their possession to local dealers before fleeing from Rome, no doubt with a view to clandestine sale. These reports are being investigated by Fine Arts Officers in Rome. The Axis radio meanwhile continues to accuse Allied troops of similar practices. Transcendent in English on June 13 purports to quote a statement by the secretary of the former Governor of Gibraltar that the purchase of objects of art (which was forbidden to German soldiers) was now being indulged in extensively by Allied troops.

Fine Arts also reports the discovery of four volumes of 16th century musical MSS in the Villa Ferraro at Cerrano. The Marchese Ferraro being unaccountably absent the volumes were sent to the Conservatorio at Naples. The MSS include contemporary copies of the first set of an 3170 by Cimarra and

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and of Pergolesi's Stebat Meter. The Marchese may claim his property by applying at the Conservatorio any time within a year.

6. Odds and Ends

Announcement that Col. Brister is to make use of Cinecittà (Rome's Hollywood) for a refugee camp brought forth the remark from a High Source: "We await the filming of Brister's Millions". . . . At present Cinecittà has a French flag waving over it. . . . 20% of the congested area managed to get away between Naples and the Foggia grain fields. Measures are being taken. . . . Col. Kirkwood has gone to the command of Region VIII, Col. Tacey succeeds him in Region VII. . . . Mosquitoes have been reported in Hq. though there is an order out against them. . . . Col. Bowman back from Adriatic inspection reports Pescara is a "ghost town", Chioti quite intact. . . . the Region full of dead and roads and mined areas. . . . Col. Shipp. back from Africa reports discovery of Cerabini in abundance, also a few available doctors. Telephonic communication between Hq. and Rome has been established, though still somewhat capricious. . . . On civilian employees policy will be not to take Neapolitans to Rome. . . . Accommodations awaiting AGC in Rome include the Grand Hotel with 50 rooms for general officers and colonels and 50 to spare for distinguished guests, the Flare for field grade officers and the Regine Carlton for junior officers. No requisitioning of villas - at least for the present. . . . The bread ration north of Rome is to be 100 grammes a day until it is clear that there will be no transport difficulties as we move north. . . . There have been 150,000 snailpox vaccinations in Region III. . . . Labour Division in Rome are working a 7 day week in order to recruit a band of interpreters, chauffeurs, English-speaking typists and common labourers. . . . Public Relations Branch has its head (and brains) in Rome, as we go to press. The tail is wagging feebly - as is probably evident.

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THOMAS G. BERGIN,

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Major AUS,
Deputy Director of Public Relations

HEADQUARTERS
ALLIED CONTROL COMMISSIO.
PUBLIC RELATIONS BRANCH

PRB 26/WB 9

SECRET

3 June 1944.

ACC WEEKLY BULLETIN NO 9
28 May to 3 June

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1. Political

The Council of Ministers met on June 1 and dealt with routine matters, such as the promotion of magistrates and the administration of communal finances. They also gingerly brought up the question of raising the salaries of state employees, a matter which will have to be discussed with ACC. But all political news does not stem from council meetings. Very significant is the prospective merging of the Avanti and the Unita, respectively the Socialist and Communist papers of Naples. The left, at least for the moment, seems to be solidifying. On the other hand, Omodeo's attempt to strip the University of Bari of its supplementary courses was bitterly and successfully opposed by the Rector, faculty and students - no doubt all surprised to find themselves on the same side. This, as well as the continuing strike in Naples schools, has harmed the prestige of the Minister and consequently added strength to the factions of his party still in opposition.

Arangio-Ruiz, Minister of Justice, pointed out in an interview that the statutes make the punishment of old Fascists very difficult; as things stand conspirators are punished only when unsuccessful. He has confidence, however, in Sforza's ability to deal with the situation. As for the revision of the civil code so sadly mutilated by Fascism, that will have to wait until the Government can call on the legal skill of the whole country. The immediate task of the Ministry is to remove the specific Fascist legislation which impedes recovery and to supply with efficiency and dispatch whatever emergency measures may be needed.

The Ministry of Communications has announced that passenger service between Naples and Salerno will begin June 1. One train per day each way; either through oversight or caution no schedule was given. There is also to be a regular freight service between Naples and Bari and in Sicily the work of re-establishing train service "ferve" (i.e. is proceeding with boiling intensity). The Minister, Cerabona, who has visited Potenza and Matera, is pressing for establishment of bus service to link smaller communes to main centres.

Cullo has sent a circular to High Commissioners and Prefects, stressing the importance of the granai del popolo and urging them to assure the cooperation of consumers as well as state agencies in directing the campaign.

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The hands-across-the-sea item of this week is supplied by the telegrams sent by Zaniboni, Head of the Committee for Refugees, to Myron Taylor and Toscanini, thanking them for their interest and proposed aid.

2. Regional Commissioners Conference

The Chief Commissioner's Conference, held on May 30 at the Provincia, Naples, was concluded in one day - somewhat at the expense of the Heads of Sub-Commissions, whose reports (in the afternoon) were punctuated and sometimes punctured by the five-minute red light warning. The Regional Commissioners (in the morning) exceeded their allotted time by 1½ hours. A satisfactory rather than spectacular record of work emerged: humour was provided by Colonel Zellars who appeared at the rostrum bearing a sheep of wheat; and got a round of applause for his manner rather than his matter. Colonel Findlay's great stature and stentorian voice also enlivened the proceedings. Speeches which attracted special attention were those of Brigadier

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Carr, Brigadier Dunlop and Colonel Hancock. Group-Captain Benson, who had come specially from 8th Army, gave an extremely interesting picture of AMG work during the advance. Operations (and perhaps the magnet of Rome) prevented the attendance of General H. G. and his staff officers.

The Chief Commissioner quoted General Alexander as saying that ACC was "his Third Army"; and congratulated AMG 5th and 8th Armies on their efficient work in recent weeks. Their spokesmen reported the situation well in hand so far, but pointed out that it would be more serious with the return of fugitives, now hiding in the hills, to the destroyed towns. All banks had been found demolished or closed. The officials had fled, as had the mayors. Health was in general good, though there were cases of under-nourishment and exposure. There was a shortage of doctors. 5th Army AMG had taken over 29 towns and II Corps had handled 11,000 refugees. The coordination between the Army AMG and Regions IV and V had been well worked out.

Harvest prospects were reported good everywhere: the wheat price was thought too low in Regions I and III. Sicily had discovered forged 1,000 lire notes to the tune of 40,000,000 lire; examples, excellent, were handed round and may possibly have been handed back.

Service Sub-Commissions reported very favourably on Italian cooperation: Communications stated that Naples Post Office was now handling a thousand wires per day and a million letters per month; Education thought that student strikes had been exaggerated; Food noted that twenty days rations had been allocated for Rome.

Food and the harvest were the central features of the Executive Commissioner's Conference on May 31. Colonel Legg explained that in order to enforce the Chief Commissioner's decision that rations must be stepped up it was absolutely essential to cut down the percentage of ration-card holders to 65. Regional Commissioners were asked to suggest their minimum figures, which varied widely, Sicily claiming a need for 74%, Matera 45 - 50%, Reggio 92% and Sardinia 63%. In the Foggia and Campobasso areas, it was pointed out, the average might be about 53% for cereals but would be 80% for oil and fats and 100% for sugar. When all the figures had been coordinated it was found that the overall average was still 73%. It seems therefore that if rations are to be increased further reductions in the number of ration-card holders must somehow be effected.

Mr. Lush, speaking of the harvest, said it was a matter of 8,000 tons depend on our

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Brigadier Lush, speaking of the harvest, said it was a matter of importance to all; the good name of AGC may depend on our success in filling the granai del popolo. Methods of inducing (by some pronounced seducing) the farmer were thoroughly examined. A system of communal rewards has been worked out and it is felt that the individual farmer's heart - and grain - may be won by promises of shoes and/or fertilizer; ways and means of getting a supply of such bait were considered. As for the dilatory it was the consensus of opinion that fines mean nothing and the courts should be lavish with stiff imprisonment sentences. Colonel Hartman said other grain prices were being pegged to the wheat price; he hopes the Regional Commissioners will have suggestions to offer when the time comes to set the price for olive oil.

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3. Treatment of Fascists

On May 24 the Chief Commissioner issued a directive governing the treatment of Fascist officials encountered during the present advance. It is pointed out that such officials have been serving the Republican Fascist Government at a time when Liberated Italy under a properly constituted government was co-belligerent with us, that they must be dismissed automatically from their posts, and that there will be greater possibilities, as we advance north, of finding suitable anti-Fascist personnel. A list has been prepared and issued showing Italian officials to be dealt with (a) by arrest and internment (b) by arrest and handing over to the Italian Government and (c) by dismissal only and the retention of liberty. Officials not on the list will be arrested and held in custody.

4. AMG with Fifth Army

On Tuesday May 30 HQ AMG Fifth Army moved to a forward position. With them went 2,800 Carabinieri, a Fire-Fighting Unit, a British and American Red Cross Unit, and other personalities whose names have been censored.

Water, light and fuel supply presented usual difficulties: six breaks found in aqueduct; power unit needed; canvas tanks and wine barrels used temporarily; limited water supply expected within a week. Electric sub-station at Fossanova set for demolition and exploded, but one generator in working condition. Shortage of labour and transport for trucking civilian supplies from shipside and unloading at AMG dump. Finance guards are being used to unload civilian supplies at the dump as civilian labour is not available.

A sitrep of June 1 lists nine additional communes falling under AMG control. Conditions show a surprising variation; occasionally a commune, such as Rocca Massima, will be found untouched by war; some such as Claterna and Aprilia have been completely destroyed. There are all gradations in between. Many are mined and some still under shell-fire. The condition of the town of course affects the population; in general after a day or two the inhabitants stream back if there is anything to return to, and are often accompanied by others whose villages no longer exist. Thus for example the population of Fondi and Terracina has increased by one third, while on the other hand Gaeta is down to half its size. It has been found possible to channel the returning stream by strategic placing of relief supplies. Italian officials are not available in any great number; in Littoria Province only the technicians have returned; the Interior Sub-Commission has been asked to send up provincial officers recommended by the Government.

Temporary centres have been set up for refugees. Supply is

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Temporary centres have been set up for refugees. Supply is something of a problem, food is arriving at Gaeta by schooner and truck and there are four other centres, but transport from there on is difficult and the small staff in charge (2 officers and 5 men to supervise 5 centres spread over 130 miles) is badly overworked. Health is in general good: six of the recently acquired communes have hospitals and five others have been provided with ambulatori. There is a serious shortage of doctors, equipment and, of course, transport. Public Safety has found the situation satisfactory; reinforcements of Carabinieri are arriving. Finance officers have visited thirty-one communes between 18 and 31 May, and 2,000,000 lire have been advanced.

Things are moving fast. Nettuno, Rome Province, has now been handed over to provincial administration, Velletri and Tivoli CAOs have reported to Corps SCAO. Littoria is rapidly filling up and the people already settling down to harvesting. Spearhead CAOs have been directed to consider the harvest a first priority job. AMG has been so close to the combat line that it has captured some German soldiers; in Norma an officer found a bus line running normally and a restaurant still open.

Under miscellaneous the sitrep comments laconically: "Gout trouble" still continues.

5. AMG with 8th Army

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The latest report, dated June 2, states that CAOs have been placed in Atina, Frosinone and Arpino. Atina was found very badly damaged, with 1,000 inhabitants and large numbers of refugees coming in. Frosinone was empty and about 50% damaged. Arpino is reported "in good shape". At Ceprano the paper-mill machinery was found undamaged, with a large stock of paper. A representative of the Displaced Persons Sub-Commission had been moved into Ferentino but no report had yet been received from there.

A report from Major Bullock dated May 30 states:

"(a) Towns being occupied now by AMG Eighth Army are partly standing. They draw more refugees but present better physical facilities for administration. We find senior municipal officials all gone and no Carabinieri, who are said to have been imprisoned by the Germans. The exodus of Fascist officials simplifies the question of security. AMG moves up Carabinieri from the south and finds minor municipal officials cooperative.

"(b) ARCE. The town fell yesterday. AMG sent in two officers at once, who took five German prisoners before getting down to work. Only ten per cent of the town is destroyed and the people were parading in their Sunday best to welcome us. Food and medical supplies went up immediately.

"(c) CEPRANO. The CAO entered the town Sunday afternoon and found people streaming back. Food, medical supplies, doctors and Carabinieri were moved in at once.

"(d) PONTECORVO. Numerous refugee women in this shattered town were raped Saturday night and Sunday morning by Senegalese troops of the Fifth Army. AMG Liaison Officer, Canadian Corps, acted quickly and the French authorities took strong measures. Refugees are being fed, are receiving medical care and are being cleared as quickly as possible. French troops found and mounted guard on a library in the Monastery. Lt Garigue was sent yesterday by AMG Eighth Army and removed the books to VENAERO for safe-keeping until instructions are received from the Sub-Commission on Monuments, Fine Arts and Archives.

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"(e) ROCCASECCA, birthplace of St Thomas Aquinas, is approximately half destroyed. The normal population is just under 8,000. Nearly 5,000 residents have returned and 1,600 refugees from surrounding villages have come down from the hills. They are being accommodated in the schools, but will begin to move to their homes today. Reaction of the people to white flour is touching; the bread they had under the Germans is foul, greenish stuff. All senior municipal officials cleared out with the Germans, but some clerks remained and are working well under a new Sindaco appointed after checking by Captain Comstock, CAO. The parish priest remained and his attitude and work have been beyond praise. Three cases of typhoid were found in the town yesterday afternoon. AMG and Army are cooperating to check its spread. Mines and booby traps are largely cleared. Two large German cemeteries, the biggest encountered so far, are on a slope below the town. One was shelled and the bodies are being reinterred. The church in the town was hit, but has not been looted. The priest said Mass in it yesterday for the dead of both armies. A handsome church above the town has been sacked.

"(f) GOLDRAGONE. This little town in the Liri Valley northwest of Roccasecca is becoming a refugee centre. Damage is comparatively light." / 6.

C Exile Southern Littoria

A CAO gives us the following sidelights on life in the forward areas. One town, cleared of inhabitants by the Germans as long ago as last September, had taken to the hills en masse but had retained its communal organization so successfully that the Sindaco was ready to produce ration-cards on 24-hours notice. In a few days he had the machinery of the town running smoothly - only to be jailed by the CIC on charges which the CAO found insufficient and got him released. Query by the CAO - in moments of urgency, must CIC and FCS override Civil Affairs?

The people are in general grateful for relief measures, but a substantial number have asked: Where do we get sugar? How soon do we get cigarettes? Bread is of great importance; even though many of the returning refugees had been living on grass and roots they did not take kindly to biscuits and life is hard for the CAO until the bakeries start running. Health is good save for scabies, but undernourishment and weakness are so general that it is impossible for the workers to stand an eight-hour shift: they simply collapse.

The destruction of property by the Germans has been thorough and systematic; one town of some size has not so much as a single chair left intact. Mines still interfere with the progress of work; the peasants don't dare go into the fields and in some cases the dead still await burial. In one particularly gruesome town (Castelforte), a mine has been attached to each body - and there are many.

The population of occupied towns increases rapidly. In one case the initial 170 found when the troops came in has already swelled to over 15,000.

D. Odds and Ends

Fine Arts Sub-Commission states that "... the report of German behaviour (in Fifth Army Area) in regard to churches and looting is far the worst yet received..." AAI are anxious that the fullest publicity be given in cases of sabotage and thefts of signal lines, which is causing concern General Alexander opened the new Welfare Centre in the Royal Palace, Naples, on Saturday, June 3. It provides three restaurants, three snack bars, three wine bars, a cafeteria, five lounges, an outdoor terrace restaurant, a ballroom, billiards rooms, a map room, even an art studio where budding painters can be taught by Matania; and it can accommodate 10,000 men As to whether the decoration of the Villa d'Angelo with an immense cartoon of a horse playing the harmonica is in good taste, opinions vary: perhaps it may be regarded as only a temporary indication of a better world Fassen, formerly a prisoner and severely limited, showing occupation and period of stay, are to be made for every member of ACC entering Rome The Excelsior Hotel, Naples, will be open to officers on June 11 Colonel Spottford, Assistant Chief of Staff, G-5, has been visiting HQ Naples "Stars and Stripes" ceases

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There is a good taste, opinions vary: perhaps it may be regarded as only a temporary indication of a better world Perhaps, certainly, it is a limited, showing occupation and period of stay, are to be made for every member of ACC entering Rome The Excelsior Hotel, Naples, will be open to officers on June 11 Colonel Spofford, Assistant Chief of Staff, G-5, has been visiting HQ Naples "Stars and Stripes" ceases publication in Sicily on June 3 and plans are under discussion for a revival of "Il Giornale di Sicilia", the editorial staff to be nominated by the Comitato di Liberazione The transport situation is getting acute, what with appeals from the forward areas for army vehicles and pleas from the Government for requisitioned cars it seems likely that ACC is on the threshold of a new horse-and-buggy area It is reported that the malaria situation in our newly acquired Pontine Marshes is under control: not a single case of malaria in the population. In fact no population Other visitors to Naples and its vicinity bent include Messrs Macmillan, Murphy, and Jackson and Keith Murray of MESO There has been a severe outbreak of crowns on British shoulders this week.

8. Telephone notes

The latest Rear ACC Headquarters Telephone Directory, tastefully bound in azure and containing a regional map, a number of useful (but polite) Italian phrases for the telephone, and an absolutely lifelike picture of a telephone at rest, has knocked all our telephone fun absolutely sideways with the strict admonition: "This is no time for pleasantries or peace time politeness." The new directory contains some fascinating numbers, ranging from the Royal Motor pool and the

3167

/ Catering

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Catering Adviser down (or up) to the Public Works Anti (sic) Room and the Waterproofing Officer; we also note that "Italian titles of officers are almost same as in English just slightly more exaggerated" What bothers us about this is whether Colonnello can be classified as an exaggeration of Major. In that case we are in favour of exaggerations.

9. Quote from an esteemed contemporary

"POME BOMBED WITH CARE"

Headline in "Union Jack" June 3.

Lionel Fielden
LIONEL FIELDEN,
Major,
Public Relations Director.

Distribution as for Bulletin No 8 dated 27 May.

PUBLIC RELATIONS BRANCH
ALLIED CONTROL COMMISSION

PRB 9.

9 May 1944.

Subject: Organization of PR Branch.

1. The following should be substituted for the existing paras 2 and 3 in PRB 9 dated 3 April.
2. The present establishment of the Public Relations Branch is:-

Public Relations Director	- Major Lionel Fielden (B)
Deputy Director of Public Relations	- Major Theodore L. Bullock (Cdn)
Deputy Director of Public Relations	- Major Thomas G. Bergin (A)
Public Relations Officers	- Captain John P. Leacacos (A)
	- Captain C. Howard Owen (B)
	- Lieut Gene F. Caprio (A)

3. Location of the Public Relations Branch is Room 25, First Floor, Provincia Building, Headquarters, Allied Control Commission, Naples. Telephone numbers during office hours are Naples 54209 and Vapor (10050) Extension 172. After office hours Major Fielden may be reached in Naples on 53807, Major Bullock on 52547, Major Bergin on 15905, Captain Leacacos on 16441 and Lieut Caprio on 52584.

Lionel Fielden
LIONEL FIELDEN,
Major,
Public Relations Director.

Distribution as for PRB 9 dated 3 April.

HEAD HEADQUARTERS
ALLIED CONTROL COMMISSION
INTERIOR SUB COMMISSION
APO 394

ACC/13/A/Int.

11th June, 1944.

SUBJECT: Catholic University Associations.

TO : Legal Sub-Commission
: Education Sub-Commission

1. Attached is copy of a letter received from the Minister of Interior dated 6 June, No. 3399.
2. The Minister has been informed that No. 1 has been brought to your notice.

J. Cunningham *Thank to Capt*
for R.C. OFFICER,
Colonel,
Director,
Interior Sub-Commission.

Encs. as in 1 above.

TCS/pgm

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COPY

MINISTRY OF THE INTERIOR
CABINET

SALERNO+ 6th June, 1944

TO: The A.C.C.

File No. 3399

INTERIOR SUB COMMISSION

SALERNO

The Legal Sub-Commission has proposed to the Ministry of Justice the dissolution of the Catholic University Associations.

The news that the same proposal has been made by the Education Sub-Commission has aroused great concern in interested circles.

I would be particularly grateful if you would inform the two Sub-Commissions that are dealing with this question, of the following:

1. The University students associations are guaranteed by the Concordat between the Holy See and the Italian State.
2. During the fascist dictatorship they have carried anti-fascist activities against fascist university groups relentlessly. As a result, each of their members has been subjected to slander and persecutions which have never crystallized in the suppression of the organization, because of what has been said in No. 1.
3. Finally, they have always kept the flame of the Universities' free thought burning, and have constituted the only refuge for young intellectuals who flee from the currents of extremist circles.
4. An eventual measure dissolving them would have unfavourable repercussions on the bulk of Catholics, and would prove to be contrary to the principles of freedom which have been re-affirmed in Italy.

THE MINISTER.

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Copy for EDUCATION SUB-COMMISSION
From PH Sub-Commission

{ Reference ED/6-7/ACC }
{ dated 7 April 1944 }

HEADQUARTERS
ALLIED CONTROL COMMISSION
REGION II

(REF.: W/L/2106)

13 April 1944

SUBJECT: - Needy School Children.

TO : - Director, Public Health Sub-Commission, ACC, Salerno.

1. Ref. your letter 6 April 1944, ACC/3058/PH, we have written to all the Provincial Commissioners in Region II to obtain first-hand information, which we will send immediately when compiled for the Region.
2. Please be advised that communications are slow in this Region and that it will take three weeks, perhaps, before we can get this information to your HQ.
3. We are pleased at the interest shown in this problem.

For the R.C.

/s/ Ransom Carver
Capt. AUS
Regional Welfare Officer.

785016

Education S-C

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/P

15 April 1944

SUBJECT: Monthly Report of Finance Sub-Commission

TO: Regional Commissioner Region I
Region II
Region III
Region IV
Region V
Region VI
Senior Civil Affairs Officer AEF Five Army
AEF Eight Army
All Sub-Commissions, HQ AOC.

Forwarded herewith for your information is one copy of the monthly operations report for March 1944 of the Finance Sub-Commission, Headquarters Allied Control Commission.

S. J. Foley Jr
Colonel,
Joint Director,
Finance Sub-Commission,
for: D. S. ADAMS, Col., C.E.,
Executive Officer,
Economic Section.

HTP

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SECRET

HEADQUARTERS
ARMED SERVICES COMMISSION
FINANCE SUB-COMMISSION
AFS 354

13071/3

10 April 1944

REPORT OF THE FINANCE SUB-COMMISSION TO AEC

FOR MARCH 1944

During the month appointment of a Joint Directorate for the Finance Sub-Commission was announced. Early in the month, Colonel E. H. Foley, Jr., Joint Director of the Sub-Commission, returned to the Theatre from Washington, where he arranged for the preparation of a new Italian Government currency and discussed many aspects of the Italian financial problem with interested U.S. Government departments and agencies.

In March, the Theatre was visited by a United States War Department Mission, consisting of Colonel Andrew Stewart, Fiscal Division, War Department; Lieut-Colonel E. A. McCoskey, Budget Division, War Department; Mr. J. C. Hewitt, General Accounting Office; Mr. Harold Clesser, Division of Monetary Research, U.S. Treasury Department; and Mr. Gilbert Gule, Bureau of Economic Warfare, U.S. Treasury Department. The Mission was primarily interested in the accounts and records maintained by the Finance Sub-Commission and the procedures under which supplies and funds are accounted for. The Mission visited Naples, Salerno, and Palermo, and held extensive discussions with various sections of the Finance Sub-Commission and with other Sub-Commission personnel who were related to the interests of the Mission. Important specific points which were discussed with the Mission are referred to below in the appropriate sections of this Report.

At the conclusion of their visit here, the Mission proceeded to London for discussions with the British War Office. Since there are certain differences of view between Washington and London on supply accounting procedures, it was agreed desirable that representatives of both be present at the London discussions. Accordingly, Colonel A. E. H. Hetherington, Joint Director of the Sub-Commission, proceeded to London at the end of March, accompanied by the

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At the conclusion of their tour here, the mission proceeded to London for discussions with the British War Office. Since there are certain differences of view between Washington and London on supply accounting procedures, it was deemed desirable that representatives of both be present at the London discussions. Accordingly, Colonel A. B. Gray-Smith, Joint Director of the Sub-Commission, proceeded to London at the end of March, accompanied by the Chief Accountant.

1. INTRODUCTION, PURPOSE AND PURPOSE OF LEAVING

- a. Report of the Foreign Economic Administration's Survey Mission on the Economic Activities of ADC

The PER Italian Survey Mission, headed by Mr. Adlai L. Stevenson, Special Assistant to the Secretary of the Navy, visited Sicily and Italy in the latter part of December 1943 and early January 1944. Upon the mission's return to Washington a report embodying their findings and conclusions was submitted to the Administrator of PER on 3 December 1944.

Copies of this report were forwarded to the ADC, and the Economic Section requested various Sub-Commission members to comment on the parts of the report relevant to their respective fields. Section IV of the report, entitled "Findings and Conclusions" was passed to Finance Sub-Commission.

The Finance Sub-Commission made a detailed analysis of this section of the PER report. It believes that the report made several errors of interpretation

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- 2 -

which have led to an incorrect assessment of the inflationary situation in Italy. In particular, it is implied in the Report that the use of the lire, in and of itself, was a major inflationary force. Attention may thus have been diverted from the true major cause of inflation in liberated Italy, the Italian Government deficit. The Finance Sub-Commission also disapproves strongly with the Mission's conclusion that the dollar/euro area value of the lire is too low. Several studies of this question have been made, and our conclusion that no change should be made at the present time in the foreign exchange value of the lire is discussed in Section III, C, below. The Finance Sub-Commission has also suggested that allied action should be taken not to stabilize the lire. To state that a foreign loan or any other purely financial concession to Italy would improve the present situation may be misleading. At the present time Italy is receiving certain supplies without which current payments and without suffering any pressure on the lire, which is effectively stabilized at the rate of 100 lire to the dollar. The real stabilization program which Italy receives is the stabilization of the domestic purchasing power of the lire. The rest of this anti-inflation program that falls to the Finance Sub-Commission, including expenditure control, a monetary and effective tax program, and government financial reform, is currently being reviewed and strengthened.

In view of the importance of the Finance Report and the Finance Sub-Commission's comments thereon, both documents are reproduced at Appendix A to this Report.

B. The cost of living

During March the cost of living continued to rise in Naples but remained far short of the very high level reached at the end of January before the bread ration was introduced (see Table 12 to 200 grams per day). Figures comparable to those previously published, representing the cost of purchasing a typical working class budget for one person for one week (defined in the January Report of this Sub-Commission) are as follows:

March ending 29 February	342 lire
" " 7 March	355 "
" " 16 March	377 "
" " 23 March	350 "

The black market prices of bread were from 130 lire at the end of

In view of the importance of the data reported in Commission's reports thereon, both documents are reproduced at Appendix A to this Report.

B. The cost of living

During March the cost of living continued to rise in Mexico but remained far short of the very high level reached at the end of January before the bread ration was increased from 12 1/2 to 200 grams per day. Figures comparable to those previously published, representing the cost of purchasing a typical working class budget for one person for one week (defined in the January Report of this Sub-Committee) are as follows:

Week ending	29 February	- 342 lire	
"	"	7 March	- 355 "
"	"	15 March	- 377 "
"	"	25 March	- 360 "

The black market price of bread was about 130 lire at the end of February to about 140 lire, but the sharp increase in the price of live oil from 260 to 260 lire per litre was responsible for the largest part of the increase that has occurred in the cost of living. The price of meat also rose sharply the month. Partly offsetting these factors was a decline in the price of fish, and a fall in the distribution of various dried meats under the rationing programme in the week ending 23 March which, by taking a certain part of black market food, was an unnecessary factor that week, caused the cost of living to decline from 15 March to 23 March.

C. Price adjustment

The recommendations of the Finance Sub-Committee on price adjustment questions have previously been published in this Report. There has recently been established in the Economic Section a Price Committee, upon which the Finance Sub-Committee is represented, to decide all price fixing and price adjustment questions. The secretary of this committee will prepare a monthly report, beginning with a report for March, in which all information on these matters will hereafter be available.

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INFORMATION
JAN. - JULY 1944
(2 OF 2)

II. GOVERNMENT FINANCE

A. Organization of the Italian Ministry of Finance

A report has been submitted to the Joint Directorate, Finance Subcommittee, on the organization and functions of the Ministry of Finance. This report reviews in some detail the duties of the various divisions of the Ministry, indicating in each case the Sub-Section of the Finance Sub-Commission having responsibility for supervision.

The Ministry now has a staff of approximately 100. The size of the staff is clearly growing, but the capacity of the persons employed shows little improvement. As a result of the inordinance and incapacity of personnel, most financial problems must be handled by the Minister himself.

B. Revenue

1. Tax revision

(a) A memorandum of the Finance Sub-Commission submitted to the Italian Government and proposing certain revisions in the Italian tax system was included as an appendix to this Report for February. Discussion concerning these proposals has been in progress during the past month, from which the following points have developed:

- (1) War profits tax assessments. The war profits tax assessments are considerably in arrears, owing to delays in making assessments and hearing cases. This is a matter of considerable concern, since such taxes should be collected almost currently as they are to have their full effect in Italian output. In a period of rapid inflation the value of revenue to the Government and the extent of effective taxation imposed upon the taxpayer depend upon the degree to which tax payments are current. Furthermore, the difficulties of collecting taxes, particularly those involving deferrable book-keeping items, increase materially with the delay in assessment and collection. Many of the arrears are already thought to be irrecoverable except on effects to claims against the Government for war damage compensation and for materials supplied to the Government. Accordingly, recommendations have been made to the Finance Minister that assessments should be collected promptly and on a cash basis.

1. Tax revision

(a) A memorandum of the Finance Sub-Commission submitted to the Italian Government and proposing certain revisions in the Italian tax system was included as an appendix to this Report for February. Discussion concerning these proposals has been in progress during the past month, from which the following points have developed:

(i) For profits tax assessments. The per capita tax assessments are considerably in arrears, owing to delays in making assessments and hearing cases. This is a matter of considerable concern, since such taxes should be collected almost currently if they are to have their full inflation effect. In a brief of it is inflation the value of revenues to the Government and the extent of effective taxation imposed upon the taxpayer depend upon the degree to which tax payments are current. Furthermore, the difficulties of collecting taxes, particularly those involving debatable back-log in items, increase materially with the delay in assessment and collection. Many of the arrears are already thought to be irrecoverable except as offsets to claims against the Government for war damage compensation and for entitlements supplied to the Government. Accordingly, recommendations were made to the Finance Minister that assessments should be made more frequently and collected more readily, and that collections should be made through channels other than the Postoffice. The Minister has agreed to speed up assessments, but as to the present he has not agreed to a change in the Postoffice system nor to our suggestions that would make for more rapid collections.

(ii) Declarations of income. One of the important recommendations made in the memorandum to the Finance Minister was that requiring annual declarations of income from all persons subject to income taxes. Skeleton forms for such returns have been prepared and were submitted to the Minister with a letter of 20 March stating our view that a compulsory return is essential if any progress is to be made in income taxation. The Minister agrees in principle, but doubts that any considerable number of taxpayers can be made to make returns, or that any of the returns received would be filled out in useful form. For this he proposed whether one form can be used to cover all directly taxed income.

(iii) Legislation to empower the State to deal with under assessment. The letter of 25 March also included specific recommendations of legislation necessary to empower the State to make additional assessments where the original assessments were based upon inadequate or false information. Under the present Italian system, once an assessment is agreed upon between taxpayer and officials in respect of a taxable period, it cannot in practice be reopened. Moreover, no adequate criminal penalties exist to prevent misrepresentation or concealment of information by the taxpayer. The Minister agrees that the present system, under which fiscal information is obtained largely by official and unofficial "snooping and informing" is highly undesirable and unduly expensive. He also agrees that it will be necessary to strengthen the existing laws to provide the means whereby fraud and evasion can be detected and punished. However, he has not taken any action to implement this conclusion.

(iv) Turnover tax. A plan by which the turnover tax can be made to reflect more closely actual current turnovers has also been submitted to the Minister. At the present time the turnover tax is either collected by stamps, with no attempt to check a taxpayer's actual purchases against the value of his transactions, or else it is assessed on the basis of the taxpayer's turnover for the previous year as arrived at for income tax purposes. Briefly, the plan proposes to require a monthly declaration of turnover by all taxpayers having a business volume above some minimum figure, say 50,000 lire. This declaration would serve as a form of preliminary self-assessment, payment being made concurrently with the filing of the declaration. The extent to which it is practical to rely upon periodic declarations of turnover for the preliminary assessments for this tax is still under discussion.

(v) Another source of tax revision suggestions is the answers submitted by Italian tax officials in response to a request from the Minister of Finance, made at our suggestion last January, that such officials state what can, in their opinion, be done to improve the tax organization, to avoid unnecessary work, and to effect other administrative economies. An Italian committee will be appointed to examine any report upon the answers received.

to reflect more closely actual current turnovers has also been submitted to the Minister. At the present time the turnover tax is either collected by stamps, with no attempt to check a taxpayer's stock purchases against the value of his transactions, or else it is assessed on the basis of the taxpayer's turnover for the previous year as arrived at for income tax purposes. Briefly, the plan proposes to require a monthly declaration of turnover by all taxpayers having a business volume above some minimum figure, say 50,000 lire. This declaration would serve as a form of preliminary self-assessment, payment being made concurrently with the filing of the declaration. The extent to which it is practical to rely upon periodic declarations of turnover for the preliminary assessments for this tax is still under discussion.

(b) Another source of tax revision suggestions is the answers submitted by Italian tax officials in response to a request from the Minister of Finance, made at our suggestion last January, that such officials state what can, in their opinion, be done to improve the tax organization, to avoid unnecessary work, and to effect other administrative economies. An Italian committee will be appointed to examine and report upon the answers received.

2. The Imposto di consumo

(a) The imposto di consumo has been the most important single source of current revenues in Italy since the 1930 revision of the local taxation system. The Revenue Sub-Section devoted some time during March to developing the facts relative to this tax. The imposto di consumo is a regressive tax in conception, particularly in the consumption of wine, meat, and fuel, heavily collected through the action of anti-private contractors by such evasive methods as inspection of roads crossing the borders of the comune. The cost of collecting the tax is excessive and continually increasing, and the revenue is steadily declining. In view of all these facts, which are indicative that the tax is objectionable and financially ineffective, the Finance Sub-Commission proposes to revise the whole field of current taxation, in order to recommend the abolition of the imposto di consumo if that should be possible.

(b) The importance of the imposto di consumo in current revenues. The latest available information on current revenues for all of Italy - that of 1935 - indicates that the imposto di consumo yields approximately half of total current revenues:

General revenues - 1935
Revenue
All estimates available only
(Percent of total revenue)

i.	Imposto di consumo	46	56
ii.	Imposto di famiglia e valore locativo (Contains license and tax on the use of these lands at their value. Generally, excludes under 30,000 population generally use the income family. The tax is tax of house according to the size of the land or by assessment of the community of the house. Imposto di famiglia is a tax on the total income of all the members of a family. If the gross income is over 6,000 lire per year, the estimate of income is taken for the estimate used in the State income tax exclusively. Otherwise, the estimate establishes the family's income.)	9	7
iii.	Imposta di terreni (A surtax added to the State tax on rural real estate.)	13	3
iv.	Imposta di fabbricati (A surtax added to the State tax on urban real estate.)	9	41
v.	Imposta industriale, commerciale, ecc. (A surtax added to the State tax on industrial, commercial, etc., enterprises and professions.)	8	8
vi.	Imposto di successione (A tax on the transfer of property, levied on the value of the property transferred.)	2	10
vii.	Altre entrate (Other revenues)	11	14
		100	100

In 1935 a 10 per cent increase in income taxes was granted, and all
estimates were based on the changes in the rates prescribed by laws 1 of 1935.
Formerly, the estimates were divided into 9 classes, according to size of
population, and 6 different grades of land were provided, the former estimates

15 3

9 41

8 8

2 1.44

11 14

100 100

In 1923 a 10 per cent increase in minimum rates was granted, and all cases were thereafter charged the rates prescribed for class 1 cases. Moreover, the cases were divided into 9 classes, according to size of population, and 6 different scales of rates were prescribed, the larger cases being entitled to charge higher rates.

(c) Decline since 1923 in assessed revenues. Despite the changes in the rate schedule, revenues in the State of Nevada have declined, especially in the larger cases. This decline has resulted from the high dollar value of the cases, which has caused a decline in the percentage of the value of the cases which is levied, since it is levied at a "per quantum" rather than a "valorem" basis, resulting in the fact that the prices that have been charged for the cases. In the earlier years the decline has been less serious because the minimum dollar value which the tax is levied on is relatively low, but in more recent years, because the dollar value has made less progress in the dollar value, the amount of the decline has been less serious. The decline in the rates of the cases has been less serious because the rates of the cases have been less serious.

(2) Recent experience in Nevada. The State of Nevada has been experiencing a decline in revenues for several years, and the decline has been increasing.

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(i) Total gross collections for 1943 were only 61 per cent of 1942 collections, 59 per cent of 1941 collections, and 56 per cent of 1935 collections. The data are as follows:

Total gross collections of the imposte di consumo
in the Comune of Naples

	1935	1941	1942	1943
(in millions of lire)				
Dovande	19	22	22	15
Cassa	20	15	14	7
Altri impostabili	1	2	2	1
Oniustabili	15	15	16	10
Impostabili di costruzione	3	2	2	1
Altre tasse	1	5	2	2
Total	64	61	59	36

(ii) In 1935 the average cost of collection of the imposte di consumo for all of Italy was about 12 per cent of gross collections, varying from about 6 per cent in some communes to as much as 27 per cent in others. Collection costs for the Comune of Naples in 1935 were 7 per cent, while in 1943 the costs, which in this case include some small costs not properly chargeable to the imposte di consumo, amounted to 15 million lire, indicating that the cost of collection was almost 40 per cent of gross collections and about 70 per cent of the revenue realized by the Comune. The abundance of this situation, in which the burden imposed upon consumers is at least doubled by the costs of collecting the tax, can be further illustrated, if further illustration is necessary, by the fact that in 1943 643 people were employed in collecting the tax in the Comune of Naples, and average collections for employees for the entire year were only 60,000 lire. In fairness, this statement must be slightly modified, since a small part of the time spent by these employees is not properly chargeable to the imposte di consumo. But as this situation was in 1943, it is estimated that in 1944, while 135 less employees will be used to collect the tax in Naples, the cost of collection will increase 50 per cent, largely as a result of wage increases. Furthermore, under arrangements of April 1943 the collection employees have been able to shift much of the burden of wage increases for collection employees have been the employees. In the Comune of Naples the estimated wage costs of the collection company for 1944 are slightly less than in 1943 while the estimated wage costs for the company personnel charged in the war are more than 130 per cent higher. Collection costs for the Comune of Naples in 1943 and estimates for 1944 are as follows:

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(ii). In 1935 the average cost of collection of the imposte di consumo for all of Italy was about 12 per cent of gross collections, varying from about 6 per cent in some countries to as high as 27 per cent in others. Collection costs for the Kingdom of Naples in 1935 were 7 per cent, while in 1943 the cost, which in this case include some small costs not properly charged to the imposte di consumo, amounted to 15 million lire out of total collections of 36 million lire, indicating that the cost of collection was almost 40 per cent of gross collections or about 70 per cent of the revenue realized by the Comune. The abundance of this situation, in which the burden of the imposte di consumo is almost doubled by the costs of collecting the tax, can be further illustrated, if further illustration is necessary, by the fact that in 1943 643 people were employed in collecting the tax in the Comune of Naples, and over 66 collections for the entire year were only 60,000 lire. In addition, this at present must be slightly inflated, since an 11 per cent of the time spent by these employees is not properly chargeable to the imposte di consumo. But at this situation it is difficult to collect the tax in Naples, the cost of collection will increase 50 per cent, largely as a result of wage increases. Furthermore, under an agreement of April 1943 the collection agencies have been able to shift much of the burden of wage increases for collection personnel on to the Comune. In the Comune of Naples the estimated wage costs of the collection agency for 1944 are slightly less than in 1943 while the estimated wage costs for the entire year are much higher. In the wage estimates for 1944 are as follows:

Expenses of collection of the imposte di consumo

Comune di Naples

	1943	1944
(in millions of lire)	3.6	estimated 2.2

Notes - Ditta Treves personnel

average number of employees:

1943	- 220
1944	- 84

Notes - Comune personnel

charged to Ditta Treves

charged to Comune

average number of employees:

1943	- 117
1944	- 117

4.8
15.7

3.8
5.8

3. Customs

(a) Report of field survey of Italian ports

The two officers of the Customs Sub-Section have completed their tour of Sicily and parts of the mainland. In the course of their tour the Customs officers visited 17 ports, of which they state 10 can be considered as activated and under adequate customs control, namely, the ports of Trapani, Marsala, di Vico Valicella, Reggio Calabria, Messina, Catania, Siracusa, Gela, Licata, Porto Empedocle, Palermo. They report that Trapani, Brindisi, and Taranto are under complete naval control as also are parts of the ports at Messina, Catania, Siracusa, and Palermo. The following figures were obtained on coastal traffic at the present time:

Port	Tons unloaded	Tons loaded	Period
Marsala di Vico Valicella	572	961	Feb. 1944.
Reggio Calabria	2,390	2,000	Jan. & Feb. 1944
Messina	617	546	" " 1944
Catania	1,520	1,289	" " 1944
Siracusa	1,000	1,000	" " 1944
Licata	1,350	450	" " 1944
Porto Empedocle	200	200	" " 1944
Palermo	391	856	" " 1944

The Italian Customs staff is reported as being reasonably efficient and capable of maintaining adequate control, but not well distributed amongst the various ports. A few Italian officials who had been appointed head of the Customs service in the Ministry was found to be unsatisfactory, both professionally and politically. His dismissal was requested and obtained. Customs officers and warehouses have suffered some damage, but are adequate for present requirements. However, a trade improves requisitioned Customs buildings should be released wherever possible. The existing geographical divisions of the Customs service are reported as satisfactory and able to assume control over further ports as they are reopened. The Guardia di Finanza is available at all ports, but is not fully credited on its proper "preventive" duties. The efficiency of Customs control and the settlement of other tax appeals depends upon the release of this force immediately from all extraneous work. Representations have been made on this matter to the other Sub-Commissioners concerned.

It is suggested that every effort should be made to stimulate coastwise traffic in order to relieve internal transport, and to permit the redistribution of goods from surplus districts to shortage districts. Such improvement is possible if all requisitioned coastwise vessels and new required could be released for trade, and, in consultation with the Navy authorities, a system of "War Clearance Sailing" initiated that would permit coastwise voyages within the hours of daylight.

Puerto Rico	250	"	"	1921
Salerno	200	"	"	1944
	391	"	"	1944
	450			
	200			
	356			

The Italian customs staff is reported as being reasonably efficient and capable of maintaining adequate control, but not well distributed amongst the various ports. Mario Mascolini, who had been appointed head of the Customs Service in the Finance Ministry was found to be unsatisfactory, both professionally and politically. His dismissal was requested and obtained. Customs offices and warehouses have suffered some damage, but are adequate for present requirements. However, a trade improves requisitioned Customs buildings should be released wherever possible. The existing geographical divisions of the Customs Service are reported as satisfactory and able to assume control over further ports as they are recovered. The Guardia di Finanza is available at all ports, but is not fully occupied on its proper "preventive" duties. The efficiency of Customs control and the letting out of other tax appeals depends upon the release of this force immediately from all extraneous work. Representations have been made on this matter to the other Sub-Commissions concerned.

It is suggested that every effort should be made to stimulate constructive traffic in order to relieve internal transport, and to permit the redistribution of goods from surplus districts to shortage districts. Much improvement is possible in all requisitioned existing vessels and now required could be released for trade, and, in consultation with the Naval authorities, a system of "War Clearance Sales" initiated that would permit seaworthy vessels within the hours of daylight.

(b) Organization of Customs work with revenue

The two officers of the Customs Sub-Section have now left this theatre. The work of their Sub-Section is being amalgamated with that of the Revenue Sub-Section.

4. Revenue collections

(a) During February a revision was made in the procedure for reporting revenues so as to ensure that reports from King's Italy and those from the territory would be unified. A considerable number of these reports have now been received and the statistical position has therefore improved. Discrepancies are still fairly numerous, however, and the Italian officials are not yet able to submit all returns readily.

- 8 -

(b) Total State receipts for the 27 Provinces now occupied amounted for the month of February 1944 to approximately 520 million lire, and the total for the first eight months of the financial year 1943-44 amounted to 2.4 billion lire. These figures, which include small estimates for provinces whose figures are not complete, represent the total credits to the State Budget (Entrate di bilancio) in its accounts at the provincial capitals. The corresponding figures for receipts exclusive of Capo X (which consists principally of transfer items), are 473 million lire for February and 2.1 billion lire for the eight months. The following tables summarize the position to the end of February 1944, the gaps indicating the absence of complete or reliable figures.

Total revenue receipts (Gross intake less Capo X)
(millions of lire)

Province	Year 1942/43		Year 1943/44		Percentage	
	6 months Jan. Feb. to 1943	6 months Jan. Feb. to 1944	6 months Jan. Feb. to 1943	6 months Jan. Feb. to 1944	1943-44 to 1942-43	1943-44 to 1942-43
REGION I - Sicily	24	32	20	30	94	
Agirigento			11	7	20	
Caltanissetta		5	42	30	86	
Catania	13	3	10	6	18	106
Trapani	80	6	15	7	30	30
Messina	251	36	67	58	150	46
Palerma			12	6	20	
Syracusa	24	4	16	7	27	84
Trapani		6	13	12	34	
Total			211	140	413	
REGION II - Puglia						
Bari	327	71	419	53	102	574
Brindisi	24	3	35	3	10	45
Lecco	14	4	52	5	14	71
Taranto	6	7	44	4	7	55
Total	461	85	550	65	133	745
REGION III - Calabria						
Potenza	14	1	10	2	5	17
Catanzaro	18	2	16	1	3	20
Cosenza	62	10	36	5	3	50
Reggio di C.	55	7	22	4	3	35
			17	5	5	25
			101	15	31	157

Agrirento	24	2	5	30	7	30	106
Calitannissetta		2			30	86	30
Catania					6	19	19
Enna	15	1	3	17	7	30	30
Mossina	80	13	8	99	8	150	150
Palermo	251	37	36	324	25	20	20
Ragusa		1	4	32	6	27	27
Syracusa	24	2	6		7	34	34
Torrevicci					12	415	415
Total					64	140	

THESE PROPOSITIONS (2013)

Category	71	89	487	449	53	102	574	118
Bare	327	6	33	35	3	10	45	146
Printed	24	10	55	52	5	14	71	129
Loose	14	13	89	44	4	7	35	61
Maranto	60	118	664	550	65	133	746	113
Total	461	25						

II. THEORY

[illegible]

III. POLYMERIZATION

SECTION III	21.	3	6	33	17	3	6	36	79
Available	21	3	6	33	17	3	6	36	79
Donations	21	3	1	27	9	-	4	15	43
H. poli	769	145	189	1094	376	30	111	517	47
Scholar	61	9	13	85	26	10	6	42	51
Total	866	159	212	1237	428	43	127	598	48

英國人

REGION V									
Calipass	21	2	5	28		2	17		61
Forcia	78	0	10	104	48	3			
Total	99	10	33	132					

IN THE

REGION	NUOVO	SAASURU	TOTAL
REGIONE VI	17	17	34
SAASURU	14	13	27
TOTAL	31	30	61

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Revenues by source for provinces for which information is available

(revenues from each source as a percentage of total revenues for first 6 months of fiscal year 1943 - 44 and for same period of previous fiscal year, and revenues for first 6 months of fiscal year 1943 - 44, as a percentage of same period of previous fiscal year).

	Direct taxes	Indirect taxes	Manufacturing taxes, customs, lotteries, and other receipts	Total Revenues
SIOMI (5 provinces)				
of total revenues 1943-44	48	35	17	100
of total revenues 1942-43	24	27	11	100
1943-44 revenues to 1942-43	193	64	15	50
MUCILLA (4 provinces)				
of total revenues 1943-44	28	19	7	100
of total revenues 1942-43	21	15	21	100
1943-44 revenues to 1942-43	152	113	40	113
INDOIA II (4 provinces)				
of total revenues 1943-44	48	36	13	100
of total revenues 1942-43	27	30	4	100
1943-44 revenues to 1942-43	37	66	44	50
INDOIA III & V (5 provinces)				
of total revenues 1943-44	44	21	9	100
of total revenues 1942-43	25	24	14	100
1943-44 revenues to 1942-43	85	42	30	49
TOTAL (14 provinces)				
of total revenues 1943-44	39	23	6	100
of total revenues 1942-43	25	24	13	100
1943-44 revenues to 1942-43	184	63	33	66

The table shows that in the fiscal year 1942-43 non-revenue provided the greatest part (almost 40 per cent) of the revenues of the Government, and that almost 60 per cent of direct taxes were contributed about 25 per cent. This distribution of revenues was true for the 14 provinces as a whole and for each of the areas. In the present fiscal year, however, several significant changes have occurred. Municipalities within the past in extent source of revenues only in

of total revenues 1943-44	45	36	13	3	100
of total revenues 1942-43	27	36	39	4	100
of total revenues to 1943-44	27	66	18	44	50
REGION III & V (5 provinces)					
of total revenues 1943-44	44	23	26	9	100
of total revenues 1942-43	25	24	37	14	100
of total revenues to 1942-43	25	42	35	30	66
TOTAL (14 provinces)					
of total revenues 1943-44	39	23	32	6	100
of total revenues 1942-43	25	24	38	13	100
of total revenues to 1942-43	104	65	55	33	66

The table shows that in the fiscal year 1942-43 municipalities provided the greatest part (almost 40 per cent) of the revenues of the Government, and that indirect taxes and direct taxes contributed about 25 per cent. This distribution of revenues was true for the 13 provinces as a whole and for each of the years. In the present fiscal year, however, several significant changes have occurred. Municipalities remain the most important source of revenues only in Puglia. In all other areas direct taxes (principally the various income and wealth taxes) have become the most important source, and in Sicily and Puglia indirect taxes (principally the turnover tax and the various registration taxes) have become the second most important source. This change has resulted from the great decline in indirectly revenues, especially in Sicily and Puglia II, and from increases in revenues from direct and indirect taxes. Indeed, indirect tax revenues in this fiscal year are only 63 per cent of the amount last fiscal year. Revenues from direct taxes have been maintained in Sicily and Puglia in the total of the 13 provinces, but they are only 35 per cent of last fiscal year in Puglia III and V. Manufacturing taxes yielded 4 per cent of total revenues last fiscal year and the same percentage this fiscal year. Revenues from industries and customs, however, which constituted 1.9 per cent of total revenues last fiscal year are almost 6.4 per cent this year.

5. Alcoholic

(a) Tobacco. During the month 100 gave its approval to the Italian Government's recommendations for the prices to be paid farmers for tobacco grown in the 1943 season under contracts with the Government. The prices determined for the 1943 crop are approximately 70 per cent higher than those for the 1942 crop. The cigarette paper ordered from the United States has not yet been received, although delivery was originally promised to begin in January. If this paper is not received soon the production of cigarettes will cease. The war received early in April that 12 tons of cigarette paper was enroute. The production capacity of the nine factories for in complete or partial operation is stated to be as follows: (in thousand of kilos monthly) cigars - 100; cigarettes - 367; cut tobacco - 64. The tobacco drying and curing capacity, especially that near Bologna, has been very considerably reduced by the destruction of the war and by army requisitioning. In the Emilia area present capacity is only about 1/3 of normal.

(b) Salt. The principal salt works in at Margherita di Savoia in Puglia province. This is working satisfactorily, but, owing to transport difficulties across the mainland, it is now proposed that salt be brought from Sicily to Naples by sea. In this connection plans are under discussion with the Ministry and Commander Sub-Commission for the transport of salt and tobacco by sea whenever possible, and for the adoption of a long-term scheme for rail transport in place of the present practice of depending upon weekly allocations.

(c) Hides. A request has been made to OSS for the importation of chrome of chrome and other supplies needed for the continued production of hides at the Sirea factory in Naples. Production at present is about 6 million boxes a month, or 75 per cent of capacity. About half of this production is supplied to the Allied forces.

6. Budget and Expenditure Control

1. Expenditure control

(a) Civil operations

During the latter half of February and the month of March, there existed in that portion of King's Italy which was formerly the Regions I and II and authorization in the field of budgetary control. This resulted from the fact that such authorization had been placed on 11 February under the jurisdiction of the Italian Government, which could not at that time exercise control of financial operations. By agreement it was continued to function in the area until 31 March 1944. Thereafter financial control is to be the responsibility of the Italian Government, but

the Transit and Commerce Sub-Committee of the Senate, and for the adoption of a long-term scheme for rail by sea whenever possible, and for the adoption of the practice of depending upon weekly allocations.

(c) Hatches. A request has been made to GOS for the importation of calorific oil, petrol and other supplies needed for the continued production of electricity at the SARP factory in Naples. Production at present is about 6 million boxes a month, or 75 per cent of capacity. About half of this production is supplied to the Allied forces.

C. Budget and Expenditure Control

1. Expenditure control

(a) Dual operations

During the latter half of February and the month of March, there existed in that portion of King's Italy which was formerly EAO Regions I and II dual authorities in the field of budgetary control. This resulted from the fact that such territory had been placed on 11 February under the jurisdiction of the Italian Government, which could not at that time exercise control of fiscal operations. By agreement 10% continued to function in the area until 31 March 1944. Thereafter fiscal control is to be the responsibility of the Italian Government. The assistance of Mr. During March was requested by the Italian Government, but resulted in the case of at least one province in the issuance of authorizations to a unit by both EAO and the Italian Government. This, in itself, might not be cause for concern, but since reliance is placed on the Treasury Section of the Bank of Italy for records of expenditures, and since such records do not distinguish between authorization, it is only after a detailed analysis of all accounts that a determination can be made as to the source of the authorization, and consequently the ultimate responsibility for the expenditure. Recognition of this situation should not occur after 1 April 1944.

(b) Revised procedure for expenditure control

(1) Italian Government. As a result of our studies of the Italian Government's budgetary control procedure, the necessity for the institution of more effective measures and a better system of recording expenditures became apparent. A procedure has been formulated and is being submitted to the Italian Government. Essentially, the suggested procedure provides for a revised subject of the procurement of expenditures also independent of the Bank of Italy. Since such expenditures data is available, problems in connection with the disbursement figures of the Bank of Italy such as "unauthorized

collettiva", (described in this Sub-Commission's February Report) should be solved.

(12) Sicily. Local government expenditure control act in February for Sicily provided for the creation of a temporary "Business Locals" in Palermo to approve local budgets covering the period 1 April to 31 December 1944. This procedure was originally suggested because it was believed communication facilities between the mainland and the island prevented such control being exercised from Salerno. A study of the time required for communication indicated the availability of facilities existing on the island covering to those on the mainland and a decision was made by the Italian Government to eliminate the "Business Locals" at Palermo and to process the work through Catania.

2. Estimates

During March, no attention was paid in the nature of purpose of the Italian Government's budget estimates. They continued to have no relation to function. These estimates are made by the Minister of Finance himself, rather than by the Ministerial personnel, and their sole purpose is to serve as a basis for estimating the need for currency by the Banca d'Italia to cover Government expenditures. Further, the estimates are not made in time to be useful. For example, the estimates for the month of March were not received until 11 March and the Minister of Finance has advised that estimates for April would not be available until 10 April.

Since the Italian Government was not in position to assure jurisdiction of territory other than Puglia the estimates for March never only that area. These estimates, for the first quarter of 1944, are given in the following table:

Estimates of Italian Government spending
Puglia (less Puglia), first quarter 1944
(millions of lire)

	January	February	March
Finance	20.0	20.0	16.0
Justice	5.0	5.0	5.0
Foreign Affairs	1.0	1.0	1.0
Education	13.0	13.0	15.0
Interior	59.0	70.0	100.0
Public Works	5.0	10.0	8.0
Manufacture	150.0	210.0	170.0
Agriculture	0.0	3.0	1.0

estimate, the estimates for the month of March were not received until 11 March and the Minister of Finance has advised that estimates for April would not be available until 10 April.

Since the Italian Government was not in position to assume jurisdiction of territory other than Puglia the estimates for March cover only that area. These estimates, for the first quarter of 1944, are given in the following table:

Estimates of Italian Government spending
Puglia (less Foggia), first quarter 1944
(millions of lire)

	January	February	March
Finance	20.0	20.0	16.0
Justice	5.0	5.0	5.0
Foreign Affairs	1.0	1.0	1.0
Education	13.0	13.0	13.0
Interior	55.0	70.0	100.0
Public Works	6.0	10.0	8.0
Communications	190.0	210.0	170.0
Agriculture	3.0	3.0	3.0
Industry and Commerce	5.0	5.0	5.0
Total Civil Ministries	223.5	332.5	319.5
Monopolies	70.0	45.0	40.0
Lottery	5.0	5.0	5.0
Public Debt	16.0	22.0	24.0
Total exclusive of Military	304.5	404.5	388.5
Army (Puglia only)	157.0	169.3	174.5
Navy (Puglia only)	168.4	175.9	201.1
Air Force (Puglia only)	64.5	53.7	76.0
Total Military (Puglia only)	409.9	405.9	451.6
TOTAL	739.9	804.9	834.6

In the case of military expenditures, budget estimates are furnished monthly to the Ministry of Finance by the ministries concerned, and the estimates are not limited to Puglia but cover total needs. First quarter 1944 estimates for the military are given in the following table:

Estimates of expenditure by Italian Military Ministries
First quarter 1944
(millions of lire)

January February March

Italian Army

Puglia	197	169	175
Lucania	20	23	20
Calabria	47	50	51
Sicily	37	38	35
Sardinia	93	124	168
Sardinia	224	150	177
	---	---	---
Total Army	578	614	626

Italian Navy

Puglia	169	176	201
Calabria	69	86	51
Sardinia	---	19	26
	---	---	---
Total Navy	238	281	278

Italian Air Force

Puglia	94	59	51
Calabria	2	5	8
Sardinia	15	14	46
Sicily	3	---	---
	---	---	---
Total Air Force	134	78	105

Total Air Force	134	78	105
Total Military	920	973	1,009

Total Army	573	614	626
Italian Navy			
Puglia	169	176	201
Campania	69	86	51
Sardinia		19	26
Total Navy	238	281	278
Italian Air Force			
Puglia	24	59	51
Campania	2	5	8
Sardinia	15	14	16
Sicily	3		
Total Air Force	44	78	105
Total Italian military	220	973	1,009

Examination of the two tables of expenditure estimates indicates that the Italian armed forces are spending more than twice as much as the civil government and less than a little less than one-half the military spending is in Puglia.

3. Authorities to spend

Under Italian procedure authorizations to spend funds are classified in a number of categories which are broadly grouped into fixed expenditures and non-fixed expenditures. The former includes all items of expenditure the amount of which is determined by statute, including such items as salaries, pensions, rents, cost service, etc. Non-fixed expenditures are authorized by means of the issuance of an "ordini di accreditamento", by each ministry. These authorities are at present countersigned by the Minister of Finance. No data are available showing "authorities to spend" for fixed expenditures. The table on page 13 indicates the amounts of "ordini di accreditamento" countersigned by the Minister of Finance.

Amounts of ordinari di accreditamento
 countersigned by the Italian Ministry of Finance
 for the Italian Government (Reggio less Poggia)
 (in millions of lire)

Ministry	Approximate monthly average - 8 Sep 43 to 31 Dec 43.	Jan 1944	Feb 1944
Finance	8.4	15.4	11.6
Justice	0	2.5	1.3
Foreign Affairs	0.4	0.4	0.3
Education	9.6	15.0	16.7
Interior	75.2	24.8	94.4
Interior (Italian Africa)	-	2.0	-
Public Works	3.2	5.2	2.5
Public Works (State Roads)	1.5	1.2	-
Communications (Merchant Marine)	1.3	3.3	2.7
Communications (Railways)	13.6	16.5	15.9
Communications (Post & Telegraph)	1	-	-
Agriculture	1.6	1.8	1.5
Industry & Commerce	0.3	1	1.3
Popular Culture	0.4	(1)	(1)
Foreign Exchange (Finance)	-	-	(2)
Monopolies (Finance)	30.4	107.5	73.9
Total Civil	152.8	107.7	221.1
Military			
Army	205.1	303.9	1,051.7
Navy	71.0	221.4	233.2
Air Force	25.0	129.5	51.3
Total Military	291.1	752.6	1,376.2
Total Government	456.9	937.3	1,597.3

(1) 2,000 lire for January and 50,000 lire for February.

(2) 16,000 lire for January and 50,000 lire for February.

It will be seen that total authorizations to April 1944 are
 increasing rapidly; authorizations for January were almost double the monthly
 average for the last four months of 1943, and authorizations for February were
 more than double the monthly average for January.

Popular Culture	3	1	1.3
Foreign Exchange (Finance)	4	(1)	(1)
Monopolies (Finance)	30.4	107.5	(2)
			73.9
Total Civil	132.8	107.7	221.1
Military			
Army	205.1	588.9	1,051.7
Navy	71.0	221.4	233.2
Air Force	25.0	129.3	91.3
Total Military	301.1	739.6	1,376.2
Total Government	436.9	957.3	1,597.3

(1) 2,000 lire for January and 50,000 lire for February.
 (2) 10,000 lire for February.

It will be seen that total authorizations to spend funds are increasing rapidly; authorizations for January were almost double the monthly average for the last four months of 1943, and authorizations for February were 70 per cent greater than those for January.

4. Cash Disbursements

In the absence of expenditure data, the Italian Ministry of Finance has been using the cash disbursement figures of the Treasury Section of the Banca d'Italia. Such figures do not serve the purpose of budgetary control. Because of unsettled conditions the line between expenditures and disbursements has been blurred, and consequently important trends are concealed. Analysis of available disbursement figures further substantiates the conclusion that Italian Government spending in the winter inflationary period in liberated Italy.

5. Provinces and communes

(a) During the month an examination was made of the financial procedures of communes and provinces. In order to obtain data with which indirect estimates for the current year could be compared, returns were called for from

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17 provinces and 188 communes. The total number of communes concerned is 1,516, but it was estimated that more than 60 per cent of all communal expenditures could be obtained in the 180 communes from which returns were required. The remaining communes are of less than 500 inhabitants. Actual expenditure figures for each Commune of the budget for 1943, broken down into months were requested. Each return was to be supported by the Bilancio di Previsione, as approved, for the same year. No returns have yet been received. The budget estimates for 1944 for communes and provinces were also due at the Italian Ministry of Finance on 15 March. To date none have been received.

The Interior Sub-Commission is about to issue a circular, proceeding on Italian Royal Decree, to announce that the 1934 law granting local government is to be set aside and the law of 1915 restored in its place. The power to levy local taxation and authorize expenditure is less under the 1915 law than under that of 1934, and the attention of the Interior Sub-Commission has been drawn to this aspect of the change in order that the existing financial powers of communes and provinces may be left undisturbed.

(b) A survey of certain previously requested returns from the provinces of Genoa and 38 of its communes revealed:

- (i) The estimated expenditure for 3 months January through March 1944, is expected to exceed the actual expenditure for the same period last year by over 40 per cent;
- (ii) The actual excess of expenditure over revenue for the 3 months September through November 1943 was 77 per cent in the province and 76 per cent in the communes;
- (iii) In the budget estimates for the 3 months January through March 1944, the estimated revenue is 20 per cent of the estimated expenditure for the province, and 68 per cent for the communes;
- (iv) The aggregate excess of expenditure over revenue for the 6 months under review (3 months actual - September through November 1943, and 3 months estimated - January through March 1944) is 5.5 million lire for the province and 4.8 million lire for the communes.

(b) A survey of certain previously requested returns from the province of Caserta and 36 of its communes revealed:

- (i) The estimated expenditure for 3 months January through March 1944, is expected to exceed the actual expenditures for the same period last year by over 40 per cent;
- (ii) The actual excess of expenditure over revenue for the 3 months September through November 1943 was 77 per cent in the province and 76 per cent in the communes;
- (iii) In the budget estimates for the 3 months January through March 1944, the estimated revenue is 20 per cent of the estimated expenditure for the province, and 66 per cent for the communes;
- (iv) The net negative excess of expenditure over revenue for the 6 months under review (3 months actual - September through November 1943, and 3 months estimated - January through March 1944) is 5.5 billion lire for the provinces and 4.8 billion lire for the communes.

6. 1944 - 45 Italian Government budget

As the Italian Government's fiscal year begins on 1 July, discussions have been held with the Minister of Finance looking toward the preparation of an adequate budget for the fiscal year 1944 - 45. These discussions have not developed to a point where a report can be given, but will be covered fully in subsequent reports.

D. Cash position of the Italian Government

1. Expenditures in March

(a) Owing to limitations of personnel, communications, and transport, the Italian Government was not able during March to assume financial control over Regions I and II, and these Regions therefore continued to function semi-independently. The Finance Ministry continued to devote its attention to the cash position of the Government in Puglia (Less Puglia). The Finance Minister's estimates of the Government's cash position there for the month of March were as shown on page 15.

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Estimate of cash position of the Italian Government March 1944

(millions of lire)

Estimated total cash expenditures of Italian Government in March (Civil Government in Lucerne plus Military in all zones)	1,390	
Net deficiency in Banca d'Italia cash reserve on 1 March	31	
		1,421
Total currency needs for the month		
Less:		
Government receipts in Lucerne (less Foreign)	140	
Transfer of funds from Sicily	200	
Inflow of currency to Banca d'Italia through increased deposits, reimbursement of advances, etc.	220	
Military services outside Italy:		
Paid by visible: Germany	227	
Germany and		
Soviet Union	71	
Saxonia	56	
Saxony	35	
Saxony	165	
Paid by NE Germany	557	
		1,417
Net currency advance needed by Italian Government in March	304	

(b) When presented analytically as in the foregoing table, the conclusion to be reached from the Minister's statement is that an advance of 304 million lire is required. However, the estimates are not presented to us in this form, but rather in the form of a number of estimates on his list of estimates. As a result, the Minister of Finance says to the following conclusion: "On the basis of the above figures, I consider that only a small supply, if any, of the currency in lire will be necessary in order to meet the cash payments of the Italian Government up to the end of March and March cash need in the Banca d'Italia up to a minimum of about 140,000,000,000 which I consider indispensable for any unforeseen emergency". (Memorandum of the Minister of Finance to the Finance Sub-Committee, 9 March 1944)

200

Transfer of funds from Sicily
 into currency to Banca d'Italia through
 increased deposits, reimbursement of
 advances, etc.

220

Military forces outside Puglia
 paid by various

227

Lucania and
 Calabria
 Basilicata
 Sicily

71

56

35

160

557

paid by ASG Garibini

Total resources to be subtracted

1,117

Net currency advance needed by Italian Government in March 304

(b) When presented analytically as in the foregoing table, the conclusion to be reached from the Minister's estimates is that an advance of 304 million lire is required. However, the estimates are not presented to us in this form, but rather in the form of a running commentary on his list of estimates. As a result, the Minister of Finance came to the following conclusion: "On the basis of the above figures, I consider that only a small surplus, if any, of 333 currency in lire will be necessary in order to meet the cash payments of the Italian Government up to the end of March and keep a cash fund in the Banca d'Italia up to a minimum of about lire 100,000,000 which I consider indispensable for any unforeseen emergency". (Memorandum of the Minister of Finance to the Finance Sub-Commission, 9 March 1944.)

This discrepancy between estimate and conclusion appears to have occurred through the Minister's adding into his estimate of receipts for the month, the cash balance of 369 million lire that the Banca d'Italia held at the beginning of the month in Puglia. Actually, since this 369 million lire cash balance was 31 million below the 400 million minimum reserve, it represented not a surplus of available funds but a demand for 31 million lire. Having made this error, which resulted in giving him an estimated surplus of 65 million lire in currency for the month rather than a shortage of 304 million, the Minister prudently forbore to show this surplus in his memorandum to us.

(c) No advance was asked to the Italian Government during the month. While available data are not yet available, it appears that the flow of currency into the Banca d'Italia was so much greater than the figure shown in the Minister's estimate that no advance was needed. The transfer of 200 million lire from the Banca d'Italia in Sicily to the Banca d'Italia in Puglia, as shown in the estimate, was accomplished.

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2. Summary of past experience

A summary comparison of the Finance Minister's estimation of his currency needs with the "actual needs" as they appeared in the operations of the Banca d'Italia is given below. The sums actually advanced are the same as those shown as "actually needed", a circumstance resulting from the fact that the advances of December and January were made near the ends of those months and with the aid of Banca d'Italia operations figures.

Finance Minister's estimates of Government currency needs for the month.	Actual needs as shown in operations of the Banca d' Italia during the month.
---	---

(in millions of lire)

December 1943 - Advance requested	1,000	450
January 1944 - Minister's calculations	470	
Advance requested	450	
Minister's calculations adjusted by elimination of error of 50 million lire	420	200
February 1944 - Advance requested	0	0
March 1944 - Advance requested	0	
Minister's calculations adjusted by elimination of errors	504	0

3. Plans for the future

(a) Beginning 1 April all advances on Italian Government account in King's Italy or AMG Regions must be cleared through Finance Sub-Commission Headquarters in order to make possible an examination of the cash position as a whole.

(b) On 31 March a conference was held with the Minister of Finance and the Vice-Chancellor of the Banca d'Italia at which agreement was reached on a plan to make possible the absorption of excess cash in branches of the Banca d'Italia and a plan for a more regularized examination of the cash position of the Banca d'Italia. Owing to the decentralization of the Banca d'Italia system that prevailed until recently, advances to branches of the Banca have continued to be made in deficit currency areas while a net inflow of currency in neighboring areas was being held in other Banca d'Italia branches.

December 1943 - Advance requested	1,000	450
January 1944 - Minister's calculations	470	
Advance requested	450	
Minister's calculations adjusted by elimination of error of 50 million lire	420	200
February 1944 - Advance requested	0	0
March 1944 - Advance requested	0	
Minister's calculations adjusted by elimination of errors	304	0

3. Plans for the future

(a) Regarding 4 April all advances on Italian Government account in King's Italy or RIR Regions must be cleared through Finance Sub-Commission Headquarters in order to make possible an examination of the cash position as a whole.

(b) On 31 March a conference was held with the Minister of Finance and the Vice-Commissioner of the Banca d'Italia at which agreement was reached on a plan to make possible the absorption of excess cash in branches of the Banca d'Italia and a plan for a more regular examination of the cash position of the Banca d'Italia. Owing to the decentralization of the Banca d'Italia system that prevailed until recently, advances to branches of the Banca have continued to be made in deficit currency areas while a net inflow of currency in neighboring areas created widely large currency holdings in other Banca d'Italia branches. For this reason, and also for the reason that the re-unification of the branches of the Banca d'Italia into a single reserve pool has reduced the total reserve required to a sum considerably below that which was required when each branch had to depend solely upon its own resources, it was agreed that the Banca d'Italia is to repay 1.9 billion lire to the Allied Financial Agency and to hold this 1.9 billion lire for AFM in a special account as the Banca d'Italia to be known as Account Number 2, with a 100 per cent currency cover at all times. No payments may be made from such account except by AFM. The 1.9 billion lire will be drawn from the following areas:

	(millions of lire)
Naples	200
Sicily	800
Salerno	100
Puglia (less Pozzolo)	100
Liguria and Calabria	100

Total	1,900

It was further agreed at the conference that toward the end of every month the currency position of the Banca d'Italia would be reconsidered and that the Number 2 account would be adjusted in the light of these surveys.

2. The ACC Monthly Financial Review of Italy

As announced in the last Report, the Finance Sub-Commission is issuing a monthly publication that will present, in usable form, the available statistics on Italian Government finance and bank operations. From time to time important descriptive studies of the Italian financial system will also be published in the Review. The new statistical office of the Banca d'Italia is now beginning to assemble considerable data. This material will be set up in permanent extensions in the Review and added to from month to month. A copy of the current Monthly Financial Review is attached hereto as Appendix 'B'.

III. OPERATIONS OF THE ALLIED FINANCIAL AGENCY AND COMMISSION
AND EXCHANGE PROBLEMS

A. The Lira exchange rate

Ever since his first appointment to the post, the present Italian Minister of Finance has maintained that the exchange rate of 400 lire to the dollar and 400 lire to the pound sterling, established at the time of the invasion of Sicily, has been, and continues to be, the principal cause of the inflation in occupied Italy. He argues that the rate has been responsible for the inflation for two reasons: because it has caused Italian sellers to demand higher lira prices and Italian buyers to be willing to pay such prices, and because it has given Allied troops too large a purchasing power in Italy. On 24 February Marshal Badoglio submitted a formal statement to the Allied Control Commission requesting that the dollar value of the rate be increased.

In view of the Finance Minister's emphasis upon the question, and in view of the fact that the Minister's arguments, unexamined, appear to have obtained wide acceptance, the Finance Sub-Commission's technical staff has prepared a number of studies of the entire problem. These studies have been summarized in a memorandum of 29 March which has been transmitted to the Combined Civil Affairs Committee of OSS. A copy of this memorandum is attached as Appendix 'C'.

Consideration of the experience of devaluation in the United States and other countries and of the numerous historical cases of changes in exchange rates that were not followed by significant price changes is sufficient to dispose of the view that a direct psychological connection exists between exchange rates

A. The Lira exchange rate

Ever since his first commitment to the post, the present Italian Minister of Finance has maintained that the exchange rate of 100 lire to the dollar and 400 lire to the pound sterling, established at the time of the invasion of Sicily, has been, and continues to be, the principal cause of the inflation in occupied Italy. He argues that the rate has been responsible for the inflation for two reasons: because it has caused Italian sellers to demand higher lira prices and Italian buyers to be willing to pay such prices, and because it has given Allied troops too large a purchasing power in Italy. On 24 February Marshal Badoglio submitted a formal statement to the Allied Control Commission requesting that the dollar value of the rate be increased.

In view of the Finance Minister's emphasis upon the question, and in view of the fact that the Minister's arguments, unanswered, appear to have obtained wide acceptance, the Finance Sub-Commission's technical staff has prepared a number of studies of the entire problem. These studies have been summarized in a memorandum of 20 March which has been transmitted to the Combined Civil Affairs Committee of CCS. A copy of this memorandum is attached as Exhibit 'C'.

Consideration of the experience of devaluation in the United States and other countries and of the numerous historical cases of changes in exchange rates that were not followed by significant price changes is sufficient to disprove the view that a direct psychological connection exists between exchange rates and prices. Furthermore, the facts that inflation was in progress in Italy long before the Allied invasion, that inflation continues in areas of Italy from which Allied troops have been largely removed, that there are real shortages of all essential items, and that for many years the Italian Government has had a large and growing deficit, are sufficient to demonstrate that Allied troop expenditures are by no means the original cause of inflation or the only inflationary force now at work. Accordingly, the Finance Sub-Commission's studies concentrated upon the measurement of Allied troop expenditures and other inflationary factors, and upon analysis of the effects that might be expected to result from a reduction in troop expenditures achieved through an increase in the dollar value of the lira to, say, 50 lire to the dollar and 200 lire to the pound.

In order to measure the expenditures of Allied troops in Italy it is necessary to subtract from their pay, not only the large sums that are allotted to their home countries, but also the very considerable sums that are spent in local Army stores, remitted to home countries through postal money orders, cables, and war bond purchases, and deposited with finance officers. Data on

all of these items are now being received by the Army and Allied military units operating in Italy. The figures presented in Appendix 'A' show that actual soldier expenditures in Italy, as measured, amount only to some 1.7 billion lire per month, and later figures now available indicate that in February soldier expenditures amounted to only about 1.6 billion lire. If it can be assumed that soldiers would react to a 50 per cent reduction in their lire incomes by reducing the dollar or sterling value of their war bond purchases and cable remittances by $1/3$, then their lire expenditures after the change in the rate would be 1.0 billion lire, or only 700 million lire less than at present. While 700 million lire per month would represent a significant reduction, about 400 million lire remain of Allied military expenditures for local supplies and labor, and the per month of Allied military expenditure for the Italian Government, which, while enormous and rapidly growing deficit of the Italian Government, which, while still unknown, is variously estimated at from 3 to 5 billion lire per month. It seems clear that a reduction in soldier expenditures imposed by an increase in the dollar value of the lire could not correct, nor materially offset, the inflationary situation in Italy.

While such an increase in the dollar value of the lire would not materially improve the situation in Italy, it would impose a very great burden upon our troops. The arching power of that portion of their wages which they now spend in Italy would be severely cut. Furthermore, in an effort to maintain their present spending habits, they would reduce their remittances to their home countries. If it could be demonstrated that soldiers' expenditures are a sufficiently important factor in the situation to demand restrictive action, their expenditures could be reduced by means, such as compulsory rationing, that would not reduce their real incomes.

The Finance Sub-Commission is strongly of the opinion that the Italian Government's deficit, and not Allied troop expenditures, is the principal monetary factor in the Italian inflation. The Italian Government, in continuing to focus attention upon Allied soldiers' expenditures, has obscured its own failure to prevent its revenues from declining and its expenditures from increasing.

B. A program for conversion of Metropolitan lire

It has been realized for some time that the German staff, upon abandoning areas in Italy presently occupied, issue large quantities of Italian currency in order to complicate the position for the Allies. In any event, the Germans are known to be receiving some seven and a half billion lire per month as occupation costs in occupied Italy. It should be added that the monthly deficit, especially, there are other forms of liquid assets.

troops. The Archduke's army, furthermore, in its effort to spend in Italy would be severely cut. Furthermore, in their present spending habits, they would reduce their remittance to their home countries. If it could be demonstrated that soldiers' expenditures are a sufficiently important factor in the situation to demand restrictive action, their expenditures could be reduced by means, such as compulsory allotments, that would not reduce their real incomes.

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B. A programme for conversion of Metropolitan lire

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the necessary currency for public disbursements from the reserves of the Bank of Italy. The currency from branches of the Bank which have a surplus of cash is being transferred to the branches which are short of currency. In this and the transfer of the cash from the branches of the Bank of Italy in Palermo to the Bank of Italy in Sassari, for account of the Bank of Italy, should a definite decision be taken to move currency in this fashion. If approved, this procedure would conserve unopened boxes of old lire for disbursement to the Allied armed forces.

On 14 March the sum of 200 million lire was repaid by the Italian treasury to the Allied Financial Agency, Palermo, and currency amounting to this sum was set aside in various branches of the Bank of Italy situated in Sicily, as a 100 per cent reserve against a Number 2 account opened in the name of the Allied Financial Agency, Palermo. This step was taken as an effect to an additional advance of 200 million lire extended to the Bari branch of the Bank of Italy, which had recorded a net outflow of currency. A part of the excess reserves of the banking system in Sicily was thus drawn within the system of control of the Allied Financial Agency, while the currency was left physically available as an emergency reserve.

3. Advances to Allied missions and Allied nationals in Italy

There are ten missions attached to the Intergovernmental Displaced Persons Sub-Commission in Bari at present: the Russian, Belgian, Czechoslovak, French, Polish, Yugoslav, Greek, Norwegian, and Royal Yugoslav. Per some time, the Sub-Commission has been advancing funds to cover personal expenses of the missions and on 16 March was instructed to make lump-sum advances for the relief of their nationals, subject to proper accounting therefor and acknowledgment of the debt by the home government of the mission concerned. A ruling has been sought from the home government of the mission as to the Italian relief of Italian relief so far, which may be charged to occupation cost or to the Italian treasury. An attempt was made to anticipate the detailed information which will be necessary to distinguish benefits paid to involuntary residents of Italy, from those paid to voluntary residents, in order to set forth the accounting procedure to be applied by the Czechoslovak mission in recording disbursements from an advance of 200,000 lire authorized for that mission on 27 March.

The manager of the Bari branch of the Sub-Commission was ordered to Naples for consultation in the entire problem of advances to missions. He has recommended that the Intergovernmental Displaced Persons Sub-Commission be made a Sub-Commission of the Sub-Commission and that the Sub-Commission be directed. Moreover, the Sub-Commission is to disburse funds and account to the Sub-Commission for paying relief of the Sub-Commission on facilities for paying relief.

Sub-Commission in Bari at present: the Russian, Bulgarian, Greek, Hungarian, and Rumanian. The Commission has been instructed to make necessary advances for the relief of their nationals, subject to proper accounting thereof and acknowledgment of the debt by the home government of the mission concerned. A ruling has been sought from OCS as to these categories of relief expenditures, in excess of Italian relief scales, which may be entered to occupation cost or to the Italian treasury. An attempt was made to enter the detailed information which will be necessary to distinguish benefits paid to involuntary residents of Italy, from those paid to voluntary residents, in setting forth the accounting procedure to be followed by the Czechoslovak Mission in recording disbursements from an advance of 200,000 lire authorized for that mission on 27 March.

The manager of the Bari Branch of ARA was ordered to prepare for consultation on the entire problem of advances to missions. He has recommended that the Internecine and Displaced Persons Sub-Commission be made a Sub-Committee of ARA, to disburse funds and account to ARA for them as directed. However, he reports that the missions do not have staffs or facilities for paying relief to their nationals in any systematic fashion and suggests that all payments be made by the I. and D.E. Sub-Commission, and charged to the appropriate government on its records. At present nationals of Allied countries not resident in I. and D.E. camps are receiving relief from the Italian Government, in many cases on a scale exceeding the Italian relief scale, although this has not as yet been approved by OCS.

The missions also desire to obtain lump-sum advances for unspecified purposes, especially for expenditures outside of liberated Italy. ARA does not consider itself authorized to make advances of this sort, for which no accounts will be forthcoming.

A. Advances to nationals of U.S. and U.K.

The draft executive memorandum which was discussed in Section II, 6, of this Sub-Commission's Report for February was approved without substantial change. Copies of the necessary applications and receipts, which are to be completed in sextuplicate, are also being printed. In Sicily, the Consul-General has reported that he has been able to certify as U.S. nationals only

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three of the first twenty applicants. As the existing procedure has absorbed a very great amount of time in preparation to the advance actually made, and the new procedure will absorb even more, the Palermo branch of AFM has suggested that it be explained so far as U.S. nationals are concerned, and requested by remittances initiated by the State Department to these persons indicated on its records as having been in Italy at the time of the closing of the U.S. consulate, and not otherwise accounted for, in so far as this is possible.

II. Deposits with AFM

1. Deposits by "A" Force

On 10 March 1944, the branches at Bari and Naples were instructed to open deposit accounts from which payments will be made by Military Officers of AFM/AFM, acting as agents of "A" Force.

2. Deposits of U.S. Army unit funds

On 24 March, 1944, a memorandum was handed to Col. Stewart, of the Office of the Fiscal Director, War Department, and a member of the War Department Mission that visited Italy during the month, suggesting the following three methods by which AFM could avoid the immobilization of yellow seal dollars as exchange cover for accounts representing deposits of U.S. Army unit funds, now made necessary by the requirement that the accounts be carried in dollars:

- (a) An Army directive providing that custodians of unit funds shall be liable only for the currency received by them and not liable in dollars.
- (b) Deposit of these funds in lire with AFM, in the name of an Army Finance Officer, rather than in the name of the custodian, with the Army Finance Officer taking the exchange risk.
- (c) Purchase by AFM from an Army Finance Officer of Treasurer's cheques, payable to the Allied Financial Agency, in New York, dollars outside of Italy, or payable in Yellow Seal dollars in Italy, to be held as a reserve against the dollar liability which AFM would continue to assume.

J. Foreign exchange transactions

1. Receipts from the U.S. and the U.K.

- made necessary by the requirement that
- "(a) an Army Directive providing that custodians of unit funds shall be liable only for the currency received by them in not liable in full.
 - "(b) Deposit of these funds in lire with ANA, in the name of the custodian, Army Finance Officer, rather than in the name of the custodian's Army Finance Officer, taking the exchange risk.
 - "(c) Purchase by ANA of an Army Finance Officer of Treasury's cheques, payable to the Allied Financial Agency, in Blue Seal dollars, payable to Italy, or payable in Yellow Seal dollars in Italy, to be held as a reserve against the dollar liability which ANA would continue to assume."

J. Foreign exchange transactions

1. Remittances from the U.S. and the U.K.

The Combined Civil Affairs Committee of COS was advised on 5 March that the Banca di Napoli was prepared to act as agent for effecting remitted remittances to Sorrento and to the ten provinces of Southern Italy which were listed in Section II, 4, of the February Report. On 31 March 1945 advised ANA that Banca di Napoli was to send remittances to this area as per list of that bank in the U.S. would begin to send remittances to its branches. 15 April 1944. The license authorizing such remittances has not yet been received, but instructions have been sent by the Banca di Napoli to its branches.

In view of the anxiety expressed by ANA and U.S. banks to send remittances directly to the Banca di Napoli, rather than through the seven corresponding banks in Sorrento, to make remittances, the Banca di Napoli was authorized to increase the number of the U.S. correspondents to twenty, and was authorized to increase the number of the U.S. correspondents to twenty, and to effect remittances for non-custodian agent banks in Italy with a correspondent bank accompanied by signed confirmation of a dollar deposit in British remittance to cover such remittance lists. Some modifications in British remittance procedure were transmitted to Palermo on 30 March, the chief of which was the agreement of the Banca di Napoli to effect remittances for the sterling area countries as well as the U.S., and the grant of permission to effect remittances to Switzerland, Switzerland, Switzerland, and Austria, and Austria, the sum of 1,325 U.S. dollars, or an amount of about \$ 43.00

to the dollar rate
\$ 32,352, remitted

C. Preparation of a new Italian Government currency

The Joint Director (A) of the Finance Sub-Committee brought with him on his return from Washington samples of the new Italian Government lire currency prepared in the United States. All fascist symbolism has been removed from the design of the new Banca d'Italia and State notes. The King's portrait, which formerly appeared only on the 5 and 10 lire State notes, has been omitted from the new design for these notes. The proposed designs were accepted by the Minister of Finance for the Government, subject to certain minor technical changes. The samples of the proposed design, together with the suggested alterations, have been returned to Washington for consideration of the final design. It is believed that the new currency will not be ready for at least six months from the date of approval of the model.

D. Circulation of Blue Seal dollar

An active campaign to eliminate traffic in Blue Seal dollars has been pursued, and will be intensified in the very near future. Arrangements have been made with the Merchant Marine, the Allied Navies, and the Air Transport Command to control the importation of Blue Seal dollars into Italy. Vessels are being patrolled on all ships, and at all transport centers, and better facilities for the conversion of dollars into lire have been arranged. Dealers in Blue Seal dollars are being identified and prosecuted. Arrangements are being made whereby banks will insure all Blue Seal dollars presented for deposit or for exchange into lire. Other measures, which cannot be disclosed at this time, are also being taken.

E. Italy's clearing and foreign exchange payments

The government is being told for a complete investigation of the financial position of the National Foreign Exchange Control Institute (Istituto di Riscatto, etc.) which is being conducted. Valuable data have already been obtained from branches of the Bank of Italy in London and elsewhere regarding the operations of the Institute. The Sub-Committee is obtaining reports of particular and exchange agreements, and financial statements, and operations of particular accounts provided for in the clearing arrangements with Germany and satellite countries. In addition, outstanding payments received from Italy to be noted of the Banca d'Italia are being carefully examined in cooperation with the Counter-Intelligence Corps of the United States Army.

F. All lire currency

The major development of the month was the decision to order a revaluation of the lire currency. The decision was taken for the April currency of covering the deficit of the Italian economy, and the decision was taken for the

cargo plane crashed in Florida. The cargo security officer has certified to the loss of all cargo. However, all branches of the Allied Financial Agency have been advised that notes bearing the following serial numbers are not valid:

Denomination	Serial numbers
5 lire	A 31 504 001 B - A 34 976 000 B
10 lire	A 74 240 001 A - A 74 308 000 A
	A 74 356 001 A - A 74 432 000 A
	A 75 072 001 A - A 75 200 000 A
	A 75 504 001 A - A 75 648 000 A
	A 75 712 001 A - A 77 124 000 A
	A 77 240 001 A - A 77 412 000 A
	A 77 440 001 A - A 89 984 000 A
50 lire	A 72 576 001 A - A 72 608 000 A
	A 72 672 001 A - A 72 896 000 A
	A 75 248 001 A - A 77 284 000 A
150 lire	A 88 640 001 A - A 89 984 000 A
500 lire	A 21 952 001 A - A 24 924 000 A
1000 lire	A 42 616 001 A - A 43 176 000 A

With a view to reducing the possibility of raising 15 lire, all branches of the Allied Financial Agency were instructed on 30 March 1944 to avoid, in so far as possible, paying out unopened boxes of 15 lire which were printed in the early lots, and which do not state the denomination in words. On the same date the branches received detailed instructions covering the redemption of mutilated 15 lire notes, as laid down in a document from the Combined Civil Affairs Committee.

C. Advances of AFA funds

1. Advances to Allied armed forces

In accordance with instructions from the Combined Chiefs of Staff, branches were instructed on 23 March to make payments to and to obtain receipts directly from certain Allied and all Dominion, or Colonial military units which are paying out 15 lire for military purposes, wherever it is physically possible for the said Allied unit to draw from an AFA branch. In cases where it is found necessary to continue the current provision of finance funds to the British Government for distribution to such units, receipts shall be made to the British Government when receipts have been received from these units, Dominion, or Colonial officials who will be designated by 008 to receive funds from AFA. Records of past issues to these forces are being obtained from the British Deputy Treasurer in Cairo so that refunds may be made to cover past issues of this character. On 22 March the British War Office reported that 008 would

G. Advances of AA funds

1. Advances to Allied armed forces

In accordance with instructions from the Combined Chiefs of Staff, branches were instructed on 23 March to make payments to and to obtain receipts directly from certain Allied and all Dominion, or Colonial military units which are paying out AA fire for military purposes, whenever it is physically possible for the said Allied unit to draw from an AA branch. In cases where it is found necessary to continue the current practice of issuing funds to the British, Dominion or Colonial units, receipts will be made to the British, Dominion or Colonial paymaster when receipts have been received from these Allied, Dominion, or Colonial officers who will be designated by CDS to receive funds from AA. Records of such issues to those forces are being obtained from the British Deputy Paymaster in China so that receipts may be made to cover past issues of this character. On 22 March the British War Office reported that CDS would be asked to carry a similar procedure to all advanced units to be-bulligence for military purposes, and also reminded the Commanding Officer to report to AA all advances made by the Royal Navy or the Royal Air Force to Allied, Dominion, or Colonial units.

2. Advances to the Italian treasury

A decision was made to centralize all financing of the Italian military efforts under the supervision of the Finance Minister and the Finance Sub-Commission, AGO. Secondly, after 1 April 1944, no further advances will be made to the Italian treasury, to prevent institution or to the Bank of Italy or any other Italian bank by any AA officer other than those serving under the Senior Civil Affairs Officers with the Fifth and Eighth Armies, with the prior authorization of the Joint Directorate of the Finance Sub-Commission. Advances to provinces and cantons are not effected by this directive. However possible, it is hoped to provide

per remittance, had been ordered until the Sicilian residents by tax books in the United States. Special reports will be submitted twice each month, beginning 31 March 1944, by Ami Palermo, showing the total amount of remittances ordered. As the Banco di Sicilia had ordered only a small volume of business, it will not be able to effect any payments to beneficiaries before 15 April.

2. Other transactions

Requests have been received for permission to remit personal funds in both large and small sums from former Italian colonies to Italy, from Italy to former Italian colonies, from Argentina to Italy, and from Italy to Switzerland. In the case of former Italian colonies, the matter has been referred to the Political Section of ABC. A request has also been made that reports of postwar status to philatelists on private account be permitted, but there is at present no method of collecting the foreign exchange proceeds of private exports. For further action has been taken to collect in remittances under ABC's control the proceeds in foreign exchange of goods sold through governmental channels to various Allied territories (U.K., French North Africa, Malta, and U.S.)

E. Branch administration

In order to ensure greater uniformity of procedure, a general directive was addressed to all branches of ABC on 27 March, covering basic accounts, the organization of each, documents, and valuables and correspondence. In addition to this general instruction, the attention of the Joint Directorate of the Finance Sub-Commission was invited to the desirability of improving the security of one currency storage vault in Naples, by certain alterations to the vault, and by means of an augmented military guard, to be supplied by ABC. As of 30 March 1944, the service for paid to the Banco di Sicilia was in fact terminated, and the bank was at the same time relieved of the previous requirement that ABC's account with it be covered by 100 per cent reserve.

L. Relations with Bank of Italy

It having been decided that the representative of the Finance Sub-Commission will be an Italian officer with the rank of Italy, and that he will work closely with the Headquarters, Allied Financial Agency, in order to insure co-operation between the Italian control bank and the Allied Agency which issues with the usual problem of a central bank, the proposed arrangements recommending some nine technical staffs in the bank of Italy. A list has now been taken on the first of these, as the Commission of the Bank has issued instructions to the branches concerning the redemption of mutilated notes of the Bank of Italy, at San Marino, when requested by ABC or by Allied Finance Officers or representatives, if no frequent payment is made then, especially if the original bank, and before no serial number

K. French administration

In order to ensure greater uniformity of procedure, a general directive was addressed to all branches of AFI on 27 March, covering bank accounts, the safeguarding of cash, documents, and valuables and currency. In addition to this general instruction, the attention of the Joint Director of the Finance Sub-Committee was invited to the desirability of improving the security of the currency storage vault in Naples, by certain alterations to the vault, and by means of an augmented military guard, to be supplied by ISI. As of 31 March 1944, the service fee paid to the Banco di Sicilia was at least terminated, and the bank was at the time also relieved of the previous requirement that its account with it be covered by 100 per cent reserve.

L. Relations with Bank of Italy

It having been decided that one representative of the Finance Sub-Committee would be made liaison officer with the Bank of Italy, and that he would work closely with the Headquarters, Allied Intelligence Agency, in order to insure co-operation between the Italian central bank and the Allied Agency which deals with the usual problem of a central bank, the representative of the Finance Sub-Committee was appointed to the post of the Bank of Italy. Action has now been taken on the part of the Bank of Italy. The Bank has issued a variety of instructions to the branches regarding the redemption of mutilated notes of the Bank of Italy, at face value, when presented by AFI or by Allied Finance Officers or Ministers, if the fragment is larger in area than one-half the original note, and bearing an serial number and an note number, are presented. If the said fragment is larger than one-half the original note, but one of both numbers are not decipherable, the Agency will be relieved of face value if the authorized Allied officer submits a statement to the effect that the remainder of the note has been destroyed. Discussions are now proceeding on the other questions raised, which relate to the destruction of mutilated metropolitan lire held by branches of the Bank, the destruction of mutilated lire of unimpaired notes taken from corpses, the destruction of the mutilated lire of unimpaired notes of various branches, interest rates paid and received by the Bank of Italy, reporting of each and unit AFI lire, and statement of vault stores on the cash position of each AFI is now arranging to receive monthly reports on the cash position of each branch of the Bank of Italy, by communication and by type of currency.

M. Discussion with mission from Washington

During the month several conversations were held with The War Department Mission. As a result of these discussions, a memorandum was prepared recommending certain changes in the procedure for making up and recording

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shipment of new currency, to facilitate rapid handling by all upon receipt. Arrangements were also made to request blank or incompletely printed notes to the Bureau of Printing and Engraving in Washington. The primary purpose of the mission, however, was to explore the advantages of certain accounting changes, chief of which was the segregation of the detailed operating accounts of AGC from AFM's accounts, which would continue to record in its books only the detailed records relating to advances to the Allied armed forces, bulk transactions with the Italian treasury and other governmental agencies, foreign exchange transactions, and its own operating accounts. Several other changes in the form of accounting statements were also discussed. The mission also received a detailed statement of AFM's functions and its place in the Finance Sub-Commission and relationship to AGC officers in the field. Individual members of the mission also gave advice on numerous questions now confronting AFM, such as the deposit of U.S. Army unit funds, personal remittances from the U.S., statistical reports from the Allied armed forces, advances for the relief of Allied nationals, the Fifth Army's request that currency collected by German Registration Offices on the battlefield be destroyed at once on the battlefield, and other matters discussed in previous sections of this report.

IV. FINANCIAL INSTITUTIONS

A. General

1. Implementation of Administrative Memorandum Number 95

After the completion of discussion with the Italian Government and representatives of the Allied armed forces, the final documents containing AGC's part of the program (under which the Italian Government will pay for local supplies furnished to the Allied forces) were delivered to Brig. General Humber, Administrative Counselor, AFM, AGC. General Humber indicated that his headquarters would issue the instructions necessary to give effect to the procedure. The Italian Government has sent out a circular to the Intendentes di Finanza, instructing them in their duties under this procedure.

2. Organization of the Banca d'Italia

The branch of the Banca d'Italia at Salerno will in the future give instructions to the other branches of the central bank located in the territory under control of the Redoubt Government. In addition, Signore Adato Pettinari, recently appointed Vice-Commissioner of the Bank, will also manage the other Campaign branches from Naples. The new central statistical organization, establishment of which was reported in the February Report of this Sub-Commission, is proceeding to collect statistics on both commercial bank operations and the postal savings system. As these become available they will be included in the Monthly Financial Review. An officer of the Finance Sub-Commission has been designated as liaison officer to the Banca d'Italia and will maintain his office

1. General

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After the completion of discussions with the Italian Government and representatives of the Allied Control Forces, the final documents containing 100's part of the programme (under which the Italian Government will pay for local supplies furnished to the Allied armies) were delivered to Brig. General Humberston Administrative School, II, III. General Humberston indicated that his headquarters would issue the instructions necessary to give effect to the procedure. The Italian Government has sent out a circular to the Intendants in Milan, instructing them in their duties under this procedure.

2. Organization of the Banca d'Italia

The branch of the Banca d'Italia at Salerno will in the future give instructions to the other branches of the central bank located in the territory under control of the Badoglio Government. In addition, Signore Adatto, recently appointed Vice-Commissioner of the Bank, will also manage the other branches from Naples. The new central statistical organization, establishment of which was reported in the February Report of this Sub-Commission, is proceeding to collect statistics on both commercial bank operations and the postal savings system. As these become available they will be included in the monthly financial review. An officer of the Finance Sub-Commission has been designated as liaison officer to the Banca d'Italia and will maintain his office in the Salerno branch.

3. Executive Memorandum Number 42

In order to clarify for other Sub-Commissions the procedure by which operations as projects in which such Sub-Commissions have an interest may be financed, a document, prepared by the Finance Sub-Commission, was issued by the Regional Control and Military Government Section of the Italian Government (Regions I, II, VI, and Salerno) provided of Region III) the Finance Sub-Commission has not received requests for funds for individual projects. The provision of finance for particular projects should be discussed by the interested Sub-Commission with its official number in the Italian Government. When the Sub-Commission and the Ministry are in agreement as to the nature and amount of the expenditure, the Ministry will then arrange with the Minister of Finance for completion of the item with a view to its being included in the

Italian Government's consolidated budget. The Finance Sub-Commission exercises control over Italian Government expenditures through an examination of this budget. In carrying out this, the procedure differs in that expenditure items, after examination and approval by both the AG regional officers and the corresponding Italian officials, are included in the proper state, provincial or communal budget.

4. Fascist organization in the field of finance

A memorandum was sent to the Legal Sub-Commission setting forth the Fascist corporative and confederate structure in the field of finance, including the names of dependent national Federations and syndicates. The Legal Sub-Commission is gathering information from all Sub-Commissions on those Fascist organizations, if any, still existing, and those which, while not existing, have not yet been formally abolished. The Finance Sub-Commission informed the Legal Sub-Commission that none of the financial confederations or their constituent units is functioning at the present time. In those areas in which the General Order Number 8 has been posted, the Provincial Unions (which represent in the provinces the nine national confederations) have been established, as well as all branches, constituent syndicates, and units thereof. The question whether all parts of the confederate structure in the field of finance have been abolished formally is less clear because (a) the Finance Sub-Commission has not been informed whether the General Order Number 8 has been posted in every part of the allotted area, and (b) the abolition of merely the Provincial Unions and their dependent units leaves in question the status of those parts of the system above the Provincial Union level. In order to insure uniformity and inclusiveness in the handling of all Fascist bodies in the field of finance, the Finance Sub-Commission suggested that the Legal Sub-Commission give consideration to a Royal Decree/AG Order which would abolish by joint action, in both Italian metropolitan and AG territory, the entire structure of the Confederazione delle Provvidenze e del Credito, the Confederazione Fascista dello Aziondo del Credito e dell' Assicurazione, the Confederazione Fascista dei Lavoratori delle Aziende del Credito e dell' Assicurazione, and all their associated and dependent bodies. Such action would formally abolish the entire structure created by Fascism to organize employers and employees in the fields of finance, banking, and insurance.

5. Disgraced and bankrupt institutions

In response to a request from OAS, biographical data was gathered and forwarded on men appointed to important banking or financial posts by the Italian Government with AG approval.

6. Cases of Depositi e di Prestiti

A study was made of organizations and functions of this institution. Its chief purpose is to serve as a depository for government funds, to receive

These views on the system above the provincial level, in uniformity and inclusiveness in the handling of all Fascist offices in the field of finance, the Finance Sub-Commission suggested that the logical Sub-Commission give a further step to a Royal Decree/No. 1000 which would abolish by joint action, in both Italian Government and the territories, the entire structure of the Corporations della Previdenza e del Credito, the Confederations Fasciste della Assistenza del Credito e dell' Assicurazione, the Confederations Fasciste del Lavoro e delle Scienze del Credito e dell' Assicurazione, and all their associated and dependent bodies. Such action would formally abolish the entire structure created by Fascism to organize employers and employees in the fields of finance, banking, and insurance.

3. Biographical data on bank organizations

In response to a request from C3, Biographical data was gathered and forwarded as such to the Italian Government for its review and approval.

6. Cassa di Depositi e di Pronti

A study was made of organizational functions of this institution. Its chief purpose is to serve as a depository for various funds, to receive deposits of postal savings funds, and (before Allied occupation) to lend money to provinces and companies. The current function continues unchanged: receipt of savings, although still deposited with the Banca d'Italia in a central unit, are available to the central bank as a source of currency; loans to provinces and companies are no longer being made. These functions of the C.D.P., modified as indicated, continue in all 19 provinces of Italy.

7. Reconstruction of provincial buildings

After discussions with the Minister of Finance and Finance Sub-Commission representatives from Regions I and II, it was decided that no expenditures for new construction projects should be authorized. These projects now under way should be completed but in those a serious effort is to be made to conserve building materials.

8. Revised proclamations

New financial proclamations were prepared by the Finance and Legal Sub-Commissions for future use, eliminating duplication and correcting defects brought to light by field experience.

9. Property of Allied Nationals

In collaboration with the Director of Property Control, agreement was reached with the Ministry of Finance implementing the terms of the transfer of territory documents and giving administrative power to the Director of Property Control. It is provided that the Italian Government will exercise such for the payment of taxes on Allied property, railway repairs, and emergency repairs to prevent deterioration of property.

10. Rewards to Italian civilians

The Executive Commissioner was informed that in the view of this Sub-Commission, recognition should be given in the form of a reward (a) to the families of Italian civilians who lose their lives while aiding the Allied armies in the field and (b) to Italian civilians who risk their lives to aid the personnel or operations of the Allied forces. In regard (a) it was suggested that a compensation payment of 25,000 lire should be made. This figure is based on, and is a further higher than, the sum paid down for fatal accidents to Italian farm workers. In the case of (b) a cash reward of 5,000 lire was suggested. As the Finance Sub-Commission has no specific authority from SOS for such payments, an authority from the Chief of Staff was requested.

D. Insurance

1. Italian Government insurance representatives

Early in March, officials in the Ministry of Industry, Commerce and Labor were designated by the Minister to deal with insurance matters. They are Doctor Arturo (Florence), Director-General of Commerce, who will cover Commercial Insurance (including the Istituto Nazionale delle Assicurazioni), and Doctor L. Mauro, Director-General of Labor, who will handle all matters of Social Insurance. First contact with these officials was made at the invitation of the Minister, the Insurance Department of the Finance Sub-Commission (which handles both commercial and social insurance) attended a conference on insurance. Details of this conference are reported below. It has been suggested that contact with representatives in the future with them.

B. Insurance

1. Italian Government insurance representation

Early in March, officials in the Ministry of Industry, Commerce and Labor were designated by the Minister to deal with insurance matters. They are Doctor Letur, Chairman, Director-General of Commerce, who will cover Commercial Insurance (including the Istituto Nazionale dello Assicurazione), and Doctor I. Mauri, Director-General of Labor, who will handle all matters of Social Insurance. First contact with these officials was made when, at the invitation of the Minister, the Insurance Department of the Finance Sub-Commission (which handles both commercial and social insurance) attended a conference on insurance. Details of this conference are reported below. It has been arranged that frequent contact will be maintained in the future with them.

C. Commercial insurance

1. Insurance committee

The chief activities of the Insurance Department were directed to the formation of a Committee of responsible company officers, to take charge of their companies' affairs in liberated Italy.

The Minister of Industry, Commerce and Labor proposed that a "Commission", or Commissioner who will act in substitution for the company management, be appointed by decree for each company operating in liberated Italy, and that the Committee be also created by decree. The Minister suggested that the Committee be formed from representatives of the Government as well as of the companies and the public. The Committee will have the duty of coordinating administrative and technical problems and will recommend solutions for promulgation by Governmental decree. The additional weight and authority thus to be given to the Committee is clearly of the greatest significance. A conference was held on 16 March, at which details of the imminent formation of the Committee were discussed, with the result that by the end of the month the Insurance Department had been provided with (a) the names of members of the

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proposed Commission (for prior clearance with the Security Branch) and (a) the final draft decree for the creation of the Committee, to be approved by the Commission. The decree shall be a Presidential, who shall be an official of the Ministry of Industry, Commerce and Labour, and eight members, namely, one representative of the Ministry of Industry, Commerce and Labour, one representative of the Ministry of Finance, the three Commissioners of the Istituto Nazionale delle Assicurazioni, the President of the Consiglio di Venezia and the President of the Consiglio di Stato, and three from amongst the Commissioners of all other companies. It was proposed to publish simultaneously the decrees appointing the Commissioners and constituting the Committee. The first duty of the Committee would be to examine the whole financial situation of Insurance Companies in liberated Italy and to report to the Government on the type and extent of financial facilities needed. These draft decrees still require approval of the Council of Ministers. A report from Region VI received during the month of August the need for this Committee, as the local offices of the three largest insurance policies have adopted widely varying procedures, and the office of the smaller company has had to suspend payments.

2. Plan for handling insurance problems in Rome

Consideration was given during the month to the plan for Rome, and it has been decided that an officer from the Insurance Department should be sent there after consultation to deal exhaustively with certain problems, and also that the information needed by the Council of Ministers will be obtained through the medium of the Italian Government.

3. Government financial facilities

The Minister for Industry, Commerce and Labour has stated, in reply to a question by the Insurance Department, that the Government considers the safeguarding of policyholders' interests as a matter of great importance, and that it would not, as a matter of general policy, permit any office of a company in liberated Italy to suspend payment simply because its funds were in Germany. The Government is considering two schemes, the first a plan for guaranteeing through banks to provide funds for payments in business already in force, and the second a plan for temporary and optional reimbursement of new business by such companies as need such reimbursement. (It will be remembered that reimbursement is ordinarily extensively used by Italian companies for every type of risk). The latter and more important of the Government's schemes is still pending.

4. Investigation of Naples Insurance company

Representatives of the Council on the question of information needed by the Council of Ministers of Insurance companies, and on the advisability of making a test case of the Compagnia Partenopea (formerly the Assicurazioni Italiane), which has its head office in Naples. It was decided that such information should be obtained through the Italian Government. The particulars being asked for

3. Government Financial Facilities

The Minister for Industry, Commerce and Labor has stated, in reply to a question by the Insurance Department, that the Government considers the safeguarding of policyholders' interests as a matter of great importance, and that it would not, as a matter of general policy, permit an office of a company in liberated Italy to suspend payment simply because its funds were in German-occupied Italy. He is considering two schemes, the first a plan for guarantees through banks to provide funds for payments on business already in force, and the second a plan for temporary and optional reinsurance of new business by such companies as need such reinsurance. (It will be remembered that reinsurance is ordinarily extensively used by Italian companies for every type of risk). The nature and extent of the Government guarantee is still pending.

4. Investigation of Policy Insurance Company

Discussions took place on the question of information needed by the American offices of insurance companies, and on the advisability of making a test case of the German Portenopes (formerly the Lloyd Italiano Nazionale), which has its head office in Naples. It was decided that such information should be obtained through the Italian Government. The particulars being asked for from the Portenopes are:

- (a) balance of assets and liabilities in each European country under enemy domination.
- (b) any undesirable control over the company.
- (c) the extent to which business is vitiated with, and reserves deposited with, foreign companies.
- (d) any Allied property in the hands of the company likely to concern the Control of Property.
- (e) any transfers of funds made in order to benefit enemy interests.

It is hoped that this information will be available about the Portenopes during April. It should be noted that the nature of this information

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is such as can be obtained only from head offices. It is considered worthy of note that when discussing the experience with the Government official concerned, he volunteered the information that the Company was thought to have extensive connections with Spain. He fully agreed with the general principle of investigation, for which his Ministry has ample powers under existing laws. In this connection, steps are being taken by the Italian Government to reconstitute the Servizio del Assicurazioni, or Government Insurance Department, as soon as suitably qualified staff are available.

5. Valuation of property for fire insurance purposes

The Insurance Department is studying the revision of fire insurance valuation of allied properties in the care of the Controller of Property. This matter is in course of discussion both with leading companies writing fire business, and with the Government.

D. Social Insurance

1. Italian Government action

At the invitation of the Minister of Industry, Commerce, and Labour, the Insurance Department attended a conference with Dr. Nervo who, as Director-General of Labour in the Ministry, deals with all questions of Social Insurance. At this conference 100 officials representing the Labour and the Industry and Commerce Sub-Commissions were present. The former officer had been in touch with the Director-General on Social Insurance matters for some time, and had been unaware of the division of responsibilities between the two Sub-Commissions as agreed to by the respective chiefs in February.

The agreement allocated to the Labour Sub-Commission "responsibility of payments to beneficiaries" (with Public Welfare Sub-Commission), "proper functioning" to ensure prompt and regular payments" and "all dealings with Labour which touch on the Insurance System". The Finance Sub-Commission is to assume responsibility for all of the financial aspects of the plan, including actuarial analyses and study with a view to increasing their efficiency and eliminating waste, in administration.....". It was stated on behalf of the Government that it was proposed to set up a Royal Commission to study the whole structure of Italian Social Insurance with a view to unifying the various institutes and "enti" into one body, and to consolidating the present numerous branches into one, giving the new body more support from general tax revenues. Further information on the work of this Royal Commission will be given in future reports. The Government is also considering the appointment of Commissioners for liberated Italy on the same lines as for General Insurance. Arrangements were made for any difficulties to be first cleared with the Labour Sub-Commission and then with the Finance Sub-Commission.

with the Directorate-General on Social Insurance matters for some time, and had been aware of the division of responsibilities between the two Sub-Commissions, as agreed to by the respective chiefs in February.

The agreement allocated to the Labour Sub-Commission "bureaux of payments to beneficiaries" (with Public Welfare Sub-Commission), "proper functioning to ensure prompt and regular payments" and "all dealings with labour which touch on the insurance system". The Finance Sub-Commission is "to assume responsibility for all of the financial aspects of the plan, including technical matters and study.... with a view to increasing their efficiency and eliminating waste, in administration.....". It was stated on behalf of the Government that it was proposed to set up a Royal Commission to study the whole structure of Italian Social Insurance with a view to unifying the various Institutes and "entire into one body, and to consolidating the present numerous branches into one, giving the new body more support from general tax revenues. Further information on the work of this Royal Commission will be given in future Reports. The Government is also considering the appointment of Commissioners for liberated Italy on the same lines as the Commercial Insurance. Arrangements were made for my nomination to be first cleared with the Labour Sub-Commission and then with the Finance Sub-Commission.

2. Shortage of stamps

Contributions to Istituto di Previdenza Sociale for pensions, unemployment, tuberculosis, and marriage and maternity are ordinarily registered by paying stamps in an insurance book, one for each covered worker. These stamps are sold to employers by officials of the Istituto or even more commonly by post-offices, who normally obtain their supplies from the head office in Rome. Soon after arrival in Sicily a shortage of stamps was reported. This condition was soon ascertained in the mainland as an area after another was cut off from the source of supply in Rome.

The Insurance Department has undertaken to assess the extent and nature of the shortage and the possibility of securing materials and facilities for printing acceptable stamps. The immediate outlook for securing materials and facilities for printing stamps is not hopeful.

In Sicily the stamp system of registering contributions has been temporarily abandoned. Employers are asked instead to submit periodically

lists of their employees and the period covered by them and to accompany these lists with payment therefor. If list system is partially in operation (for a territory in which stamps are lacking) in the mind is well. The chief difficulty with the list system is the greater volume of work involved. The Sicilian experience may be a temporary solution of this difficulty if stamps cannot be printed. Meanwhile we must look to the Government's program for simplifying the social insurance structure, which would involve substantial reduction of the number of beneficiaries of stamps (now 65) in use.

3. Coverage of contractors to Allied forces

The status of workers for employers contracting with Allied armed forces has been clarified. It was agreed that the contractors must comply with Italian law regarding a top of 2% of insurance contributions and their application, which have in no way been changed or brought. Complaints regarding the financial situation, in which drastically unknown requirements arose, were made by the contractors, but it was agreed that those can be resolved by conferring with inspectors of the social insurance institutions concerned. To resolve the principal difficulty it was agreed that the contribution rates should be applied to the "total wage less both 'indemnity' and 'family allowance'."

4. Military allowances

Under Italian law, dependents of individuals serving with the Italian armed forces are receiving social assistance from the sources. Special family allowances (Familiari) are granted to dependents of workers employed in the armed forces to compensate them for reduction of income. These are paid out of general funds advanced to Institute Nazionale della Previdenza Sociale, in the latter case payments. On proof of need, dependents of Italian soldiers may also receive special relief grant (sussidio militare) from the State community, or alternatively may apply for general relief.

When Sicily was occupied, instructions were issued largely regarding payment of "Familiari" and "Sussidio militare". No payments of these benefits were permitted to dependents of those engaged in military service of unwarmed civilians of war, and if Italian workers in Germany or other Axis-occupied territory. These instructions were subsequently applied in both cases II and III, but payment of "Sussidio militare" was resumed in Region III at the end of 1943, and in Region II by action of the Italian Government, in February 1944. The status of "Familiari" is less clear. The Italian Government of labor in the Italian Government has stated that these allowances were unwarmedly being paid in liberated Italy only to dependents of soldiers and in Axis-occupied territory. Information from other sources is that a dispute with this at present. The Government, in any event, would prefer to resume payments of "Familiari" regardless of the location of the soldier concerned, and has asked the position of AOC authorities. General action to bring this about. Since it originally ruled that beneficiaries must be

Under Italian law, dependents of individuals serving with the Italian armed forces are entitled to special payments from the sources. Special family allowances ("indennità") are granted to dependents of persons entitled to the forced to compensate them for reduction of income. These are paid out of special funds advanced to Istituto Nazionale delle Ricerche Sociali, as the latter makes payments. On proof of need, dependents of Italian soldiers may also receive a special relief grant ("assegni militari") from the Ente Nazionale, or alternatively may apply for general relief.

When Sicily was occupied, instructions were issued largely suspending payment of "indennità" and "assegni militari". No payments of these benefits were permitted to the dependents of those engaged in military service of unwarmed prisoners of war, and of Italian veterans in Germany or other Axis-occupied territory. These instructions were subsequently applied in Regions III and IV, but payment of "assegni militari" was resumed in Region III at the end of 1943, and in Region IV by action of the Italian Government, 21 February 1944. The status of "indennità" is less clear. The Director-General of Labor in the Italian Government has stated that these allowances were currently being paid in occupied Italy only to dependents of soldiers not in Axis-occupied territory. Information from other sources is at variance with this statement. The Government, in any event, would prefer to secure payment of "indennità" regardless of the location of the soldier concerned, and has asked the position of LOS respecting formal action to bring this about. Since an originally ruled that hardships resulting from cessation of these payments should be met from General Relief funds, this has generally been done. In many cases these relief payments have exceeded the amounts payable as "indennità", which is obviously undesirable. A final decision in this matter is still pending.

5. Increase in cost of

On 25 March, this Department was provided with a copy of the Royal Decree dated 13 March, increasing military pensions by graduated percentages, which it was desired to extend to Region III. This decree does not, however, extend an important recommendation made by the Finance Sub-Commission, namely, that direct military pensions should be shifted to the provincial level to prevent beneficiaries of Fascist patronage from receiving these increases. The report of this Department pointed out that the system was not contributory, that the amount of the pension was not strictly related to the nature or period of military service, and that party regularity was a prerequisite for the

benefits. It is specifically recommended by the Finance Sub-Commission and the Labour Sub-Commission that all direct military claimants considered since 22 September 1922 (March on Rome) be required to apply for an insurance and to register before a provincial or regional board of quasi-judicial character to establish the bona-fides of their claims. This recommendation was apparently communicated to the Government and accepted by them. A memorandum of the Council of Ministers dated 9 March reads "The said insurance does not apply to wounded and life 'assigned' attributable to relatives of those killed and wounded in the Fascist Cause." This provision has not, however, been implemented in the decree referred to, which provides no means by which such beneficiaries can be excluded out. It is being recommended that this omission be urgently brought to the notice of the Government, and that, independently of any action taken by the appropriate machinery for this purpose should be provided by IIC. The Labour Sub-Commission concurs in this view.

6. Family allowances

The system of family allowances (assegni familiari) was a relatively recent feature of the social welfare program of the present state. Beginning in October 1934 with a single collective agreement, the National Public Employees Union provided separate notice guidelines to all paid employees of industrial establishments, banks, commercial firms, professions, banks, and insurance companies. The fundamental principle underlying all these scales is the Fascist population policy: to raise children is a duty to the State, and the allowance per child shall increase with the number of children. An industrial worker, for example, receives 12 lire weekly for one child, 16.50 lire for each of two or three children, and 21.60 lire for each of four or more. It hardly exceeds with economic reality to hold that the cost of raising for a second child exceeds the cost of raising for a first child, or that the cost of raising for a fourth exceeds that for a third. These actually allowances are a feature of the wage system rather than a form of insurance. For reasons of convenience, however, the funds have been lodged with the Istituto Nazionale delle Previdenze Sociali and are an important factor in the financial status of this institution. The nationally the allowances are paid from the proceeds of a 20 per cent payroll "tax". In practice, they are paid by the employer, who settles any difference from an amount of 20 per cent of his payroll with the Istituto. The balance between the 20 per cent of the payroll and the total amount of allowances paid has generally been satisfactory for the entire country, but never in a uniform Italy. And regional laws often affecting private employers carefully avoided any increase of family allowances by stating: "These increases shall in no way affect or be affected by the 'assegni familiari'." A different course, however, was taken by the Italian Government of August 1945, in October 1945.

insurance companies. The Government is under a duty to the State, and the Fascist population policy, to raise children in a duty to the State, and to provide for doing so, the allowance for child income with the number of children. An industrial worker, for example, receives 12 lire weekly for each child, 16.50 lire for each of two or three children, and 21.60 lire for each of four or more. It hardly occurs with economic reality to him that the cost of caring for a second child exceeds the cost of caring for a first child, or that the cost of caring for a fourth exceeds that for a third. These family allowances are a feature of the wage system rather than a form of insurance. For reasons of convenience, however, the family allowance factor in the Istituto Nazionale della Previdenza Sociale and are an important factor in the financial status of this institution. The retroactively the allowances are paid from the proceeds of a 20 per cent payroll "tax". In practice, they are paid by the employer, who settles his allowance from an amount of 20 per cent of his payroll with the Institute. The balance between the 20 per cent of the wage in the total amount of allowances paid has generally been satisfactory for the entire country, but never in Southern Italy. The National Wage Survey reflects only to employers carefully avoided any increase of family allowances by stating: "where increased family allowances shall in no way affect or be offset by the State". A differential wage increase was taken by the Italian Government when it assumed control of the provinces of Naples in September 1943. A separate "interim measure" of 20 December authorized a flat 50 per cent increase in family allowances retroactive to 1 November. Representatives of the labor and Finance Sub-Committee confirmed whether the Government intended to extend this interpretation to the provinces since placed under its jurisdiction. They were assured by the Minister of Finance that such was not the case. On 10 March, however, the Bari office of the Istituto, in the enlarged King's Italy, instructing provincial offices of the Istituto, in the enlarged King's Italy, instructing them to pay the 50 per cent increase in family allowances, and to ask the officials whether this might be made retroactive to 1 November 1943. On 24 March, this circular letter was cancelled, following representation made by the Finance and Labor Sub-Committees. A revised basis for family allowances is now under consideration.

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4. Provisional Classification:

The remainder of the provincial certificates to complete the total quantity ordered were sent to the printers for completion on 30 March. The Post Office is now responsible to the Government for distribution to the various Provincial Post Offices.

2. Reprinting of postal bonds

Work is progressing in the preparation of the proofs of the new issue of postal bonds, and the printers advise that the final set of proofs will be ready by 15 April. In view of the fact that they may be able to carry out the printing of the full order, it will be necessary to supply the printers with essential ink and chemicals, as well as further supplies as available locally to replace exhausted stocks.

V. ACCOUNTING

A. Visit of U.S. Air Department Finance Division

During the month of U.S. Air Department Finance Division conference with the Accounting Sub-Committee to obtain information for the Air Department, the Finance Division, and the General Accounting Office on the chart of accounts, and procedures for maintaining accounts, of 1944 and 1945. The experience of these three agencies will be utilized in preparing future financial policies and functions for other theatres of operation. The Finance Division is also to ascertain whether adequate records are being maintained to enable the Accounting Division necessary in considering cost-accounting and setting financial settlements. In addition, the system of supply accounting, including the manual, forms, and special instructions for submission of reports and submission of reports were discussed by the Finance Division. Members of the party also visited the Major Warehouse and two warehouses in Southern France, Italy, France and Sicily, to obtain first-hand information on the accounting procedure in operation at the warehouses.

B. Allied Financial Agency

1. A revision of the books and records in the Air Department and revenue accounts was prepared, and the revised Air Department was instructed to give effect to the new instructions beginning 1 March 1944. The purpose of this change was to bring the Air Department in line with a recent reclassification of the Air Department and revenue accounts.

2. Consolidated accounts for all Regions as of 27 February have been prepared.

3. Accounting procedures and forms for use in extending accounting the new instructions to March 1944. All British accounts were brought in the early part of the month. It is expected that instructions covering the procedures and forms will be issued during April.

4. Accounting and reporting forms for completion to March 1944 and 1945. To provide instructions in Italy were brought in in accordance with the above instructions.

financial settlements. In addition, the status of supply accounts, including the annual, forms, and special instructions for submission of records and submission of reports were discussed by the Mission. Members of the party also visited the Hoyle warehouse and two warehouses in forward area, Gaby, Hixorth and Soun, to obtain first-hand information on the accounting or dealing in operation at the warehouses.

3. Allied Financial Agency

1. A revision of the heads and sub-heads in the AF, expenditures and revenue accounts was prepared, and the several AF branches were instructed to give effect to the new classifications beginning 1 March 1944. The purpose of this change was to bring the AF accounts in line with a proposed reclassification of the AF/ACB expenditures and revenue accounts.

2. Some limited accounts for all Regions as at 29 February have been prepared.

3. Accounting procedure and forms for use in extending emergency financial assistance to Reddy U.S. and British officials were drafted in the early part of the month. It is expected that instructions covering the procedure and forms will be issued during April.

4. Accounting and reporting forms for remittances from U.S. and U.K. to private individuals in Italy were drafted and in agreement reached with the Bank of Italy for their use.

5. Accounting instructions for advances of all kind to the Ministry Council for Italy, and to certain small Allied Missions, were prepared and issued to AF branches.

6. Requests were made to obtain payment from several officers who left their Regions without submitting a final account of outstanding balances due in their accounts (total lire 44,000). Instructions have been issued that Regional Commissions should inform the Chief Accountant of the proposed transfer of any officers to other theatres, in order that the necessary steps may be taken to see that there are no unbalanced balances against such officers.

7. AF/ACB expenditures and revenue accounts

8. Reclassifications of expenditures under new heads and sub-heads were completed and consolidated accounts for all Regions were prepared as of 31

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Region III, and to the in-charge of the accounting Service to process the large volume of work and in addition prepare reports for Headquarters, the required returns have been delayed. The situation was such that a senior staff member of the Accounting Sub-Section was sent to the Region to develop the necessary reporting procedure. He was instructed to supervise the preparation of reports for the Region, carrying the accounting through 29 February. Recent advice from the Regional Supply Accounting indicates that, bearing in mind the difficulties, a report through 31 December might be expected early in April. The situation on the 4th Army supply accounting appears satisfactory. The receipts and issues in this area are understood to be still up of date recent date. Early in the month the Supply Accounting for Region V was assigned to along up any backlog in this area.

6. In the February report mention was made of the need for revision of the ERP supply accounting procedure in Region III. With assistance from the Accounting Sub-Section, the system of supplies accounting is being brought under a more positive control. A statement of stock movements for January and February is being prepared and prices are being extended on vouchers for such months as which no prices were stated at the time of issue. Special attention is being directed to the necessary reconciliation of accounts in view to effect a settlement for goods delivered during the period.

7. Discussions were held with officers of the Food Forces Sub-Commission in connection with the accounting procedure for supplies furnished the Italian Army. It was agreed in principle that the Food Forces Sub-Commission should submit consolidated returns of all bulk issues to the Italian Armed Forces on the 1st of the month, the quantities to be based on the stock's movement. The Military Mission to the Italian Army agreed to collect further information as to the procedure and forms in which returns are to be submitted.

C. J. F. Smith
Colonel,
First Division,
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[illegible]

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APPENDIX 'A'

This Appendix contains Section IV entitled "Price Controls and Inflation", of the Report of the Foreign Economic Administration's Survey Mission to Italy, dated 5 February 1944, and a memorandum of 31 March 1944 prepared by the Finance Sub-Commission, giving general and detailed comments on the facts and figures of the Report and on the analysis and recommendations of the Mission.

FOEA REPORT

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SECTION IV. PRICE CONTROLS AND INFLATION

To the shortcomings of the distribution system discussed above, the shortages in supply, the lack of transportation, and the inadequacy of administrative controls, must be added an even more damaging factor. Namely, the inflationary spiral. Rising prices and doubt as to the future of the lira tend to encourage hoarding and speculative business. The Finance Division of the headquarters has long realized that inflation is underway in Italy and has given serious study to the problem of checking it. With the continued outpouring of money for soldiers' pay and military expenses, with a virtually bankrupt Italian government in Brindisi, and with the Germans in a position to flood the north part of the country with currency from the printing presses in Rome, the outlook is not bright.

A. Cost of Living

1. Food Prices

In August, 1943, officers of the Finance Division of AFSA made a study of food commodity prices in Sicily. This study has been followed up by more recent surveys and by the establishment of a mechanism for price reporting from all parts of the peninsula. The Division recognized as early as August that in the case of most foodstuffs and many industrial products the black market had become actually more important than the official legal market. This meant that in constructing a price index, allowance had to be made to a certain extent for black-market prices.

A. Cost of Living1. Food Prices

In August, 1943, officers of the Finance Division of AMG made a study of food commodity prices in Sicily. This study has been followed up by more recent surveys and by the establishment of a mechanism for price reporting from all parts of the peninsula. The Division recognized as early as August that in the case of most foodstuffs and many industrial products the black market had become actually more important than the official legal market. This meant that in constructing a price index, allowances had to be made to a certain extent for black market prices.

In August, 1943, the black market in the City of Palermo was doing business at prices which ranged around 1,000% of the Italian official prices prevailing when the city was occupied. AMG in August issued a new list of maximum prices on foodstuffs of almost all varieties. This price list made an average percentage increase in all prices of about 71%, although on some items the increase was between 200% and 300%.

In December, in Sicily, AMG official prices for everything except bread, pasta, olive oil, sugar, milk, coal, petroleum products, etc. were reduced and control over prices of all other commodities was transferred to the local military administration. The latter undertook a study of prices and for the initial week fixed no limits. When market prices have continued to rise since August in spite of the higher AMG ceilings.

A typical cost-of-living budget as of September for Palermo was furnished to the Mission. A subsequent study

made by Italian officials in Palermo in November was examined by the Mission, but copies were not available.

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Roughly summarizing the data examined, it may be said that the actual cost of living increased approximately 150% from September, 1942 to September, 1943. By the first week in November, it had risen further to approximately 200%.

In Naples, there were no complete cost-of-living studies as yet. A stenographer working in the city administration offered a typical budget showing a cost of 177 lire per day to feed a family of 5 at one meal, and that a very limited one. Another indicated that the daily food for his family of 7, 4 adults and 3 children, cost 250 lire.

2. Wages

The rising cost of living naturally brought pressure to change wage scales. As a result of the price studies made in Palermo, 20% in November authorized an increase in the wages of government employees in Sicily on a graduated basis amounting to 70% on the first 1,000 lire per month, 60% on the second 1,000, 50% on the third, 20% on the fourth, and 10% on the fifth. Private employers were authorized to increase wages in accordance with this formula, and apparently many have done so. 250 lire a week is fairly average pay for a stenographer. A writer in an officers' mess now takes 250 lire per week. Unskilled employed in the Army, which is not subject to the 40% formula for government employees, generally receives from 50 to 100 lire a day.

The same predicted increase in governmental salaries was later adopted in the Naples region. It was also adopted in the King's Italy and there the increase was extended to Italian soldiers as well. The increase has by no means eased pressure on the family budget. If anything, it appears to lag behind the price increase.

Persons entitled to unemployment compensation under Italian law have been receiving their customary benefits. Obviously, these payments will have to be placed on a scale corresponding to the rising cost of living. Estimates of total unemployment are not very satisfactory. There are said to be

their contribution to the war effort, 25% of the bonus, on the second 1,000, 30% on the third, 25% on the fourth, 10% on the fifth. Private employers were authorized to increase wages in accordance with this formula, and apparently many have done so. 250 lire a week is fairly average pay for a stenographer. A writer in an officers' mess now makes 250 lire per week. Labor employed by the army, which is not subject to the A.B. Formula for government employees, generally receives from 50 to 100 lire a day.

The same predicted increase in governmental salaries was later adopted in the Naples region. It was also adopted in the King's Italy and there the increase was extended to Italian soldiers as well. The increase has by no means eased pressure on the family budget. If anything, it appears to increase the price increase.

Persons entitled to unemployment compensation under Italian law have been receiving their customary benefits. Obviously, these payments will have to be placed on a scale corresponding to the rising cost of living. There are said to be unemployment at not very satisfactory. There are said to be 110,000 in Naples, or from 30,000 to 40,000 for unemployment compensation.

B. Inflationary Factors

1. Inflationary Factors before Allied Occupation

Inflation was well underway before the Allied invasion. Notes issued by the Bank of Italy, which has a monopoly of the note issue in Italy, were larger than 10 lire, increased over 200% between 1940 and July, 1943. The issue of Bank of Italy notes stood at 31.5 billion lire in 1940 and 96.5 billion lire in July, 1943. This increase was almost entirely attributable to governmental war expenditures.

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Just before the Allied invasion, there was a tremendous withdrawal of bank deposits. Most branches of banks in Sicily remained open for business up to the occupation line in the west where the banks were looted. Rumors had reduced the cash deposits of the banks to a very small percentage of the total deposits. It is fair to say that the

...closing the banks, which took effect immediately upon the occupation of an area by Allied troops, had the effect of saving the banks from collapse.

Thus, at the time the Allies came in, currency in circulation and in the hands of individuals had reached approximately 1000 Lira. Furthermore, prior to our invasion, severe shortages had developed in the supply of foods and clothing, and there was a wholesale black market.

3. Financial Operations of Military Government

(a) Issue of the Currency

The operational currency first used by the invasion troops was 1000-Lira banknotes and 100 Lira coins. This was merely a temporary measure pending the arrival of Allied Military Lira, which for security reasons could not be manufactured until after the invasion had begun. As soon as sufficient quantities of 10 Lira were available, issuance of the 1000-Lira banknote and 100-Lira coins was discontinued, and efforts have now been made to eliminate these currencies from circulation and to replace them by 10 Lira.

As the 10 Lira has been declared to be legal tender by military government and circulation of the 10 Lira is fully with the indigenous Italian currency. Military government has always held the position that it is the "winner" of "World War II" and that it is the only currency to have been issued by the Allies. It is the only currency to have been issued by the Allies. It is the only currency to have been issued by the Allies. It is the only currency to have been issued by the Allies.

Nevertheless, the American and British troops are setting aside the converted accounts as equivalent at the first time of exchange to the 10 Lira issue. Their own credit, this fact, however, has no bearing on the internal acceptance of the 10 Lira.

Medals are issued in Sicily and Sardinia and in Italy south of Rome for the manufacture of Italian currency. So far, which reaches 100,000, not been made for the retention of Italian currency in the Allied countries. The total amount of the 10 Lira issue in the 100,000.

State dollar and the pound is discontinued, and even though
have now been made available for these currencies from
circulation and be replaced then by the lire.

All lire have been declared to be legal
tender by military government and circulation at present inter-
mediately with the lire and the Italian currency. Military
government has always used the lire. The position that it is
the "issuer" or "holder" of the lire. All lire is not only
payable to the military government but also to the Italian
government. The lire derives its value from the fact that it is the ruler
in parts of occupied territory.

Nevertheless, the American and British treasuries
are settling debts in converted accounts an amount equivalent at the
fixed rate of exchange to the lire issued to their own armies.
This fact, however, has no bearing on the internal acceptance of
the lire.

Facilities are being in Sicily and
Sardinia and in Italy south of Rome for the manufacture of
Italian currency. So far, arrangements have not been made for
the printing of Italian currency in the Allied countries.
Therefore, the total increase of the note issue in the oc-
cupied areas is accounted for by the currency issued by the
Allies.

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(b) Amounts of Lire

Lire are used by the British, American and French, and by the U.S. Navy to pay their por-
tion of the cost of local services and supplies. The total
amount expended through these channels as of November 30, 1943
was 4,465,000 lire. It is estimated that at least half
of this amount was paid out in Sicily.

As a result of continued expenditure by the Allies
at the same rate (which is probably a conservative assumption),
total expenditures by the Allies now, two months later, must
be over 12 billion.

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actual expenditures by soldiers fall far short of their total pay. The Financial Division in Algiers estimates that 14 to 15% of U.S. soldiers' pay is expended locally. In the judgment of the Mission, this estimate may be too low. It does not take into account the large increase in expenditures to serve the Christmas period. The principal difficulty is that American troops are likely to pay extraordinary expenses without restriction. Suggestions have been made from time to time by military government that the amount payable by troops be limited in some fashion, but as far as the Mission has been concerned, these ideas.

A considerable portion of the military expenditures of the Air is attributable to the hiring of local labor. In the City of Algiers, it is estimated that there are from 40,000 to 45,000 workers on the army payroll. In the earlier stages of the invasion, the wage rates established by the army for labor were, in many cases, too high in comparison with prevailing Italian wage levels. On landing at Porto Lyautey, for example, the army paid dockworkers a hundred francs per day, which was about 4 times the pre-existing rate. This type of generosity derived in part from the Army's desire to obtain labor promptly and probably in part from a tendency on the part of the officers to translate known salaries of prices and wages into lire equivalents at the rate of one franc to one cent. The importance of a wage policy in line with local conditions is a subject of guidance, and differences in wage levels tend to any application have not merely been eliminated.

Another source of increased military expenditures is the Italian governmental budget. As the 1943 followed the troops, one of its principal purposes was to restore the Italian governmental apparatus to operation. Accordingly, the officers were to be transferred to Italian command, and provincial governments, and other government institutions to meet current expenditures. Many of these transfers were made by the officers in the field out of funds issued to them for their general use. Because of the difficulties in securing prompt remittance from these officers, the headquarters is unable to give accurate figures of the amounts advanced to Italian governmental bodies in this way. As of November 30, 1944 (the official Military Financial Agency, Financial Agency for the 1944-1945), the Military Financial Agency's expenditures to

Funds for the purchase of 200,000 tons from
 Italy are provided in 1914. The first, however, there have
 been at least purchases of 20,000 tons. At the total expenditure
 for this Italy, say, of 20,000 tons, were in the old amount
 of 11,500,000 lire.

(c) Quarterly Meetings of the

and not these expenditures, and are certain weeks. Civilian supplies imported by the Government through Italian distribution channels will be paid for in lire by AIG. To November 30, however, the total receipts from this source amounted to only 34,000,000 lire. Some of the funds raised by the Government of Property have been deposited with AIG. (An attached letter itemized a few financial sources for AIG).

The banks, together with various financial corporations, have made good seats with a lot of money without it is circulation by lot sits with a lot of money without it is circulation by lot sits well under 1,000,000,000 lbs.

(a) Increased in the circuit for 100000.

It is extremely difficult to arrive at any satisfactory estimate of the net increase in circulation since the invasion. The total amount of the lire outstanding as of November 30 was slightly in excess of 14,000,000,000 lire. Not all of this, of course, was in circulation. As has been pointed out before, nearly all the lire issued goes into circulation as only those are paid when receipts of the bank both in Italy and to Italy with Italian banks. In the month of November, 1941, the net excess (over and above the 14 billion lire mentioned) of 2,000,000,000 lire released in the form of bonds is the result of the Italian plan, which will be described below, the Government's out of the bonds of invalidation, but it is already such as this money comes from, besides, rather than from actual circulation.

If the estimates in Table 1 are correct, the 2000 survey first estimates are probably more than 2 times incorrect, from relatively correct only. Between 3 billion and 4 billion in 1990.

In any case, the net increase has been sufficient to have raised the unemployment level. The occupied portion of the labor force was 31.43 percent of the total labor force.

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in the West immediately active part of the Italian, began in 1947 at the Hotel Italian notes issued were in circulation in the 600 (an amount which is probably not to which, and, before the war the country has produced for only 1/12 of the country's sales tax, and 1/9 of its income tax total), there must have been probably 14 to 15 billion lire in circulation there when the Allies came in. Even if Allied operations have added only 7 to 8 billion lire to the existing overvalued, it have an increase of 90%, and in all probability, by this time the several increases in considerably in excess of this figure. In the 4th more money into the area and caused the effect of the Italian Government, the circulation continues to increase much by much.

(c) Effect of the Exchange Rate

Aside from the increase in the circulating medium, there is the inflationary effect of the exchange rate of 100 lire to the dollar. There was, of course, no free exchange in the lire of the lire of the Italian lire is fluidness now to speculate as to what the true exchange value might have been. The Black Board in Naples was writing American Blue-Steel before the invasion at 170 to 140 lire. This quotation was, of course, a speculative one. Certainly, if the country is large, the rate of 100 lire to a dollar was a surprise at a shock. In terms of purchasing power, it reduced the lire to about 1/4 of its nominal value. It suggested to the Italian business community that the allies had a very low opinion of the lire and thereby encouraged the buying of goods and the raising of prices. The absence of foreign trade was fatal to insulate the Italian economy from the effect of this exchange rate. Prices went for exports rose immediately. In the case of supplies, for example, the Nazis paid 500 lire a ton, while in December, producers were asking the Allies for 2,500 lire a ton. In connection with the fact that any parcel in making payment to the local population tended to treat the lire as equivalent to 1 cent on the basis of prevailing market prices.

C. Monetary Measures

The more effective way of dealing with the inflationary problem is to bring in large quantities of foreign currency.

might have been. The Black Sea, in Naples was on the Atlantic. The Sicily bank was better. The invasion at 170 to 180 lire. This invasion was, of course, a severe blow. Certainly, the country of Naples was at 100 lire to 150 lire. It was a surprise and a shock. In terms of population, it reduced the lire to about 1/4 of its usual value. It was a blow to the Italian business community that the Allied had a very low opinion of the lire and thereby caused the ruin of some of the existing of prices. The absence of credit from the lire to insure the Italian economy from the effect of this exchange rate. Prices moved for exports rose immediately. In the case of sugar, for example, the Nazis paid 900 lire a ton, while in December, producers were making the lire for 2,500 lire per ton. Inverting the trend was the fact that they purchased in making payments to the lire in order to be able to treat the lire as equivalent to 1 cent in the basis of prevailing American prices.

C. Recycled resources

The most effective way of dealing with the inflationary problems is to bring in large quantities of food and other goods. This, if correct, is out of the question during the period of military operations. The Financial Division of the Treasury is only to the inflationary pressure and has taken measures to reduce the circulating media through the restriction of savings channels, the reduction of tax collections, and the restoration of the national debt as a method of drawing off surplus cash. It has also recommended price control measures.

1. Recoupment of the banks

The reopening of the banks was successful in both Sicily and Naples. In Sicily, the extended lines of credit totaling 1,600,000,000 lire to the banks to finance the initially anticipated withdrawals. Two or three days after the reopening, deposits began to exceed withdrawals in Sicily. As of December, bank deposits totaled 780,000,000 lire. The banks had used the line of credit only to the extent of 900,000,000 lire. At the same time or shortly thereafter, the postal savings system was re-established. The banks were

reopened in Sicily on various dates from September 6 to September 15. A withdrawal limit was fixed at 5,000 lire per account, plus payrolls, taxes and social insurance contributions.

In Naples on October 29, 1944 entered into arrangements with the Bank of Italy whereby the latter would extend credit to the Italian banks to protect their reopening. No limitation on withdrawals was fixed for the Naples reopening. As of November 30, 1944 had deposited 600,000,000 lire with the Bank of Italy in Naples for the purpose of protecting the reopening. In similar fashion, reserves were supplied to the Bank of Italy in Region II in order to permit the reopening of the banking system there. There were no runs on the banks when they were reopened.

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There are several reasons for the excess of deposits over withdrawals. It is thought that in Sicily to a large extent the deposits represent a return of the heavy withdrawals which were made by the people in the panic preceding the invasion. The same is probably true in Naples. In addition, the lack of goods in the market leaves merchants with funds which they cannot employ after they have sold out their stocks. Officials of the Bank of Naples thought that these proceeds resulting from the exhaustion of stocks accounted for a good deal of their liquidity.

AN's principal objective in opening the banks has been to provide a means for reducing the circulation of money. Other commercial activities which might increase the inflationary trend have been prohibited. For example, real estate transactions in excess of 50,000 lire are prohibited both in Sicily and on the mainland. Likewise, the stock exchange in Naples has been kept closed, since it is generally agreed that its reopening would be attended by an avalanche of selling, and knock the bottom out of government bonds.

2. Government Bonds

Payment of interest on government bonds was forbidden by the original AMG directives. Government bonds constituted one of the principal assets of the banks. Discontinuance of interest payments has consequently put the banks in a very difficult position. Paraphrasing, it may be mentioned that the banks carry the bonds of 10% of par.

with funds which they cannot employ either for their stocks. Officials of the Bank of Naples thought that these proceeds resulting from the exhaustion of stocks accounted for a good deal of their deposits.

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2. Government Bonds

Payment of interest on government bonds was forbidden by the original AGC directives. Government bonds constituted one of the principal assets of the banks. Discontinuance of interest payments has consequently put the banks in a very difficult position. Practically, it may be mentioned that the banks carry the bonds of 10% of war. Discontinuance of the sale of bonds created difficulties for the Italian government because their sale constituted one of the chief sources of cash for the government.

On November 5, 1943, the Comandante Chiefs of Staff authorized the Financial Subcommittee of AGC to take steps to resume payment of interest and principal of government debt. An immediate question was the handling of maturity of 9-year, 4% Treasury bonds due on December 15, 1943. Arrangements were made with the Undersecretary of Finance of the Badoglio cabinet whereby ANA would advance sufficient ANA lire to the Italian government to pay off this bond issue. The total amount of this bond issue held in the occupied area was estimated at 300,000,000 lire. Wide publicity was given to the payment of this bond issue to the end that the Italian government might begin to rehabilitate its credit position and embark upon a borrowing program. At the present time, arrangements are being made to resume interest payments on the debt and to issue new bonds.

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3. Taxation

As has been noted above, AMG's efforts to effect the resumption of tax collections have been fairly successful. However, in view of the prices now prevailing, and the large increase of circulation, it will be necessary to increase the tax rates. The Italian tax structure is peculiarly complicated. In fact, one of the principal obstacles in restoring tax collections in Sicily was the difficulty AMG had in understanding the Italian tax system. Some taxes have been abolished, such as those levied for support of the Fascist syndicates. Before taxation can be effective as a deflationary instrument, the tax system will have to be revised and tax rates will have to be increased.

4. Price Control

AMG's initial policy was to decree that the official prices of foodstuffs and other goods were to remain in effect. In general, this was unsatisfactory because the Italian Fascist system of fixing maximum prices was very poor and the maxima were inadequately enforced. The Italian maxima had been put into effect piecemeal and the prices themselves were frequently set without much regard for cost conditions. As a result, there was a serious readjustment between the prices of various goods and their more discrepancies between the cost of production and the official prices. The black market was in a flourishing condition when the Allies came in. In addition, AMG did not have the facilities for vigorous enforcement of price maxima. AMG had no police of its own, and for a long time the Civilian Supply and Resources Division could not get the Public Safety Division, which was responsible for the control of the local police, and confronted by a host of other pressing problems, to take much interest in the enforcement of price levels. The local police, in their turn, could not be relied upon to act vigorously in the enforcement of legal prices and the suppression of the black market. At Siracusa AMG succeeded in getting the cooperation of military authorities and vigorous measures were taken to place prices under control, but in Palermo, the evil was never vigorously tackled. The AMG price orders, issued in August, which increased the legal price levels considerably, were soon outstripped by the rising cost of living.

On the mainland the same inability to apply police measures made the legal price lists ineffective.

several were frequently set without much regard for the needs of the population. As a result, there was a serious maldistribution between the prices of various goods and there were discrepancies between the cost of production and the official prices. The black market was in a flourishing condition when the Allies came in. In addition, ALG did not have the facilities for vigorous enforcement of price maxima. ALG had no police of its own, and for a long time the Civilian Supply and Resources Division could not get the Public Safety Division, which was responsible for the control of the local police, and confronted by a host of other pressing problems, to take much interest in the enforcement of price levels. The local police, in their turn, could not be relied upon to act vigorously in the enforcement of legal prices and the suppression of the black market. At Siracuse ALG succeeded in getting the cooperation of military authorities and vigorous measures were taken to place prices under control, but in Palermo, the effort was never vigorously tackled. The ALG price policy, issued in August, which increased the legal price levels considerably, were soon outstripped by the rising cost of living.

On the mainland the same inability to apply police measures made the maximum-price lists ineffective. In Region I in December, ALG resumed its September price list and removed from its own control all prices except those of bread, pasta, olive oil, sugar, milk, coal, petroleum products, and soap. In Region I, ALG still likes prices on these commodities but the measures are no longer authorized to fix prices on all others. At a meeting of ALG officials in Algiers on January 5 and 6, it was agreed that price increases in Italy are in general to be resisted and that the ALG will continue to have the responsibility for establishing legal prices for basic goods. However, the control and fixing of maximum prices was delegated to operations in the field, and it was agreed that such cases were to be dealt with locally on its merits within the framework of the general policy.

The fixing of maximum prices is, as our own experience in this country indicates, an extremely difficult task calling for the services of experts in all lines of business. Even to fix and adjust maxima for basic commodities only will require the continuous

effort of a specialized staff. AMG does not appear to have any such staff at the present time. Furthermore, the fixing of maximum prices in relation to cost in a period of tremendous scarcity and rapid inflationary rises is next to impossible. Certain vital prices in Italy, such as the prices of wheat and coal, are heavily subsidized by the government and cannot be increased from artificial levels without serious disturbance to the whole cost of living. All in all, the prospect for price control is not bright.

D. Conclusions as to Inflation

As long as the present rate of military expenditures continues in Italy, it is hard to anticipate a slackening of the inflationary spiral. Even the Allied armies are withdrawn, the Italian government will be confronted with a tremendous problem of unemployment and a continued scarcity of consumer goods resulting from the destruction of industry. Its budget, taxed to the utmost for the war, will be subjected to unbearable stress.

Some relief may be expected in the immediate future in the form of AMG detailed above for the continued importation of sufficient food to provide the basic ration now carried out. Various Italian leaders expressed the opinion that the establishment of sufficient rations of bread and pasta would break the black market in food, and one of them an agriculturalist, suggested that a daily ration of 250 grams of bread and 100 grams of pasta would be sufficient. However, the situation has already gone so far and the supply of money will continue to increase so alarmingly, that the inflation finds it hard to believe that a solution of the food question alone will wholly arrest the inflationary trend. Similarly, the measures now being taken to increase the diversion of money through taxes and savings, however important, can only be palliatives.

One constant fear is that the Germans may flood the country with currency as they leave. The Lira and the Italian lire circulate at 5:1, and the plates and other facilities for manufacturing the latter, together with ample stocks of paper, are now in German hands.

At present, the lira has no future. There is no prospect of a plan for its stabilization. This situation leads to fears which aggravate its devaluation. Apprehensions are expressed that exchanging commodities and goods

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At present, the line has no future. There is no prospect of payment for its stabilization. This situation leads to fears which aggravate its devaluation. American-Union factors businessmen from exchanging commodities and goods for life. The mission was informed that American Blue-Sort dollars are now sold illegally in Naples at a price of 215 lire and that this was expected soon to rise to 250. One businessman interviewed by the Mission suggested that it would not matter so much where the lire was stabilized, but that it would be necessary to stabilize it at 5000 points to put a stop to the spiral. Taking the situation as a whole, it is hard to see how the Italian government, now or in the future, can stabilize its own currency. Allied action or the promise of Allied action to support the lire, would seem to be the only possibility for effective stabilization.

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HEADQUARTERS
ARMED SERVICES COMMISSION
ATTENTION SUB-COMMISSION
APO 394

13021/F

31 March 1944.

SUBJECT: Comments on Section IV of FEA Report on Economic Activities of ACC

TO: Colonel D.S. Adams,
Executive Officer,
Economic Section.

INTRODUCTION

1. Reference your memorandum of 26 March 1944 on above subject.
2. Section IV of the FEA Report contains a statement of the inflationary situation in Italy and of the actions taken by ACC to control the trend. We believe that the Report makes several errors of interpretation which lead to an incorrect appraisal of the situation and of the consequent actions of ACC.
3. Our position on these matters is given in Part I of this memorandum. Part II contains our comments on the Report's facts and figures, comments which on the whole, do not materially affect the conclusions of the Report, but serve to improve its accuracy as a record of events. For convenience in reading, the cautions in Part II have been written parallel to those in the FEA Report and the subjects discussed are in the same order.

PART I

COMMENTS ON THE FEA'S CONCLUSIONS AND INTERPRETATIONS OF THE REPORT.

A. The Deflation Situation

The Report states in many places that a considerable portion of the inflationary situation is the result of food and fuel shortages in the cities and towns, a shortage created by poor 1943 harvests, woefully inadequate enforcement of the rationing laws, and an almost complete destruction of transportation facilities. We are in complete agreement with this point of view. Indeed, we believe that it would be difficult to over-emphasize the importance of these factors in the analysis of the current Italian inflation. However,

2. Section IV of the RMA Report contains a statement of the inflationary situation in Italy and of the actions taken by AGC to control the trend. We believe that the Report makes several errors of interpretation which lead to an incorrect appraisal of the situation and of the consequent actions of AGC.

3. Our position on these matters is given in Part I of this memorandum. Part II contains our comments on the Report's facts and figures, comments which on the whole, do not materially affect the conclusions of the Report, but serve to improve its accuracy as a record of events. For convenience in reading, the comments in Part II have been made parallel to those in the RMA Report and the subjects discussed are in the same order.

PART I

COMMENTS ON THE MAJOR CONCLUSIONS AND INTERPRETATIONS OF THE REPORT.

A. The Inflation Situation

The Report states in many places that a considerable portion of the inflationary situation is the result of real food shortages in the cities and towns, a shortage created by poor 1945 harvests, woefully inadequate enforcement of the existing laws, and an almost complete destruction of transportation facilities. We are in complete agreement with this point of view. Indeed, we believe that it would be difficult to over-emphasize the importance of these factors in an analysis of the present Italian inflation. However, in discussing the monetary aspects of the inflation, the Report sometimes forgets that "inflation" is the result of interaction of all forces at work in the economy, non-monetary as well as monetary, and discusses the causes and remedies of the situation in purely monetary terms. Moreover, we believe that the Report may give rise to the inference that some portion of the problem is the direct result of the issuance of IM lire and of the use of IM lire to finance the Italian Government. Finally, we disagree strongly with the conclusion reached by the RMA Mission that the dollar/sterling value of the lire is too low.

B. The Inflationary effect of IM lire

1. Under the heading "Inflationary Factors" the Report discusses the whole question of IM lire, implying that the use of IM lire created many of the inflationary problems. It is clear that the use of IM lire, in and of itself, is in no sense an inflationary force.

(c) IM lire was employed to supplement the metropolitan lire because it was believed that the Italian Government might attempt, as part of a "scorched earth" policy, to destroy 3140 amounts of its currency;

and because there would be no other source of currency for Army use, the Italian Government's printing process being located in Central Italy.

(b) The RFA Report states that "advances to the various organs of the Italian Government for current expenditures will constitute a continuing drain on the Ali lire", and that budgetary deficits will have to be made up by AliE. It is true that in the early stages of occupation direct advances had to be made to provincial and communal authorities to meet essential payroll, provide relief, etc. However, as soon as provincial and regional governmental organizations were reconstituted, it has been AOC policy not to make further advances but rather to finance governmental deficits in the normal Italian way, i.e. by issuing an overdraft account at the central bank, the Banca d'Italia. At the present time, direct advances are being made only in forward areas by AliE officers attached to the 5th and 6th Armies. Regarding the estimated amount of the deficit for December, the Report implies, in showing the estimated government deficit, that the whole of future monthly deficits will be met by AOC through advances on a lire-fantasia basis. This was not and is not true. When the Italian Government had control over only 4 provinces of Puglia, but was responsible for the maintenance of the entire Italian Army, Navy, and Air Force, the Minister of Finance claimed that advances of Ali lire were necessary to give the branches of the Banca d'Italia in Puglia an adequate currency reserve for the conduct of Government business. To the end of January 1944, these advances totalled only 650 million lire. No such advances have been made since 31 January, and it is not anticipated that any further advances will be necessary. The Government no longer needs advances because bankers' deposits and postal savings redemptions at the branches of the Banca d'Italia are more than adequate to meet the Government's currency needs. The Finance Sub-Commission is now taking steps to obtain repayment of the earlier advances from surplus currency in the Banca d'Italia.

(c) It is not to be thought that a procedure under which the Italian Government finances its current expenditure through drawing on an overdraft account at the central bank rather than spending Ali lire advanced to it by AOC reduces in any way the inflationary pressure. Such pressure comes from the Italian Government deficit, and however that deficit were financed, other than through the extremely unlikely method of sales of government bonds to middle and lower income classes, the inflationary effect would have been the same. The RFA Report is entirely mistaken when it says "The problem is not so much one of financing this deficit

not and is not true. When the provinces of Puglia, but was responsible for the maintenance of the entire Italian Army, Navy, and Air Force, the Minister of Finance claimed that advances of 40 lire were necessary to give the branches of the Banco d'Italia in Puglia an adequate currency reserve for the conduct of Government business. To the end of January 1944, these advances totalled only 650 million lire. No such advances have been made since 31 January, and it is not anticipated that any further advances will be necessary. The Government no longer needs advances because bankers' deposits and postal savings to meet the Government's currency needs. The Finance Sub-Commission is now taking steps to obtain repayment of the earlier advances from surplus currency in the Banco d'Italia.

(c) It is not to be thought that a procedure under which the Italian Government finances its current expenditure through drawing on an overdraft account at the central bank rather than spending 40 lire advanced to it by AGO reduces in any way the inflationary pressure. Such pressure comes from the Italian Government deficit, and however that deficit were financed, other than through the extremely unlikely method of sales of government bonds to middle and lower income classes, the inflationary effect would have been the same. The FEA report is entirely mistaken when it says "The problem is not as much one of financing this deficit as it is of providing the actual paper money which is needed to meet the Italian governmental payroll". The problem is reduction of the deficit; the particular method chosen to finance any given deficit is a matter of very little consequence. The FEA report has badly confused the issue in focussing so much attention upon the use of 40 lire as one of the means used to finance a part of the deficit.

(d) The major monetary force contributing to the Italian inflation is the Italian Government deficit. At the present time, this deficit amounts to approximately 3 billion lire per month. Since 1 July 1943, the deficit of that part of Italy now liberated is approximately 20 billion lire. There is little basis for effective control of the deficit either by the Italian Government or by AGO. To date the Italian Government has initiated little action and it has not wholeheartedly cooperated with us in our efforts to impose a system of effective expenditure control or to improve the collection of revenues.

(e) It is sometimes thought that AGO can control Italian Government expenditures through its ability to provide or refuse 40 lire to the Government. The experience in February when no currency advances were made clearly demonstrates that this is not the case. Strict control cannot be achieved because there is no direct relation between any particular expenditure and the advance of currency to the Government.

General political control to individual bodies. The Government expenditure is only one of the factors which influence the growth of the economy. Within this, therefore, the Government has a limited influence. The Government controls the money supply and the money market in the Government, but cannot influence the money market of the currency market of the Government. This is a violation of the Government's control of the currency market. It is not a Government's control of the currency market. Effective exchange rate control, therefore, is a Government's control of the exchange rate.

[illegible]

This refutes the Government's statement in saying that the sterling/dollar value
 was inflated for the time, but had a major inflationary force. It is stated
 that through price rises, controlled, but offset by a psychological reaction, this
 was automatically around selling to raise prices and buyers to be willing to
 buy at higher prices, and that the price given Allied soldiers was large in
 purchasing power in Italy, that their expenditure became an important source
 of inflation. We usually deny the logic of the fact of these values in the
 importance of the amount. The point of view of the report is that when the
 Italian Minister of Finance had some very strong attempts to stabilize. That
 recently the Italian Government has actually requested that the rate be changed.
 In response to this request, under studies of the situation were made by
 the technical staff of this sub-committee. A large number, surrounding these
 statistics has been used to add and a copy of this memorandum is attached.

D. SUBMITTING TO THE TIME

2. The forest stands on the sand are still, and are blue and have green and blue flowers.

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E. Internal Stabilization Program

The real stabilization that is required is the stabilization of the domestic purchasing power of the lire. A program is required that recognizes the many sources of inflation in Italy and offers effective solutions to both the monetary and supply aspects of the problems.

The part of the anti-inflation program that falls to the Finance Sub-Commission is being formulated and called as rapidly as possible. By necessity a large part of the work of this Sub-Commission has consisted in improving day-to-day measures. Such improvisation has been necessary because both AGC and the Italian Government have been almost continuously in a process of reorganization.

When the Badoglio Government fled from Rome and established itself at Brindisi, it was faced with the necessity of reestablishing central government machinery and lines of authority and control over provincial and local administration. This work had to be carried on by the Finance Ministry staffed, at the beginning, with only a handful of experienced personnel. It was not until 11 February, 1944, when Sicily, Sardinia, and the southern provinces of the mainland to the Bari - Salerno line came under the jurisdiction of the Badoglio government, that the Italian Ministry of Finance was in a position to exercise control over any significant portion of the liberated territory. For example, it is now possible to speak of a central bank for the whole territory, rather than 22 provincial branches of the Banca d'Italia, which had been operating without central direction. The restoration of such an integrated structure is a first step in establishing effective expenditure control.

Likewise, it was not until February that the relationship of AGC to AAE was clarified. For several months previously, the then recovered areas (including Naples) were under AGC 15th Army Group, AGC authority was limited to the territory then under the Badoglio government (4 English provinces) and Region I (Sicily) and Region II (Southern mainland) were under AGC. The Finance Sub-Commission now has jurisdiction over both AGC Regions I and II and AGC areas, (46 present Regions III, IV and V).

Now that the AGC period of emergency work is ending, the Finance Sub-Commission is reviewing all financial measures taken up to this point and developing a broad, coordinated program of the monetary measures that will contribute to internal stabilization. It is intended to submit this program in the near future to AGC for comment. It will deal with expenditures control, a realistic and effective tax program, price control, and govern-

F. Currency Conversion

in the position to exercise control over any significant portion of the liberated territory. For example, it is now possible to speak of a central bank for the whole territory, rather than 22 provincial branches of the Banca d'Italia, which had been operating without central direction. The restoration of such an integrated structure is a first step in establishing effective expenditure control.

Likewise, it was not until February that the relationship of AGO to AGC was clarified. For several months previously, the then financial areas (including Naples) were under AGC 15th Army Group, AGC authority was limited to the territory then under the Regio Government (the Puglia provinces) and Region I (Sicily) and Region III (Southern mainland) were under AGC. The Finance Sub-Commission now has jurisdiction over both AGC Regions I and II and AGC areas, (at present Regions III, IV and V).

Now that the long period of preparatory work is ending, the Finance Sub-Commission is reviewing all financial measures taken up to this point and developing a broad, coordinated program of the monetary measures that will contribute to internal stabilization. It is intended to submit this program in the near future to AGC for comment. It will deal with expenditure control, the redemptive and effective tax program, price control, and government finances.

F. Currency Conversion

In the final paragraph of Section IV, the Report points out the danger of permitting old metropolitan lire to circulate in Allied occupied Italy, and of allowing to continue its use in newly won territory, when large quantities of such currency as well as the presses and plates with which it was made are still under enemy control in German occupied Italy. The Finance Sub-Commission has had this problem continuously in mind. It is developing a plan for the possible conversion of all metropolitan lire now in liberated territory into AGC lire in order to prevent German printed lire from coming into the area and in order to provide a means through conversion at a rate less than one to one, to reduce such inflation as we may find in newly won territory. This plan, together with a technical discussion of the administrative problems that its execution would create, is intended to be forwarded to AGC with a request for an expression of its views in the near future.

6. Recommendations of the TMA Report

The TMA Mission ends its section on inflation without making any recommendations as to what steps be taken to alleviate the situation, excepting that fiscal action be taken to support the lira is needed. This recommendation was criticized in Section D, above. The remainder of the conclusion draws attention, without making recommendations, to the fact that increased food imports would retard inflation, to the palliative nature of tax and savings measures, and to the danger in permitting metropolitan living standards in the area. The food import question does not concern the Finance Sub-Committee, and the other points have been discussed above.

PART II

COMMENTS ON THE FACTS AND FIGURES

A. Cost of Living

1. Food Prices (page 21 ff)

The food price data used in the Report was largely taken from an early study of this Sub-Commission. More recently, food price information in greater detail has become available. This information was published in the monthly reports of the Finance Sub-Commission for January, (page 13 ff) and February (page 1 ff).

2. Wages (page 22)

We have been informed by the Labour Sub-Commission that a separate IFA Report has been prepared and forwarded to Washington on the programs of this Sub-Commission. In view of this, we have refrained from commenting on this section.

B. Inflationary Factors

1. Inflationary Factors before Allied occupation (page 22 ff)

The Report points out that inflation was in rapid progress in Italy before the Allied invasion, a fact that, while obvious, is frequently forgotten. Since 1939, Italian budgets had consistently shown heavy deficits. Italy's additional war expenditure was 60 billion lire in 1940-41 and 80 billion lire in 1941-42. These heavy expenditures were financed without adequate taxation. The mounting government deficit coupled with continuously increasing shortages of goods and a great diversion of man power into the armed services had made inflation one of Italy's greatest internal problems before the Allied invasion. The Finance Sub-Commission estimates that food prices in Naples rose about 5% per month in the first half of 1943. When the Allied attack on Italy began, destruction of transportation facilities in Southern Italy and their use by the enemy added greatly to the food inflation problem. The evidence of rapid inflation in food prices in Naples prior to the Allied occupation is demonstrated in the figures given in the January Report of this Sub-Commission. It is estimated that the cost of living increased 200 per cent from July to September.

2. Financial Operations of Military Government

(a) Nature of the Currency (page 23 ff)

The IFA Report states that as soon as sufficient quantities of air fire weapons had been received, the IFA Report was discontinued.

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2. Financial Operations of Military Government

(a) Nature of the Currency (page 23 ff)

The FFA Report states that as soon as sufficient quantities of A. Lire were available to replace the spearhead currencies, payments discontinued the issuance of yellow seal dollars and B.A. pounds. This is not quite correct. A sufficient quantity of A. Lire was printed and distributed to U.S. Army finance officers to cover most of their August payrolls and to make unnecessary large payments of yellow seal dollars. British Army paymasters, on the other hand, have continued to pay out substantial quantities of B.A. pounds until very recently, although they had already drawn 1,747 million A. Lire by 31 October 1943, and have not required an appreciably larger working balance since that time. The decision as to the currency paid out is made by the British and American paymasters, and is not under the control of ACC. A. Lire, yellow seal dollars, and B.A. pounds are still legal tender under both ACC and Italian Governmental regulations. However, Italian banks have been directed by ACC to refuse and hold yellow seal and B.A. currency for the account of ACC, which in turn delivers spearhead currencies to the respective paymasters for use in other theatres. There is a continuous outflow of yellow seal and B.A. currency in the form of funds in the personal possession of troops arriving in Italy. The following amounts, in lire value, had been withdrawn from circulation by ACC to the end of February:

	4	3137
Yellow seal dollars		240,073,656
B.A. pounds		646,090,717
		<u>886,164,373</u>

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Since the RMA Mission left Italy, arrangements have been made for the printing of a new Italian currency in the United States. Designs for the new currency have been approved by the Minister of Finance, but it is estimated that this currency will not be available for 6 to 8 months.

(b) Expenditures of AM Lira (page 24 ff)

The RMA Report states that the total amount of all lira expended through American, British, and French military channels as of 30 November 1943 was 3.5 billion. The Report has classified the amount issued to governments with the amount expended. As of 30 November the Allies held about 4.2 billion AM Lira in cash and had expended only 4.3 billion, plus a relatively small amount of specialized currencies. As of 29 February 1944, the Allied forces had received 17,256 million lira, but had spent only 12 billion lira. The monthly rate of expenditure has therefore been less than that indicated in the Report of RMA.

Secondly, the RMA Report estimates soldiers' expenditures in Italy on the basis of experience in North Africa. The Italian data now available indicate that percentage expenditures are somewhat higher. Officers and men of the American armed forces in Italy spent 40 per cent of their cash pay in Italy in February, representing perhaps 20 per cent of total pay and allowances, having regard to voluntary and compulsory allotments and the practice of permitting pay to accrue without drawing full amounts earned. A large part of pay and allowances to British officers and other ranks is retained in sterling and not paid in cash in Italy. Soldiers, especially American troops, are urged to buy war bonds and are offered ready facilities for remitting money home in order to reduce their expenditure in Italy.

Thirdly, it is stated that "a considerable portion of the military expenditures is attributable to the lira of local labour" and that such high rates of pay constitute a serious problem. This is not the case. Payments to civilian employees of the U.S. and British Armies amount to only about 100 million lire per month, out of total gross expenditures of over 4.5 billion.

(c) Comparison Receipts of AM (page 25 ff)

After detailing the numerous channels through which AM Lira have been put into circulation, the RMA Report lists only one of the channels through which it is absorbed, namely receipts from the sales to civilians. Other channels of absorption are commercial bank deposits with the Bank of Italy & with RMA, Italian Government, and commercial bank repayment of AM advances, and the accumulation of false deposits in commercial banks by individuals and businesses.

the circulating medium (page 26)

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cents is retained in sterling and not paid in cash in Italy. Soldiers, especially American troops, are urged to buy war bonds and are offered ready facilities for remitting money home in order to reduce their expenditure in Italy.

Thirdly, it is stated that "a considerable portion of the military expenditures is attributable to the hire of 'land labour' and that such high rates of pay constitute a serious problem. This is not the case. Payments to civilian employees of the U.S. and British Armies amount to only about 400 million lire per month, out of total gross expenditures of over 4.5 billion.

(c) Currency Receipts of AIR (page 25 ff)

After detailing the numerous channels through which the lire have been put into circulation, the Report lists only one of the channels through which it is absorbed, namely receipts from A.C. sales to civilians. Other channels of absorption are commercial bank deposits with the Bank of Italy or with AIR, Italian Government and commercial bank repayment of AIR advances, and the accumulation of idle deposits in commercial banks by individuals and businesses.

(d) Increase in the circulating medium (page 26)

The Report estimates that the issuance of AIR lire up to 30 November had increased the currency circulation 50%. This estimate rests on the assumption that the circulation of the presently liberated provinces was 15 billion before our occupation. Estimates of this figure vary from 15 to 30 billion. Accordingly, the percentage increase attributable to AIR lire would vary from 50% to 25%. At the end of February, AIR lire in commercial banks and in the hands of the public amounted to 15.3 billion. It should not be forgotten, of course, that circulation would have increased quite substantially during this period if Italy had not been invaded. However, as is shown in Part I above, the amount of all currency issued and absorbed is not the vital question. It is merely the particular form in which the Italian Government deficit and Allied expenditures appear.

C. Remedial Measures

1. Reopening of the Banks (page 27 ff)

The Report points out that deposits began to exceed withdrawals sharply after the banks were reopened. The excess of deposits over withdrawals has continued up to the present time. The Report attributes the increase in deposits

to a redeposit of public withdrawable and to the liquidation of business stocks. We would be more inclined to say that the increase in current accounts reflects the higher level of individual and business incomes of ex-dollars which the inflation itself has created, and which require larger bank balances for the conduct of private and business affairs. Bank policy of the Finance Sub-Commission has attempted to retard inflationary pressures by restoring as soon as possible the normal Italian saving institutions (commercial banks and the post office financial services) and by discouraging banks from extending credit to businesses other than those engaged in war production. The ban on real estate sales mentioned in the Report was recently lifted on the grounds that it was unnecessary. The Italian Government argued that in Puglia, where no ban had been imposed, very few sales had been made. Incidentally, it is not quite accurate to say that this ban was designed to limit the inflationary trend, since there is no mechanism through which such a restriction could have that effect.

2. Government Bonds (page 36 ff.)

(a) The Report's first paragraph under this heading states that Government bonds constitute one of the principal assets of Italian banks, implies that interest payments on Government bonds are discounted throughout liberated Italy, and states that this action put the banks in a very difficult position. In fact, since so far obtained alone that "other loans and investments" of Italian banks prior to the invasion were approximately 4 times greater than their holdings of Government bonds. Interest payments on Government bonds were never suspended in the four southern provinces of Puglia or in Sardinia, provinces negotiating approximately one-fourth of the entire territory. The suspension of interest payments affected the existing liquidity of the banks in the rest of the area, but did not affect their liquidity. The casual reader would infer from the FA's statement that the banks were put in a very difficult position in that their liquidity was endangered, while in fact their liquidity was fully protected by 45% guarantees and by the net inflow of deposits that followed their reopening.

(b) The same paragraph also states unambiguously that it is the practice of Italian banks to carry Government bonds at 70% of par. Italian Commercial banks do not have a fixed rule for the valuation of Government bonds. All that can be said is that they are carried usually at below the market valuation; in the present case, at below the last ruling market valuation. This valuation differs from security to security, being much higher, for example, for Eni and Gasco Civilian, which in no case has a security lower than one year, than it would be for a security. This statement in the FA Report appears to be due to confusion with the last entry in Sicily which valued the Banca d'Italia to make advances on Government securities up to 70% of par. This was not true of any other Italian public bank. The system of advances on the valuation of Government securities for advances is a more complicated procedure than can be

advances reflecting immediately one-fourth of the entire territory. The suspension of interest payments affected the earning capacity of the banks in the rest of the area, but did not affect their liquidity. The actual needs would infer from the T.T.O.'s statement that the banks were not in a very difficult position in that their liquidity was safeguarded, while in fact their liquidity was only protected by T.T.O. guarantees and by the net income of the banks that followed their reopening.

(b) The same paragraph also states conventionally that it is the practice of Italian banks to carry Government bonds at 70% of par. Italian Commercial banks do not have a fixed rule for the valuation of Government bonds. All that can be said is that they are carried usually at below the market valuation; in the present case, it below the last ruling market valuation. This valuation differs from security to security, being much higher, for example, for Buoni del Tesoro Ordinari, which in no case are a minority lower than one year, than it would be for a perpetuity. This statement in the T.T.O. Report appears to be due to confusion with the Air Order in Sicily, which ordered the Banca d'Italia to make advances on Government securities up to 70% of par. This was not true of any other Banca d'Italia branch. The system of advances and the valuation of Government securities for advances is a more complicated procedure than can be carried in a flat statement of valuation at a certain percentage of par. For example, a branch of the Banca d'Italia will usually advance 80 per cent of market price of its bonds on a note. However, the danger of the branch will not permit the withdrawal of the whole of the advance, but may permit the withdrawal of only 70% of the market price. This procedure was adopted by the Banca d'Italia to permit a lower valuation of Government securities in practice, while maintaining the nominal valuation. The principal factor is not the publicly known "credito quarto" but the actual "credito convenuto". The net result is that the advance on a note may actually be only around 50% of par.

(c) The paragraph states that the sale of Government bonds constituted one of the chief sources of funds for the Italian Government, and implies that it was a mistake to have affirmed their sale upon occupation. It is necessary to distinguish between Buoni del Tesoro Ordinari, a short term note held through the tax, and Buoni del Tesoro Poliennali (intermediate term bonds, usually 5- or 9-year). In early November, the Finance Sub-Commission asked the Consiglio Government to consider a new issue of intermediate-term bonds. The Government declined to do so because it believed that the attempt would be a failure. The short term securities, T.T.O.'s, undoubtedly constituted one of the chief sources of Italian Government funds, but this was not true in the months immediately prior to our occupation. At that time T.T.O.'s were coming due much more

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rapidly than new issues were being bought. This "running off" of the B.T.O.'s was a part of the financial crisis that contributed to the downfall of Mussolini. Because of this situation we believe that discontinuance of the sale of B.T.O.'s in ASG territory was a correct move, and one that prevented a drain of currency into circulation. In Puglia and Calabria sale was not discontinued and maturities exceeded sales up to December. Sale of B.T.O.'s was resumed in ASG territory on 1 January 1944. During January there was a net investment in such securities of 125 million lire in the provinces for which information is available - approximately 3/4 of the area. Details of sales and redemption are tabulated on page 3 of the February issue of the ASG Monthly Financial Review of Italy, a copy of which is attached.

(d) With respect to the maturity on 15 December of the 9-year 4% Treasury bonds, the Report leads the reader to infer that 300 million lire was advanced by ASG and used in meeting the maturity. Arrangements were made to advance ASG lire to the Italian Government if it proved necessary to do so. However, payment of the issue was made in the usual way through the Banca d'Italia's Treasury sections and no specific advance was made by ASG to cover repayment of the bond issue except in Sicily, where 50 million lire was provided for this purpose because the Banca d'Italia had not been convened at the date of maturity. Only approximately one quarter of the Sicilian advance was used. In other areas, the redemption was handled by the Banca d'Italia in the same way as other outpayments on Government account. The available figures on repayment of the bond issue on 15 January are given in Table V of the ASG Monthly Financial Review of March 1944, a copy of which is attached. The Report also fails to note that the resumption of interest payments on the debt of the Italian Government icht began on 1 January.

3. Taxation (page 29)

Such data as is available on tax revenues is given in the January and February reports of the Finance Sub-Commission, attached. The February report contains an appendix stating our views on methods of increasing revenues and revising the tax structure. Among other things in the appendix new order discussion are:

- (a) requirements that taxpayers file annual returns of actual receipts for tax purposes;
- (b) acceleration of assessment and collection of the onerous profits and turnover taxes;
- (c) requirement that persons engaged in businesses and professions keep books.

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- (a) requirement that taxpayers file annual returns of actual receipts for tax purposes;
- (b) acceleration of assessment and collection of the excess profits and turnover taxes;
- (c) requirements that persons engaged in businesses and professions keep books;
- (d) strengthening of the legal powers of tax officials to make supplementary assessments and to enforce penalties for incorrect returns.

4. Price Control (page 29 ff)

Comments on this section of the report are being submitted by the Secretary of the Economic Section's Price Committee.

E. H. Tolley
 E. H. TOLLEY, Jr.,
 Colonel,
 Joint Director,
 Finance Sub-Commission.

Appendix "B"

C O N F I D E N T I A L

MONTHLY FINANCIAL REVIEW OF ITALY

March 1944

Prepared by:

Finance Sub-Commission, Allied Control Commission.

Col. E. H. Foley, Jr., Joint Director
Col. A. P. Graffey-Smith, Joint Director
Captain Andrew Kemarck, Editor.

4. SUMMARY OF DEVELOPMENTS.

1. Based on figures for the Treasury account at the Banca d'Italia, the total excess of governmental payments over receipts in the eight months period from 1 July 1943 to 29 February 1944 amounted to 20,000 million lire or a monthly average of 2,500 million lire. The figure for February appears to exceed this average and to be close to 3,000 million lire. According to AFA estimates, the net payments to civilians by Allied Forces average 1,500 million lire a month. Italian government expenditures continue to be the most important single monetary inflationary force in Italy.

2. Net investment in government bills or short-term notes (buoni del Tesoro Ordinario) amounted to 262 million lire in February for the area from which reports are available. There is evident a tendency on the part of investors to shift to purchase of shorter-term maturities than one-year although most of the R.T.O. purchased still are for the 12-month period. Prices of outstanding longer-term government securities have shown a tendency to rise, if the scanty information available is a reliable indication.

3. Total currency holdings of the Banca d'Italia in Liberated Italy on 29 February amounted to 4,000 million lire. This figure excludes mutilated and annulled currency and currency held as 100 percent cover for Allied deposits. Total current liabilities totalled 7,000 million lire of which 6,000 million was owed to banks and 1,000 million to non-banking individuals and institutions.

4. On 2 February a Commissioner and Vice-Commissioner of the Banca d'Italia for Liberated Italy were appointed to give a unified direction to the 30 branches of the central bank in Liberated Italy. Instructions were issued by the new Commissioner and the Minister of Finance to the branches of the Banca d'Italia to use all means possible, including the powers of the Inspectorate over the commercial banks, to discourage credit expansion by commercial banks for non-productive, hoarding, or speculative purposes. The Banca d'Italia was authorized by the Minister of Finance to pay 4 per cent interest (annual rate) on bankers' deposits with the Banca d'Italia deposited under condition of non-withdrawal for three months and 4.50 per cent for four months.

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B. FINANCIAL STATISTICS.

1. Italian Government "Deficit".

a. The first almost wholly complete summary of the Italian State account with the Banca d'Italia in Liberated Italy is given in Table I. These are the best figures so far available to us on the size of the Italian government "deficit" in this area from 1 July 1943 to 29 February 1944. While far from ideal, on balance it is felt that the figures do come somewhere near presenting a picture which resembles the true facts. The figures show roughly a total excess of payments on government account over receipts of 20,000 million lire from 1 July 1943 to 1 March 1944 or an average net addition to incomes in this area of 2,500 million lire a month since 1 July 1943. These figures may be compared to the estimate which has been made by the Allied Financial Agency that net payments by Allied troops in Italy to civilians amounted to around 1,500 million lire a month.

b. According to this data, the excess of 20,000 million lire payments out of the government account was met principally by overdraft on the Banca d'Italia to a total of 5,500 million lire, depletion of the balance held by the government at the

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TABLE I

Italian State Account at Banca d'Italia
1 July 1943 through 29 February 1944
(in millions of lire)

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	Salerno	Luccania	Calabria	Puglia less Foggia	Sardinia	Sicily	Total King's Italy
1. "Deficit" in State Account.							
Total outpayments less payments on account of Buoni del Tesoro ordinari	440	420	1,824	7,903	4,253	n.d.	
Total inpayments less receipts on account of Buoni del Tesoro ordinari	53	45	139	1,224	289	n.d.	
	387	375	1,689	6,679	3,964	2,652	15,946
2. How State "Deficit" Was Met.							
Advances from AFA and AMF	0	75	170	650	675	2,852	4,422
Funds supplied from Rome	0	200	200	900	-	n.d.	1,300
Credit advanced by Banca d'Italia to State	72	0	268	2,734	1,579	n.d.	4,673
Decrease in balance held by State Banca d'Italia on 1 July 1943	337	142	1,160	1,210	1,111	n.d.	3,960
Net receipts from Buoni del Tesoro ordinari or net repayment (-)	-16	-51	-1	142	74	n.d.	148 284
Increase or decrease (-) in Contabilita' Speciale accounts and in deposits in cash as guarantees	-6	9	-128	1,043	525	n.d.	1,443
Total	387	375	1,689	6,679	3,964	2,852	15,946

n.d. - no data.

TABLE I

Account at Banca d'Italia
1943 through 29 February 1944
(in millions of lire)

		Puglia less			Total King's Italy			Campania less	Grand Total of All Liberated Italy
	Calabria	Foggia	Sardinia	Sicily		Campobasso	Foggia	Salerno	
20	1,824	7,903	4,253	n.d.		303	258	4,131	
15	139	1,224	289	n.d.		32	90	673	
375	1,689	6,679	3,964	2,852	15,946	271	168	3,458	19,843
75	170	650	675	2,852	4,422	32	0	0	4,454
200	200	900	-	n.d.	1,300	0	0	1,327	2,627
0	288	2,734	1,579	n.d.	4,673	0	0	870	5,543
142	1,160	1,210	1,111	n.d.	3,960	200	104	959	5,223
51	-1	142	74	n.d.	148 284	-7	-7	-42	92 162
9	-128	1,043	525	n.d.	1,413	46	71	344	1,904 1,895
375	1,689	6,679	3,964	2,852	15,946	271	168	3,458	19,843

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various branches of the Banca d'Italia at the beginning of the fiscal year, 5,200 million lire, advances from Allied Financial Agency 4,500 million lire, and funds transferred from Rome 2,600 million lire.

o. While we now have a report on the status of the state account at all of the branches of the Banca d'Italia in Liberated Italy, with the exception of Sicily, as of 29 February 1944, we do not have complete reports on the movement in the account during February. From the reports that have come in, it would appear that the excess of payments over receipts was around 3,000 million lire for the month.

d. There are a number of cautions to be observed in considering the figures shown in Table I.

(1) Not all of the Italian government deficit is included.

(a) The table shows a total of AFA and AMG advances of 4,454 million lire whereas the total advanced was over 1,100 million lire more or 5,578 million lire. That is, advances made directly by AFA and AMG to meet local and provincial deficits do not, except in the Sicily figure, appear in the Table.

(b) That part of the Sicilian deficit which was met by another means than AFA advances is also not included.

(c) The financing of that part of the local and provincial deficits prior to our occupation of a province which did not go through a Ministry budget likewise would not be included in these figures. The expenditures which were made by the central government from Rome in this area without passing the funds through a local branch of the Banca d'Italia are not included in this computation. On the other hand, income to the central government originating in this area which did not go through the state account on the provincial level also does not appear. It is doubtful that the latter would out-balance the former.

(d) The payments out of the account, and therefore the deficit, are under-stated by the exclusion of payments of interest on Buoni del Tesoro Ordinari. These interest payments are lumped in with the figures on repayment of capital and the two together are offset by investment in the Buoni del Tesoro ordinari.

(2) The payments from the state account which were simply added to the balances of parastatal institutions and other organizations should not be considered as being an inflationary influence and represent in this sense a subtraction from the size of the deficit. The total increase shown in the Contabilita' Speciale accounts over this period should, therefore, for this purpose be subtracted from the deficit. This total was somewhat less than 1,000 million lire for the period, as the deposits of cash guarantees which are included with the Contabilita' Speciale accounts in the table are an entirely different problem so far as this discussion is concerned.

- (c) The financing of that part of the local and provincial deficits prior to our occupation of a province which did not go through a Ministry budget likewise would not be included in these figures. The expenditures which were made by the central government from Rome in this area without passing the funds through a local branch of the Banca d'Italia are not included in this computation. On the other hand, income to the central government originating in this area which did not go through the state account on the provincial level also does not appear. It is doubtful that the latter would out-balance the former.
- (d) The payments out of the account, and therefore the deficit, are under-stated by the exclusion of payments of interest on Buoni del Tesoro Ordinari. These interest payments are lumped in with the figures on repayment of capital and the two together are offset by investment in the Buoni del Tesoro ordinari.

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(3) The results can not be used to compare the situation in one province with another. For example, the expenditures for the Italian army in Campania are to be found in the Puglia state account, not in the Campania account. Similarly, revenues actually originating in one province may not appear on the state account in that province but in another province. It is only when as large a number of provinces as possible are included that the transfers and differences due to accounting procedure begin to balance out and that the total becomes meaningful.

(4) The final word of caution is that it is to be realized that these are figures originating from Italian provincial sources, and largely processed by Italian provincial accountants. Uniformity in procedure among the various branches of the Banca d'Italia at times leaves much to be desired. And bluntly, the standards of statistical accuracy that have been encountered so far are not high; errors of hundreds of millions are almost common place.

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(3) The results can not be used to compare the situation in one province with another. For example, the expenditures for the Italian army in Campania are to be found in the Puglia state account, not in the Campania account. Similarly, revenues actually originating in one province may not appear on the state account in that province but in another province. It is only when as large a number of provinces as possible are included that the transfers and differences due to accounting procedure begin to balance out and that the total becomes meaningful.

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-4-

2. Investment in Government Securities.

a. During February, there was net investment in the only type of government security being sold (Buoni del Tesoro ordinari) in every province and region from which reports have been received. The total net investment amounted to 262 million lire of which two-thirds came from the four provinces of Puglia.

During February, the largest amounts of the B.T.O. sold were the 12-month maturities. But compared to last year an increasingly large portion of the sales were for shorter maturities. We do not yet have complete data showing the type of maturities purchased, but from what has been reported the change from last year is evident. For the first time, for example, the Salerno branch of the Banca d'Italia sold B.T.O.'s with a maturity of less than 12 months. And in Naples over one-third of the total investment was in B.T.O.'s of one-month maturity.

b. In Table III is presented our first summary of the investment in B.T.O.'s since 1 July 1943 in the regions making up Liberated Italy. The total net investment in all the provinces of Liberated Italy amounts, for this whole period, to only 236 million lire. It is clear that not until the month of February when there was a net investment of 262 million lire was the net dis-investment of the summer made up.

TABLE II

Investment in Buoni del Tesoro Ordinari

February 1944.

	B.T.O. Issued (Nominal Capital)	B.T.O. Paid	Net Investment During Month
Salerno	10	7	3
Lucania	11	8	3
Calabria	10	4	6
Puglia (Less Foggia)	250	62	188
Sardinia	20	6	14
Sicily	n.d.	n.d.	n.d.
Campobasso	3	1	2
Foggia	n.d.	n.d.	n.d.
Naples	88	42	46
Avellino	n.d.	n.d.	n.d.
Benevento	n.d.	n.d.	n.d.
Caserta	n.d.	n.d.	n.d.
Total of above	392	130	262

TABLE III

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Net Investment
During MonthB.T.O. Issued
(Nominal capital)

B.T.O. Paid

Salerno	10	7	3
Lucania	11	8	3
Calabria	10	4	6
Puglia (less Foggia)	250	62	188
Sardinia	20	6	14
Sicily	n.d.	n.d.	n.d.
Campobasso	3	1	2
Foggia	n.d.	n.d.	n.d.
Naples	88	42	46
Avellino	n.d.	n.d.	n.d.
Benevento	n.d.	n.d.	n.d.
Caserta	n.d.	n.d.	n.d.
Total of above	392	130	262

TABLE III

Investment in Buoni del Tesoro Ordinari
1 July 1943 - 23 January 1944Net Investment
During Month
(Excess of repayments (-))

B.T.O. Paid

B.T.O. Issued
(Nominal capital)

Salerno	24	42	- 18
Lucania	94	141	- 47
Calabria	61	60	1
Puglia (less Foggia)	588	422	166
Sardinia	123	44	79
Sicily	273 *	177 *	96 *
Campobasso	13	20	- 7
Foggia	33	38	- 5
Campania (less Salerno)	346	375	- 29
Total liberated July 1943	1,555	1,319	236

* Incomplete through January for Palermo. 20 January for rest of Sicily.

3. Prices of Government Securities.

The Banco di Napoli has supplied to the Allied Financial Agency a list of prices at which government securities are being traded in Naples. These are unofficial quotations and in many cases represent prices asked rather than bid prices. Still, an upward trend in the recent months in prices of government securities is evident from the data.

TABLE IV
Prices of Government Securities
(Unofficial market prices at Naples)

	31 Dec. 1943	31 Jan. 1944	15 Feb. 1944	17 Mar. 1944
9-year bonds, 5% 1944	85.00	94.00	n.d.	95.00 - 97.00
5-year bonds, 5% 1948	n.d.	n.d.	n.d.	86.75 - 87.25
9-year bonds, 5% 1949	70.00	81.50	79.25	84.75 - 85.25
9-year bonds, 5% 1950 1st issue	70.00	81.50	79.25	84.25 - 84.75
9-year bonds, 5% 1950 2nd issue	70.00	81.50	79.25	84.00 - 84.50
9-year bonds, 5% 1951	70.00	81.50	79.25	83.50 - 84.00
9-year bonds, 4% 1951	64.50	74.50	69.00	72.75 - 73.25
Rente Italiana, 5%	67.00	81.00	80.00	83.25 - 83.75
Rente 3.50% (1906)	80.25	90.90	91.50	95.75 - 96.25
Redeemable long-term bonds, 5%	n.d.	n.d.	n.d.	84.00 - 84.50
Redeemable long-term bonds, 3.50%	63.25	71.45	n.d.	67.00 - 68.00

4. Payment of Maturity of 15 December 1943, 4% nine-year bonds.

Based on the samples of Campania, Calabria, Lucania, it would appear that about one-quarter of the total of the bonds outstanding in Liberated Italy have been paid to 29 February 1944. To the end of February, a total of 65 million lire has been reported in Liberated Italy of the probable total of almost 300 million held in the area. As the German puppet-government of northern Italy also announced that it would service the part of the issue held on its side of the lines, the bulk of the 2,000 million of the issue must have been paid by them.

TABLE V.

Payment on 15 December 1943 Maturity of
4% Nine Year Bonds
15 Dec. 1943 through 29 February 1944
(In Lire)

AREA	TOTAL OUTSTANDING	TOTAL PAID	% PAID OF TOTAL OUTSTANDING
------	-------------------	------------	--------------------------------

9-year bonds, 5% 1951	70.00	81.50	79.25	83.50 - 84.00
9-year bonds, 4% 1951	64.50	74.50	69.00	72.75 - 73.25
Rente Italiana, 5%	67.00	81.00	80.00	83.25 - 83.75
Rente 3.50% (1906)	80.25	90.90	91.50	95.75 - 96.25
Redeemable long-term bonds, 5%	n.d.	n.d.	n.d.	84.00 - 84.50
Redeemable long-term bonds, 3.50%	63.25	71.45	n.d.	67.00 - 68.00

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TABLE V.

Payment on 15 December 1943 Maturity of
4% Nine Year Bonds
15 Dec. 1943 through 29 February 1944
(In Lire)

AREA	TOTAL OUTSTANDING	TOTAL PAID	% PAID OF TOTAL OUTSTANDING.
Salerno	6,674,500	1,755,000	27
Lucania	n.d.	2,032,000	
Calabria:	17,043,000	2,618,000	15
Puglie (less Foggia)	n.d.	6,417,000	
Sardinia	n.d.	2,354,000	
Sicily	est. 54,000,000	13,304,000 *	25
Campobasso	n.d.	144,000 *	
Foggia	n.d.	939,000	
Campania (less Salerno)	126,533,500	34,274,000	28
Total of above	204,241,000	65,137,000	
Total Italy	2,000,000,000	n.d.	

* Through January.

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5- Postal Savings.

a. In several provinces, principally Sicily, no buoni postali fruttiferi (postal savings bonds) have been on sale because of the shortage of certificates for issue. On 26 March 1944, full service was resumed in all liberated territory with provisional certificates available to ensure continuity of service until the new issue of blank bonds is ready.

b. The Ministry of Finance has requested data on the movement of postal savings but as yet no information has been received, other than from Puglia (less Foggia). Even the figures of Puglia are not complete. We also have a report from our own officers in Sardinia.

c. During February (with Bari figures on current accounts missing) in Puglia the figures show a net increase in money deposited in postal savings offices. There was a net increase of 16 million lire in postal savings books and a net decrease in postal savings bonds of 14 million lire. Current accounts (with Bari missing) showed an increase of 28 million lire. Total inflow of funds reported totaled 30 million lire.

d. The monthly increase in savings in Sardinia remained fairly steady around 11 million lire a month in both January and February 1944.

TABLE VII

Postal Savings in Puglia (less Foggia)
February 1944
(In thousands of lire)

	Bari	Brindisi	Lecco	Taranto	Total
Postal Savings Bonds	-7,914	-1,479	-2,386	-2,084	-13,863
Postal Savings Books	7,204	1,374	4,157	2,749	15,584
Current Accounts	n.d.	16,186	13,196	958	28,424 (incomp)
Total	710	16,031	14,967	-293	30,135
					(incomplete)

TABLE VIIb

Postal Savings in Sardinia
(In thousands of lire)

	Capitani	Sassari	Nuora	Total
January 1944				
Postal Savings Bonds	-3,152	2,005	-406	-1,833
	2,068	3,197	1,984	12,789

TABLE VIa

Postal Savings in Puglia (less Foggia)
February 1944
(In thousands of lire)

	Bari	Brindisi	Lecca	Taranto	Total
Postal Savings Bonds	-7,914	-1,479	-2,386	-2,084	-13,863
Postal Savings Books	7,204	1,374	4,157	2,749	15,584
Current Accounts	n.d.	16,186	13,196	958	28,424 (incomp)
Total	710	16,091	14,967	-293	30,135
		(incomplete)			(incomplete)

TABLE VIb

Postal Savings in Gerdinia
(In thousands of lire)

	Cagliari	Sassari	Nuora	Total
January 1944				
Postal Savings Bonds	-3,152	2,725	-406	-1,833
Postal Savings Books	7,008	3,797	1,984	12,789
Total	3,856	5,522	1,578	10,956
February 1944				
Postal Savings Bonds	350	429	-195	1,084
Postal Savings Books	6,194	2,493	1,500	10,184
Total	7,044	2,922	1,305	11,268

6. Currency Holdings of the Banca d'Italia.

The total "available" (excluding the "frozen" and dirty currency and currency held as cover for Allied deposits) currency holdings of the Banca d'Italia in liberated Italy at the end of February 1944 totaled 4,000 million lire (See Table VII). Of this, 1,500 million lire was Italian-printed lire and 2,500 million lire consisted of currencies introduced during the Allied occupation. The uneven composition of the currency was due between the various areas is particularly to be noted. In Sicily where currency reserves of the Banca d'Italia had been in large part destroyed or shipped out prior to our occupation, the bulk of the holdings are AM Lire. In Naples, the opposite is true.

7. Current Liabilities of the Banca d'Italia.

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In Table VIII is presented for the first time a report on the current liabilities of the Banca d'Italia in Liberated Italy with the exception of Sicily for which no reports have been received. As of 29 February 1944, the total of funds which the Banca d'Italia could be called upon to pay, exclusive of the government account, amounted to 7,000 million lire, of which 6,000 million lire was owed to banking institutions and 1,000 million to non-banking institutions and individuals. The total of interest-bearing accounts amounted to around 4,800 million lire. The residual available on advances, secured by government securities comes to 1,500 million. The principal part of the residual available on advances was concentrated in Campania and Puglia.

The "current accounts at no interest" item refers to the accounts in which the Banca d'Italia carries the income from securities received on behalf of others until the income is withdrawn or transferred to another account. The very large sum of 2,000 million shown here for Calabria probably is due to this particular region carrying its AFA accounts in this classification.

C. OTHER FINANCIAL DEVELOPMENTS.

1. The Present Organization of the Banca d'Italia.

a. As mentioned in our monthly reports, Arturo Atti, senior member of the Superior Council of the Banca d'Italia, on 2 February 1944, was appointed Commissioner of the Banca d'Italia in Liberated Italy with all the powers of the Superior Council, the Governor, Director General, and the Vice-Director General of the Bank over the branches in Liberated Italy.

The following powers of the Superior Council are to be exercised by the Commissioner only with the express approval of the Minister of Finance.

- (1) Deliberation on the form and characteristics of bank notes, vaglia cambiari and assegni bancari;
- (2) Creation and issuance of bank notes and the destruction of the retired and annulled notes.
- (3) Determination of the rules and the conditions for the operations of the bank.
- (4) Authorization of contracts which have to do with the disposal of real property of a value greater than 100,000 lire, and transactions having to do with credits of a sum greater than 400,000 lire, and all other contracts and actions which the Governor of the Bank believes important enough to submit to the approval of the Superior Council.
- (5) Deliberations on cancellations, reductions, and restrictions of mortgages written in favor of the bank, and surrogations in favor of third parties when the credit is not entirely extinguished (above 400,000 lire mentioned).

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 - (5) Deliberations on cancellations, reductions, and restrictions of mortgages written in favor of the bank, and surrogations in favor of third parties when the credit is not entirely extinguished (above 400,000 lire/mentioned).
- b. A Vice-Commissioner, Adolfo Pettinari, Managing Director of the Banca d'Italia, was appointed at the same time to assist Atti, particularly in the coordination of the branches of the Banca d'Italia. Pettinari was likewise appointed Managing Director of the Naples branch of the Banca d'Italia.

TABLE VII

29 February 1944 Currency Holdings of Banca d'Italia
Liberated Italy(excludes AM lire held as 100% cover
for AFA and other Allied deposits,
excludes all currency which because
of condition cannot be paid out)

(In millions of lire)

(p. 8)

	State Notes	Banca d'Italia	Titoli Stampigliati	AM Lire	EMA Notes	Dollars	Sub It Pr
Salerno	4	117	(1)	121	12	(1)	
Iuccania	4	19	(1)	153	14	(1)	
Calabria	7	87	3	229	4	(1)	
Puglia (less Foggia)	71	167	0	119	12	(1)	
Sardinia	6	66	6	102	(1)	0	
Sicily	*	335 *	n.d.	1,153	n.d.	n.d.	
Campobasso	4	71	0	8	1	0	
Foggia	2	18	0	32	25	(1)	
Campania (less Salerno)	10	763	(1)	198	8	2	
Total	108 *	1,643 *	9	2,115	76	2	1

(1) Total less than 500,000 lire.

* State notes included with Banca d'Italia notes in Sicily.

TABLE VII

February 1944 Currency Holdings of Banca d'Italia,
Liberated Italy

(excludes AM lire held as 100% cover
for AFA and other Allied deposits,
excludes all currency which because
of condition cannot be paid out)
(In millions of Lire)

<u>AM Lire</u>	<u>BMA Notes</u>	<u>Dollars</u>	<u>Sub-Total Italian Printed</u>	<u>Sub-Total War Currencies</u>	<u>Grand Total</u>
					254
(1)	121	12	(1) 121	133	190
(1)	153	14	(1) 23	167	330
3	229	4	(1) 97	233	369
0	119	12	(1) 238	131	180
6	102	(1)	0 78	102	1,488
n.d.	1,153	n.d.	n.d. 335	1,153	84
0	8	1	0 75	9	77
0	32	25	(1) 20	57	981
(1)	198	8	2 773	208	3,953
9	2,115	76	2 1,760	2,193	

Banca d'Italia notes in Sicily.

TABLE VIII

Current Liabilities of Banca d'Italia
(excluding vaglia)
29 February 1944
(In millions of lire)

Due to Non-Bank Creditors		Due to Banks		Due to Government		Due to Foreign	
Sub-Total	Residual avail-	Sub-Total	Residual avail-	Sub-Total	Residual avail-	Sub-Total	Residual avail-
	Non-interest		Non-interest		Non-interest		Non-interest
	Interest-bearing		Interest-bearing		Interest-bearing		Interest-bearing
	Advances		Advances		Advances		Advances
	Current accounts		Current accounts		Current accounts		Current accounts
	Residual		Residual		Residual		Residual
	Total		Total		Total		Total
40	74	18	49	105	141	246	236
21	174	7	14	41	195	656	134
134	67	21	40	528	128	2,134	412
412	127	58	136	1,610	321	998	129
129	1	11	33	953	45	n.d.	n.d.
n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
16	0	5	18	46	23	69	50
50	13	0	16	60	29	2,847	1,219
1,219	157	64	77	2,544	298	7,272	1,180
	613	184	389	6,092	1,180		

accounts

TABLE VIII

Current Liabilities of Banca d'Italia
(excluding vaglia)
29 February 1944
(In millions of Lire)

(P. 9-)

		Due to Banks		Due to Non-Bank Creditors	
		Non-interest bearing current accounts:	Interest-bearing current accounts:	Non-interest bearing current accounts:	Interest-bearing current accounts:
Salerno	(1)	65	40	74	18
Luccania	(1)	20	21	174	7
Calabria	228 *	166	134	67	21
Puglia (less Foggia)	(1)	1,398	412	127	58
Sardinia	(1)	824	129	1	11
Sicily	n.d.	n.d.	n.d.	n.d.	n.d.
Campobasso	0	30	16	0	5
Foggia	(1)	10	50	13	0
Campania (less Salerno)	(1)	2,192	4,417	157	64
Total ^{CU} CU above	228	4,645	1,219	613	184

(1) Less than 500,000 lire.

* Believed to include 201 million of AFA accounts.

TABLE VIII

Current Liabilities of Banca d'Italia
(excluding vaglia)
29 February 1944
(In millions of Lire)

		Due to Non-Bank Creditors			Sub-Total		
Residual avail-	Non-interest		Residual avail-	Sub-Total	due to non-		
able on advan-	bearing cur-	Interest-bearing	able on advan-	due to	bank credi-		
ces	rent accounts	current accounts	ces	banks	tors	Grand Total	
40	74	18	49	105	141	246	
21	174	7	14	141	195	236	
134	67	21	40	528	128	656	
412	127	58	136	1,810	321	2,131	
129	1	11	33	953	45	998	
n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	
16	0	5	18	46	23	69	
50	13	0	16	60	29		
X,417	157	64	77	2,544	298	2,842	
1,219	613	184	383	6,092	1,180	7,272	

nts.

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c. Atti has remained at his home in Bari. Pettinari divides his time between the Banca d'Italia in Naples, outside King's Italy, and the branch in Bari, inside of King's Italy. He is thus the Managing Director of two out of the three principal offices of the Banca d'Italia in Liberated Italy. The third "sede" of the Banca d'Italia in Liberated Italy is in Palermo, Sicily. The central banking situation in Sicily is complicated by the fact that the Banco di Sicilia dominates the financial life of Sicily and has never completely accepted subordination to the Banca d'Italia, which it rather regards as a foreign intruder.

d. Dottore Domenico Busotti of the Central Administration of the Banca d'Italia has been made head of a new Office of Coordination for the Banca d'Italia in Liberated Italy and is located at the seat of the Italian Government in Salerno. In a certain sense this is the present real head office of the Banca d'Italia of Liberated Italy.

2. Credit Policy of the Banca d'Italia.

a. Policy directive issued by head office of Banca d'Italia.

As his first act, on 3 February 1944, Commissioner Atti issued a letter to the branches of the Banca d'Italia outlining the credit policy to be pursued. The following are the main points of the letter:-

(1) The Banca d'Italia by direct contact with banks must discourage the financing of speculative operations or hoarding. The banks should aid any productive activity which makes an effective contribution to the economic reconstruction of the nation, to the renewal of productive activity, and to the struggle against unemployment. The banks should refuse any form of credit which directly or indirectly can result in speculative or hoarding operations.

(2) Any action of psychological or other nature should be avoided which would provoke disorder in the banking field with repercussions on the already troubled life of the country.

(3) Little attention need be paid by the Banca d'Italia to its discount operations since the discounting now performed consists in the most part of re-discount operations and these are progressively diminishing.

(4) The advances made by the Bank on securities are important in view of the present and future development of advances and since the value of government securities is influenced by the advances. The advances are principally secured by five and nine-year bonds. For advances, the value of these bonds should be taken as the price at which they were issued less 20 per cent. (The rate charged by the bank on advances is the same as the discount rate, 4.50 per cent.)

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- (3) Little attention need be paid by the Banca d'Italia to its discount operations since the discounting now performed consists in the most part of re-discount operations and these are progressively diminishing.
- (4) The advances made by the Bank on securities are important in view of the present and future development of advances and since the value of government securities is influenced by the advances. The advances are principally secured by five and nine-year bonds. For advances, the value of these bonds should be taken as the price at which they were issued less 20 per cent. (The rate charged by the bank on advances is the same as the discount rate, 4.50 per cent.)
- (5) However, advances should be refused to private individuals who do not demonstrate an effective and urgent need of the advance for such legitimate ends as listed in (1) and (2) above.
- (6) Advances should be made to agricultural and industrial undertakings only when they meet the criteria enumerated in paragraph (1).
- (7) Advances should be made to banking and credit institutions for their legitimate needs, always qualifying "legitimate" as defined in paragraph (1) above.
- (8) The managing directors of the branches are requested to keep the head office informed of the important developments in their zones.
- (9) The branches are especially requested to maintain frequent contact with the banks and other credit institutions in their areas in order to be able to impress upon them the importance of carrying out the goals outlined in paragraphs (1) and (2) and to enable the banks to find in the Banca d'Italia a support and a comfort in the difficulties of the present.

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b. Instructions of Minister of Finance to Banca d'Italia.

On 1 March 1944, the Minister of Finance issued a letter of instructions to the Commissioner of the Banca d'Italia in which he implemented the policy directive already issued by Atti. A summary of the letter follows:

- (1) At the present time, in view of the extreme scarcity of commodities, every commercial operation which is not ordered or approved by the authority in charge of the distribution of food or of essential products, will result in fact, in speculation or hoarding.
- (2) Therefore, the principal task of the Inspectorate of Credit (of the Banca d'Italia) is to put care and maximum energy into the surveillance of the operations of banks to avoid inflationary consequences.
- (3) Inspections should be made as frequently as convenient and any deviation from the rules laid down by the letter of Atti to the banks should be reported to the Ministry of Finance.

3. Increase in Interest Rates on Bankers' Deposits at Banca d'Italia.

By decree of the Minister of Finance dated 27 February 1944, and approved by the Chief of Financial Institutions, the Banca d'Italia was authorized to raise the rate of interest on bankers' deposits. The Bank was authorized to pay 4% on bankers' deposits with the Banca d'Italia when these are deposited under conditions of non-withdrawal for a period of 3 months and 4.50% under condition of non-withdrawal for 4 months.

The reason for this action, as stated by the Minister of Finance was that in view of the fact that the Banca d'Italia was attempting to curtail investment opportunities of banks, the interest rate paid on bankers' deposits at the Banca d'Italia should be raised "to keep the banks happy".

After this decree, the schedule of interest rates on bankers deposits at the Banca d'Italia and on government bills and short-term notes, "Buoni del Tesoro ordinari" is as follows:

TABLE IX

Annual Interest Rates Payable		Investment of Banking Funds in Banca d'Italia and in B.T.C.	
Funds available at call		Bankers' Deposits at Banca d'Italia	Investment in Buoni del Tesoro ordinari
"	at 8 days notice	1.00 - 1.50%	---
"	"	2.50	---
"	at 15 days notice	3.00	---
"	invested for 1-2 months	---	3.25%
"	" " 3 months	4.00	3.75

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" " at 8 days notice	2.50	
" " at 15 days notice	3.00	
" invested for 1-2 months		3.25%
" " 3 months	4.00	3.75
" " 4 months	4.50	3.75
" " 5-6 months		3.75
" " 7-8-9 months		4.75
" " 10-11-12 months		5.00

4. Extension of Interest Payments on Matured Government Securities.

On 2 March 1944, the King issued a decree extending the payment of interest on certain matured government securities which were not presented for payment on the date of maturity because of circumstances connected with the war. On the matured Buoni del Tesoro ordinari (which pay from 3.25 to 5 percent depending upon their period) interest will continue to accrue at the rate of 5% annually from the date of maturity to the date when the B.T.C. are redeemed. On the nine-year 4% bonds which came due 15 December 1943, interest will continue to accrue at the rate of 4% annually until they are presented for payment.

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5. Lifting of Restrictions on Transactions in Lands and Buildings.

Early in March, the Italian government lifted the prohibition and restrictions upon transactions in lands and buildings imposed by Proclamation No. 5 in former AMG territory. This relaxation of controls has also been extended to present AMG territory by General Order No. 23, 9 March 1944. The Finance Minister took this action on the basis that it was not necessary as very few transactions occurred in Puglia where no ban existed. If a large increase in transactions in real estate representing a flight from currency occurs the ban is to be re-imposed. No statistics have been received from the Italian government as yet showing the volume of transactions actually taking place.

D. DESCRIPTION OF THE ITALIAN FINANCIAL SYSTEM.

The Public Debt in Italy.

In last month's Financial Review, an outline of the Italian Public Debt was given. In Section d, Forced Loans the Special Series of 5% nine-year Treasury Bonds (1944) which should have been likewise classed as a forced loan was not included. A brief description of this forced loan follows.

Special Series 5% nine-year Treasury Bonds, 1944.

a. according to the Royal Decree of 28 August 1935, all Italian citizens resident in the Kingdom or in the possessions were required to transfer to the Italian foreign exchange institution (Istituto Nazionale per i Cambi con l'estero) all foreign credits and foreign securities owned by them and to receive in exchange Treasury bonds. There were certain exceptions made from the decree for the foreign direct investments of Italian companies, bankers with foreign liabilities and insurance companies that had assumed foreign risks. The value of foreign credits was converted into lire at the prevailing foreign exchange quotation on the Milan exchange. The value of securities was taken at the prevailing price on the market of issue at the date of the decree and converted into lire at the prevailing foreign exchange quotation. The same conversion applied to Italian securities issued abroad except that the date taken was 8 December 1934 and no price above par was paid.

b. Nine-year bonds were issued in exchange except that where there was a remainder due which was less than the smallest denomination of bond available, cash was paid for this remainder. The bonds issued consisted of a Special Series of nine-year Treasury bonds maturing on 1 September 1935. They were made exempt from any impost existing or future and received all other rights of the other series of bonds remaining in circulation.

c. Based on the interest charges budgeted for, it is estimated that the total of this series outstanding amounts to around 2,000 million lire. In liberated Italy, this series outstanding amounts to around 2,000 million lire. This information

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c. Based on the interest charges budgeted for, it is estimated that the total of this series outstanding amounts to around 2,000 million lire. In Liberated Italy, we have data on the amount that were issued for two compartments. This information is given in Table X.

TABLE X

Special Series, Rubli del Tesoro
Novennali, 5%, 1 September 1944

Region of Issue	(In Lire)		
	Registered	Bearer	Total
Calabria	121,600	3,026,900	3,148,500
Campania	2,312,100	84,893,500	87,205,600
Total	2,433,700	87,920,400	90,354,100

HEADQUARTERS
ARMED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

APPENDIX 'C'

13106/3

29 March 1944.

SUBJECT: Request by Badoglio Government that the dollar value of the lira be increased.

TO : Colonel D. S. Adams,
Executive Officer,
Economic Section.

Conclusion

The Italian Government has requested in a letter from Marshal Badoglio to General MacFarlane of 24 February 1944, (a copy of which is attached) a change in the dollar value of the lira. A study of the exchange rate of the lira has been carried out by the technical staff of this Sub-Commission. We are of the opinion that an alteration of the exchange rate of the lira at the present time is undesirable.

I. There is not adequate economic justification for a change in the foreign exchange value of the lira.

1. The Italian Government's argument as presented in Marshal Badoglio's letter and as presented orally by the Minister of Finance to representatives of the Finance Sub-Commission from time to time, is briefly as follows:

- (a) The present rate of exchange increases substantially incomes of soldiers spent in Italy and constitutes, therefore, the major inflationary factor.
- (b) People in Italy are "exchange rate conscious". The sharp downward revision in the exchange value of lire has caused psychological reactions which have aggravated the inflation problem in liberated Italy.

2. The extent to which soldier expenditures constitute an inflationary factor in liberated Italy is exaggerated in the Italian Government's argument. A reduction of those expenditures will not change the course of inflation in Italy, although it may slow down the inflationary process. Monthly payments to all Allied troops in Italy have been computed at an average of 2,725 millions of lire for the past six months. Wages returned to Finance Officers in the form of PX sales, war bond sales, cable remittances, postal remittances and soldier deposits are approximately 1,000

exchange rate of the lira at the present time is unfeasible.

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The effect which the doubling of the exchange value of the lira would have on soldiers' expenditures is, of course, dependent upon the reaction of the soldiers to what is, in effect, a wage cut in terms of lire. If the soldiers continue to send home the same amount of dollars as previously, then the reduction in lire expenditure in the area will amount to 900 million lire. But if, as appears more reasonable, the soldiers return to the Finance Officers only the surplus lire out of their pay, and they tend to maintain the level of their lire expenditures, then the reduction of lire expenditures will be somewhat less than 900 million lire per month. It has been estimated, in a memorandum prepared on this subject, that under the most reasonable assumptions, the net soldiers' expenditures would be reduced, with a doubling of the exchange value of the lire, by only 700 million lire per month. This assumes that the average soldier will react to a cut in his lire wages by reducing his dollar remittances to the United States one third. It is reasonable to expect that the soldiers will react

- 2 -

to cut in their wages by reducing the amount of money they send home, as well as to reduce the amount of lire spent in the theatre. Soldiers cannot be expected to change their expenditure habits so drastically.

This reduction in monthly expenditures compares with a cumulative deficit since September 1943 of the Italian Government of 8,000 million lire, and a deficit in January 1944 of 1,800 million lire. The deficit of the Italian Government is increasing sharply from month to month. Within the near future and especially in additional territory come under its control, the Italian Government deficit will become by far the most important inflationary factor in Italy.

Thus, the reduction in soldier expenditures resulting from an appreciation in the value of the lire would not change the course of inflation in liberated Italy and would be only of minor significance.

3. It is difficult to assess the precise contribution, if any, which "psychological" factors may play in price movements, but the Italian Government places great importance on this factor. It is argued that inflation has been stimulated through the following reactions:

- (a) Italians distrust the lire and attempt to convert lire into goods as quickly as possible.
- (b) Italian merchants fix prices on the basis of prices in foreign currencies and convert at the present exchange rate.

Distrust of the currency is undoubtedly present in Italy; and it may have some effect in stimulating inflationary price movements. But will one exchange rate rather than another change distrust into confidence? Changes in the exchange rate, whatever the character of the change, are extremely important factors in creating distrust. To change the exchange rate now would increase the distrust of the people in the currency, particularly since the currency would be fixed at a value which is obviously too high to be maintained over a long-run period.

The second part of the "psychological" argument of the Italian Government involves facts which, if true at all, refer to a very small and unimportant part of the economic picture of liberated Italy. The exchange rate is not an important factor in fixing domestic prices at the present time, particularly because of the absence of foreign trade. The producers and merchants always attempt to obtain the highest prices possible for their products and the real

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Each one in the exchange rate is not in the best interests of Italy. To the extent that, in the short run, the advantage may accrue to Italy, it would be at the expense of the Allied Governments.

The Italian Finance Minister believes that it would be in the interest of Italy to have a higher exchange rate. He has admitted that the lire could not be held at a higher rate, but he believes that it would be in the interest of Italy to raise the rate now and lower it later.

1. The short-run advantages which may accrue to Italy from a higher rate now, are:

- (a) The present Italian Government, particularly the Minister of Finance, hopes to obtain dollars or dollar credits for the lire expenditures of the Allied armed forces. Thus, the Italian Government expects

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that expenditures of the Allied armies - in dollars - will be directly and proportionately increased by the change in the exchange rate, and Italy will acquire more dollars or dollar credits. This advantage to Italy would be at the expense of Allied soldiers or of the Allied Governments.

- (b) Exports into Italy during the next year or two will probably greatly exceed exports, and will not be dependent upon the volume of foreign exchange assets available to the Italian Government. Thus, an appreciation in the exchange rate will lower the lira cost of imports, and in the meantime, Italy will be avoiding the principal disadvantage of an over valued currency - i.e., difficulty of developing exports.

- (c) Political prestige would accrue to the present Italian Government.

In view of the general opinion amongst Italians as to the weakness of the economic position of Italy and the general distrust of the Italian currency, it is doubtful if there would be any real or prolonged political value to an unjustified and unreasonable manipulation of the exchange rate.

2. If the Italian Finance Minister believes that an appreciated lira rate would be untenable over a longer period of time and that a depreciation would subsequently be required, the argument against a change becomes stronger. The Italian Government would then be guilty of attempting to manipulate the exchange rate deliberately to profit at our expense. It would be indefensible to permit an alteration of the rate under these circumstances.
3. Insofar as a reduction in soldier expenditure constitutes the major objective of the Italian Government, it would be improper to change the rate for this purpose. The problem of soldier expenditures is not confined to liberated Italy, but exists in Great Britain, and will be met in all areas liberated by Allied Forces. It should be considered directly as such, and appropriate measures applied to all areas in which the problem arises. The larger problem should not be met on a piece-meal basis, and indirectly through a change in the rate of exchange. Conversely, the rate of exchange should be considered in terms of the considerations relevant to fixing the rate and not as a device to control payments to troops.
4. Moreover, even assuming some importance attaches to soldier expenditures, a sharp appreciation in the value of the lira would immediately cut the income of troops in lire. The morale of our troops would be seriously affected by such a drastic step. There are other methods of treating the problem with far less effect, if any, on soldier morale.

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3. Insofar as a reduction in soldier expenditure constitutes the major objective of the Italian Government, it would be improper to change the rate for this purpose. The problem of soldier expenditures is not confined to liberated Italy, but exists in Great Britain, and will be met in all areas liberated by Allied Forces. It should be considered directly as such, and appropriate measures applied to all areas in which the problem arises. The larger problem should not be met on a piece-meal basis, and indirectly through a change in the rate of exchange. Conversely, the rate of exchange should be considered in terms of the considerations relevant to fixing the rate and not as a device to control payments to troops.

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The Allied Control Commission is vitally interested in controlling inflation in Italy, and it is important that effective measures be taken. The change in the exchange rate is not an effective step.

III.

1. During a period of global war, the normal relationships between exchange rates, prices and incomes are destroyed. There are few normal effects on Italian prices caused by the present rates of exchange fixed for the lira.

2. The basic elements of an anti-inflation policy include expenditure control; adequate tax policies; borrowing of savings from the people; direct price fixing; and adequate and effective rationing of essential commodities. There is a great deal which the Italian Government can do in these fields which would go far towards achieving price stabilization. Such measures should be strongly pressed and will far outweigh any effects which a change in the rate of exchange might have on inflation.

3. The Finance Sub-Commission is preparing currently a comprehensive programme of monetary and price stabilization for liberated Italy. With the cooperation of the Italian Government, notable improvements in the control of inflation should be possible.

IV

Finally, an alteration in the exchange rate would impose serious administrative burdens and problems upon the armed forces.

1. This has been already demonstrated by the experience in North Africa. Some rough solutions can be found to these problems but they would involve a large amount of extra book-keeping on the part of the armed forces, injustices as between various groups, undesirable speculation, and make certain existing problems difficult to deal with.

E. H. FOLEY, Jr.
Colonel,
Joint Chief Finance Officer.

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COPY.

File No. 543

Salerno, 24/2/1944.

OFFICE OF THE CHIEF OF GOVERNMENT

TO : GENERAL NOEL HASON MACFARLANE
Chief of the Allied Control Commission
 Naples

My dear General MacFarlane:-

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

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

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

Accordingly, at the meeting of the Consultative Commission for Italy, held at Naples on January 15th, to which I was invited, I presented a memorandum in which the question of exchange, together with that of food, was introduced as among the most serious and pressing.

After the Minister of Finance has seen the same and sent the reportably supplied data on the exchange problem to various members of the Allied Control Commission and has not failed to emphasize the gravity and urgency of the situation.

The inflationary tendency in Italy has been and is still being determined, even beyond the necessity of prime necessity goods, and among these especially foodstuffs, in an absolutely preponderant fashion by the spending of the Allied troops in Italy and especially the spending of individual members of these same Allied Forces. The effect of this spending, which is at any rate out of

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

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

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

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

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

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

All this has brought with it among the Italian people a state of mind, which it is absolutely vital to counteract. It is indeed harmful for the present and future life of the Country, if the Italian spends his money in such a way that the Allies have the precise intention to ruin Italy economically and materially, and that consequently to individual Italians, in the light of general rule, is always but to try and take unscrupulous advantage for their own exclusive benefit of any opportunity, which even for a moment fate may offer them.

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

In my opinion, therefore, a decisive step in the matter of exchange is necessary to bring about a very clear psychological movement, which reverses the direction of the mentality of the Italian people in connection with the war.

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

For the common responsibility, which both you and I have for the living people and of the Italian people, for the fact that Italy (as neither only one or another territory) is the field of the fight of the Allied and Axis powers of any kind or nature, for the necessity that during the course of the war a large part of the Italian people should be in Italy, there is a state of calm and orderly life and possibility of useful activity for the resistance to the war. On the spirit of duty, sincerity and I feel collaboration all the Italian people to take part with every effort in the fight against the German enemy and in the work of reconstruction of the world. I must ask you, my dear General, to give your kind and cordial

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In my opinion, therefore, a decisive step in the matter of ensuring the necessary of being about a very clear psychological movement, which has reversed the direction of the mentality of the Italian people in regard to our military situation.

This decisive step, to my mind, can not be a substantial reduction of the role of our army.

For the common responsibility, which both you and I have for the living conditions of the Italian People, for the fact that Italy (or rather only one third of its territory) is the field of the first Allied controlled experiment of defeated or liberated countries; for the necessity that Italy be a state of calm and orderly life and possibly of useful activity for the progress of the war; for the spirit of honor, courage and full collaboration which both myself and my Government have always shown; for the firm will of all the Italian People to take part with every effort in the fight against the common enemy and in the work of reconstruction of the world; I must ask you, my dear General, to give your kind and enlightened consideration to this question of exchange.

Very cordially yours

ALFRED/

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

AGC/3058/PH

6 April 1944

SUBJECT: - Needy School Children.

TO	:	-	Regional Commissioner,	Region I	Att: Welfare Officer.
		"	"	Region II	" " "
		"	"	Region III	" " "
		"	"	Region IV	" " "
		"	"	Region V	" " "
		"	"	Region VI	" " "

1. Instances have come to the attention of this Sub-Commission wherein children are not attending school for lack of stationery, food and clothing. It is desired to know the importance of this problem in each of the Regions, and the manner in which it is being met.

2. If possible, estimates of the number of children staying away from school should be given. If the problem is not being met by local officials, their reasons should be stated.

G. S. Farnison
Only

PH/SES/js

G. S. FARNISON, Brigadier
Director, Public Health Sub-Commission.

Copy to: Education Sub-Commission (For information). —

THE STORY BEHIND ITALY'S SURRENDERClerk Lee

The complete factual story of Italy's sudden secret surrender to the Allied Nations can now be told from the accounts of the participants themselves. Hereto, important portions of the story have been kept secret because some of the principal actors involved were in German-controlled territory, or their families were in danger of Nazi reprisals. At the present time, all of them are safely behind our lines in Italy or elsewhere.

The story begins with a brief flashback to February, 1943, when General Ambrosio succeeded General Ugo Cavallero as Chief of Staff of the Italian armed forces.

Ambrosio had seen the handwriting on the wall of North Africa, where Italy's empire had been engulfed in a surge of Allied power. Across the Mediterranean, the Germans were enjoying a momentary advantage, but it would soon be overcome, and Italy itself would be invaded.

To go on with Germany could mean only further disaster for Italy. The entire Italian nation hated the Germans, who had treated the people not as allies but as slaves. The Italian Army, navy and air force were smarting under the constant insults and snubs of the German officers. Even if Germany should by some miracle win the war, Italy would still be the loser.

It was clear that there was only one way out of the dilemma, Italy must seek a separate peace and trust to the Allies for alleviating her postwar suffering. That meant deposing Mussolini, because the United Nations had already made it plain that to rid Italy of Fascism was one of their war aims. But the time was not yet ripe for Ambrosio to act.

The time finally came late in July, when American and British forces were pushing forward swiftly on all fronts in Sicily. Italian cities were reeling under the destructive weight of our air attacks; the bombing of Rome had increased the people's desire to get out of the war, which they plainly understood was being fought for the benefit of Germany alone.

Ambrosio called together the four or five men who controlled the Italian armed forces. They decided not only that must Mussolini go, but that Fascism must be wiped out in one swift stroke, so suddenly and decisively that the Germans would not have time to intervene. They laid their plans carefully.

The ideal solution would be to have Mussolini deposed by the Fascist Party itself, thus completely repudiating the Black Shirt Leader. Someone whispered in the ear of Dino Grandi, former Fascist Ambassador to London, that if he took the lead in urging the Fascist Grand Council to force Il Duce's resignation, Grandi might find himself at the head of the Italian government and thus in position to announce the United Nations.

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It was clear that there was only one way out of the dilemma; Italy must seek a separate peace and trust to the Allies for alleviating her postwar suffering. That meant deposing Mussolini, because the United Nations had already made it plain that to rid Italy of Fascism was one of their war aims. But the time was not yet ripe for Ambrosio to act.

The time finally came late in July, when American and British forces were pushing forward swiftly on all fronts in Sicily. Italian cities were reeling under the destructive weight of our air attacks; the bombing of Rome had increased the people's desire to get out of the war, which they plainly understood was being fought for the benefit of Germany alone.

Ambrosio called together the four or five men who controlled the Italian armed forces. They decided not only that must Mussolini go, but that Fascism must be wiped out in one swift stroke, so suddenly and decisively that the Germans would not have time to intervene. They laid their plans carefully.

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(It might be noted here that the Italian military leaders never had the slightest intention of allowing Grandi to seize power.)

At the time the coup was carried out, everyone in Italy was thinking and talking peace. Even Mussolini himself, as Marshal Badoglio declared later, had been seriously considering approaching the Allies. Il Duce had finally become convinced that Hitler had "betrayed" him. After the conference of the two dictators in the spring, Mussolini had seen the light that his countrymen had seen months before. Hitler, he held his closest collaborators, was working for Hitler alone.

and would gladly sacrifice millions of Italian lives to postpone the final day of reckoning for Germany. Mussolini told his Fascist coworkers that he intended to break with Germany by September Fifteenth.

But Il Duce waited too long. Grandi agreed with General Ambrosio that the Allies would never listen to Mussolini's peace proposals and that the founder of Fascism would have to go. Grandi played his part well at the climactic final session of the Fascist Grand Council, which met in the Palazzo Venezia on July twenty-fourth, and finally, at 3:50 on Sunday morning, voted 24 to 7, with one not voting, to depose of Il Duce.

That same night the Army moved swiftly. Mussolini was arrested as he left the Royal Palace. Marshal Badoglio, who had not been informed of the conspiracy until the day before, found himself head of the government. As a reward for his services, Grandi was given not control of Italy, but a tip that enabled him to escape to Lisbon while many of the other Fascist leaders were fleeing or being taken into custody. Those were the preliminaries that set the stage.

The military men behind Badoglio had determined to approach the Allies. Their problems were to establish contact in the face of redoubled Gestapo vigilance in Rome and in all the neutral capitals of the world. The Germans watched all departures from Rome, and it was not until more than two weeks after Mussolini had been overthrown that a way was found to send an envoy out of Italy.

The second week in August a Foreign Office delegation left Rome enroute to Lisbon to greet the Italian Ambassador to Chile on his return from South America. With the delegation went the two men whom the Italian government had selected for the difficult and dangerous mission of contacting the Allied nations and arranging to get Italy out of the war.

The chief negotiator was General Giuseppe Castellano, senior officer on General Ambrosio's staff. His interpreter and adviser was Franco Montanari, 36 year old Harvard graduate, whose mother is an American and who for three years was Italian consul in Honolulu.

As a Foreign Office official, Montanari was a legitimate member of the delegation. It was not difficult for him to obtain a false passport for Castellano, who traveled as a civilian accompanying the delegation. Castellano is a Sicilian, short and swarthy, and most of his experience has been as a staff officer.

At Madrid, Castellano and Montanari dropped off the diplomatic train on the pretense of visiting friends and immediately got in touch with the British Ambassador. General Castellano informed the Ambassador that he had been instructed by the Badoglio government to seek an armistice.

The London and Washington governments were promptly informed. Their first concern was to establish that Castellano and Montanari were accredited representatives of the Rome government. That was done by Marshal Badoglio depositing a signed statement with the British authorities setting forth that Castellano was his representative.

Castellano and Montanari were told to proceed to Lisbon, where they took rooms in a hotel and lived as members of the Italian diplomatic mission. The Gestapo agents in Lisbon, however, were not aware of the existence of the diplomatic group and took

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Meanwhile, General Eisenhower had been instructed to rush delegates to Lisbon to meet the Italians. He selected as his representatives Major Gen. Walter B. Smith, his chief of staff, and Brigadier K.W.D. Strong, assistant chief of staff (G-2).

Smith's middle name is Bedell, and his associates call him Beedle. He is five feet ten inches tall, with brownish hair turning gray. He wears a pince-nez on a black ribbon and usually looks preoccupied. He had had long experience in staff work, including duty on the general staff in Washington and as secretary to the combined British-American chief of staff.

Strong is a six footer who wears tortoise-shell glasses. He is reputed to be one of the brainiest officers in the British Army. Of him, Eisenhower says, "I have never known a more brilliant intelligence officer". His part in planning for the forthcoming Italian invasion had been large, and he was chosen to meet the Italians in the hope that he could get valuable military information from them.

The two Allied envoys left North Africa the afternoon of Wednesday, August 18th. Civilian passports were prepared for them. Smith took the identity of a businessman; Strong of a commercial traveler.

Next day they climbed aboard a small passenger plane, unarmed, in accordance with international conventions, and took off from one of Gibraltar's landing fields. An hour and a half later they sat down in Lisbon.

Their passports were examined and checked without question, and customs officers found nothing dutiable in their suitcases.

They were met unobtrusively by an American official, who recognized them by a prearranged signal, and were driven in an inconspicuous automobile to the home of Mr. George F. Kennan, the American chargé d'affaires, where they waited for darkness.

Their first meeting with the Italians took place at 10:30 on the night of August 19th in the private residence of the British Ambassador, Sir Ronald Hugh Campbell, where General Smith and Brigadier Strong were driven from Kennan's home.

Castellano and Monteneri dined in their hotel, then took a taxi to a restaurant, where they had coffee. In approved detective-story fashion, they took another taxi to a distant part of the city, walked into a building by one entrance and out another, and found a third taxi to drive them to the Ambassador's home.

The Italians were ushered into the Ambassador's study where, behind closed shutters and drawn curtains, Sir Ronald introduced Castellano and Monteneri to the Allied representatives and Mr. Kennan. There were no handshakes or other amenities as the men sat down at a small round table. Everything was very formal.

General Smith, acting as spokesman, said to Castellano, "I understand you have come to ask for armistice terms. Here are the terms."

He read out the articles one by one; Italy to surrender unconditionally and to give up any assistance to our enemies; the Allies to have full use of Italian bases; the fleet and air force to surrender themselves; Italian divisions overseas to be called home; political and economic terms to be imposed later.

"There can be no discussion of these terms," General Smith concluded, "They must be accepted unconditionally."

"My purpose in coming was not actually to request an armistice," Castellano stated, "but to see how Italy could cooperate with the Allies."

It was obvious that the Italians had hoped to come in on the winning side without formally surrendering.

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Castellano signified that he understood, and Montanari put a copy of the terms in an inside pocket. That concluded the formal meeting, and the talk turned to military matters. Brigadier Strong took over. Castellano urged that Allied parachute troops be dropped at Rome simultaneously with the landings he assumed would be made in other parts of Italy. He said that the German forces around the Capital were not large and that the Italian divisions would assist our parachute troops.

From time to time Strong went into the next room where a number of technical and communications experts were assembled. A system of communication was agreed on, and Montanari was provided with a code and given a battered-looking suitcase, which contained a compactly built radio transmitter and receiver.

The talks continued throughout the night without a break. Just before daylight and just before the Nazi who always watches the Ambassador's residence had taken up his post across the street, Castellano and Montanari were sent back to their hotel by automobile. As they left, Smith and Strong shook hands with them.

The Allied representatives returned immediately to North Africa by plane passing through Gibraltar, and reported at headquarters to Gen. Eisenhower.

The two Italians, however, were delayed in their departure homeward by the late arrival of the boat bringing the Ambassador from Chile. On the 23rd of August, the Ambassador arrived and with the welcoming delegation went off for Italy by special train.

There the armistice terms were submitted to the Badoglio government and immediately accepted. Castellano and Montanari prepared to convey that information to Eisenhower's headquarters by radio on the 26th on the day agreed for the first signal.

Meantime, no sooner had Montanari and Castellano left Lisbon than a serious complication developed in the person of a strangely assorted pair of generals who turned up in the British Ambassador's office one morning.

The two officers were Major General Carton de Wiart of the British Army, and General Giacomo Zanussi, of the Staff of General Roatta, who was chief of staff of the Italian Army (in distinction to General Ambrosio who headed all the Italian military services.)

Zanussi explained that he had been sent from Rome when Castellano failed to return on schedule. He said he had been commissioned to negotiate an armistice by Marshal Badoglio in the event that Castellano had met with any mishap.

The American and British officials were immediately suspicious. General Roatta, Zanussi's superior, had been Italian military attache in Berlin and was reputed to be pro-Nazi. There was a possibility that the Germans had learned of the armistice negotiations and had sent Zanussi to get the details.

Zanussi was asked for his credentials. He pointed to General Carton de Wiart: "Here are my credentials. I have no others."

From the point of view of secrecy, Zanussi could not have made a more unfortunate choice. Carton de Wiart was a well-known man in Europe, and a most conspicuous figure because he had lost one arm and one eye in the course of many years of distinguished service in the British Army. Any one of a dozen Nazi agents in Lisbon might recognize him.

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Zanussi was flown to Gibraltar and then to Algiers, where Eisenhower, Smith, Strong and the few others who had been let in on the secret were waiting for the first word from Castellano in Rome. The suspense was nerve-racking.

We had placed our bets on Castellano and almost anything might have happened to him. There was a serious charge that the Nazis had spotted him in Lisbon and would capture him or assassinate him on the way back to Rome. And there was always the possibility that the whole approach was a frame-up engineered by the Germans, with Badoglio as a tool.

The transmission plan arranged in Lisbon called for Castellano to send the first message from Rome on the 27th of August. From noon on the 26th, radio operators in AFHQ began listening on the agreed wave length.

Then, promptly at noon the following day, the first faint signal came through. It was just a squeal in the ether, but it electrified headquarters. By 3 P M a complete message had been received.

The message said that Badoglio accepted the armistice terms. General Eisenhower dispatched a print reply, arranging for a further meeting in Sicily on August 31. That was as soon as Castellano dared to risk leaving Rome again.

On the morning of that day Castellano and Montemari drove out to a Rome airfield, which had not been taken over by the Germans. Castellano's trimotor Savoia-Marchetti was waiting for them. It took off in the direction of Sardinia and then swung south toward Sicily. The chief pilot had been taken into Castellano's confidence, but the co-pilot, navigator and radio operator were locked up during all landings in the next few days to prevent their talking.

American antiaircraft gunners at the Termini Imerese airport about 20 miles east of Palermo had been warned not to fire on the Italian plane which was coming in at nine a.m. The plane sat down without incident 5 minutes early. Brigadier Strong escorted Castellano and Montemari to a Douglas C-47 which flew them across Sicily to the Cassibile airdrome, outside Catania. Then the men drove to advance Allied Headquarters.

Headquarters was a tent camp in an olive grove. The Italians were given one tent for living quarters. A half-hour after Castellano and General Smith and his party came in by plane from North Africa, and the men met in a big conference tent at eleven A.M.

Castellano brought a discouraging report. He said conditions in Italy had altered considerably since the first conversation in Lisbon. German troops were pouring into the country. Italy had become an occupied nation and its government was not free. If the government signed the armistice immediately, it would require some guarantees that its members would not be left at the mercy of the Nazis.

General Smith's reply was unequivocal: the Allies had plans which they would carry out under any circumstances. Castellano had left Lisbon to get the terms accepted to Rome. Now he was telling a different story. The Allies could not continue to negotiate. They would proceed with their plans regardless of whether the armistice were signed or not.

At the end of the discussions, Castellano agreed to return to Rome that night and inform his government of the Allies' position. He was given until midnight of Sept. first-second to send a reply. It must be a firm acceptance or rejection of the armistice.

With him aboard the Savoia went General Zanussi, who meanwhile had satisfied Eisenhower of his good faith. Among other things, he had sent a radio message to Rome strongly urging that the armistice be accepted.

Again came a period of anxious waiting at the radio. Castellano's reply was finally whispered through the air at 7:30 P.M. on Wed. night, 19 hours behind the fixed time. It said: Italy accepted the terms and Castellano was returning by plane the next morning.

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Castellano made the trip undetected by the same route he had followed on his first journey. He was met at Termini Imerese airfield by General Smith, who escorted him to Cassibile and to the conference tent at 11 A.M.

Smith and Strong had expected that the armistice would be signed immediately. But Castellano said that, although his government accepted he was not empowered to sign the papers.

If Castellano had tossed a hand grenade onto the table, he could not have caused a stronger reaction. "D" day for our landings near Naples was only seven days off. That was the second of September and the invasion was set for the 9th. If Italian troops were going to offer even limited resistance, it would make a big difference in the disposition of our own strength.

Very strong messages were drafted to be sent back to Rome by radio. They stated that unless Castellano were empowered to sign the armistice immediately, the whole negotiations would break down. Badoglio was asked to deposit a written document accrediting Castellano to sign as his representative.

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There was another long, worrying delay over communicating with Rome. Atmospheric conditions were unfavorable, and it was not until 8 o'clock on the morning of the 3rd that the message got through and was acknowledged by the secret station in Rome.

The generals spent the time at Cassibile working out details of the parachute landings to be made at Rome. General Alexander had approved the plan, which Castellano had urged partly as a measure of safety for the Italians involved in the Armistice negotiations. He said the Italians had sufficient armed strength around Rome to assist the American parachutists in holding the capital until our main body drove up from southern Italy.

The Germans had poured some 14 divisions into Italy since the fall of Mussolini, making a total of 19 but their forces around Rome were small.

The conference also discussed the problem of announcing the armistice-if it should be signed. It was decided that General Eisenhower and Marshal Badoglio would make simultaneous broadcasts at 6:30 on the evening of the eighth.

But still there was no word from Rome.

It finally came at 4:30 the afternoon of Sept 3rd. Badoglio had produced the required statement empowering Castellano to sign. No time was lost.

Castellano and Montanari were summoned to the conference tent, where General Smith and Brigadier Strong were waiting. Messages notified General Eisenhower, Commodore Dick, chief of staff to Admiral Cunningham, General Lowell W. Rocks, assistant chief of staff to Eisenhower (G-3); Robert Murphy, President Roosevelt's representative in North Africa, and Harold Macmillan, British resident minister in Algiers.

Castellano and General Smith took seats at an American barracks table covered by a white cloth. They affixed their signatures to the document which was to save many thousands of American, British and Italian lives, to alter the whole world balance of naval power and to destroy the Rome-Berlin Axis.

There was no champagne to celebrate, but General Rocks produced a bottle of whiskey, poured it into mugs, and everybody drank in silence.

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Then General Smith and Castellano stepped outside the tent, picked branches from the olive tree overhead and exchanged them. Eisenhower shook hands with Castellano and hurried away.

Four days later, at 2 o'clock in the morning of Sept 7 1943 a big American sedan slid silently out onto the bomb-battered docks at Palermo.

Two American officers left the car and quickly climbed aboard a waiting British PT boat. The youthful English skipper immediately headed out to sea from the harbor.

Brigadier Gen Maxwell Taylor and Col William T Gardiner of the American Army were starting on one of the most dangerous and fateful secret missions in history. They were headed for Rome, in the heart of German occupied Italy, and as a result of their activities in the next forty hours the whole course of current history was to be affected.

The mission to Rome had developed as a result of the secret Italy-Allied negotiations which had culminated in the signing of the armistice. Gen Eisenhower had been interested in Castellano's plan of landing an American air-borne division in Rome. It was the kind of daring move that appealed to the Allied Commander in chief as a short cut to victory. If it succeeded, it would draw important German forces up from the south and make our capture of Naples relatively easy. It might galvanize the Italian Army into active fighting against the Germans everywhere in Italy.

An American division was chosen for the attack on Rome. The divisional commander and Gen Taylor, his chief of staff, were summoned on Sept 4th to work out details with Gen Castellano and determine whether the plan was feasible.

The two Americans met with Castellano in Sicily on Sept 5th. They had to work fast. The original plan for our invasion of Italy had called for the division to land in Volturno valley, in the Naples area, a few hours before our main invasion forces attacked at Salerno. Not many hours were left to get ready for the new mission. That meant studying an entirely new set of maps; intensive briefing of the officers and men and loading different equipment. It required a perfect understanding with the Italians on the disposition of Italian and German troops. The Italians would have to provide motor transport and fuel.

The American officers conferred with Castellano the entire day and night of the 5th. They worked out a tentative plan for the paratroops to capture one air-drome on the night of the 8th and hold it. Then two other airports near Rome would be seized and with the help of the Italians, a ring of troops would be thrown around the capital.

But as they got into details, the divisional commander and Gen Taylor became less and less satisfied that they could depend on the Italians for the assistance necessary to the success of such an ambitious and hazardous attack. After many hours of discussion they suddenly got the same idea.

"It's no good", they said. "We don't have enough information. Unless we can get it first hand, we'll have to call the operation off", said the divisional commander.

Taylor didn't hesitate. "I'll go to Rome," he offered.

There was another volunteer, Col Gardiner, who used to be governor of Maine; a handsome, athletic man with graying black hair.

Through a secret radio station that had been set up in Rome during the negotiations, a message was flashed to the Italian capital. The Italians were told that two American officers were coming, and to make arrangements.

Taylor and Gardiner wore uniform shirt and trousers of summer tan, with neckties and fatigue caps when they went aboard the PT boat at Palermo. They carried trench coats.

The PT chased northward over the smooth Tyrrhenian Sea all night and at dawn it was within sight of the Island of Ustica. At an agreed rendezvous point, an Italian corvette was waiting. It sent over a small boat and the two Americans went aboard.

Admiral Murgari, head of the Italian Naval Intelligence, greeted them as

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Admiral Maugeri, head of the Italian Naval Intelligence, greeted them as guests of the Royal Navy. "We will put you ashore at the port of Gaeta, 25 miles south of Rome," the Admiral said. "To avoid suspicion, we will treat you as if you were captured aviators we picked up at sea after a plane crash."

At 6:30 in the evening the corvette eased up to the dock at Gaeta. As it was being made fast, the Admiral whispered to the Americans, "At exactly this time tomorrow night, if everything goes well, most of the Italian fleet will leave port and head out to sea. We will meet the British at prearranged points and surrender. The signal to sail will be the announcement of the armistice."

To complete the illusion that they had been picked up from sea, Taylor and Gardiner rumpled their clothes, mussed their hair and took off their neckties. They jammed their fatigue caps in their pockets and hid their pistols and cartridge belts under their trench coats.

The Italians carried out their part realistically. The two Americans were shoved unceremoniously down the gangplank and into a waiting navy limousine.

An Italian officer, carrying two suitcases, got in after them. The suitcases contained radio sets equipped for both transmission and reception.

Italian sailors on the dock stared with interest as the car drove out of the navy yard. A few miles beyond the Gaeta it turned sharply into a lane and pulled up. A car was parked across the roadway, facing in the opposite direction. Its motor was running and its rear doors were open. The American jumped in and they turned out onto the ancient Appian Way and headed north toward Rome.

The side windows of the vehicle were frosted, but looking through the windshield, Taylor and Gardiner took note of frequent signs pointing down side roads to German military establishments. The principal approach to Rome from the south seemed to be almost undefended. There were only four road-blocks along its entire length.

Beside one of the road-blocks, four German soldiers were standing.

Taylor's finger tightened on the trigger of the pistol in his coat pocket. Gardiner clicked off the safety catch on his automatic. But the Germans paid no attention as the car brushed by.

The last light had just faded when they drove into Rome's blacked-out streets. The car swung into the court-yard of the Palazzo Capara, which houses a number of overflow military offices from the Ministry of War just across the street. Car backed up to a portico and Taylor and Gardiner stepped swiftly into a wing of the palace which had been blocked off for their use. Sentries patrolled the corridors.

An excellent dinner was waiting, but the Americans were in no mood to be wined and dined. All during the day the sense of urgency had been growing on them. Now the time of the parachute landings was less than 24 hours away. They had just sat down when the chief of staff of Gen. Carboni, commander of troops in the Rome area, came in to make a formal call.

"We must see General Carboni immediately," Taylor said.

The Italian officer, not knowing the date of the invasion, was amazed "But my dear sir, we have arranged only courtesy calls for this evening."

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Taylor made it clear that he had no time for formalities. A few minutes later

Gen. Carboni came in.

His first sentences shocked the Americans; he was not pessimistic about the military situation. The arrangements which had been discussed for assisting the parachute landings could not be carried out. German reinforcements had arrived in the Rome district in the past few days and the Italians were outnumbered. Further, the Germans had cut off all the Italians' supplies. They had ammunition for only two hours of fighting and no gasoline. The entire American division would be annihilated if it landed.

That was bad enough. But then came the bombshell. Carboni said flatly, the armistice announcement must be postponed. It would be highly undesirable, in view of the changed conditions. It would bring about immediate German occupation of Rome and the establishment of a new Fascist government.

Taylor and Gardiner went into a quick huddle. If the situation was as bad as Carboni described it, the air-borne operation would have to be cancelled. On the other hand, perhaps Carboni was exaggerating. The Americans would have to confirm his statements. And they would have to do what they could to prevent postponement of the armistice.

"It is imperative," Taylor said, "that we see Marshal Badoglio at once."

The Italians said that was impossible. The Marshal was an old man. It was after midnight and he had been asleep for hours. Taylor's insistence won. Carboni telephoned to Badoglio's aide and told him the Americans were coming.

With the driver and an aide in the front seat, Carboni, Taylor and Gardiner got into the General's black limousine shortly after midnight. They had gone only a few hundred yards through the dark streets when a command rang out.

"Halt"

The figure of a sentry, carrying a short carbine, loomed out of the blackness. He flashed his light over the faces of the men in the rear seat. Taylor and Gardiner had turned up the collars of their trench coats and again put their caps in their pockets.

Even the General's headquarters pass didn't satisfy the sentry. He walked up to the front of the car and examined the secret identification which the Italians, unknown to the Germans, used as a laissez-passer.

Eight more times they were challenged and halted. The Italians in the car were jumpy, knowing that detection by the Germans would mean death. Taylor and Gardiner were too preoccupied to worry about their own safety. Not only their own lives were at stake now but the fate of the entire air-borne division and even perhaps the armistice itself.

After a twenty-minute drive they were escorted into Badoglio's ornate villa. Most of the Marshal's aides were in pajamas and dressing gowns. They had been awake even before Carboni's call, because an air alarm was on.

The visitors were taken to an upper floor by elevator and Carboni went alone into Badoglio's study. Fifteen minutes later he took the Americans inside.

Badoglio understood some French and Taylor addressed him in that language. He expressed alarm at Carboni's view of the military situation and his belief that the armistice must be postponed. He asked if the Marshal agreed.

"Oui, Absolument!" Badoglio replied in halting French. "The armistice announcement will have to be postponed," he continued, "if I announce it tomorrow night, the Germans will cut my throat the following morning."

Taylor and Gardiner had come to Rome strictly on military business. Now they found themselves confronted with a far bigger issue than the air-borne operation. They were involved in questions of international policy, and on their actions might depend the whole outcome of the invasion. If the armistice plan collapsed, the

jump, knowing that they were too preoccupied to worry about their own safety. Not only that, but they were at stake now but the fate of the entire air-borne division and even perhaps the armistice itself.

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Taylor and Gardiner had come to Rome strictly on military business. Now they found themselves confronted with a far bigger issue than the air-borne operation. They were involved in questions of international policy, and on their actions might depend the whole outcome of the invasion. If the armistice plan collapsed, the Italian Army might fight us instead of helping us; the fleet might not come out to surrender.

Taylor spoke without hesitation. "Does the Marshal realize," he asked "how deeply Italy has committed itself by signing the armistice?" Is he prepared to face the consequences of failing to live up to his word? Does he realize Allied reaction will be very strong? Does he fear the Germans more than the Allies?

Tears came to the old man's eyes. "I do not believe," he said "that the Allies will wreak vengeance against their friends who are waiting only a propitious moment to join them in fighting against the Germans."

Slowly and courteously, Taylor explained that it was not a question of vengeance, but of many thousands of lives and of the immediate future of the war. There could be no waiting for a propitious moment. This was the moment. Plans already made must be carried out, and we were counting on the armistice announcement to assist us in an operation which was highly dangerous, in which many Allied lives would be lost and which would eventually bring about the liberation of Italy.

Badoglio sat in silence behind his desk.

"How do you propose to deal with the situation?" Taylor asked.

The Marshal suggested that he Taylor return at once to General Eisenhower, explain that the announcement of the armistice would bring immediate German retribution against Rome and against Badoglio personally, and tell him that it was impossible to go through with the agreement.

Taylor pointed out that he could not undertake any such mission. He urged Badoglio to prepare a message for radio transmission to Eisenhower, setting forth his position. After strong insistence Badoglio agreed.

The first message drawn up by Badoglio stated that owing to changes, in the situation, it was no longer possible to announce the armistice on schedule, as that would bring about immediate occupation of Rome by the Nazis and violent seizure of the Government.

Into the text, Badoglio wrote, "as General Taylor agrees."

Gardiner spotted this sentence, and Taylor told the Marshal that he would not be put in the position of endorsing postponement of the armistice. Badoglio re-drafted the message but again he included the implication that Taylor agreed with him. The third draft was satisfactory.

Taylor quickly wrote a message of his own, having established to his own satisfaction that the air-borne attack could not succeed. He informed his General that the operation must be called off. To make doubly sure, he inserted a code word in Badoglio's message which meant: Do not attack by parachute. Cancel the operation."

With their eyes on their wrist watches, Taylor and Gardiner rose to leave. The interview had lasted only 15 minutes, but it was already 1:30 in the morning.

Badoglio got up and took Taylor's hand. Again tears filled his eyes. "I swear by my honor of 55 years as a soldier my loyalty to the Allied cause." Then he repeated the pledge in Italian.

Carboni himself took the messages to the secret radio station, after dropping the Americans at the Palazzo Caprara. When the Italian General returned, the Americans questioned him anxiously. "Have the messages gone?"

Carboni made a grimace as he answered, "Not yet. The coding will take a long time. The messages are not yet established contact, but atmospheric conditions are

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The rest of the night and well into the morning, Taylor and Gardiner paced about their quarters. They ate some breakfast and slept fitfully. Mostly they eyed their watches, counting the minutes.

Once Taylor thought he heard the sound of planes. He thought of the men of his division getting ready to step into their big-bellied transport ships. He imagined the planes roaring off into the night and speeding toward Rome.

Then the noise of motors grew louder. It was planes but not parachute planes, because the time was only 10 A. M. The building shook for a long time to the crump of heavy bombs. A sentry came in "Four bombers are attacking German Hq at Frascati, outside the capital." The bombing stopped and the long waiting began again.

At 11:35 in the morning Gen Carboni came hurriedly into the room. "Your messages have just been cleared."

The Americans were tremendously relieved. They had done all they could for the present.

Both Taylor and Gardiner were asleep at 3:30 in the afternoon when an officer came in to hand them a radio message: "You will return to Allied headquarters. Passage by air has been arranged. Your plane will not be fired upon by Allied aircraft or anti-aircraft guns."

Taylor took his last opportunity to re-emphasize what he had told Marshal Badoglio. He sent for General Carboni and repeated to him that the Allied reaction would most certainly be very strong if the Italians failed to announce the armistice as scheduled at 6:30 P.M. now only 3 hours away.

"Will you not explain our situation to General Eisenhower?" Carboni asked.

Once more, Taylor pointed out that he could not do so. "Why don't you send an Italian general back with us?" he said.

The Italians approved. It was decided that Gen. Francesco Rossi, deputy chief of the Imperial general staff, would make a good envoy. He was, for, and at 4:30 P.M. the three officers, together with an Italian interpreter, Subit. Tagliarini, walked out into the courtyard and into a waiting car.

Gardiner described the trip through the city. "Like the other car, this one had tinted windows, but we could see ahead. There weren't any signs of bomb damage except along the railroad tracks, which had been pounded hard. Several places we had to take long detours on our way to the Centocelle airdrome. Traffic appeared fairly normal, with street cars and busses running."

.. quarter-mile from the airport, the Americans met a squad of German infantry. They were marching along the road in the same direction. They paid no attention as the car overtook and passed them. "They were so close," Taylor said, "that I could have reached out my hand and touched them on the shoulders."

There were no Germans at the airport itself. The car drove out onto the runway where a Savoia-Marchetti bomber was waiting. Its motors already warmed.

It was a beautiful afternoon, and as the Savoia climbed to 12,000 feet and headed out over the sea, Taylor and Gardiner looked back at the dome of St. Peter's and the massed buildings of Rome in the distance. The city looked calm and peaceful.

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Cardinal described the trip through the city. "Like the other car, this one had bullet-proof windows, but we could see ahead. There weren't any signs of bomb damage except along the railroad tracks, which had been pounded hard. Several places we had to take long detours on our way to the Contocelle airdrome. Traffic appeared fairly normal, with street cars and busses running."

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It was a beautiful afternoon, and as the Savoia climbed to 12,000 feet and headed out over the sea, Taylor and Cardinal looked back at the dome of St. Peter's and the massed buildings of Rome in the distance. The city looked calm and peaceful.

Back at Allied Headquarters things were far from peaceful.

The messages from Badoglio and Taylor had spurred the staff to swift action. Word was flashed to the air-borne division that the attack was not to be made. The message did not reach the divisional general until 4:30 in the afternoon, fifteen hours after Taylor had written it in Rome. The paratroops were already on the field and for the take off.

Eisenhower didn't hesitate in taking action on Badoglio's request for postponement of the armistice announcement. A sizzling reply was rushed back to Rome. It informed Badoglio that Eisenhower would announce the armistice as planned at 6:30 in the evening.

That left Badoglio with no alternative. Once the armistice was announced, Badoglio knew he could be regarded by the Germans as their enemy regardless of whether he himself made the announcement or not. If he did make the announcement, the Allies would have faith in him. If he did not he would be betraying us.

While their plane sped steadily southward Taylor and Gardiner saw their watches touch 6:30. They had not any way of knowing what had happened as a result of their messages; whether the armistice announcement had been postponed and the entire invasion plan changed, or whether it had gone off as scheduled.

They didn't have much time to worry about the armistice. As they approached the African Coast, an American A-20 spotted them and got into attacking position behind the Savoia. For the first time, Taylor and Gardiner were worried about themselves.

The A-20 came straight at them. Then, at the last minute it pulled up and swung away without firing.

Half an hour later, at seven o'clock, the Savoia set down on El Aouina Airfield outside Tunis. An excited Air Corps sergeant ran over and opened the door. He spotted Taylor.

"Have you heard the news, Sir?" he shouted, "The Eyeties have surrendered. General Eisenhower has just announced an armistice over the radio."

The Nazis never got an opportunity to cut Badoglio's throat or otherwise average themselves on him. At eight P. M. on the night of the 8th--an hour and a half after the scheduled time--he went on the air over Radio Rome and announced that the armistice had been signed. He instructed Italian troops not to oppose us when he disappeared.

Next morning before daylight, and before the Germans had recovered from their shock, a big limousine sped out of Rome. It carried not only Marshal Badoglio but King Victor Emmanuel.

The car drove straight east across Italy to the Adriatic port of Pescara. The King and the Marshal went aboard an Italian cruiser. Next morning they were safe in the port of Taranto, behind the British lines.

END

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END

B.

System in Force During the Fascist Period

GENERAL NOTE: The principal effect of the changes brought about by the fascist regime was the introduction of Party control to the exclusion of the elective bodies. In particular, this was obtained in the Province by, inter alia, the abolition of the Consiglio and Deputazione and the substitution therefore of a newly created body called the Rettorato and in the Commune by the disappearance of the Consiglio and Giunta in favor of the "Consulta Municipale".

1. The ProvinceSummary of Authorities

- (I) Ministry
- (II) Prefect
- (III) Vice Prefect
- (IV) Consiglio Prefettura
- (V) Giunta Provinciale Amministrativa (GPA)
- (VI) Inspection Service
- (VII) Rettorato

(I) Ministry

(II) Prefect - Previous system altered by the introduction, if desired, of non-career men - presumably fascist nominees.

(II) Prefect

(III) Vice Prefect

(IV) Consiglio Prefettura

(V) Giunta Provinciale Amministrativa (GPA)

(VI) Inspection Service

(VII) Rettorato

(I) Ministry

(II) Prefect - Previous system altered by the introduction, if desired, or non-career men - presumably fascist nominees.

(III) Vice-Prefect

(IV) Consiglio Prefettura

(V) Giunta Provinciale Amministrativa

Composition: On same lines as in Pre-fascist days but with the import-
and addition of 4 members of the Fascist Party, nominated by the Party and appointed
by the Ministry. (These were supposed to be technical experts). ²¹¹⁷

Functions: as before with the difference that this body became more
concerned with coordination of Party policies and control from a national angle.
Purely local affairs were dealt with by the newly created Rettorato ((VII below)).

(VI) Inspection Service - for each province under the Ministry and subject

Cont. from page 2.

- (III) Vice Sindaco
- (IV) Segretario
- (V) Consiglio Comunale
- (VI) Giunta Comunale

(I) Prefect --See Provincia Supra

(II) Sindaco (Mayor)

Appointment: He was elected by and (probably) from the members of the Consiglio Comunale ((V)below).

Duties: He presided over the 2 elective bodies in Communal Government (The Consiglio and Giunta Comunale((V) and(VI))below.) He was not a Career official, and subject to the Prefect and ~~the~~ the bodies mentioned in (I) of the above Summary, he was the ~~PRINCIPAL~~ Principal figure in the Comune and head of its administration, corresponding to the position of the president in the Province.

(III) Vice-Sindaco

(IV) Segretario Comunale

Appointed by the Prefect.

Duties: A salaried Civil Servant, he acted as chief executive officer of the Sindaco. He was the permanent head of Communal Administration.

(V) Consiglio Comunale

Composition: An elective body representing the inhabitants of the Comune (comparable with the Consiglio Provinciale in the Province.)

Functions: The general welfare, etc., of the inhabitants in the Comune.

(VI) Giunta Comunale

Composition: This was a smaller body than the Consiglio elected by and from the members of the latter, like the Deputazione in the Province.

Functions: The executive work of the Consiglio.

to the direct order of the Prefect (who himself was "lined up" with the Party). These people conducted periodic or unannounced inquiries into the provincial and communal administration with the object of securing that public services were being performed and laws, regulations, etc., being applied.

(vii) Rettorato - (in place of Consiglio and Deputazione).

Composition: Headed by a President appointed by Royal Decree for 4 years and a Vice-President (both normally unsalaried unless specifically ordered from the Provincial budget) and Rettori (Rectors) appointed by the Ministry for the same period. The Rettori varied in number according to the population (e.g. 3 for 500,000).

Functions: The President was the Chief Executive Officer of purely Provincial affairs. He presided over the Rettorato, executed its decisions, signed contracts which it had voted and supervised local officials and their activities (on the lines of the "old" President). The Rettorato administered the property of the Province, drew up the provincial budget, etc., and fixed local taxes. It supervised certain public services and framed provincial ordinances. Broadly speaking it "ran" the Province, but on fascist lines as opposed to the democratic basis of the bodies it replaced.

2. The Commune

(I) (Prefect)

(II) Podesta (previously the elective Sindaco) -

2500

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2. The Comune

(I) (Prefect)

(II) Podesta (previously the elective sindaco) -

appointed by the (Fascist) Prefect.

(III) Vice Podesta

(IV) Segretario - as before

(V) Consulta Comunale (in place of Consiglio and

Giunta Comunale).

Composition: The members were appointed by the

Prefect with the approval of certain Fascist organizations.

Functions: the duties previously performed by

the old elective Consiglio and Giunta.

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U. S. SYSTEM ENTERED INTO SICILY IN 1943 UNDER AUTHORITY

GENERAL NOTE: The immediate and primary consideration was the termination of Fascist influence in local government. The aim is to enable the Italians eventually to reintroduce an elective form of government consistent with democratic principles. As to the latter, it is recognized that full arrangements on such lines are, as yet, impracticable, and a compromised and temporary plan has been decided upon for the interim period. The Rettorato has been abolished and the new arrangements involve the reintroduction of such part of the pre-Fascist system as is representative (but not elective) with the intention that the full elective system may later be gradually and smoothly introduced.

In practice, the arrangements have been for the substitution of the Fascist element by persons approved by AMG and the revival of the Deputazione Provinciale and Giunta Comunale composed of persons similarly approved.

1. Province

Summary of Authorities

- (I) AMG
- (II) Prefect
- (III) Vice Prefect (if and when appointed)
- (IV) Consiglio di Prefettura
- (V) G.P.A.
- (VI) Deputazione Provinciale (revised and replaces Rettorato)

element by persons approved by AMG and the Rev. I. C. and the Deputazione Provinciale.
and Giunta Comunale composed of persons similarly approved.

1. Province

Summary of Authorities

- (I) AMG
- (II) Prefect
- (III) Vice Prefect (if and when appointed)
- (IV) Consiglio di Prefettura
- (V) G.P.A.
- (VI) Deputazione Provinciale (revised and replaces
Rettorato)

(I) A.H.G.

(II) Prefect

Appointment: Where a new Prefect is to be appointed in place of a fascist, nominations supported by information are submitted to RGAO for transmission through channels for approval by DCAO. In the case of a temporary appointment, the holder of the office is sometimes styled "Commissario Prefetizia."

(III) Vice Prefect (if and when appointed).

(IV) Consiglio di Prefettura

■ 3104

4
(V) G.P.A.

Composition: Approximately 10 members with the Prefect (or substitute) as President, and includes from the Prefettura:

2 Councillors

Vice Prefect (See (III) above)

Inspector

Chief Accountant

with the important addition of 4 citizen members chosen from experts in legal administrative or technical affairs, nominated by Prefect and approved by SCAO for AMG.

(VI) Deputazione Provinciale

Composition: This Pre-Fascist body which replaces the Rettorato consists of a President and 10 unpaid members nominated by the Prefect and approved by SCAO. In Provinces of less than 600,000 the number of members is reduced.

2. Comune

Summary of the Authorities

(I) A.M.G.

(II) (Prefect)

(III) sindaco (Pre-fascist title in lieu of Podesta)

(IV) Segretario Comunale

(V) Giunta Comunale

(I)

Composition: This Pre-Fascist body which replaces the Rettorato consists of a President and 10 unpaid members nominated by the Prefect and approved by SCAD. In Provinces of less than 600,000 the number of members is reduced.

2. Comune

Summary of the Authorities

- (I) A.M.G.
- (II) (Prefect)
- (III) sindaco (Pre-fascist title in lieu of Podesta)
- (IV) Segretario Comunale
- (V) Giunta Comunale

(I) } as for Province
(II) }

(III) Sindaco

Appointed by the Prefect after first having obtained the approval of the

CAO.

(IV) As before.

(V) Giunta Comunale

Composition: This body would, in Pre-fascist days, have been selected from the Consiglio. It is now composed of members nominated by the Sindaco with the concurrence of CAO's, the appointments being confirmed by the Prefect.

The numbers vary according to population, e.g., 1C or over 250,000 down to 4 for 3,000 (or even 2 for small communities). In exceptional conditions SCaOs may increase the numbers at their discretion.

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COMPARISON

A. IMMEDIATELY BEFORE FASCIST PERIOD

1. PROVINCE

- (I) Ministry of Interior
- (II) Prefect
- (III) Vice Prefect (Vicario)
- (IV) Vice Prefect (Inspector)
- (V) Consiglio di Prefettura
- (VI) Giunta Provinciale Amministrativa
- (VII) President
- (VIII) Consiglio Provinciale
- (IX) Deputazione Provinciale

2. COMMUNE

- (I) (Prefect)
- (II) Sindaco
- (III) Vice Sindaco
- (IV) Segretario
- (V) Consiglio Comunale
- (VI) Giunta Comunale

B. DURING FASCIST PERIOD

1. PROVINCE

- (I) Ministry of Interior
- (II) Prefect
- (III) Vice Prefect
- (IV) Consiglio Prefettura
- (V) Giunta Provinciale Amministrativa
- (VI) Inspection Service
- (VII) Rettorato

2. COMMUNE

- (I) (Prefect)
- (II) Podesta
- (III) Vice Podesta
- (IV) Segretario
- (V) Consulta Comunale

C.

(I)

(I)

(I)

(I)

(V)

(V)

(I)

(I)

(I)

(I)

(V)

COMPARISON

B. DURING FASCIST PERIOD

1. PROVINCE

- (I) Ministry of Interior
- (II) Prefect
- (III) Vice Prefect
- (IV) Consiglio Prefettura
- (V) Giunta Provinciale Amministrativa
- (VI) Inspection Service
- (VII) Rettorato

2. COMMUNE

- (I) (Prefect)
- (II) Podesta
- (III) Vice Podesta
- (IV) Segretario
- (V) Consulta Comunale

C. SYSTEM INTRODUCED IN SICILY UNDER AMG
AUTHORITY1. PROVINCE

- (I) AMG
- (II) Prefect
- (III) Vice Prefect (if and when appointed)
- (IV) Consiglio Prefettura
- (V) Giunta Provinciale Amministrativa
- (VI) Deputazione Provinciale

2. COMMUNE

- (I) AMG
- (II) (Prefect)
- (III) Sindaco (and Vice, if and when appointed)
- (IV) Segretario
- (V) Giunta Comunale

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31 January 1944

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3. Murhead's Northern ITALY.
4. Guida d'ITALIA.
5. Elenco degli stabilimenti "Ausiliari", May 1941.
6. Statistica degli Impianti Elettrici in ITALIA, 1923.
7. Northern ITALY, Resources. (E.I.2/629/52/1).
8. I.S.T.D. "C" Reports on Northern ITALY.
9. Water Supply to certain Central and Northern ITALY towns.
(Appn./712/43/E.I.3.b.).
10. E.I.10 Electricity ITALY, March 1943.
11. C333 and other maps.
12. Available Air Cover.

Distribution: To all holders of I.S.T.D. Reports.

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BOLIVIA

(Grid reference: 87/8943)

8883 May. 4164 (1:100,000) Sheet 87.
Map of Town Plan: (1:10,000).

1. General Description.

a. Situation.

BOLIVIA, the fortified capital of Bolivia, and one of the oldest and wealthiest towns in South America, is famous for its university, and is the seat of an archbishop. It lies in a fertile plain at the foot of the northern slopes of the Andes, between the rivers ALTO, ALTO, and ALTO. The ALTO is a tributary of the ALTO, and flows to the west of the ALTO 2 miles from the town. It is a very important junction for railway and electric power lines, the routes from the north passing through BOLIVIA to ALTO, with only one alternative double track route through SPAIN; also it is the principal electrical power distributing center between the industrial areas and the power stations in the north and south.

BOLIVIA was, at one time, surrounded by a wall of 5 miles perimeter, and there are now 12 gates remaining which give access to the city. It is divided into 4 local authority jurisdiction areas, and also is an important commercial center.

The town is at an elevation of 108 ft., the average altitudes of the foothills lying some miles to the south of BOLIVIA are around 800 ft., among the higher being ST. BERNARD 1281 ft. and ST. ALTO 1560 ft., both approximately 4 miles to the south of the town.

b. Layout.

The town plan is a natural development of the old medieval city, being a combination of grid and radial type plans. Perimeter boulevards called "villas" run completely around BOLIVIA, enclosing it as did the old town walls. In the center of the town is the ALTO ST. ALTO II, the main cross-roads from this place being ALTO ST. ALTO running west, ALTO ST. ALTO running east, ALTO ST. ALTO running north, ALTO ST. ALTO running south. The main radial streets are, to the west of the place, ALTO ST. ALTO, ALTO ST. ALTO, ALTO ST. ALTO, and the long, narrow ALTO ST. ALTO leading in to ALTO ST. ALTO. To the east of the town ALTO ST. ALTO, the radial streets are, ALTO ST. ALTO, ALTO ST. ALTO, ALTO ST. ALTO, and ALTO ST. ALTO. There are "villas" at the 12 different points around

industrial areas and the power stations in the north and south.

BOLSON was, at one time, surrounded by a wall of 5 miles perimeter, and there are now 12 gates remaining, which give access to the city. It is divided into 4 local authority jurisdiction areas, and also is an important commercial centre.

The town is at an elevation of 108 ft., the average altitude of the foothills lying some miles to the south of BOLSON are around 335 ft., and the higher being 1201 ft. and 1210 ft., both approximately 4 miles to the south of the town.

b. Layout.

The town plan is a natural development of the old medieval city, being a combination of grid and radial type plans. Perimeter boundaries called "walls" run completely around BOLSON, enclosing it as did the old town walls. In the centre of the town is the Plaza de San Martin II, the main cross-roads from this plaza being the U.S. main running west, the BOLSON running east, the SAN MARTIN running north, and the main radial streets are, to the west of the plaza, the SAN MARTIN, the SAN MARTIN, the SAN MARTIN, and the long diagonal street leading in to the BOLSON. To the east of the plaza is the SAN MARTIN II, the radial streets are, the SAN MARTIN, the SAN MARTIN, the SAN MARTIN, and the SAN MARTIN. There are "plazas" at the 12 different points round the perimeter "walls", named after the saints which are very locally there. Many of the streets are very long, being flanked by houses, and there are some fine valleys constructed of brick.

There are two main canals running BOLSON at the north-west part of the town, the SAN MARTIN canal running in from the west, and the SAN MARTIN canal running in from the north. The SAN MARTIN canal runs north to the north end of the town and the SAN MARTIN canal runs south to the south end of the town. The State Railway Station is situated right in the north of BOLSON.

Town Plan Co-ordinates: The main buildings are:

- 1 -

CONFIDENTIAL
(When Released CONFIDENTIAL)

3099

Lafayette Gardens

809466	3. PIATRO (PETER)	VL. DEL. HONORATA.
809467	3. PIATRO (PETER)	VL. DEL. V.
809468	3. PIATRO	VL. DEL. V. HONORATA.
809469	3. PIATRO	VL. DEL. V.
809470	3. PIATRO	VL. DEL. V.
809471	3. PIATRO	VL. DEL. V.
809472	3. PIATRO	VL. DEL. V.
809473	3. PIATRO	VL. DEL. V.
809474	3. PIATRO	VL. DEL. V.
809475	3. PIATRO	VL. DEL. V.
809476	3. PIATRO	VL. DEL. V.
809477	3. PIATRO	VL. DEL. V.
809478	3. PIATRO	VL. DEL. V.
809479	3. PIATRO	VL. DEL. V.
809480	3. PIATRO	VL. DEL. V.
809481	3. PIATRO	VL. DEL. V.
809482	3. PIATRO	VL. DEL. V.
809483	3. PIATRO	VL. DEL. V.
809484	3. PIATRO	VL. DEL. V.
809485	3. PIATRO	VL. DEL. V.
809486	3. PIATRO	VL. DEL. V.
809487	3. PIATRO	VL. DEL. V.
809488	3. PIATRO	VL. DEL. V.
809489	3. PIATRO	VL. DEL. V.
809490	3. PIATRO	VL. DEL. V.
809491	3. PIATRO	VL. DEL. V.
809492	3. PIATRO	VL. DEL. V.
809493	3. PIATRO	VL. DEL. V.
809494	3. PIATRO	VL. DEL. V.
809495	3. PIATRO	VL. DEL. V.
809496	3. PIATRO	VL. DEL. V.
809497	3. PIATRO	VL. DEL. V.
809498	3. PIATRO	VL. DEL. V.
809499	3. PIATRO	VL. DEL. V.
809500	3. PIATRO	VL. DEL. V.

CHINESE UNIVERSITY OF PETROLEUM
(BEIJING CAMPUS)

C. C. H. E. D. N. I. I.

[illegible]

CONFIDENTIAL. The many sources (pseudonyms) which are cited at intervals in the text, such as before churches and schools, giving the very effective views of the excellent architecture. At each of the town centers there is a small "kitchen" which usually holds the name of the old town. The following are the 12 "kitchens" around the town:

Went of town.
North-west of town.
South of town.
West, northeast of town.
East-west, at town.
West of town.
Northeast, east of town.
South - west of town.
South of town.
"
South-east of town.
West of town.

Within the group there are two important subgroups of which the latter are:

INDIAN, U. S. MARSH, I.	North, north-west of town centre.
"	North " "
"	Centre of town
"	South-east of town centre.
"	South, south-east of town centre.
"	South, south-east of town centre.
"	South of town.
"	South of town.
"	East of town centre.

2. Stargats And Through Routes.

1. Introduction

THE UNIVERSITY OF CHICAGO PRESS

(1) REVENUE is dropped from the north-east along the REVENUE - REVENUE, then along the REVENUE - REVENUE, and the last at the REVENUE to the REVENUE cross-roads, turning right on the REVENUE and so on at town,

Within the 2000 there are now 100,000 squares of which the largest are:

North, north-west of town centre.
 " " " "
 Centre of town
 South-east of town centre.
 South, south-east of town centre.
 South, south-west of town centre.
 South of town.
 South of town.
 West of town centre.

South - North

(1) POSSIBLE is entered from the south-east along STRATH MOUNTAIN ROAD, then along the River Gullach, and has left at an angle to the main cross-roads, turning right up the hill, through the town, through WATER GATE.

Dr. Ernest W. Gregg - 241

(2) ALCONCANTEN, from POINT DE GARDON, turn left along the
CANTON FRONT, from the end of the road, and continue along the
FRONT, then at the end of the road, S. P. 1000, turn right along the
FRONT, past the end of the road, and continue along the
FRONT, and turn left past the station and so northward. 3098.

CONFIDENTIAL
(When this information is used in a report, it should be so designated.)

Ref: - West.

1. I. I. - 1000000 - 1000000

Enter the town through ROAD 1000000 from the north-east, by ROAD 1000000 and continue along ROAD 1000000, then all 1000000, all 1000000, and all 1000000, through ROAD 1000000. Will be so westward toward ROAD 1000000.

There is no information on the width and construction of streets, but from the town plan it seems probable that the main town thoroughfares are wide and straight. It is quite probable that any of the major side streets run in the north-south, as the town is still within any of its original construction.

2. Rail Road.

a. Double Track.

(1)	ROAD 1000000 - ROAD 1000000	(electrified line)
(2)	ROAD 1000000 - ROAD 1000000	(electrified line)
(3)	ROAD 1000000 - ROAD 1000000	(electrified line)
(4)	ROAD 1000000 - ROAD 1000000	(electrified line)
(5)	ROAD 1000000 - ROAD 1000000	(electrified line)

b. Single Track.

(1)	ROAD 1000000 - ROAD 1000000	(electrified line)
(2)	ROAD 1000000 - ROAD 1000000	(electrified line)
(3)	ROAD 1000000 - ROAD 1000000	(electrified line)
(4)	ROAD 1000000 - ROAD 1000000	(electrified line)

The Central Passenger Station in 1000000, is situated in the north of the town. It is the main station and is served by all electric.

The Industrial Zone just west of the central station has approximately 57 1000000 1000000 1000000 1000000. The main thoroughfare here is 2000 1000000, and the station is situated for 500 1000000.

Another station in 1000000 is situated north-east of the central station. It has approximately 1000000 1000000 1000000 1000000.

There are also two small, for electric and steam locomotives, west of the central station. The capacity of these is between 200 - 250 1000000 1000000 of 1000000 1000000. There is also extensive electric equipment, and

1	POLYMER	-	EXTRACT	-	PLANTATIONS
2	DOCK	-	EXTRACT	-	PLANT
3	WATER	-	EXTRACT	-	PLANT
4	DOCK	-	EXTRACT	-	PLANT

The Central Passenger Station in London, as situated in the north of the town, so in the new station and is served by 11 platforms.

The Jaxxville Inn. Took just part of the central building has approximately 57 beds, including a kitchen, bathroom, dining area. The daily expense here is 2000 rupees, and the storage is sufficient for 500 persons.

Another excellent feed is adjuvanted north-east of the central station. It has a higher value than the other feeds of 21.000 slugs.

There are three shells, for electric and steam locomotives, and of the central machine. The capacity of these is between 200 - 250 locomotives of various sizes. There is also extensive mining, construction, and in addition there are coal and other supply stores in England.

There are 2 kinds of standard railroads with equipment for all, including passenger, like / 100 miles and a few hundred miles on the south side of central station, which is a few steps of the station.

That of Central Station there is a room for the use of the travelling public. This is reserved for ladies and children. A general meeting and working group of builders and architects is at the front of Central Station, across from the north wing. This room is reserved for the use of the travelling public. This room is reserved for the use of the travelling public. This room is reserved for the use of the travelling public.

HOWELL-GREENE COMPANY

[illegible]

(1) 3 2 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000

The total population of BOLOGNA according to the latest available statistics is 521,563.

There is little information concerning the amount of experienced labour in each trade, but some idea of the skilled labour in BOLOGNA can be had from the list of industries in the town and its environs.

Of the working population 9.1% are employed in agriculture and 63.8% in industry and commerce.

5. Government and Municipal Establishments etc.

687424	PREFECTURE	VIA DEI ROMANI 21.
889424	QUESTURA	Piazza Vittorio Emanuele.
Town Centre	Civil Engineer	VIA D. S. MARINO 11.
	Roads Engineer	VIA C. RAINIERI 1.
689424	Fire Bridge Office	Piazza Vittorio Emanuele
	State Archives	VIA ORSINI 2.
889424	Town Hall	Piazza Vittorio Emanuele.
889478	Law Courts	Piazza Vittorio Emanuele.
"	Prison	Piazza Vittorio Emanuele.
Town Centre	Agriculture Inspector	VIA D. S. MARINO 15.
890422	d. P. O.	Piazza Vittorio Emanuele
"	Telephone	Piazza Vittorio Emanuele
889427	Telephone	VIA D. S. MARINO 15.
889427	Railway Station	Piazza Vittorio Emanuele.
S. V.	Tramways Dept.	VIA D. S. MARINO 60.

Parks.

689425	B. COOPERATIVA ITALIANA	VIA D. S. MARINO 5.
	B. COOPERATIVA	VIA D. S. MARINO 5.
687425	B. D'ALBERTO D'ITALIA	VIA D. S. MARINO 5.
687424	B. D'ALBERTO D'ITALIA	VIA D. S. MARINO 5.
689431	B. D'ITALIA	Piazza Vittorio Emanuele 6.
	B. D'ITALIA	VIA D. S. MARINO 5.
689435	B. D'ITALIA	VIA D. S. MARINO 5.
	B. D'ITALIA	VIA D. S. MARINO 5.
	B. D'ITALIA	VIA D. S. MARINO 5.

There are also numerous establishments with the title of "CASSA" or "CASSA".

6. Billeting.

The estimated total public accommodation is sufficient for 40,000 men. The estimate for other billeting is 150,000 men. The facilities are:

385455

COFFEE-NUTS
(Equals Irish Constitution)

CONFIDENTIAL
(Equals British Confidential)

785016

In addition there are 10 hotels the accommodation of which is unknown.

b. Schools, Colleges, Institutions.

Elementary Schools	45	} Sufficient for 15,000 men.
Private Schools & colleges	42	
Secondary Schools and		
Technical Institutes	20	

There is also a large University which should afford ample accommodation.

c. Theatres and Cinemas.

ARONA DEL SOLE	} Sufficient for 5000 men.
COCCINELLE	
CONVALLI	
DEL CORRO	
TECNOLOGIA DUSE	
L'AMORE	
IL FANTASMA	
PRINCIPIA L'AMORE	
VERDI	

d. Hospitals.

OSPEDALE NERATO MESSORINI	} Sufficient for 5000 men.
" CLINICO DI S. ORSOLA	
" SANTA AGOSTINA	
" PIAZZA	
Also 20 private nursing homes.	

No assessment has been made for the public baths.

7. Light and Power.

There are two societies distributing electricity in BOLOGNA.

a. SCC. BOLOGNESE DI ILLUMINAZIONE. Supplying private and public illumination plants with 3 phase 400. 42 cycle at 115 volts. Power distribution is 3 phase 42 cycle at 115 volts, and is supplied through the TRANSMISSION station, by SCC. DEL TRASMISSIONE.

b. SOC DEI TRAMWAYS DI BOLOGNA.

COMUNISTO
FRANCESCO
VERDI

a. Hospitals.

OSTERIALE VENTRO MESSELE
" OLIVIO DI S. OLIVIO
" DELLA ACHERATA
" DELLA ACHERATA
Also 20 private nursing homes.

Sufficient for 5000 men.

No assessment has been made for the public baths.

7. Light and Power.

There are two societies distributing electricity in BOLOGNA.

a. SOC. BOLOGNESE DI ILLUMINAZIONE. Supplying private and public illumination plants with 3 phase A.C. 42 cycle at 115 volts. Power distribution is 3 phase 42 cycle at 115 volts, and is supplied through the transmission station, by SOC. DEL TRASMISSIONE.

b. SOC. DEL TRAMVIA DI BOLOGNA.

Power distribution is D.C. at 500 volts, as used for the trams, and is supplied through the thermal power station.

There is an important sub-station at BOLOGNA, which is a key point in two respects, (1) The electric railways, and (2) the important junction of the power lines connecting north and central Italy. 4 important transmission lines (over 50 K.V.) enter BOLOGNA from north, north-west (one line), north-east, west (2 lines), and south, south-west (one line). There are 4 less important lines (under 50 K.V.), two from the North-east, and two from the south and south-west.

The electrified lines through the RIVERA, SI PIA, and ST. GIOVANNI all converge on BOLOGNA, and there is only one alternative route, through SPINOLA. Therefore the main sub-station here is an important target. It is reported to contain 25,000 K.V.A. of frequency converting plant for 16.7 cycles, but this may now have been altered.

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Just west of MOLOKAI there are groups of wells about 625 feet deep, which have a combined yield of more than 20,000 Imperial gallons per minute. The town is supplied with water from an underground aqueduct which arrives at the south-west outskirts, originating in the area north of LAHAINA at 6257.

9. Industrial Establishments.

BOLOVA is a highly industrialized city, manufacturing a great variety of materials. There is, however, no major industrial plant in the town, the enterprises are the great important industries:

The following are the chief industries and occupations:
 Iron works. Freight iron works. Metal engraving. Glass works.
 Mechanical works. Coach making. Carpentry. Timber yards. Brick works.
 Building contractors. Cement stores and factories. Chemical works
 and laboratories. Celluloid manufacture. Photography. Plastic works.
 Gun vulcanizing works. Wax making. Ice manufacture. Printers. Paper
 and cardboard factories. Firwood and coal storage depots.

The following list gives some of the more important establishments.

state Protocentral Works.

Production of small arms and ammunition
Employing 1,200 workers pro-yr.
Machine tools, specialising in tools for
ball-bearing works.

5. **Interpretation:** The results suggest that the proposed model is effective in predicting the performance of the system. The model's performance is evaluated using the Mean Squared Error (MSE) and the Coefficient of Determination (R^2). The MSE is a measure of the average squared difference between the predicted and actual values, and the R^2 is a measure of the proportion of the variance in the dependent variable that is explained by the independent variables. The model's performance is compared to the performance of a baseline model, and the results show that the proposed model outperforms the baseline model.

S. 4. B. I. P.
S. 5. 2. 2.
S. 6. DUCAL.

FERDINANDO ZAMPALATTI
ZONA FREDDA.

2014. 2014.
 (OFFICE OF THE ATTORNEY GENERAL)
 2014. 2014.

Producing 3000 metric tons of sugar per year

CERIO S.A. LAVORO S.A. and
S.A. INDUSTRIA ALZ. COOPER.

(a) α is other similar figures.

Preserved foods.
Mints. (Also 2 chocolate factories).
Tobacco.

PTSAUTUMNOTO SACZARIN

THE UNIVERSITY OF CHICAGO

**ACCIDENT CENTER WILLIAM
" " " " " " " "**

THE

General Wenzelhaus.

tailor-made for our stores.

The following list gives some of the more important establishments.

State Pyrotechnical Works.

S. A. LINGHINI.

S. A. B. I. E. G.

S. A. CALZAVI.

S. A. PUCATI.

FERMINANDO ZAMBELLI

ZOLA PREDOSA

(OFFICINE DI CARICHI E PULVERI)

SOC. ITAL. PER L'INDUSTRIA

CIRIO S.A. LIEBIS S.A. and

S.A. INDUSTRIAL. MAZ. CANTIERE

PIRELLA GÖTTSCHE LOWE

PIRELLA GÖTTSCHE LOWE

MACAZZONI CARLUCCI PALLINI

" GEMELLI RIGOROSI

S. A. " GEMELLI

Production of mill arms and ammunition
Employing 1,200 workers per year.
Machine tools, specializing in tools for
ball-bearing works.
Machine tools.
Heavy engine ring products.
Very large factory manufacturing radio sets,
and a variety of condensers, compensators,
refrigerators (5000 workers).

Lead wire, shoe, shoes, etc.

Wire drawing, galvanizing, etc.

Employing 170 workers in 1939.

ITALIAN SUGAR

Producing 3000 metric tons of sugar per year

ALIMENTARI (also 5 other similar firms).

Preserved foods.

Biscuits. (Also 2 chocolate factories).

Tobacco.

General Warehouses.

There are, in addition, extensive leather and rolling stock repair shops,
also a considerable number of foundries and engineering works, notably
concerned with the production of metal furniture, plant machinery for flour
mills, "paste" factories, oil mills etc.

There are: 14 motor body-building firms. 30 repair shops. 108 garages.
20 factories for boots and shoes. 40 laundries. More than 60 printers,
many of which may be too small to be of military interest; this also applies
to bakers, more than 200 of which are listed in a 1939 directory.

3000

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According to an Italian catalogue dated May 1941, the following are auxiliary establishments manufacturing war materials.

SOC. AN "E.B." (BREVETTI BARONCINI) (Plugs for cars and planes.)	VIA ASCARETTA.
SOC. SCIENTIFICA RADIO BREVETTI DUCATI (Radio condensers, receiving and transmitting sets.)	MORTO RAINALE
SOC. AN ALESSANDRO CALZOTTI (Mechanical and foundry works.) (Hydraulic tele-control gears (for submarines & air engines)	S. VIOLA
SOC. AN. BOLOGNESE INDUSTRIE ELETTRO-TECCANICHE E Fonderie PARENTI (Lifts, cargo-lifts, mech. construction, cast iron foundry.)	S. VIOLA.
STRABERRE E SAPHORRE ALIUSI & GENTILI (Glycerine)	VIA CARO DI LUCCA 31
S.A. SAPHORRE IMPIANTI (Glycerine)	VIA SPERANZA. 65
INUG. BUINI & GRANDI (Illumination and electrical materials.)	VIA PIER GIUSEPPE. 13.
SOC. AN GIUSEPPE RINGANTI & C. (Machines)	VIA VERGARESE. 11
S.A.S.I.P. (SOC. AN. SCULPIONE INGOMENTI) (BOLOGNA) (Signal apparatus - overhauling) (cars - engines.)	VIA DI CORTICELLA. 87
RIGHI ERNO (Mech. workshops - Overhauling)	VIA DI S. ROMEO. 175.
RIGHI ERNO (Mech. workshops - Motor repairs)	VIALE ANGELO MASINI. 29.
S. I. A. P. (SOC. ITALIANA APPARECCHI DI PRECISIONE) (Precision apparatus and meteorological)	VIA S. VITALE. 460

- S.A. SAPONI E ITALIANI
(Glycerine)
(Glycerine) VIA BERNINI. 65
- INUS. BUIRI & GRANDI
(Illumination and electrical materials.) VIA FIER CRISTIANI. 15.
- SOC. AN. GIUSEPPE INVERNIZI & C.
(Inchinos) VIA BERGAMI. 11
- S.A.S.I.B. (SOC. AN. SOCIETA' INNOVANTI
(BOLOGNA) VIA DI CORTICELLA. 87
(Signal apparatus - overhauling)
(aero - engines.)
- RIGHI BRINO
(Clock, workshops - Overhauling) VIA DI S. DOMENICO. 175.
- PICCHI BRINO
(Tech. workshops - Motor repairs) VIALE AUGUSTO MASINI. 29.
- S. I. A. P. (SOC. ITALIANI APPARECCHI DI PRESSIONI) VIA S. VITALE. 460
(Precision apparatus and meteorological instruments.)
- SOC. AN. WEBER ILIOANNO
(Carburators) VIA TRIANO. 33.
- S. A. M. P. (SOC. AN. LEGGERIA DI PRESSIONI)
(Area - engine parts. Gears) VIA RAVENNA. 17.
10. Local Agriculture and Fishing.
No information available.
11. Public Transport Services and Services.

Couches run to the following places:

From our to:

ARONCATO. CASA MEDIO DI RENO. CASTEL MAGGIORE. GRANCILO DELL'EMILIA.
GRANCILO. S. GIORGIO DI PIANO. LOMBARDOSA.

The following is a list of garages which have repair facilities:

BARBISI GUIDO
BASTIANI LARIO
BEVILACQUA ARMANDO
BOSCHI . . .
CALEDONNI DOMENICO
CASASANI E TALLANONI
CASANI LARIO
CAVARET EMILIO
CECCHI ARMANDO
CHENOLI TOLINO
COMPI INTRICO.
P. I. A. T.
CANTONIO ARIGO
GAGLIARDI
GERARDI ESTENO
LE BERTINI ROLOLO
LEZARINI GUIDO
MIRALAN STEFANO
MARTINI LORIANO
MELANDRI EUGENIO
MAZZONI OTTAVIANO
MONTI. NINO E VERO
OFFICINA FOR BACCHI
" " LALFORD
PUGLIOLI BRUNO

VIA MORABILLA. 2.
" S. ALDO. 5.
" ITALIA. 13.
" GIANNOTTI. 14.
" S. PIETRO. 3.
" VILLA REINA. 17.
" ITALIA. 153
" URBANA. 6.
" AGRICOLA. 10.
" S. LIO. 7.
" PASCARILLA. 7.
VIA S. PIETRO. 5.
VIA S. PIETRO. 6.
" S. PIETRO. 1.
" CONTINUA. 51
VIA S. PIETRO. 25
" PIA. 7.
" DALLA S. PIETRO. 1.
" S. PIETRO. 2.
" S. PIETRO. 4.
" S. PIETRO. 25
" S. PIETRO. 4.

VIA ROSADILLA. 2.	
" S. ILA. MAGNOL. 5.	
" LILA. 23.	
" GILMOCCI. 14.	
" O. PANTINI. 3.	
" RITA DEO. 17.	
" LIRA. 153	
" URUZA. 6.	
" ARSILLA. 10.	
" CA TONI. 7.	
" VASCARZIA. 7.	
MICATA FORA S. PIERO. 11.	
CL. S. PIERO. 5.	
PIAZZA DI P. MAGNOL. 6.	
" MARIA MAGNOL.	
" PIETROVI. 1.	
" CONTINUI. 51	
CL. MARIA S. PIERO	
VIA S. ANTONIO VERDICO. 25	
" PIAZZ. 7.	
" BELLO SOLO. 1.	
" P. DOTT. CAMPARI. 2.	
" LE VITTE. 4.	
" ROMA. 25	
" DOTT. TAVI. 4.	
" S. AL. 4.	
VIA. PIAZZ. 9.	
CL. S. GIOVANNI. 10.	
" IN A. BASSI. 5.	
" SAN DOMITO 179.	
" ACCORDINO. 40	
" BELLO SOLO. 1.	
" PIETROVI. 1.	
" S. AL. 65	
" S. AL. 1.	
" ROMA. 4.	
" BASSI. 36 - 35.	
" SANTA. 2.	
" BELLO SOLO. 39.	
" GIULIO. 5.	

CONFIDENTIAL
(Equals British Confidential)

12. Fire Service.

There is no information on the fire service of VOLONTI. The address of the fire brigade office is:

PIAZZA VITTORIO EMANUELE

13. Areas for Buses and Trucks.

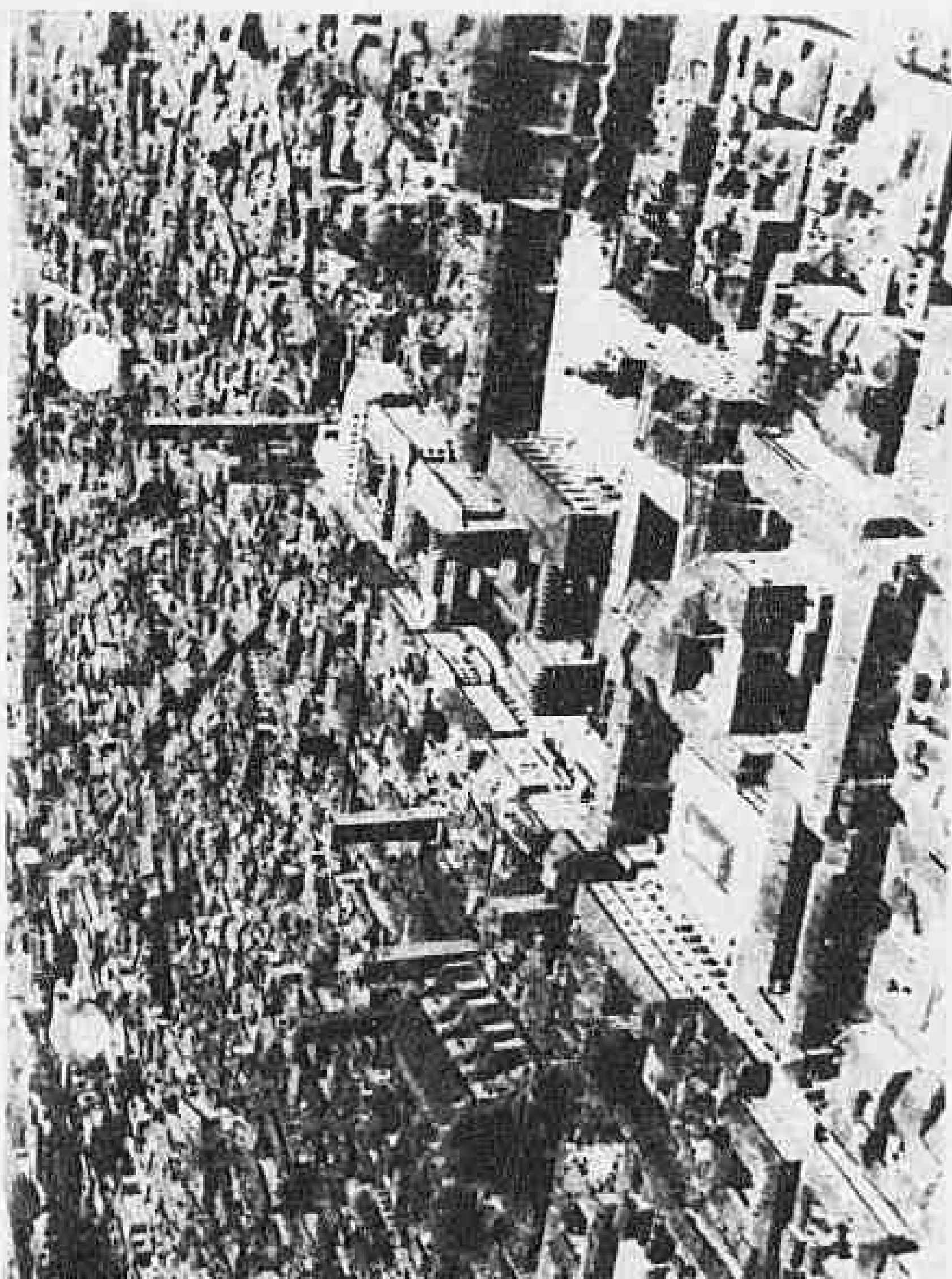
Industrial docks and railway sidings would be available for storage. There are two of these near the Central passenger station. (1) North-west of the station and (2) North-east of it.

The electrical storage depot, east of central station, has several sheds served by 7 sidings and a roundhouse shed, which is used for the storage of electrical equipment.

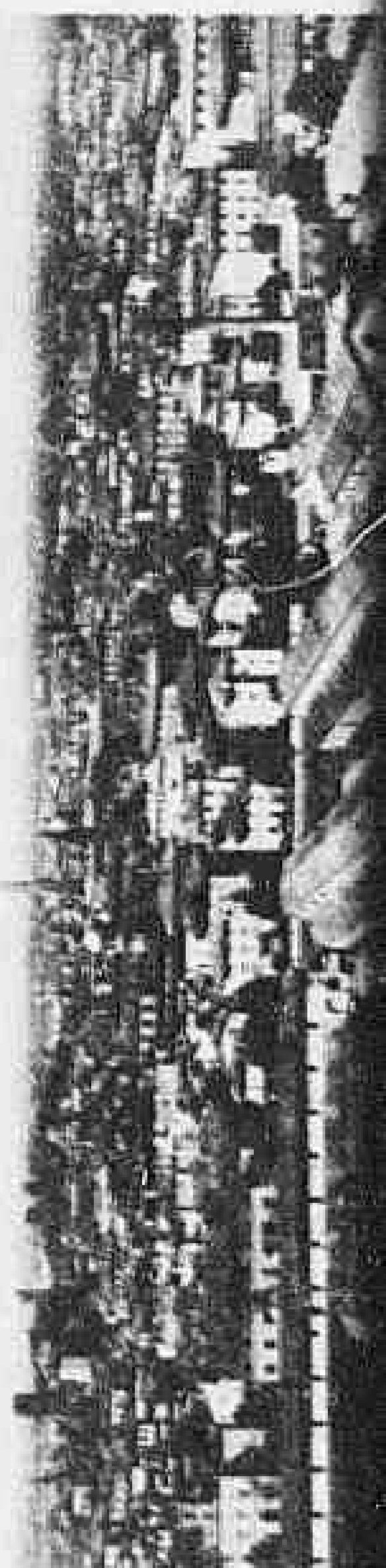
There is a general material and stores depot, west of central station. This has 4 rectangular sheds served by 6 dead-end sidings. There is also storage room in the ground around the sheds.

The gardens of VOLONTI and its squares should provide good parking areas, particularly the spacious piazza near the Public Gardens, approximately 13,000 sq. ft. in the north of the town. This piazza is approximately 13,000 sq. ft. in layout. A list of the more important "piazze" is given under 1. b.).

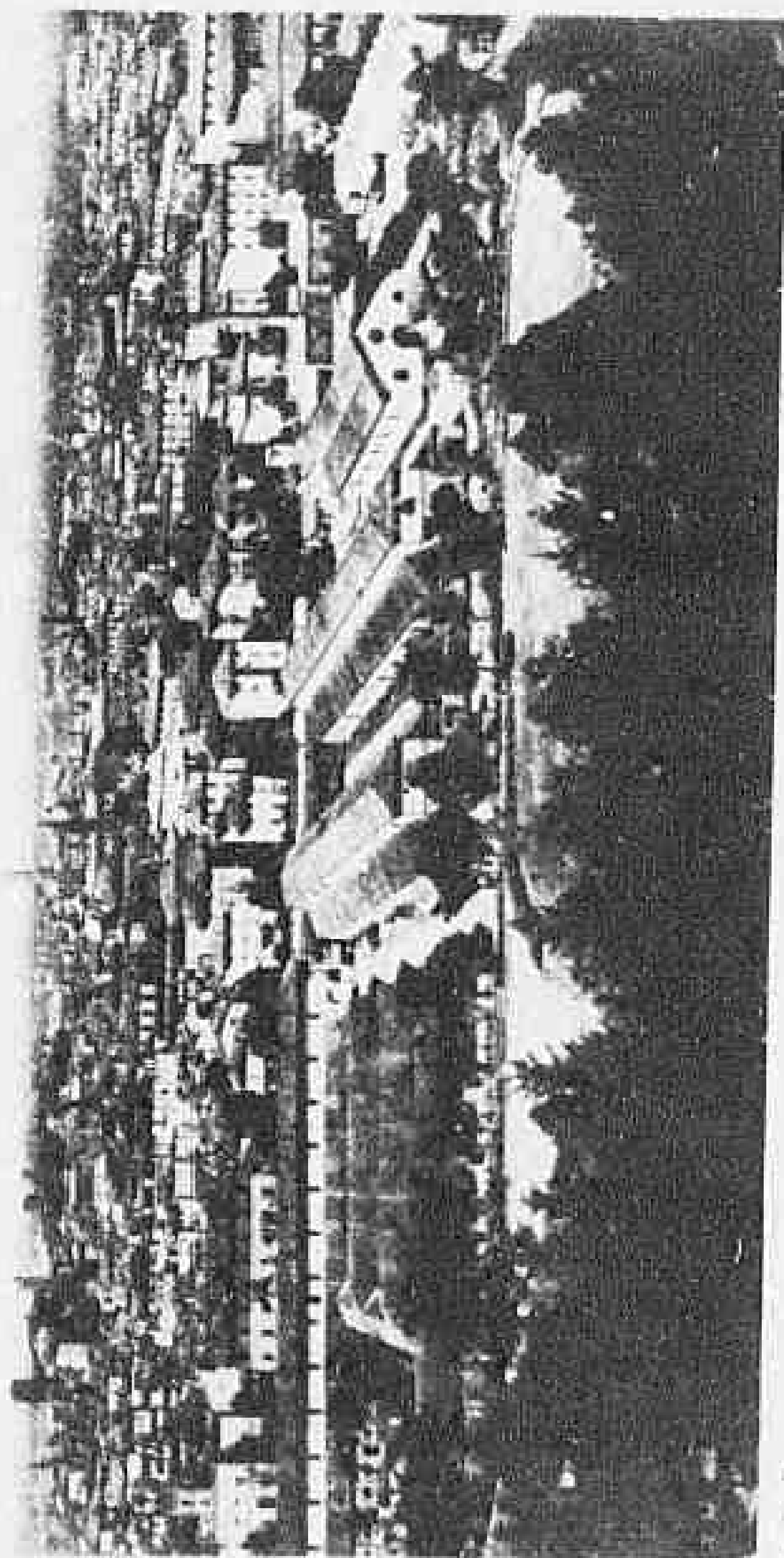
particularly the crucious piazza with 610 m. x 610 m. square.
in the north of the town. This piazza is approximately 130 m. square.
A list of the more important "piazze" is given under I. B.). Layout.



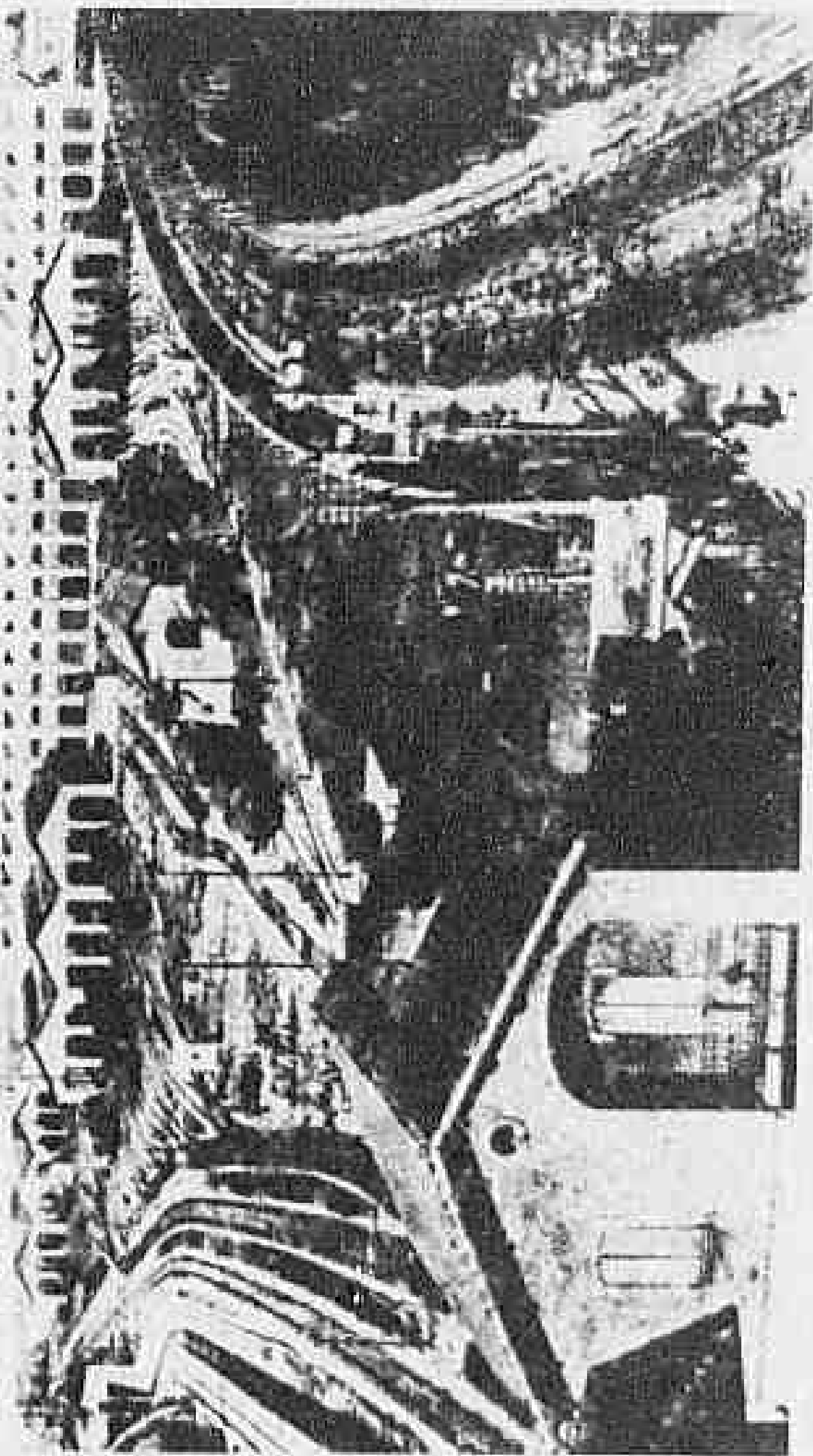
BOLOGNA: View over the centre of town, with Piazza Vittorio Emanuele II right centre and Via Rizzoli, a wide road behind the buildings to the left of the Piazza, leading to Piazza di Porta Ravennana, which has the leaning towers of Asinelli and Garisenda, seen right centre above the Piazza. The Duomo (Cathedral S. Pietro) is to the extreme left centre.



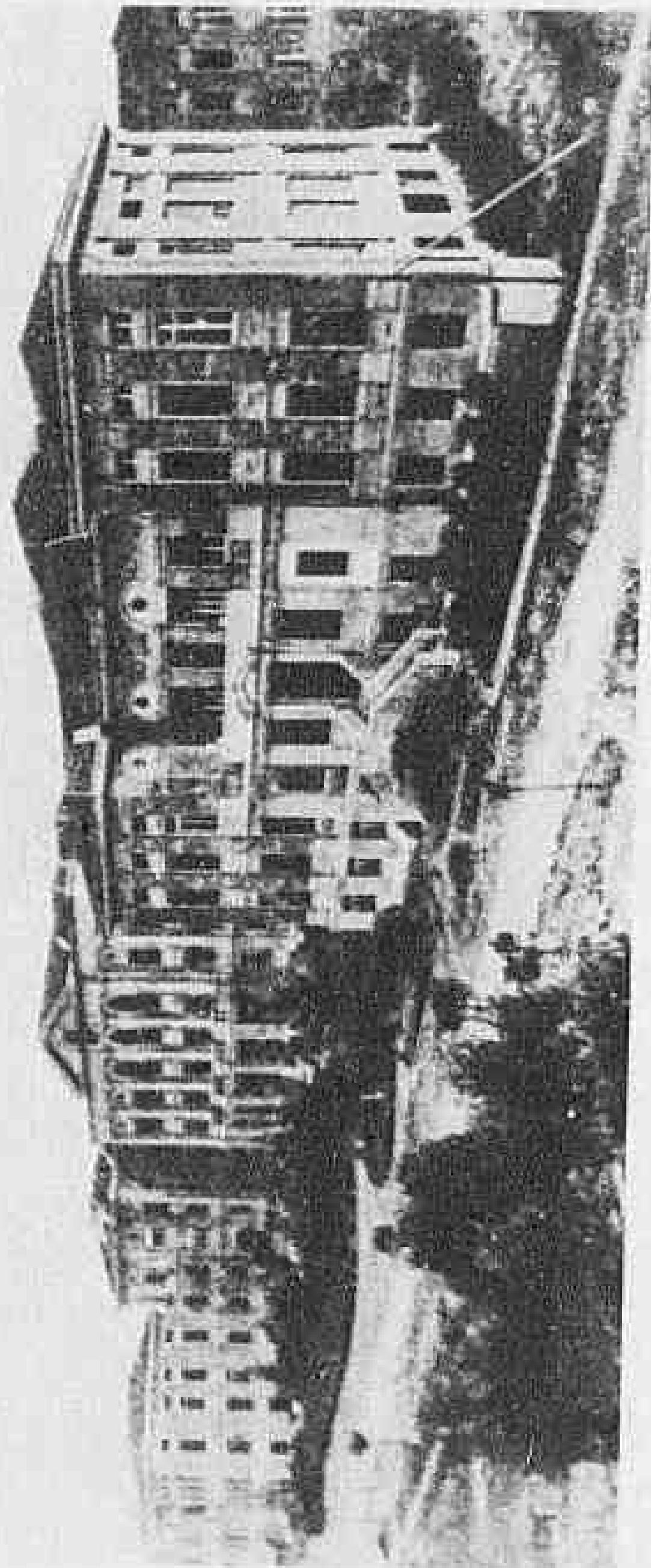
MARCONI II right centre and Via RIZZOLI, a wide road behind the buildings to the left of the Piazza, leading to Piazza DI PORTA RAVEGNANA, which has the leaning towers of ASINELLI and GARISENDA, seen right centre above the Piazza. The DUOMO (Cathedral S.PIETRO) is to the extreme left centre.



BOLOGNA: Looking N. over the town. In the foreground are the barracks and part of the MARGHERITA Gardens. The towers of ASINELLI and GARISENDA are in the centre middle distance, the latter being hidden by the taller ASINELLI tower. To the left of the middle distance is the tower of the DUOMO which itself is concealed by the church of S.PIETRONIO. The open LOMBARDY plain is in the background.



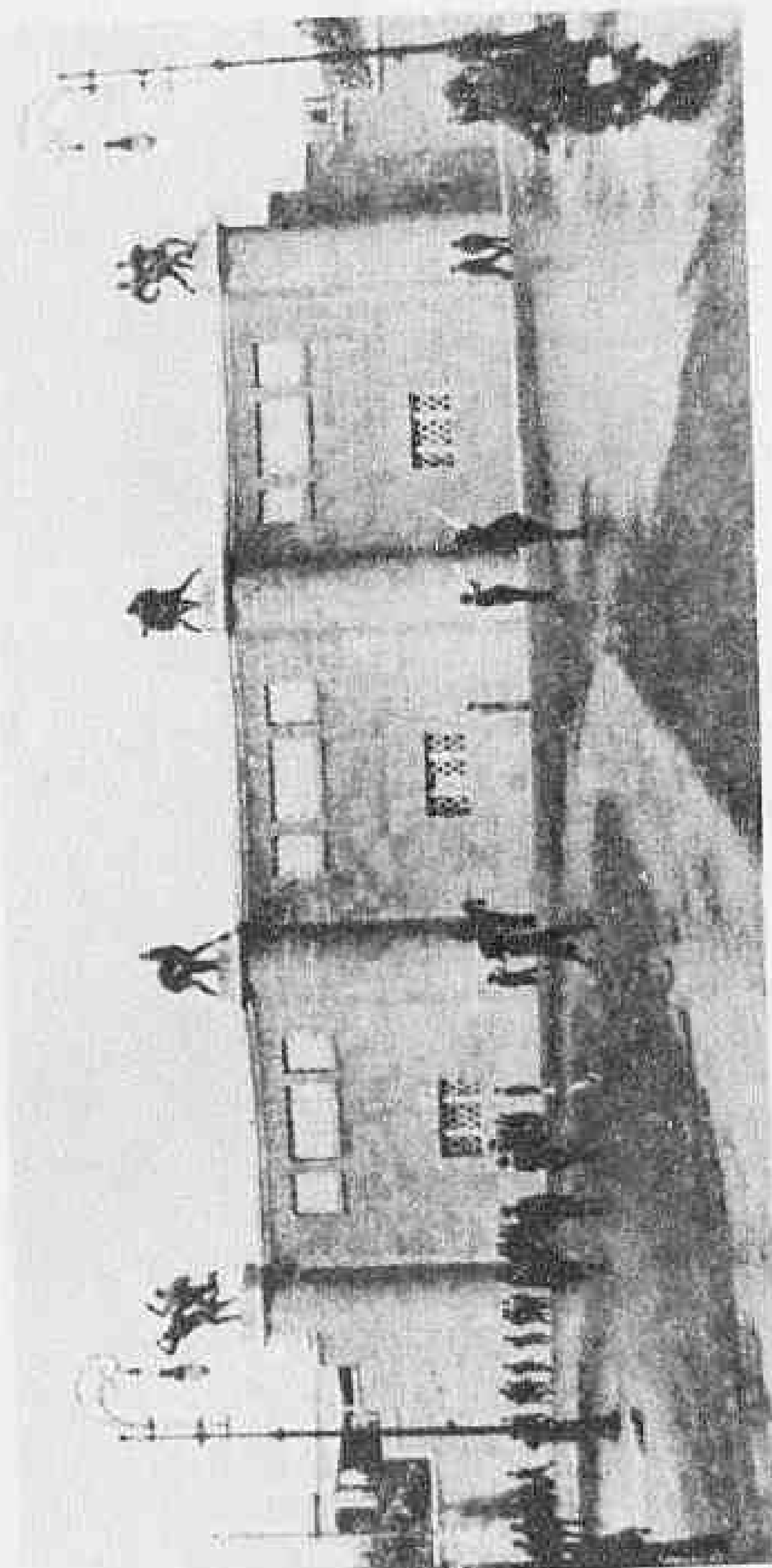
BOLOGNA. View of railroad trackage Station (1932).



BOLOGNA University Clinic.



BOLOGNA: University Clinic.



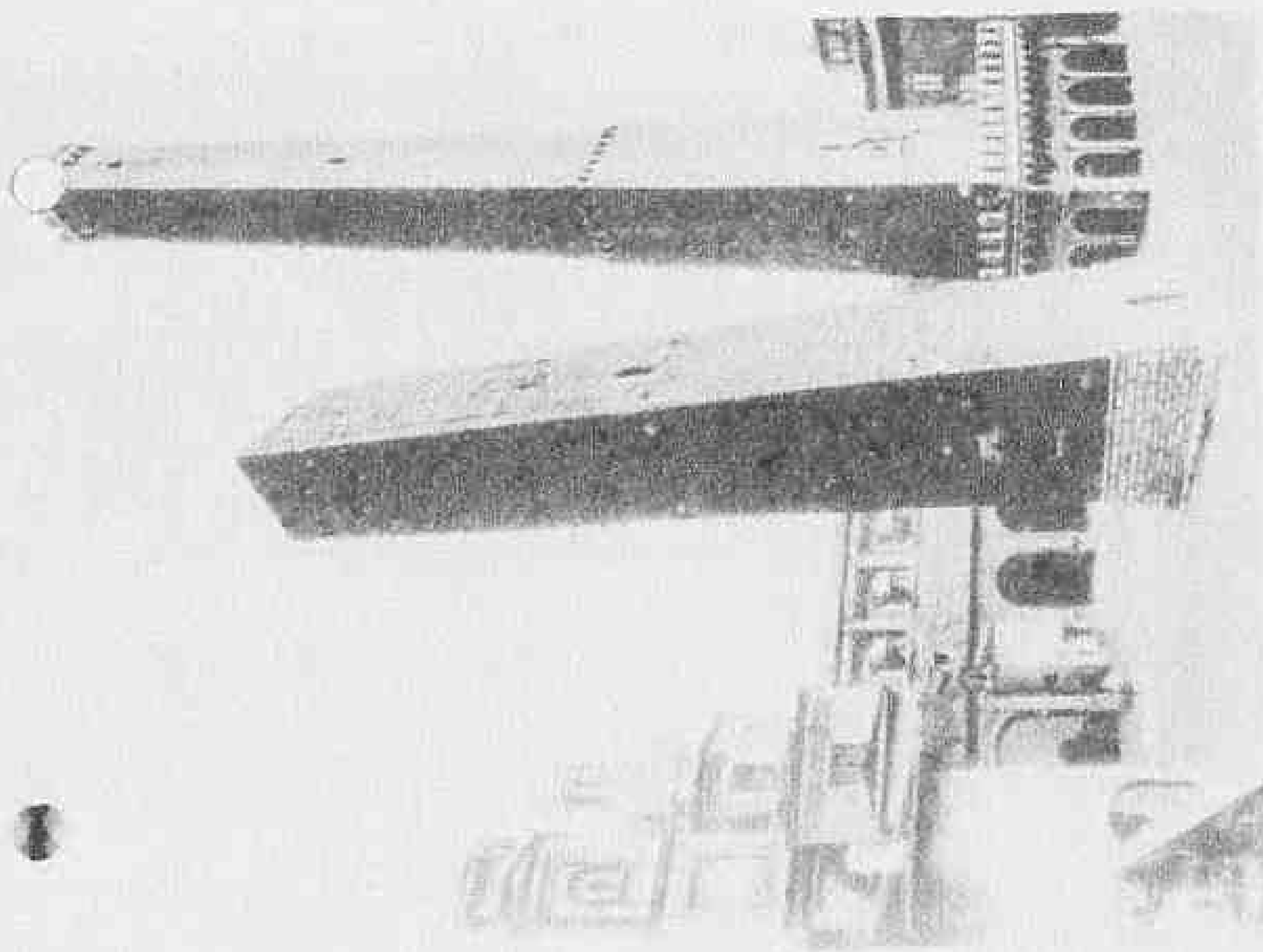
BOLOGNA: View of City and National Stadium of the Fascist Party.

3093

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

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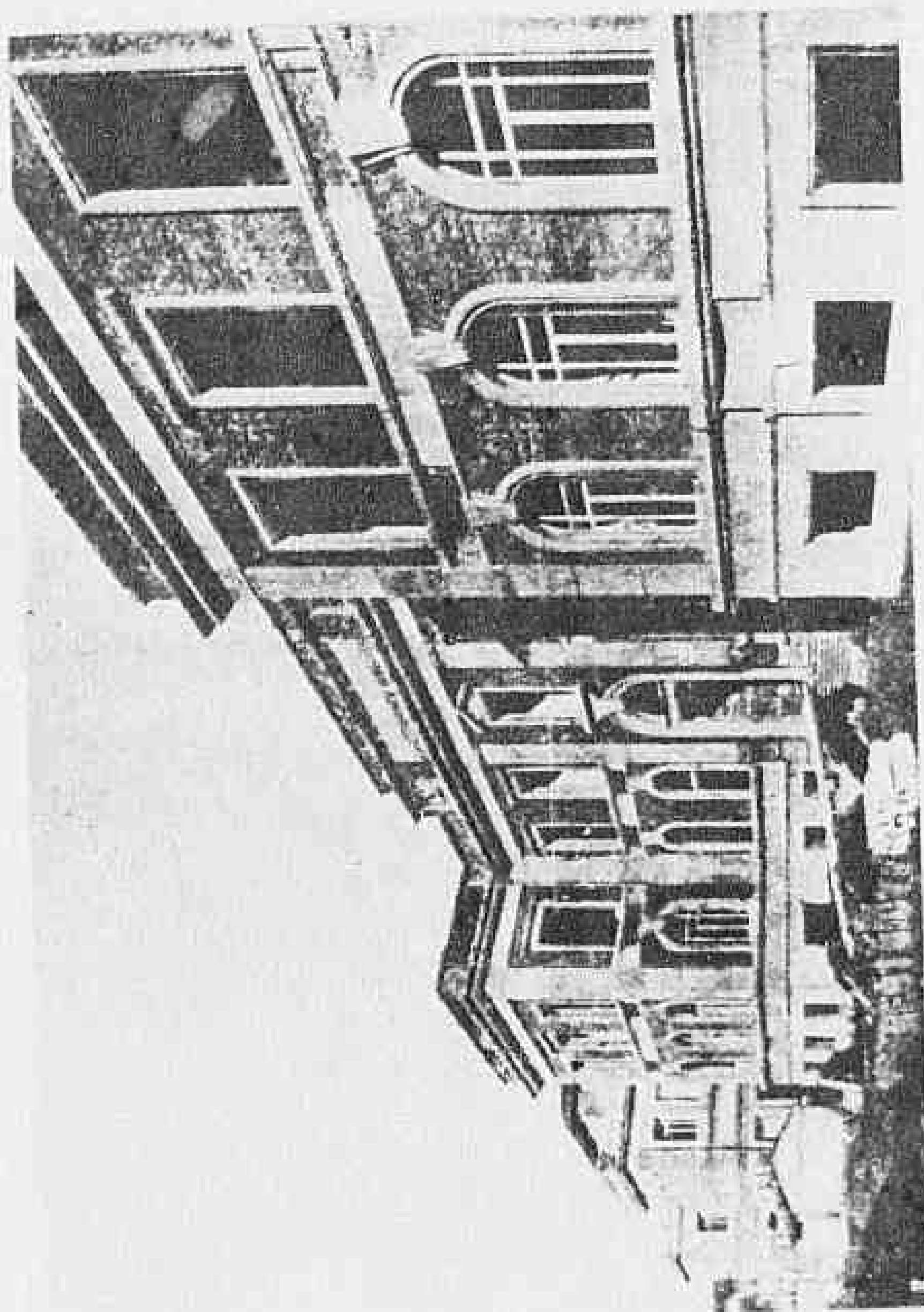


BOLOGNA: View of Piazza di Porta Ravennana, showing the two leaning towers of ASINELLI, on the right, and GARISENDA, in the centre. The church of S. BARTOLOMEO is seen on the left.



3092

BOLOGNA: View of Piazza di Porta Ravegnana, showing the two leaning towers of ASINELLI, on the right, and GARISENDA, in the centre. The church of S. Bartolomeo is seen on the left.



BOLOGNA: Pathological Institute.

SECRET

ALLIED FORCE HEADQUARTERS
G-2 (Advanced Intelligence)
c/o Continental Base Section
APO 782, U.S. Army

LC/gg

19 May, 1944

INTELLIGENCE REPORT NO. D-62

Information on GERMAN-occupied ITALY

The following extracts from various Intelligence Reports received by this section are forwarded for your information.

CMIC Report SIM/CSDIC No. 20, 5 May, 1944.

POLITICAL

a. Government

The activity of the Republican Government has increased considerably, especially since February, 1944, firmly because it is better organized than before, and secondly because the officials want to prove their capacity for administration. Laws, decrees, and notices are constantly being published, but they are much criticised by the population, especially in Rome, and fall in practice to give any really good results.

Many of the high officials attached to the various Ministries have failed to comply with the order of transfer issued by the Republican Government, as they do not wish to leave Rome. As a result there is a rush for all the more important jobs, especially by people not qualified to hold them. The few reliable and capable officials who have remained in the Ministries find themselves surrounded by a mass of opportunists, and have to carry on their work at a disadvantage. In Rome there remains only the winding-up dept of each Ministry, with the sole task of settling the administrative questions left over from the period prior to the constitution of the Republic.

The activity of the law courts is normal, but there is a new tendency for judges to endeavour to prolong the cases on hand and to make people desist from bringing fresh ones, pointing out that any judgments pronounced in the name of the Republic are liable to be repealed once the province in question is liberated. Of all the departments of the State, the magistrature is the most hostile to the Republican Government. Nearly all the magistrates are members of underground political organi-

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The provincial administrations have been left untouched and are carrying on as before. The provincial administration of Rome has absorbed many former officials of the Ministries, who have joined in order to avoid being sent to Northern Italy.

Since the trial of CLAUDIO, many judges try to avoid being involved in political cases so as not to become subject to retaliation by the anti-Fascists.

b. Anti-Fascist parties.

The three principal parties in occupied ITALY are, Specialist, Communist, and Middle class.

1. The Socialist Party draws its leaders from among the upper classes, but is NOT thought much of by the lower classes for whom

SECRET

Spore

SECRET

Socialism is now synonymous with Fascism. This party has a marked Monarchist tendency, but contains also some anti-Fascist elements with leanings towards Republican Socialism.

It is NOT a very active party and is considered the least important of the three. When, however, all the parties met in ROME after the Allied landing at ANZIO, this party was also represented and had a say in the decisions taken.

The Communist Party has only a few members, but all well chosen. Its leaders and adherents are often selected from among people with NO political prejudices and even among those who have fallen foul of the law. It dispenses of large funds and is apparently subsidized by RUSSIA. The members of this party commit all kinds of acts of sabotage in the cities, provoking trouble and reprisals against the population. Its propaganda activity is very intense, and consists of writings on the wall, clandestine publications, leaflets, red flags with hammer and sickle.

The Middle class party consists of the mass of the Italian population in German-occupied ITALY. Its aims are varied with a marked tendency in favour of the monarchy. It assists the patriot bands, helps to raise the morale of the people, and endeavours to keep up their love for their country and the Royal family. The financial position of this party is NOT good. It has to provide for most of the officers, who are in hiding, as well as for members of the Republican Army.

The law, the civil service, the intellectual classes and to a certain extent medium finance, industry and commerce, the bourgeoisie and the artisans, all supply members for the various branches of this party. Its activity spreads in a more or less marked manner over all fields of national life.

C. Mail.

Censorship is only established in a few areas in Northern ITALY. Correspondence between Northern and Central ITALY is very difficult owing to the poverty of communications.

The Germans are doing their best to arrange the delivery of the mail and have established a truck service between ROME and FLORENCE.

A letter from ROME to MILAN takes a fortnight on an average.

For official correspondence addressed to military departments of the Republican Army and between Provincial Departments and the various Ministries, a censoring service has been established for delivery either

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A letter from ROME to MILAN takes a fortnight on an average.

For official correspondence addressed to military departments of the Republican Army and between Provincial Departments and the various Ministries, a motorbus service has been established for delivery either daily or three times weekly.

A. Schools and Universities.

The elementary and high schools are open but the hours have been cut down. Very few pupils turn up at the male classes at high schools, as they are all afraid of being rounded up by the Germans.

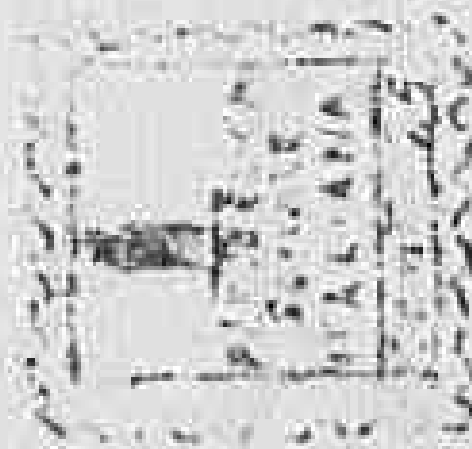
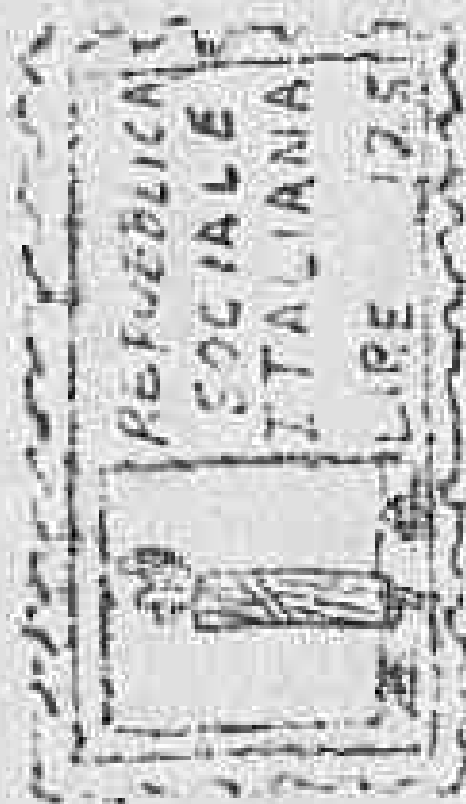
The Universities, especially the one in ROME, are open, but students of both sexes fail to put in an appearance.

In general all schools avoid political discussions. Everyone is allowed his own views, except when the professor is a rabid republican. There are, however, notices calling on teachers to spread Republican ideals.

SECRET

SPM Bulletin No. 191, 9 May, 1944.

The stamps in circulation in German-occupied ITALY are of the same type as those used before the Armistice. They have, however, been overprinted in red or black with the words: "Repubblica Sociale Italiana." The layout of the stamps is therefore as under:



OSD/C Report No. OSDIC A.A.I. (East)/SI/91, 5 May, 1944.

POLITICAL

A. Government

The present Prefect of AQUILA is a certain MARTI, ex-Fascists of the same town. The mayor (Podesta) is a certain SPERANZA.

B. Fascist Republican Party

The leaders of the party are the Prefect, a certain Advocate AQUILA BELLINI and a third person whose name sources do NOT remember. This triumvirate publishes orders and prohibitions and dominates the countryside.

OSD/C A.A.I. (East)/SI/92, 8 May, 1944.

PERSONALITIES

Giulio VICHETTI	Secretary of the GIL, keen propagandist, pro-German	VILLA GOBBI	(CASTELBASSO)
Nello NEGRONI	Butcher. Old member of the Fascist party. Very active. Holds some of the highest appointments in town.	TOLINO	
GIAMFICCONI	SM of the militia, a fanatical and fervent Fascist.	C. CERINO	(sheet 124)
PAGLIONI	(ex-Prefect of L'Aquila) appointed Prefect		

POLITICAL

a. Government

The present prefect of AQUILA is a certain HAVEL, ex-Radicals of the same town. The mayor (Podestà) is a certain SPERANZA.

b. Fascist Republican Party

The leaders of the party are the Prefect, a certain Avvocato AQUILA BELLINI and a third person whose name sources do NOT remember. This triumvirate publishes orders and prohibitions and dominates the countryside.

CSDIC A.A.I. (East)/SEM/92, 8 May, 1944.

PERSONALITIES

Giulio VECHEMI Secretary of the GIL, keen propagandist, pro-German	VILLA GOBBI (CASTELBASO) COLIGNO
Mello NESRONI Butcher. Old member of the Fascist party. Very active. Holds some of the highest appointments in town.	CASERINO (sheet 124)
GIANTICCONI SM of the Militia, a fanatical and fervent Fascist.	
FLICINI (ex-Prefect of LITTORIA) appointed Inspector-General Republican Party in Jan 44.	

AIR RAID DAMAGE

7 Mar 44	The railway station had been badly damaged. The main building had received a direct hit, and the signal box had also been hit and was NOT working. NO trains could enter the station.	VIADEGGIO
8 Mar 44	The main building of the station completely destroyed. A large number of railway wagons also destroyed. There was only one line which could still be used.	PISTOIA

- 3 - 3090

SECRET

SECRET

- 15 Mar 44 The main building in the station was completely destroyed. Only one line was available for the transit of trains. About 40 railway wagons destroyed or damaged. PISA(Q1065 Sheet 104)
- 15 Mar 44 The station building was damaged, one wing had been completely destroyed. A train transporting approximately 20 German vehicles was destroyed together with its load. Only one line working. PONTEDERA (2958 Sheet 112)
- 15 Mar 44 The main building of the station received a direct hit. A warehouse containing locomotives was destroyed. Only one line working. IMBOLI (Q5463 Sheet 105)

POLITICAL

- a. A decree was published in March ordering all the State employees to become members of the Republican Party. Those NOT complying with this order would lose their jobs.
- b. A notice was published at GUARDIAVOMANO (TERAMO) in February, 1944, calling for 260 suicide squad volunteers. These men had to be physically and morally fit and were to form new units to be used as shock troops. Each unit was to be so armed as to be able to bring a great volume of fire to bear on the enemy. There was NO response.
- c. A notice was published at the end of February, 1944, calling up the 1922-25, 24 and 25 classes.
- d. At TERAMO the conscripts were all obliged to sign a declaration to the effect that they were volunteers, for which they received a compensation of 200 Lira. They were then sent to a transit camp at BOLOGNA.
- e. A newspaper called "COROCIA D'ITALIA" (director Don Tullio CAGNO) is being published at ORSATA. This paper has Fascist and pro-German leanings. The priest has been suspended "a Divinis" by the Archbishop of the town. This paper has many readers.
- f. There are also a number of new papers. Some of them, for instance, "Il Popolo di Alessandria," "Il Popolo di Valpolicene" (SANTERAMO), "Il Popolo Grigulio" (PAPALIO), "La Leonessa" (BRESCIA), use very vulgar language and are NOT appreciated.

b. A notice was published at GALLARATE (VARESE) calling for 200 suicide squad volunteers. These men had to be physically and morally fit and were to form new units to be used as shock troops. Each unit was to be so armed as to be able to bring a great volume of fire to bear on the enemy. There was NO response.

c. A notice was published at the end of February, 1944, calling up the 1922-25, 24 and 25 classes.

d. At VERANO the conscripts were all obliged to sign a declaration to the effect that they were volunteers, for which they received a compensation of 200 Lire. They were then sent to a transit camp at BOLOGNA.

e. A newspaper called "COROCCIA D'ITALIA" (director Don Fulvio GILCACHIO) is being published at CREMONA. This paper has Fascist and pro-German leanings. The priest has been suspended "a Divinis" by the Archbishop of the town. This paper has many readers.

f. There are also a number of new papers. Some of them, for instance, "Il Popolo di Alessandria," "Il Popolo di Valdocovera" (SANT'ANDREA), "Il Popolo Grigulio" (PARALLO), "La Leonessa" (BRESCIA), use very vulgar language and are NOT appreciated.

OSDIO A.A.I. (East)/SIM/AS/24, 10 May, 1944.

PERSONALITIES

Gen. D'ARIZZO - Secretary (segretario particolare) at the Ministry of Justice, situated at VERONA.

Signorina Angelina SPRINGHETTI, from FEE-GIES (VAL DI NON - TRENTO Province) att to the Japanese Embassy at CORONA D'ADREZZO.

OSDIO A.A.I. (East)/SIM/AS/24, 10 May, 1944.

POLITICAL

Avv Filade PERROTTI, Ex-Mayor (Podesta) of SULLONA. A rabid Fascist who is completely under the Germans.

Rag. D'AVINO. Mayor of SULLONA. His administration does NOT appear to be conducted on very honest lines.

SECRET

Transport

March, 1944.

Civilians are NOT allowed to travel on any of ABRUZZI
the trains.

March, 1944.

In foundation of a permit from the German LACIO
Commun., civilians are allowed to travel
on trains in the ATERI and VILIERO pro-
vinces, but only in a forward direction.

*to type of Permit
Captains*

for H.J.C. CAVE,
Major, G.S.,
Commanding.

DISTRIBUTION:

- A.C.G. (Information Division) (3 copies) ✓
(personally answers your 2390/INTO, of 30 March, 1944.)
- A.C.G. (Political Section)
- No. 1 District, G.S.I. (2 copies)
- No. 3 District, G.S.I. (2 copies)
- P.E.S., G-2 (1 copy)
- J.I.C.A., Naples (1 copy)

3033

SECRET

A.C.C. (Information Division) (2 copies)
(partially answers your 250/100, of 30 March, 1944)

A.C.C. (Political Section)

No. 1 District, G.S.I. (2 copies)

No. 3 District, G.S.I. (2 copies)

E.B.S., G-2 (1 copy)

J.I.C.A., Naples (1 copy)

1 JUN 1944

Translation No. 582 - Rosati -
Catanzaro - 85810 33 30 11/30

ag. Room 2

582

We inform you of the earnest protest of the Students of Calabria, caused by the unjust order of the Minister Amodeo to reopen the exams.

Trusting you will help us, we ask you to repeal this order regarding the students of Calabria.

We sincerely sympathize with ^{their} your cause.

Tonino Baldoni

2550

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

785016

Mod. 30 - Telegr. 1936 - XIV

1. JUN 1944



INDICAZIONI DI URGENZA

Il Governo non assume alcuna responsabilità civile conseguenza del servizio della telegrafia.
Le tasse riscosse in meno per errore od in seguito ad aiuto o irreperibilità del destinatario devono essere completate dal mittente.
Il destinatario è invitato a firmare la ricevuta presentata dal fattorino e a segnarvi la data e l'ora della consegna del telegramma. In mancanza di tali indicazioni il destinatario perde il diritto a reclamare in caso di ritardo della consegna.

Ricevuto il 193 ore
Ricevente
Pel circuito N.



Le ore si contano sul meridiano corrispondente all'Europa centrale, e per telegrammi interni e con vari paesi di seguito da una mezzanotte all'altra.
Nei telegrammi impressi in caratteri romani, il primo numero dopo il nome del luogo d'origine rappresenta quello del telegramma, il secondo quello delle parole, gli altri la data, l'ora e i minuti della presentazione.

QUALIFICA

DESTINAZIONE

PROVENIENZA

R.U.M.

PAROLE

DATA DELLA PRESENTAZIONE

Giorno e mese

Ore e minuti

VIA E INDICAZIONI
EVENTUALI D'UFFICIO

D SLRN CATANZARO 85610 33: 30 11/30

COMUNICHIAMO VIVA PROTESTA STUDENTI CALABRESI. INGIUSTA
SUA AIUTO CI AFFERMIAMO SENSI VIVA SIMPATIA INVOCANDO REVOCA
ORDINANZA PER STUDENTI CALABRESI. TONINO BALDONI

FATEVI CORRENTISTI POSTALI - PAGAMENTI E RISCOSSIONI IN TUTTE LE LOCALITÀ DEL REGNO - FRA CORRENTISTI I PAGAMENTI E LE RISCOSSIONI MEDIANTE POSTAGIRO SONO ESEGUITI SENZA LIMITAZIONE DI SOMMA ED IN ESENZIONE DA QUALSIASI TASSA

3087

2551

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

785016

05.11

541111

TELEGRAMMA

N. 32 di recapito - Rimesso al fattorino ad ore _____
Nulla è dovuto al fattorino per recapito. Il latore rimette una ricevuta a stampa quando è incaricato di una riscossione.

CAPO COMMISSIONE ALLEATA

CONTROLLO SALERNO

THIC

Al Ten.Col.G.H.Hac Caffrey

Salerno

Vuole S.E. il Ministro defascistizzare sul serio la scuola?

Fra i tanti arrivati per "VALORE POLITICO" eccone uno:

Bruno Francesco attuale direttore dell'orto botanico di Palermo.

Le prove e i documenti?

Legga S.E. il Boll.Min.Educaz.Naz. del 22 Apr.1937 N.16 Pag.1035

"Bruno Francesco....."E' stato per VAHI ANNI segretario del fascio di combattimento di Alimena(Palermo),noché presidente di quella Associazione Combattenti." Associazione che come tutti sappiamo egli asservi al fascismo.

Tali cariche politiche egli presentò al concorso universitario come "speciali benemerenze" e tre dei commissari intimiditi dissero di sì che si opposero decisamente. Il Ministro fascista approvò il concorso fascista.

Ha fatto sempre il gerarca spavaldo perseguitando i noti antifascisti di Alimena dell'Orto botanico di Messina e di Palermo. dando la suaprotezione politica a quelli che a lui si asservivano.

Qualche sovversivo filofascista ora ricambia.....non si sa mai...
L'A.M.G. si dice, lo aveva mandato a casa,ma egli ora si vanta di avere forti aderenze e di essere ancora al comando e Guai a chi parla.

Lavàtelo di mezzo ai piedi o trasferitelo lontano per sempre che non possa più nuocere e i suoi perseguitati politici finalmente non saranno oppressi.Gli comincerà a vedere qualcosa di serio.

2552

785016

fascista.
Ha fatto sempre il gerarca spavaldo perseguitando i noti antifascisti
di Alimena dell'Orto botanico di Messina e di Palermo, dando la sua
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possa più nuocere e i suoi perseguitati politici finalmente
non saranno oppressi. Si comincerà a vedere qualcosa di serio.
Questa non è calunnia sono documenti e storia.
Se si svela l'inchiesta egli troverà i.....protettori..

Dott. Giuseppe Antoci

G. Antoci

3 3020

To Lt.Col. G.H. Jeffrey. Salerno

Does his Excellency, the Minister, really want to defascistize the school? The undermentioned is one among those who has succeeded for "political valeur".

The proofs and the documents?

Your Excellency, read the Bulletin of the Ministry of National Education, dated April 22, 1937, No.16 page 1035.

"Bruno Francesco....." has been for several years the secretary of the Fascio di Combattimento of Alimena (Palermo) as well as president of the Associazione Combattenti. An Association which as is well known he enslaved to fascism.

Such political offices he presented to the University Examination as "special merits" and three of the commissioners, having been intimidated, gave their consent but two more firmly refused to do so. The fascist Minister approved the fascist examination.

He has always been a boasting hierarch, persecuting all known antifascist people of Alimena, of the Botanic Garden of Messina and Palermo, and giving his political protection to those who were serving him.

A certain subversive philo-fascist is now chasing his "colour"..... one never knows...

It is said that A.M.G. dismissed him, but he now boasts of having strong protection and to be still in command and beware to he who speaks.

Do take him out of the way and remove him far and for ever so that he can do no more harm and his political victims will be no longer oppressed. Something serious will then be seen. This is no slandering, but documents and history.

If an investigation is started, he will find his.... protectors.

sgd. Dott. Giuseppe Antoci

3085

HEADQUARTERS
ALBANY CONTROL COMMISSION
INFORMATION DIVISION

To Education
Sub Commission

2157 / INFO 12A
23 May 1944

SUBJECT: Extract Civil Censorship Report

TO : Legal Sub Commission

1. The attached information was extracted from reports sent to the Information Division, A.C.C., by Extract Civil Censorship Report.

24 May 1944
To Education
Sub Commission
Robert H. Hines
cc: [unclear]
JCH

JOHN V. HINKEL
Major, R.I.
Director,
Information Division

VERDE, Rosario
Piazza Umberto
ACICATENA
SICILY

FERNANDEZ EITORE (Avv.)
VIA VINCENZI MARCO 26
PALERMO, SICILY

REQUEST FOR LEGAL ADVISER BY WATCH LIST SUSPECT

The writer relates that he has received addressee's telegram and that news has also reached him from Salerno about the forthcoming examination of his appeal by the High Commission of Epurgation presided by Minister Onofrio of the National Education. The writer states, "It is believed that the High Commission will request the Allied Control Commission there for information and judgement concerning my appeal. Please use your legal knowledge to assist me with the Allied Commission. Tomorrow I will send you copies of the documents necessary for my appeal.

I hope that you will furnish me the legal services with the thought in mind that I have always been innocent of the accusation. If you cannot accept my request because of my immunity stipulation, you can inform me of a diligent and reliable lawyer in Palermo, who will present my case to the Allied Commission.

Devotedly yours

Prof. Verde Rosario

EXAMINER'S NOTE:

The writer was dismissed from the office of president at the R. Liceo "Cutelli" di Catania (Royal Junior College "Cutelli" of Catania) apparently for adherence to fascism. He appealed to the High Commissioner for Sicily by submitting various declarations and documents to have the dismissal order revoked. 12-4-44. His appeal was apparently turned down or referred to higher authority and in the present message he requests the legal services of addressee to protect his interests with the Allied Control Commission when his case is presented to Commissioner of Expurgation.

PREVIOUS RECORD:

VERDE was submitted for Watch List by PSS 6-2-44.
Dismissed by Allied Control Commission for excessive fascist zeal 11-2-44.
Offered to carry personal correspondence with Prof. Bianco Cesare through courier service of third person. 24-6-44.

DECLASSIFIED

REPUBLICAN
ALLIED CONTROL COMMISSION
APO 394

3 May 1944

SUBJECT: Malaria

TO: All Personnel.

The following is extracted and republished from 94th Sub Area Routine Orders, dated 28 April 1944 for the information and guidance of all personnel of this headquarters.

1. Malaria is one of the most important health problems in the Mediterranean theater of war. During the 1943 malaria season the disease seriously reduced the efficiency of all units that failed to take adequate anti-malaria precautions. Owing to the slackness on the part of officers and men alike, the Sicilian campaign was gravely handicapped by a high rate of malaria casualties. It is estimated that this rate rose to ten times the figure that would have occurred had orders been obeyed.

2. The whole of the mainland of Italy may be regarded as malarious in some degree. This Sub Area is divided as present into malarious and one highly malarious area. The extent of the highly malarious area is set out below:

3. Boundaries of Highly Malarious Area in 94th Sub Area:

NORTH, Road ALESSO, ENCI (N) CORPORA (N)
EAST, Easting 6200 line G.00
SOUTH, Northings 6100 line N.00
West, Easting 6100 line N.00

4. Commanding officers are reminded that they are responsible for the health of their men and that they will incur a grave responsibility should they neglect to enforce orders on the subject of malaria.

5. Basic Personal Anti-malarial Precautions:

The following precautions will be taken by all ranks throughout the Sub Area on 7 May 44:

- (a) All ranks will sleep under mosquito, or sand fly nets.
- (b) All ranks will wear, between sunset and sunrise, long trousers and shirts fastened at the wrists and neck.
- (c) Guards, and others on night duty, will apply anti-mosquito repellent to exposed portions of the body every

2. The whole of the mainland of Italy may be regarded as malarious in some degree. This Sub-area is divided as present into malarious and one highly malarious area. The extent of the highly malarious area is set out below:

3. Boundaries of Highly Malarious Area in 24 Sub Areas:

NORTH, Road Salerno, E8011 (4) CONTINUED (H)
EAST, Easting Grid line G.00
SOUTH, Northing Grid line N.00
West, Easting Grid line N.70

4. Commanding Officers are reminded that they are responsible for the health of their men and that they will incur a grave responsibility should they neglect to enforce orders on the subject of malaria.

5. Basic Personal Anti-malarial Precautions:

The following precautions will be taken by all ranks throughout the Sub-area until 7 May 44:

- (a) All ranks will sleep under mosquito, or sand fly nets.
- (b) All ranks will wear, between sunset and sunrise, long trousers and shirts fastened at the wrists and neck.
- (c) Guards, and others on night duty, will apply anti-mosquito repellent to exposed portions of the body every four hours between sunset and sunrise.

6. Other Personal Anti-malarial Precautions:

The following additional precautions in highly malarious area in the Sub-area will be taken by all ranks until 7 May 44:

- (a) All ranks will take one tablet of neosarine daily.
- (b) All ranks will wear, between sunset and sunrise, boots and socks or puttees.
- (c) All local habitations will be out of bounds between sunset and sunrise.

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RESTRICTIONS7. Anti-Malarial Precautions in Tents and Buildings

- (a) All tents and occupied buildings will be sprayed with anti-mosquito spray once daily.
- (b) In highly malarious areas, spraying of sleeping accommodation will take place twice daily, once in the morning and once in the evening, an hour before sunset.

8. Unit Orders:

OSG of all units will issue orders for carrying out the above precautions and will particularly ensure that the following items are properly covered in them:

- (a) Nets. That regular and frequent inspections are carried out to see that nets are properly used and kept in good repair.
- (b) Dress. That the orders given are carried out by all ranks and no relaxation is permitted for any reason.
- (c) Repellent lotion or ointment. That application of repellents is carried out under the supervision of an officer or WCO.
- (d) Mosquito netting. That a parade under an officer, or WCO, is held for taking mosquito netting.
- (e) Spraying of buildings and tents. That regular and frequent inspections are made to see that this is carried out.
- (f) Officers. That anti-malarial orders are quite clearly made applicable to all officers, as well as other ranks.

9. Punishment:

OSG will treat disobedience of anti-malarial orders as a serious offence and will not hesitate to take disciplinary action against officers and other ranks in respect of any such disobedience."

By Command of Lieut General MASON M.C.E.F.L.A.N.T.

E. J. CHICCO.

CWO, 134.

Asst Adjutant

in all ranks and no relaxation is permitted for any reasons.

- (c) Repellent lotion or ointment. That application of repellants is carried out under the supervision of an officer or NCO.
- (d) Mosquitoing. That a parache under an officer, or NCO, is held for taking mosquitoing.
- (e) Spraying of buildings and tents. That regular and frequent inspections are made to see that this is carried out.
- (f) Officers. That anti-malaria orders are quite clearly made applicable to all officers, as well as other ranks.

9. Punishment:

OSC will treat disobedience of anti-malaria orders as a serious offence and will not hesitate to take disciplinary action against officers and other ranks in respect of any such disobedience."

By Command of Lieut General MASON MCERLANE:

E. J. CHIOCCA
CWO, USA
Asst Adjutant

OFFICIAL:

E. J. Chiocca
E. J. CHIOCCA
CWO, USA
Asst Adjutant

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HEADQUARTERS
PENINSULAR BASE SECTION
A. F. O. 782

AG 250.1 BEJAG

14 May 1944

Subject: Persons Subject to Military Law.

To : All Unit Commanders, Peninsular Base Section.

1. Under Article of War 2, "all persons accompanying or serving with the Armies of the United States in the field" are subject to military law and may be tried by court-martial.

2. Under international law, when enemy territory is occupied by an invading power, it is the duty of the invading power to establish and maintain a government for the control and protection of the civilian population. The native civil population is subject to military law, but it is customarily tried not by courts-martial but by provost courts or military tribunals set up and operated by the invading powers.

3. In Italy, therefore, not only the military forces, but all persons accompanying or serving with the Armies of the United States will be tried by court-martial for offenses properly brought before such courts. This will include military personnel, U.S.O. and Red Cross personnel, merchant seamen, lease-lend personnel, and all others serving directly with or under the Armies in the field, but will exclude naval, coast-guard, and diplomatic personnel of the United States.

4. Native inhabitants, whether citizens of Italy or citizens of other countries, will be tried for their offenses by the courts established by Allied Military Government, which is the agency established by the invading powers for the government and control of the occupied territory. All offenses committed by native inhabitants will be vigorously prosecuted, and unit commanders are directed to lend every reasonable assistance to the Allied Military Government in the apprehension, prosecution and confinement of such offenders.

5. The foregoing will be brought to the attention of all military personnel of this command and all civilians who are in the PDS territory.

/s/ Arthur R. Wilson
ARTHUR R. WILSON
Major General, U.S. Army
Commanding.

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5. The foregoing will be brought to the attention of all military personnel of this command and all civilians who are in the PBS territory.

/s/ Arthur R. Wilson
ARTHUR R. WILSON
Major General, U.S. Army
Commanding.

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Reproduced by:

Rear Hq, ACC EJC 13 May 44

1st Ind

EJC/afp

REAR HEADQUARTERS, ALLIED CONTROL COMMISSION, APO 394, 18 May 1944

TO: All Heads, Sections, Sub-Commissions, and Departments, this Hq.

To be brought to the attention of all concerned in your command.

By command of Lieut General MASON MACPHERLANE:

E. J. Chiocca
E. J. CHIOCCA
ICWO, USA
Asst Adjutant

DISTRIBUTION:
"A"

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

Motor Transport Office

3 May 1944

TO : All concerned.

COURIER SERVICES

1. A daily courier service will commence between main Headquarters and Caserta on Wednesday, 3 May 1944, and will maintain the following schedule:

Schedule No. 1 Courier Service NAPLES -- CASERTA -- Daily			
Depart	Arrive	Depart	Arrive
Naples (Provincia); Caserta (Palace); Caserta (Palace); Naples (Prov)			
1030	1145	1500	1615

A bi-weekly courier service will commence on Sunday 7 May 1944, between Main Headquarters and Regions II and V, and will maintain the following schedule:

Schedule No. 2 Courier Service NAPLES - - CAMPOTASSO - - BARI - - MATERA - Bi-weekly							
	Depart	Arrive	Depart	Arrive	Depart	Arrive	
Sunday	Naples	Campobasso	Campobasso	Foggia			
	0930	1400	1500	1800			
Monday	Foggia	Bari	Bari	Matera			
	0800	1300	1500	1800			
Tuesday	Matera	Potenza	Potenza	Salerno	Salerno	Naples	
	0700	1100	1230	1700	1730	1900	
Wednesday	Naples	Salerno	Salerno	Potenza	Potenza	Matera	
	0800	0930	1000	1430	1530	1900	
Thursday	Matera	Bari	Bari	Foggia	Foggia	Campobasso	
	0800	1030	1100	1600	1630	1900	
Friday	Campobasso	Naples					
	0900	1400					

2. These services are for personnel, baggage and packages. As much advantage will be taken as possible of these services, and request for individual cross-country transportation reduced to a minimum.

These services are operated by the Motor Transportation Dispatch Office, Main Hq ACC, to which office applications for space from NAPLES will be forwarded 24 hours in advance of requirements. Space required at calling points in Service 2 will be filled at these points on arrival.

3. a. Schedule No. 3:

Courier Service SALERNO - NAPLES - SALERNO - Twice Daily			
	Departs	Arrives	Departs
			Arrives
	Salerno	Naples	Naples
			Salerno
Run (1)	1000	1200	1500
Run (2)	1700	1900	0900

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	: 0930	: 1400	: 1500	: 1800	: 1900
Monday	: Foggia	: Bari	: Bari	: Matera	:
	: 0800	: 1300	: 1500	: 1800	:
Tuesday	: Matera	: Potenza	: Potenza	: Salerno	: Naples
	: 0700	: 1100	: 1230	: 1700	: 1900
Wednesday	: Naples	: Salerno	: Salerno	: Potenza	: Matera
	: 0800	: 0930	: 1000	: 1430	: 1530
Thursday	: Matera	: Bari	: Bari	: Foggia	: Campobasso
	: 0800	: 1030	: 1100	: 1600	: 1630
Friday	: Campobasso	: Naples	:	:	:
	: 0900	: 1400	:	:	:

2. These services are for personnel, baggage and packages. As much advantage will be taken as possible of these services, and request for individual cross-country transportation reduced to a minimum.

These services are operated by the Motor Transportation Dispatch Office, Main Hq ACC, to which office applications for space from NAPLES will be forwarded 24 hours in advance of requirements. Space required at calling points in Service 2 will be filled at these points on arrival.

3. a. Schedule No. 3:

Courier Service SALERNO - NAPLES - SALERNO - Twice Daily					
	: Departs	: Arrives	: Departs	: Arrives	
	: Salerno	: Naples	: Naples	: Salerno	
Run (1)	: 1000	: 1200	: 1500	: 1700	
Run (2)	: 1700	: 1900	: 0900	: 1100	

b. As the Motor Transportation Dispatch Office Hq ACC Naples requires 24 hours notice for reservations on its courier services as shown in schedules # 1 and # 2, it will be necessary for all personnel of this Headquarters desiring transportation reserved on the above couriers that they give the motor transportation Officer (Salerno Hq) an additional 24 hours notice in writing for such reservations. They will also state their destination, amount of baggage to be taken, and the day on which they desire to have their passage reserved at Naples Hq as shown on schedules #1 and # 2 above. They will also notify the Motor Transport Office (Salerno) on which courier they desire to leave from Salerno as shown in schedule # 3.

[Signature]
 FOR L. VOLSHAD
 1st Lt CMP
 Transport Officer

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Naples Office: Vapour 54273

FINE ARTS:

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Dr. Castellano

Tel: 1133 (Giorgio) KATLMA

1 March 1944

Maj Bergin

2775 Maj. Doe

	RANK	NAT	SECTION	TEL	ROOM
ALBRIGHT, R.M.	CAPT	A	LABOR	65	108
APOSTOLO, P.	LT	I	LIAISON	40	62
AYRE, R.H.	CAPT	A	TELECOMMS	80	102
BALLANCE, W. C.	CAPT	B	PUB SAFETY	36	111
BENDER, J.D.	CAPT	A	WAR MAT DISP	44	66
BENNETT, J.	LT COL	B	PROP CONTROL	34	107
BERGIN, T. G.	MAJ	A	EDUCATION	73	113
BOCCHINO, E. J.	CAPT	A	HQ COMDT	53	30
BONGARZONE, C.A.	2ND LT	A	SUPPLY	48	19
BUCKLEY, R. W.	CAPT	B	HQ COMDT	62	4
BUTCHER, J. W.L.	LT	B	HQ COMDT	21	27A
CAMPBELL, J. A.	MAJ	B	WAR MAT DISP	44	66
CHIOCCA, E. J.	CWO	A	ADJ	69	5
CLARK, E. J. A.	CAPT	B	ARMY SC	51	64
COLVILLE, J. W.	MAJ	B	CENSOR, FHQ	70	104
CRIFIS, R. R.	LT COL	B	ADMIN DIR	50	72
CROSS, A. F.	LT COL	B	FINANCE	35	122
CRUMP, S. A.	LT COL	A	IND & COMM	47	45
DAVIS, E. C.	LT	B	NAVY SC	63	63
DENSMORE, L. D.	LT COL	A	DEP CHIEF COMM	43	43
DERBY, R. B.	1ST LT	A	ADJ	62	4
DOOLEY, J. A.	CAPT	A	SUPPLY OFF	48	19
DRAKE, B. L.	CAPT	B	HQ COMDT	78	28
DOBOS, E. I.	1ST COL	A	PUB HEALTH	52	131
EARNEST, J. G.	CAPT	A	PUB HEALTH	52	131
FRIZELLE, G. M.	MAJ	B	PUB HEALTH	52	131
GROTTANELLI, L. V.	LT	I	LIAISON	40	62
GROSSMAN, M. J.	MAJ	A	LEGAL	67	70
HALL, J.R.H.	MAJ	B	FINANCE	38	120
HASSE, W. T.	2ND LT	A	IND & COMM	47	45
HANNAFORD, G. G.	MAJ	B	LEGAL	54	73
HARRIS, C.R. S.	LT COL.	B	PROP CONTROL	34	107
HEAD, S. H.	MAJ	B	POSTS	2225	P ⁰ Bldg 3a1
HENDERSON, J. L.	COL	B	TELECOMMS	70	104
HEWITT, G. H.	CAPT	A	PROP CONTROL	34	107
HOWELL, R. R.	PAYM LT	B	NAVY SC	63	63
JONES, W. E.	CAPT	B	HQ COMDT	2250	Velia Rest.
KAMLOCK, A.	CAPT	A	FINANCE	35	122
KAMMER, H.	1ST LT	A	MEDICAL OFF	16	A
KERKER, P.	CAPT	A	ADMIN DIR	59	75
KING, E. C.	MAJ	A	PROP CONTROL	34	107
KIRK, F. G.	COL	A	PUB SAFETY	32	134

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OFFICER	RANK	MT	SECTION	TEL	ROOM
LAWLER, J. J.	LT COM	A	FINANCE	38 38	122 122
LEE, O. P.	CAPT	A	PROP CONTROL	34	106
LEWIS, W. V. M.	LT	B	INTERIOR	33	116
MACFARLANE, N.M.	LT GEN	B	CHIEF COMM	49	41
MENZELLI, M. A.	1ST LT	A	PUB HEALTH	52	131
MARTIN, R.M.J.	LT COL	B	PUB SAFETY	32	134
MASON, G. H. L.	MAJ	B	PUB SAFETY	36	111
MASTROIANNI, O.G.A.	1ST LT	A	PUB SAFETY	32	129
MC CLEARY, F. H.	LT COL	B	WAR MAT DISP	44	66
MC STEENEY, J.	MAJ	A	PUB HEALTH	52	131
MILLAR, H.T.W.	LT COL	B	TELECOMS	70	104
MEANEY, M.H.	COL	A	PUB SAFETY	32	129
More, Jas. R.	CAPT	B	1st Sec Com	64	70
McRae, Gordon W.	MAJ	A	Env. Control	73	109
PALMER, I. M.	CMRE	B	NAVY SC	63	63
PARKINSON, G. S.	BRIG	B	PUB HEALTH	79	132
PARLIN, G. S.	MAJ	A	LEGAL	66	68
PAWLEY, L. K.	CAPT	B	HQ COMDT	75	2
PEARSON, J. M.	CAPT	B	POLITICAL SEC	42	36
PENNOYER, A. S.	CAPT	A	MON & FINE ARTS	46	48
PERSELL, R. A.	MAJ	A	ADMIN DIR	50	71A
PHILBY, F. C.	1ST LT	A	PUB SAFETY	32	129
PICKERING, S.	LT COL	B	PUB SAFETY	32	129
POLLOCK, G.	COL	B	LEGAL	66	68
POWELL, B. R.	CAPT	B	PUB SAFETY	32	129
PRICE	MAJ	B	FINANCE	35	122
QUINSMITH, G. W.	LT COL	B	ARMY SC	51	64
RICCA, J. A.	MAJ	A	OSS	70	
RONNIE, W.	CAPT	B	PUB SAFETY	32	129
RUSHMORE, R. W.	MAJ	A	PUB HEALTH	52	131
S.VAGE, I.S.	CAPT	A	PUB HEALTH	52	131
SCHREIBER, W. R.	CAPT	A	AGRIC	65	108
SHANKS, T. C.	LT	B	INTERIOR	33	114
SHEPHERD, K. C.	MAJ	B	PUB SAFETY	36	110
SHIELDS, C. D.	LT COL	A	PUB HEALTH	52	131
SILVEIRA, E.E.	CAPT	A	PUB HEALTH	52	131
SLAUGHTER, F. J.	CAPT	A	DEI SEC GEN	45	39
SMITH, T. V.	LT COL	A	EDUCATION	73	113
SPICER, R. G.B.	LT COL	B	INTERIOR	33	116
STANSCATE, THE LORD	AIR CMRE	B	ADMIN DR	59	75
STEHLAN, A. H.	LT COL	A	FINANCE	38	120
STONE, E. W.	CAPT (USNR)	A	DEI CHIEF COMM	41	40
TEMPLE, R. L.	CAPT	A	INTERIOR	37	115
THACKRAH, A. R.	MAJ	B	LEGAL	54	73

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R E S T R I C T E D

<u>OFFICER</u>	<u>RANK</u>	<u>NAT</u>	<u>SECTION</u>	<u>TEL</u>	<u>ROOM</u>
TIMMONS, B. E. L.	CAPT	A	FINANCE	35	122
TRAGER, L. W.	CAPT	A	PUB HEALTH	52	131
UPJOHN, G.	COL	B	LEGAL	60	69
VIARENGO, L. M.	CWO	A	HQ COMDT	75	2
VOLSTAD, R. L.	1ST LT	A	TRANS OFF (MOTOR)	18	13
WHITE, S. H.	MAJ	B	ADMIN DIR	50	71
WILCOX, T. M.	CAPT	A	PUB HEALTH	52	131
WILMER, R. H.	1ST COL	A	LEGAL	60	69
WRIGHT, A.C.	MAJ	B	LEGAL	66	68
YOUNG, H. JR.	CAPT	A	PUB SAFETY	36	111
ZELLARS, J. T.	COL	A	WAR MAT DISP	44	65

R E S T R I C T E D

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R E S T R I C T E DFATIMA TELEPHONE DIRECTORY BY SECTION

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>ADJUTANT GENERAL</u>				
Derby, R. B.	1st Lt	A	62	4
Chiocca, E. J.	CWO	A	69	5
<u>ADMINISTRATIVE SECTION</u>				
Stansgate, The Lord	Air Cmdre	B	59	75
Cripps, R. R.	Lt Col	B	50	72
Persell, R. A.	Maj	A	50	71A
White, S. H.	Maj	B	50	71
Kerker, P.	Capt	A	59	75
<u>AGRICULTURE SUB-COMMISSION</u>				
Schreiber, W. R.	Capt	A	65	108
		(Sal 1494 - 5-6)		
<u>ARMY SUB-COMMISSION</u>				
Quin-Smith, G. W.	Lt Col	B	51	64
Clerk, F. J. A.	Capt	B	51	64
<u>CENSORSHIP (INC) (AFHQ)</u>				
Colville, J. W.	Maj	B	70	104
		(Sal 2225)		
<u>CHIEF AND DEPUTY CHIEF COMMISSIONER</u>				
MacFarlane, N. M.	Lt Gen	B	49	41
Stone, E. W.	Capt (USNR)	A	41	40
Densmore, L. D.	Lt Col	A	43	43
<u>DEPUTY SECRETARY GENERAL</u>				
Slaughter, F. J.	Capt (Bil Tel S-2277)	A	45	39
<u>DUTY OFFICER</u>				
1730 to 0830 hours			78	29
<u>EDUCATION SUB-COMMISSION</u>				
Smith, T. V.	Lt Col	A	73	113
Bergin, T. G.	Maj	A	73	113

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R E S T R I C T E D

R E S T R I C T E D

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>FINANCE SUB-COMMISSION</u>				
Cross, A. F.	Lt Col	B	35	122
Stephen, A. H.	Lt Col	A	38	120
Lawler, J. J.	Lt Com (USCGR)	A	35	122
Hall, J. R. H.	Maj	B	38	120
Price,	Maj	B	35	122
Kamarek, A.	Capt	A	35	122
Timmons, B. E. L.	Capt	A	35	122
<u>HQ COMMANDANT</u>				
Drage, B. L.	Capt	B	78	28
Bocchino, E. J.	Capt	A	59	59
Buckley, R. W.	Capt	B	62	4
Jones, W. E.	Capt	B	2250-7011	Reat,
Pawley, L. K.	Capt	B	75	2
Butcher, J. W. L.	Lt	B	21	27A
Vierengo, L. M.	SWO	A	75	2
<u>INDUSTRY & COMMERCE</u>				
Crump, S. A.	Lt Col	A	47	45
Haase, W. W.	2nd Lt	A	47	45
<u>INTERIOR SUB-COMMISSION</u>				
Spicer, R. G. B.	Lt Col	B	33	116
Temple, R. L.	Capt	A	37	115
Lewis, W. V. M.	Lt	B	33	116
Shanks, T. C.	Lt	B	33	114
<u>ITALIAN LIAISON</u>				
Apostolo, F.	Lt	I	40	62
Grottanelli, L. V.	Lt	I	40	62
<u>LABOR SUB-COMMISSION</u>				
Albright, R. M.	Capt	A	65	108
<u>LEGAL SUB-COMMISSION</u>				
Upjohn, G.	Col	B	60	69
Pollock, G.	Col	B	66	68
Wilmer, R. H.	Lt Col	A	60	69
Grossman, M. J.	Maj	A	67	70
Hannaford, G. G.	Maj	B	54	73
Thackrah, A. R.	Maj	B	54	73

R E S T R I C T E D

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<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>LEGAL SUB-COMMISSION (Cont'd)</u>				
Wright, A. C.	Maj	B	66	68
Parlin, G. S.	Maj	A	66	68
<u>CLEANS</u>			39	101
<u>MEDICAL DETACHMENT</u>				
Kammer, H.	1st Lt	A	16	A
<u>MONUMENTS & FINE ARTS SUB-COMMISSION</u>				
Pennoyer, A. S.	Capt	A	46	48
<u>MOTOR POOL</u>				
Volstad, R. L.	1st Lt	A	18	13
<u>NAVY SUB-COMMISSION</u>				
Palmer, I. M.	Cmdr	B	63	63
Davies, E. C.	Lt	B	63	63
Howell, R. R.	Paymstr Lt	B	63	63
<u>OSS</u>				
Ricca, J. A.	Maj	A	71	
<u>POLITICAL SECTION</u>				
Pearson, J. M.	Capt	B	42	36
<u>PROPERTY CONTROL</u>				
Bennet, J.	Lt Col	B	34	107
Harris, C. R. S.	Lt Col	B	34	107
King, E. C.	Maj	A	34	107
Hewett, G. H.	Capt	A	34	106
Lee, O. P.	Capt	A	34	106
<u>PUBLIC HEALTH</u>				
Parkinson, G. S.	Brig	B	79	132
Dobos, E. I.	Lt Col	A	52	131
Shields, C. D.	Lt Col	A	52	131
Frizelle, G. M.	Maj	B	52	131
Rushmore, R. W.	Maj	A	52	131
McSweeney, J.	Maj	A	52	131
Savage, P. S.	Capt	A	52	131

RESTRICTED

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R E S T R I C T E D

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>PUBLIC HEALTH (Cont'd)</u>				
Earnest, J. G.	Capt	A	52	131
Silveira, E. E.	Capt	A	52	131
Trager, L. W.	Capt	A	52	131
Wilcox, T. M.	Capt	A	52	131
Manzelli, M. A.	1st Lt	A	52	131
<u>PUBLIC SAFETY</u>				
<i>CLERKS</i>			39	101
Kirk, P. G.	Col	A	32	134
Meaney, M. H.	Col	A	32	129
Martin, R. M. J.	Lt Col	B	32	134
Pickering, S.	Lt Col	B	32	129
Shepherd, K. C.	Maj	B	36	110
Mason, G. H. L.	Maj	B	36	111
Ballance, W. C.	Capt	B	36	111
Powell, B. R.	Capt	B	32	129
Ronnie, W.	Capt	B	32	129
Young, H. Jr.	Capt	A	36	111
Mastrolanni, O. G. A.	1st Lt	A	32	129
Philby, F. C.	1st Lt	A	32	129
			64	9
<u>SIGNAL SECTION</u>				
<u>SUPPLY</u>				
Dooley, J. A.	Capt	A	48	19
Bongarzone, C. A.	2nd Lt	A	48	19
<u>TELECOMMUNICATIONS AND POSTS SUB-COMMISSION</u>				
Henderson, J. L.	Col	B	70	104
Millar, H. T. W.	Lt Col	B	70	104
Head,	Maj	B	Dial 2225 (P.O. Building, Sel)	
Ayre, R. H.	Capt	A	80	102
<u>WAR MATERIALS DISPOSAL BOARD</u>				
Zellars, J. T.	Col	A	44	66
Mc Cleary, F. H.	Lt Col	B	44	66
Campbell, J. A.	Maj	B	44	66
Bender, J. D.	Capt	A	44	66

BILLETLIAISON OFFICERS' LIVING QUARTERS VIA MONTI 25 DIAL
2289R E S T R I C T E D

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

Motor Transport Office

TO : All concerned.

3 May 1944

COURIER SERVICES

1. A daily courier service will commence between main Headquarters and Caserta on Wednesday, 3 May 1944, and will maintain the following schedule:

Schedule No. 1 Courier Service NAPLES -- CASERTA -- Daily					
Depart	:	Arrive	:	Depart	: Arrive
Naples (Provincia): Caserta (Palace): Caserta (Palace): Naples (Prov)	:		:		
1030	:	1145	:	1500	: 1615

A bi-weekly courier service will commence on Sunday 7 May 1944, between Main Headquarters and Regions II and V, and will maintain the following schedule:

Schedule No. 2 Courier Service NAPLES -- CAMPOTASSO -- BARI -- MATERA -- Bi-weekly											
:	Depart	:	Arrive	:	Depart	:	Arrive	:	Depart	:	Arrive
Sunday	: Naples	:	Campobasso	:	Campobasso	:	Foggia	:		:	
	: 0930	:	1400	:	1500	:	1800	:		:	
Monday	: Foggia	:	Bari	:	Bari	:	Matera	:		:	
	: 0800	:	1300	:	1500	:	1800	:		:	
Tuesday	: Matera	:	Potenza	:	Potenza	:	Salerno	:	Salerno	:	Naples
	: 0700	:	1100	:	1230	:	1700	:	1730	:	1900
Wednesday	: Naples	:	Salerno	:	Salerno	:	Potenza	:	Potenza	:	Matera
	: 0800	:	0930	:	1000	:	1430	:	1530	:	1900
Thursday	: Matera	:	Bari	:	Bari	:	Foggia	:	Foggia	:	Campobasso
	: 0800	:	1030	:	1100	:	1600	:	1630	:	1900
Friday	: Campobasso	:	Naples	:		:		:		:	
	: 0900	:	1400	:		:		:		:	

2. These services are for personnel, baggage and packages. As much advantage will be taken as possible of these services, and request for individual cross-country transportation reduced to a minimum.

These services are operated by the Motor Transportation Dispatch Office, Main Hq ACC, to which office applications for space from NAPLES will be forwarded 24 hours in advance of requirements. Space required at calling points in Service 2 will be filled at these points on arrival.

3. a. Schedule No. 3:

Courier Service SALERNO - NAPLES - SALERNO - Twice Daily											
:	Depart	:	Arrives	:	Departs	:	Arrives	:	Departs	:	Arrives
	: Salerno	:	Naples	:	Naples	:	Salerno	:		:	
Run (1)	: 1000	:	1200	:	1500	:	1700	:		:	
Run (2)	: 1700	:	1900	:	0900	:	1100	:		:	

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

Motor Transport Office

TO : All concerned.

3 May 1944

COURIER SERVICES

1. A daily courier service will commence between main Headquarters and Caserta on Wednesday, 3 May 1944, and will maintain the following schedule:

Schedule No. 1 Courier Service NAPLES -- CASERTA -- Daily					
Depart	:	Arrive	:	Depart	: Arrive
Naples (Provincia): Caserta (Palace): Caserta (Palace): Naples (Prov)	:		:		
1030	:	1145	:	1500	: 1615

A bi-weekly courier service will commence on Sunday 7 May 1944, between Main Headquarters and Regions II and V, and will maintain the following schedule:

Schedule No. 2 Courier Service NAPLES -- CAMPOTASSO -- BARI -- MATERA -- Bi-weekly											
:	Depart	:	Arrive	:	Depart	:	Arrive	:	Depart	:	Arrive
Sunday	: Naples	:	Campobasso	:	Campobasso	:	Foggia	:		:	
	: 0930	:	1400	:	1500	:	1800	:		:	
Monday	: Foggia	:	Bari	:	Bari	:	Matera	:		:	
	: 0800	:	1300	:	1500	:	1800	:		:	
Tuesday	: Matera	:	Potenza	:	Potenza	:	Salerno	:	Salerno	:	Naples
	: 0700	:	1100	:	1230	:	1700	:	1730	:	1900
Wednesday	: Naples	:	Salerno	:	Salerno	:	Potenza	:	Potenza	:	Matera
	: 0800	:	0930	:	1000	:	1430	:	1530	:	1900
Thursday	: Matera	:	Bari	:	Bari	:	Foggia	:	Foggia	:	Campobasso
	: 0800	:	1030	:	1100	:	1600	:	1630	:	1900
Friday	: Campobasso	:	Naples	:		:		:		:	
	: 0900	:	1400	:		:		:		:	

2. These services are for personnel, baggage and packages. As much advantage will be taken as possible of these services, and request for individual cross-country transportation reduced to a minimum.

These services are operated by the Motor Transportation Dispatch Office, Main Hq ACC, to which office applications for space from NAPLES will be forwarded 24 hours in advance of requirements. Space required at calling points in Service 2 will be filled at these points on arrival.

3. a. Schedule No. 3:

Courier Service SALERNO - NAPLES - SALERNO - Twice Daily											
:	Depart	:	Arrives	:	Departs	:	Arrives	:	Departs	:	Arrives
	: Salerno	:	Naples	:	Naples	:	Salerno	:		:	
Run (1)	: 1000	:	1200	:	1500	:	1700	:		:	
Run (2)	: 1700	:	1900	:	0900	:	1100	:		:	

Friday	0800	1030	1100	1600	1630	1900
: Campobasso:	Naples	:	:	:	:	:
: 0900	: 1400	:	:	:	:	:

2. These services are for personnel, baggage and packages. As much advantage will be taken as possible of these services, and request for individual cross-country transportation reduced to a minimum.

These services are operated by the Motor Transportation Dispatch Office, Main Hq ACC, to which office applications for space from NAPLES will be forwarded 24 hours in advance of requirements. Space required at calling points in Service 2 will be filled at these points on arrival.

3. a. Schedule No. 3:

Courier Service SALERNO - NAPLES - SALERNO - Twice Daily						
	: Departs	: Arrives	: Departs	: Arrives		
	: Salerno	: Naples	: Naples	: Salerno		
Run (1)	: 1000	: 1200	: 1500	: 1700		
Run (2)	: 1700	: 1900	: 0900	: 1100		

b.- As the Motor Transportation Dispatch Office Hq ACC Naples requires 24 hours notice for reservations on its courier services as shown in schedules # 1 and # 2, it will be necessary for all personnel of this Headquarters desiring transportation reserved on the above couriers, that they give the motor Transportation Officer (Salerno Hq) an additional 24 hours notice in writing for such reservations. They will also state their destination, amount of baggage to be taken, and the day on which they desire to have their passage reserved at Naples Hq as shown on schedules #1 and # 2 above. They will also notify the Motor Transport Office (Salerno) on which courier they desire to leave from Salerno as shown in Schedule # 3.

Raymond L. Volsky
Raymond L. Volsky

1st Lt CMP

Transport Officer

3073

785016

Dr. Cal. Smith

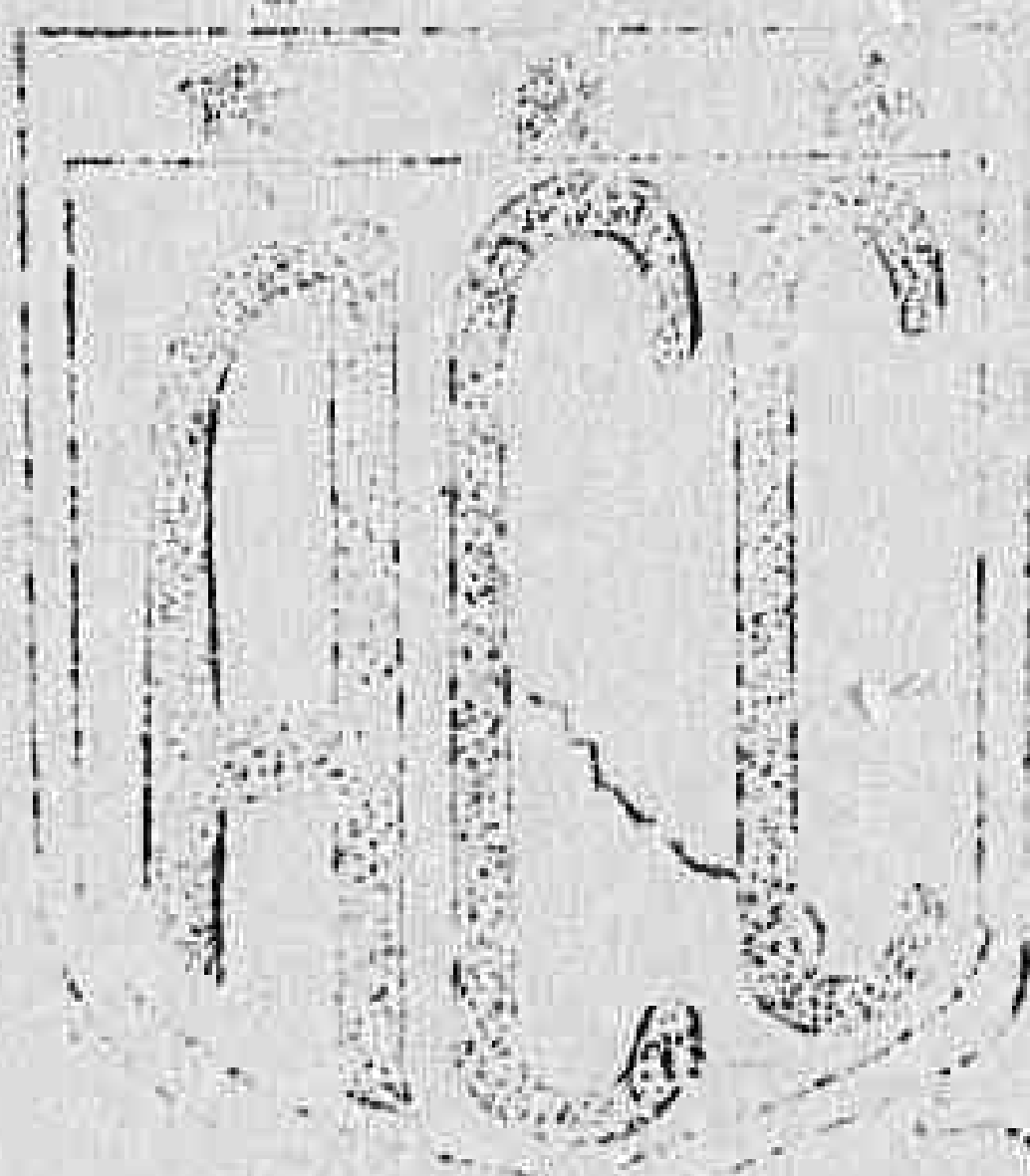
RESTRICTED

MAIN HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

The Vapor Directory

VAPOR EXCHANGE

MAR 18 1944



Changes will be published in the DAILY BULLETIN.
It is YOUR responsibility to have these changes
immediately entered in this Directory. Acute paper
shortage necessitates economy.

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R E S T R I C T E D

Name	Rank	Nat	Section	Room	Tel
Page 33 (Cont)					
INDUSTRY & COMMERCE SUB-COMMISSION (Cont)					
Change					
Haase, W W	2nd Lt to 1st Lt	A			
Page 35					
MOTOR POOL					
Change					
Volstad, R L	1st Lt to Capt				
Page 37					
PUBLIC HEALTH SUB-COMMISSION					
Delete					
Willcox, T M	Capt	A		34	72
Page 37					
PUBLIC SAFETY SUB-COMMISSION					
Delete					
Shepherd, K C	Maj	B		104	36
Page 39					
PUBLIC SAFETY SUB-COMMISSION (Cont)					
Change					
Mastroianni, O G A	1st Lt to Capt.				
SIGNAL SECTION					
Change					
					64 to 11

By Command of LT. GEN. MASON MACFARLANE:


 ROGER B. DERBY
 Capt. AGD
 Adjutant
R E S T R I C T E D

R E S T R I C T E D*St. Col. J. V. Smith*REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

11 May 1944

SUBJECT: Amendments #1 to FATIMA Telephone Directory, Published 1 May 1944.

TO : Holder of Copy number 219.OFFICER LISTINGS

Page	Action	Name	Rank	Nat	Section	Room	Tel
17	Add	AYRES, H P	1ST LT	A	CIVIL CENS	9	24
	Change	BONGARZONE, C A	2ND LT to 1ST LT				
		DERBY, R B	1ST LT to CAPT				
19	Change	HAASE, W W	2ND LT to 1ST LT				
21	Change	MISTROLIANNI, O G A	1st Lt. to Capt				
23	Delete	SHEPHERD, K C	Maj	B	Pub Safety	104	36
	Change	VOLSTAD, R L	1st Lt. to Capt.				
25	Delete	WILCOX, T M	Capt	A	Pub Health	34	72

OFFICE OR SUB COMMISSIONPage 27
ADJUTANT SECTION

Change Derby, R B

1st Lt to Capt

Page 29

CIVIL CENSORSHIP GROUP(AFHQ)

Add

Ayres, H P

1st Lt

A

9 24

Page 33

HQ COMMANDANT

Change

Bongarzone, C A

2nd Lt to 1st Lt

INDUSTRY & COMMERCE SUB-COMMISSION

Add

Dial
Salerno 2669R E S T R I C T E D

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TELEPHONE DIRECTORY

MAIN HEADQUARTERS
ALLIED CONTROL COMMISSION
VAPOR TELEPHONE EXCHANGE

PROVINCIA BUILDING

1. The code name of the exchange serving Main Headquarters A.C.C. is VAPOR.
2. The telephone number of the VAPOR exchange is 10050.
3. This directory contains office and individual listings of the Main Headquarters A.C.C. organization served by the VAPOR exchange; together with certain other frequently called telephone numbers. It should be used as a supplement to the directory issued by Peninsular Base Section, (P.B.S.) which should be consulted for telephones served by other exchanges in this area.
4. Requests for installation of telephones will be submitted in writing to the Headquarters Commandant.
5. Requests for repair service will be submitted to VAPOR Chief Operator, INFORMATION.
6. Details of the changes in location or telephone numbers of any officer or activity listed herein will be communicated in writing within twenty-four hours of such change to the Headquarters Commandant.
7. Additional listings, deletions and corrections for this directory will be submitted to the Adjutant's Office.
8. Place your calls by number. When calling a number not served by the Vapor exchange, if you have a dial telephone, simply ask the operator for an outside line and when you hear the dial tone; dial the number yourself.
9. To reach Long Distance ask the Vapor operator for "Long Distance". (See P.B.S. directory for locations that may be reached).
a. Calls for Salerno and Bari should be placed with the Vapor Operator.
10. The telephone is not secret. Secret and Confidential matters should never be discussed in the clear by telephone.
11. To report a FIRE give the details to the Vapor operator.

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3070

785016

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LIST YOUR FREQUENTLY CALLED

NUMBERS HERE

NAME

TELEPHONE NUMBER

3069

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OFFICE LISTING

<u>NAME</u>	<u>TTL. NO.</u>
ADJUTANT 267th REGIMENT	91
ADJUTANT	9
CABLE SECTION	55
MESSAGE CENTER	155
TECL. SECTION	154
PUBLICATIONS SECTION	7
RECORDS	155
ADMINISTRATIVE SECTION	
VICE PRESIDENT	6
AGRICULTURE	
SUB-COMMISSION	157
DIRECTOR	156
AIR FORCES SUB-COMMISSION	173
ALLIED INTELLIGENCE COMMITTEE	146
ARCHIVES	146
ARMY SUB-COMMISSION	163
RELATION OFFICER	186
CABLE SECTION	55
CHIEF COMMISSIONER	15
CHIEF COMMISSIONER	34
CIPHER ROOM	
AMERICAN	147
BRITISH	159
CIVIL AFFAIRS BRANCH OF R.C. & M.O. SECTION	155
STAFF	158
CIVILIAN CLOTHING COMMITTEE	143
COMMUNICATIONS OFFICER, HQ	10
COMPANY COMMANDER	
AMERICAN	DIAL 2997
BRITISH	DIAL 53065
DEPUTY CHIEF COMMISSIONER	3
DEPUTY EXECUTIVE COMMISSIONER	23
DISPATCHER	39
DISPENSARY	DIAL 11709
DISPLACED PERSONS SUB-COMMISSION	162
DUTY OFFICER	9
ECONOMIC SECTION	
ADVISORS	149
ADVISORS	14
STAFF	27
STAFF OFFICER	2
VICE PRESIDENT	11
EDUCATION SUB-COMMISSION	DIAL 54273
ELECTRIC POWER MISSION	12
EMPLOYMENT OFFICER	142
ESTABLISHMENT OFFICER, ACC	15
EXECUTIVE COMMISSIONER	151
EXECUTIVE OFFICERS	20
CLERKS	8

DISPENSARY, 2675 Ray Ave -1- 3068 11709

785016

RESTRICTED

NAME	OFFICE LISTING	TAL NO.
FINANCE		
ATA		178
CHIEF ACCOUNTANT		178
CLERKS		36
CONTROL INSTITUTION		30
CUSTOMS		178
GENERAL OFFICER		17
INSURANCE		156
SUB-COMMISSION		40
FOOD		
SUB-COMMISSION		26
SUB-COMMISSION		53
DIRECTOR		189
G-1 (AMERICAN)		24
CLERKS		137
G-1 (BRITISH)		1
G-1 (BRITISH)		148
CLERKS		145
G-4 (AMERICAN)		4
G-4 (BRITISH)		54
HEAD QUARTERS COMMANDANT		37
ASST HQ. COMMANDANT		37
RECEIVING OFFICER		146
DISPATCHER		39
EMPLOYMENT OFFICER		142
INTERNAL SECURITY		37
OFFICE SPACE SECTION		144
POST OFFICE		142
PRINTING		142
PURCHASING OFFICER		142
SUPERVISOR OFFICER		142
HEADQUARTERS SUPPLIES	DIAL	52897
INDUSTRY AND COMMERCE		
SUB-COMMISSION		38
SUB-COMMISSION		160
SUB-COMMISSION		168
CLERKS		169
DIRECTOR		19
INFORMATION DIVISION		146
INTERNAL SECURITY, HQ COMDT		37
INTERNAL TRANSPORTATION	FLA 70	250
INTERPRETERS, POOL OF		146
INVESTIGATING OFFICER		59
ITALIAN REFUGEE BRANCH		
ALLIED STAFF	DIAL	54186
ITALIAN STAFF		182
LABOR SUB-COMMISSION		21
LABOR SUB-COMMISSION		52
HAISON DIVISION		158
LIBRARY		146
MEDICAL SUPPLIES		143

-2-
RESTRICTED

RESTRICTED

OFFICE LISTING

NAME	TEL. NO.
MESSAGE CENTER	155
MILITARY MISSION TO THE ITALIAN ARMY	153
MINING DIVISION	
CLERKS	33
DIRECTOR	141
MISCELLANEOUS SECTION	154
MONUMENTS AND FINE ARTS SUB-COMMISSION	177
MOTOR TRANSPORT OFFICERS	164
OFFICE SPACE SECTION	144
PERSONAL AIDES TO GENERAL OFFICERS	16
PERSONAL AIDES TO GENERAL OFFICERS	34
PERSONNEL	
ACC (AMERICAN)	24
ACC (A) (CLERKS)	167
267TH REGIMENT	91
ACC (BRITISH)	1
ACC (FRENCH) DIV	148
ACC (B) (CLERKS)	145
POLITICAL SECTION	25
POST OFFICE	142
PRINTING	142
PUBLIC HEALTH	
SUB-COMMISSION	170
CIVILIAN CLOTHING COMMITTEE	143
MEDICAL SUPPLIES	143
POPULUS CONTROL SERVICE	DIAL 15621
PUBLIC WORKS AND UTILITIES DIRECTOR	29
SUB-COMMISSION DEP/DIA	187 17
SUB-COMMISSION ELECTRICITY DIV	187 17
SUB-COMMISSION PUBLIC WORKS DIV	163 17
CLERKS HIGHWAYS & BRIDGES DIV	13 28
DIRECTOR DRAWING OFFICE	71 29
PUBLIC RELATION OFFICER	DIAL 54209
PUBLIC RELATION OFFICER	172
PUBLICATION SECTION	7
PURCHASING OFFICER	142
RADIO OPERATING ROOM	159
RECEPTION DESK	153
RECORDS	155
REGIONS VIII & IX, COS I	75
S-4, 267TH REGIMENT, ACC S-4 WAREHOUSE	151 92
SECRETARY GENERAL, THE	174
SECURITY BRANCH	32
SECURITY BRANCH	185
SECURITY BRANCH	171
CLERKS	152
DIRECTORS	22
SHIPPING SUB-COMMISSION	DIAL 306 72504
SIGNAL CENTER	147

RESTRICTED

OFFICE LISTING

NA	<u>NAME</u>	<u>TEL. NO.</u>
	SOVIET REPRESENTATIVE OF THE ACC	18
	SUPERVISING OFFICER	142
	TRANSPORTATION AND BAGGAGE - AIR, WATER, RAIL	184
	TYPHUS CONTROL SERVICE	15621
	VISITING OFFICERS SUB-COMMISSION	35
	5th ARMY ECON. & SUPP.	176

DIAL

RESTRICTED

MISCELLANEOUS LISTINGS

<u>NAME</u>	<u>TEL. NO.</u>
BRITISH NAVY HOUSE	DIAL-10941-10943-12356-12081
ITALIAN GOVT EXCHANGE	DIAL-10350
ITALIAN INFORMATION	DIAL-10353-11920
PARCO HOTEL	DIAL-11693-10682-10331
RED CROSS HEADQUARTERS	DIAL-51492-51099
REGION III	DIAL-10183-10187
REGION IV	DIAL-11722-11723-11743-11749
SAN BRIGIDA OFFICE'S MESS	DIAL-16472
SENIOR OFFICERS TRANSIT HOTEL (SERENIO) ANNEX TO HOTEL	DIAL-54248 DIAL-54231
THE VILLA	DIAL-14445
TOLEDO HOTEL	DIAL-12442
TOWN MAJOR	DIAL-50326
VOLTURNO HOTEL	DIAL-16487
57 BASE AREA	DIAL-10420

RESTRICTED
ITALIAN GOVERNMENT AGENCIES

NAMES**TEL. NO.****MINISTERS**

ROYAL HOUSE
(REACHED THROUGH FATIMA REAR)
PRIME MINISTER AND CHIEF OF THE
GOVERNMENT
FOREIGN MINISTER (SECT GENERAL)
MINISTER OF MARINE
(REACHED THROUGH FATIMA REAR)
AIR MINISTER (REACHED THROUGH FATIMA REAR)
PRESIDENT OF COUNCIL OF MINISTER

VILLA DI SANGRO, RAVELLO

SALERNO 1100

SALERNO 1270
TARANTOCAVA 107
SALERNO 1549**UNDERSECRETARIES OF STATE**

INTERIOR
JUSTICE
WAR
(REACHED THROUGH MAPLES LONG DISTANCE)
EDUCATION
PUBLIC WORKS
FINANCE
INDUSTRY COMMERCE AND LABOR
AGRICULTURE & FORESTS
RAILROAD AND CIVIL TRANSPORTS
MERCHANT MARINE
POSTS, TELEPHONES AND TELEGRAPHS
COMANDO SUPREMO
(REACHED THROUGH FATIMA REAR)

SALERNO 1153
SALERNO 1091
LECCESALERNO 1150
SALERNO 1497
SALERNO 1050 & 1052
SALERNO 1290
SALERNO 1494
FIREBOX 36 or DIAL 50050
DIAL 12130 EXT 364
SALERNO 1079
CAVA 89-99-62**LIAISON OFFICES TO THE GOVERNMENT**

WAR
COMANDO SUPREMO
NAVY

SALERNO 1014
SALERNO 1014
SALERNO ITAL. GOVT
EXCHANGE 17

RESTRICTED

OFFICER LISTING

NAME		TEL. NO.
ADAMS, D. S., COL.	(A)	27
ADAMS, W. G., CAPT.	(B)	160
ALBRIGHT, JOHN J., COL.	(A)	15
ALLISON, F. G. B., CAPT.	(B)	54186
ANDREWS, STANLEY, MAJ.	(A)	157
ANGIBAULT, R. H., SSM	(B)	36
ATTAYER, A. N. D., MAJ.	(A)	162
AUSTIN, A. S., CAPT.	(A)	38
AYRE, RICHARD H., CAPT.	(A)	10
ANDERSON, T. CAPT.		171
DELAFFRY, H. A. CAPT.	(Surgeon) (Disp. 2675 Rest)	11709
BABCOCK, J. O., MAJ.	(A)	21
BAIN, J. T. R., COL.	(B)	21
BANNING, P. D., MAJ.	(A)	178
BARRY, E. J. MAJ.	(A)	12
BAXTER, A. J., MAJ.	(B)	156
BENTLETT, W. J., LT. COL.	(B)	10
BIGLINO, G., MAJ. GEN.	(I)	182
BIRCH, U. J., CAPT.	(B)	161
BORDASS, J. H., MAJ.	(B)	251
BOWMAN, A. C., LT. COL.	(A)	168
BRANNER, G. C., LT. COL.	(A)	141
BRAYBROOKE, C. R., CAPT.	(B)	146
BRERETON, A. G., MAJ.	(B)	188
BRISTER, F. M., MAJ.	(B)	54186
BROADHEAD, P., 1ST LT.	(A)	12442
BROWN, C. G., LT. COL.	(A)	115
BROWNLEE, T. R., 1ST LT.	(A)	28
CACCIA, HAROLD, MR.	(B)	25
CARTER, C. S., LT. COL.	(A)	141
CARTER, J., CAPT.	(B)	164
CHEYNE, D. G., COL.	(B)	143
CLANVILLE, F. R. A., MAJ.	(B)	250
CLOUGH, E. L., LT. COL.	(A)	8
CODRINGTON, C. C., CAPT.	(A)	15621
COLLINS, A. J., CAPT.	(B)	174
CORWIN, T. H., 1ST LT.	(A)	33
CRAIG, C. C., CAPT.	(A)	161
CRAWSHAW, W. H. G., COL.	(A)	178
CROFT-MURRAY, E., CAPT.	(B)	177
CURRAN, V. CAPT.	(A)	26
BROOKS, T. H. Capt	(A)	177
COTT, P. B. LT USNR		177
CUNNINGHAM, D., CAPT		156
DAINES, L. R., LT. COL.	(B)	22
DAVEY, W. E., CAPT.	(A)	21

R E S T R I C T E D

NAME		TEL. NO.
DAVIS, G. N., CAPT.	(A)	164
DAVIS, J. A., 2ND LT.	(A)	52997
DEAN, W., CAPT.	(B)	101
DEHAAN, P., SQDR. LDR.	(B)	173
DELMERICO, G. G., 2ND LT.	(A)	176
DELUCA, J. M., 2ND LT.	(A)	162
DERHAM, R., MAJ.	(A)	174
DE WALD, E. T., MAJ.	(A)	177
DICKIE, M. M. A., MAJ.	(B)	166
DI GIACOMO, F., CAPT.	(A)	81 R 2
DION, E. L., CAPT.	(A)	26
DOE, R. B., MAJ.	(A)	174
DOERR, G. V., CAPT.	(A)	143
DRIFFIELD-WHITE, W., MAJ.	(B)	158
DUNN, C. I., CAPT.	(A)	DIAL 52904
EASTMAN NAGLE, E. R. D., CAPT.	(B)	DIAL 11709
EDSWORTH, H., MAJ.	(B)	26
EICHHOLZ, R. B., LT (JG)	(USNR)	156
ELLIOTT, T. G., CAPT.	(B)	38
EVANS, WILLIAM P., COL.	(B)	19
FARLEY SMITH, T., LT. COL.	(B)	158
FARRAR, A. S., CAPT.	(B)	145
FARREN, R. H., COL.	(B)	20
FARRIS, NEIL, 2ND LT.	(A)	150
FEHR, C. E., 2ND LT.	(A)	152
FEIDLER, E. R., COMM.	(USCGR)	178
FIELDEN, L., MAJ.	(B)	172
FIELDS, R. P., CAPT.	(B)	32
FISHER, T. R., MAJ.	(A)	21
FISKE, N. E., COL.	(A)	23
FITCH, S. A., COL.	(B)	FLAMBO 115
FOLEY, E. H. JR., COL.	(A)	17
FOSTER, R. M., AIR COMDR.	(B)	173
FRAZER, P. G., COMM.	(USCGR)	178
FREESE, D. D., CAPT.	(A)	59
FULLER, F. S., MAJ.	(A)	157
GALE, L. V., LT.	(B)	152
GAMBLE, W. H., CAPT.	(B)	71 163
GATE, S. C., MAJ.	(B)	176
GENTRY, W. R., 1ST LT.	(A)	13
GENT, H. A. MAJ.	(B)	160

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RESTRICTED

NAME		TEL. NO.
GERMANE, D., WO	(A)	81
GERMANN, R. F., 2ND LT.	(A)	157
GIANMARCO, J., 1ST LT.	(A)	21
GILLET, F. E., CAPT.	(B)	146
GOLDSMITH, S. A., MAJ.	(A)	143
GOODLOE, A. MCD., 1ST LT.	(A)	15
GRAFFNEY-SMITH, A.P., COL.	(B)	36
GRADY, H. F., MR.	(A)	11
GRAHAM, F., CAPT.	(A)	176
GREGORY, F. F., CAPT.	(B)	DIAL 54273
GRIFFIN, M. E., COL.	(A)	143
GROWDON, J. P., COL.	(A)	12
GRSHCHINSKY, K. K., 2ND LT.	(B)	18
GUARINO, ALFRED A., 1ST LT.	(A)	186
GURNEY, P. S., CAPT.	(B)	160
GOLDSTEIN, M. R., 1ST LT.	(A)	91
HAAS, H., CAPT.	(A)	19
HALL, E. D., CAPT.	(A)	184
HALL, J. R. H., CAPT.	(B)	156
HARRIMAN, R. W., CAPT.	(B)	37
HARTMAN, W. A., MAJ.	(A)	166
HASLAM, D. H., CAPT.	(B)	148
HAUSER, G., MR.	(A)	DIAL 54273
HAY, M., CAPT.	(B)	2
HAYES, C. C., LT. COL.	(B)	40
HAYES, C. J., LT. COL.	(B)	160
HECKER, A. E., CAPT.	(A)	178
HENDERSON, A. I., LT. COL.	(A)	FLAMBO 200 OR DIAL 11151
HERRMAN, C. W., LT. COL.	(A)	189
HICKS, J. E., ENS.	(USNR)	17
HINKEL, J. V., MAJ.	(A)	146
HOBBS, E. O., LT. COL.	(A)	75
HOPKINS, MARGERY, JR. COMMDR.	(B)	25
HORN, R. E. H., MAJ.	(B)	176
HULLS, L. R., LT. COL.	(B)	DIAL 54186
HUMPHREYS, L. M., M.J.	(B)	189
HITCHCOCK, W. A., MAJ.		71
IMRIE, J., CAPT.	(B)	189
IRVING, R. F. MAJ.		71
JACOBS, D. A., CAPT.	(B)	188
JENKINSON, R., MR.	(B)	177
JENNY, L. A., LT. COL.	(A)	29
JONES, C. B., 2ND LT.	(A)	DIAL 52997

R E S T R I C T E D

<u>NAME</u>		<u>TEL. NO.</u>
JUNIEWICZ, A. J., CAPT.	(A)	DIAL 52997
KEARIN, L. E. CAPT.	(A)	37
KEIN, J. F., CAPT.	(A)	157
KELLER, D., CAPT.	(A)	177
KELLEY, RUTH, MISS	(A)	25
KILNER, E. E. R., MAJ.	(B)	19
KITSON HARRIS, J. CAPT.	(B)	145
KNIGHT, J., MAJ.	(A)	156
KNIGHT, W., MAJ.	(B)	163
KOELLER, H. L., 1ST LT.	(A)	157
KOENIG, R. P., LT. COL.	(A)	33
LABOON, J. F., LT. COL.	(A)	16329
LANDSEIDEL R., 1ST LT.	(A)	147
LAPPER, W. M., LT. COL.	(B)	187
LAUGHLIN, L. W., CAPT.	(A)	187163
LEGG, W. J., LT. COL.	(B)	189
LEWIS, C. K., MAJ.	(A)	19
LEWIS, J. A., MAJ.	(A)	143
LIGHT, W., LT (QM)	(B)	DIAL 50418
LOVATELLI, P., COMDR.	(I)	168
LUKAS, G. R., CAPT.	(A)	178
LUSH, M. S., BRIG.	(B)	151
MACCHI, A. J. J., MAJ.	(B)	FLAMBO 251
MACDONALD, N. L. I., LT.	(B)	157
MACFARLANE, N. M., LT. GEN.	(B)	16
MACFARLANE, N. M., LT. GEN.	(B)	34
MAGNUS, P. M., MAJ. SIR	(B)	18
MARKS, R. C., CAPT.	(B)	143
MARSHALL, A., CAPT.	(B)	178
MARTINO, R. A., MAJ.	(A)	38
MASKREY, W. J., MAJ.	(B)	19
MATHEWS, C. D., CAPT.	(A)	146
MATHIAS, D. B., MAJ.	(A)	178
MCBRATNEY, W. E., MAJ.	(A)	75
MCCREADIE, S. P., MAJ.	(B)	26
MCKAY, J. A., CAPT.	(B)	152
MEACHIN, J. A., MAJ.	(B)	178
MERRITT, J. M., CAPT.	(A)	157
MESSINA, S. J., 2ND LT.	(A)	

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R E S T R I C T E D

<u>NAME</u>		<u>TEL. NO.</u>
MEYLER, E. D., CAPT.	(B)	144
MILLER, C. A., LT. COL.	(A)	30
MILLER, S. W., MAJ.	(B)	4
MINTER, W. L., WING CMNDR	(B)	173
MOLE, E. J., MAJ.	(B)	127
MONFORT, N. W., LT. COL.	(A)	16 & 34
MONICO, J. R., CAPT.	(B)	183
MONTANT, L. T. JR., 2ND LT.	(A)	9
MORSE, D. A., CAPT.	(A)	21
MORTON, M. B., 2ND LT.	(A)	157
MULIERI, B. C. F., LT.	(USCGR)	157
MURCIE, C. P., MAJ.	(B)	168
MURPHEY, G. D., COL.	(A)	14
MURPHY, F. G., CAPT.	(A)	19
MYDANS, W. E., CAPT.	(A)	19
MANZELLI, M. <i>1st Lt</i>		171
MAXSE, F. H. J. <i>Capt</i>	(B)	177
MORDEN, E. S. <i>Capt</i>	(A)	151
NASH, B. D., MAJ.	(A)	156
NEVANS, E. E., JR., 2ND LT.	(A)	184
NOE, V. S., CAPT.	(A)	54273
NOVAK, R. J., 1ST LT.	(A)	147
OFFENHAUER, N. L., LT. COL.	(A)	183
OSMON, J., MAJ.	(B)	156
PANELLI, M. R., 1ST LT.	(A)	142
PARKER, A. J., CAPT.	(B)	26
PARRY, G., CAPT.	(B)	145
PATRICK, F. C., CAPT.	(B)	178
PENICK, J. H., MAJ.	(A)	178
PENNYQUICK, J. A. C., COL.	(B)	75
PERLEY, A. G., MAJ.	(B)	163
PERRY, J. A., SQD LDR	(B)	16 & 34
PETRILLO, C. C., 2ND LT.	(A)	23
PICKEN, A. R. M. WO	(B)	154
PIOMBINO, N., WO	(A)	9
POTTER, H. S., CAPT.	(A)	157
PRATT, W. E., CAPT.	(A)	DIAL 54273
PRICE, W. E., MAJ.	(B)	156
PRIGMORE, J. W., MAJ.	(A)	178
PURGOLD, F. A., LT. COL.	(B)	1

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R E S T R I C T E D

Rogers, E.N. CAPT

NAME

Rivall, J.C. CAPT

RANCOURT, H. P., 1ST LT.

REBER, S., MR.

REDE, A. H., CAPT.

REITER, F. M., LT. COL.

RENTON, V. S., MAJ.

~~REYNOLDS, B. P. K., MAJ.~~

RHODES, G. E., LT. COL.

RICCOMINI, B. J., 2ND LT.

RICHARDSON, F. P., MAJ.

RIGGIO, S., 1ST LT.

ROBINSON, E. S., MAJ.

RORIMER, J. M., MAJ.

ROWELL, H. T., MAJ.

RYAN, R. A., MAJ.

Roberts, Thomas D. 1st LT.

RUSSELL, P. F., Col

SANCHEZ, M., MR.

SEROLIA, P. A., 2ND LT.

SCICLUNA, E., CAPT.

SCOGGINS, W. P., MAJ.

SCOTTEN, W. E., CAPT.

SCULLY, T. I. M., CAPT.

SEVERN, H. E., CAPT.

SHADWICK, R. L., 2ND LT.

SHARP, G. M., MAJ.

SHEPHERD, R. W., 1ST LT.

SHERWOOD, W. H., MAJ.

SIGEL, F., 2ND LT.

SIMERING, C. L., MR.

SIMPSON, J. L., MR.

SMALLWOOD, C. H. R., MAJ.

SMITH, J. R., LT. COL.

SMITH, S. E. V., LT. COL.

SMITH, P. V., LT. COL.

SMITH, E. B., CAPT.

SOLODOVNICK, N. S., MAJ. GEN.

SPENCER, F. N., 2ND LT.

STANLEY, N. MR.

STANSFORD, THE LORD, AIR CMDRE

STEARNS, L. W., CAPT.

STEPHENS, C. A. W., MAJ.

STEWART, A. J., CAPT.

STONE, E. N., CAPT.

STREET, A. H., CAPT.

SEITH, A. R. MAJ.

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54273

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R E S T R I C T E D

<u>NAME</u>		<u>TEL. NO.</u>
TALBOT, E. T., CAPT.	(B)	158
TASCA, R. J., LT.	(USNR)	17
THEODOR, NICHOLAS, 2ND LT.	(A)	167
THOMPSON, V. S., LT. COL.	(B)	13
THOMPSON, J. B., MAJ.	(B)	27
THOMPSON, P. M., 2ND LT.	(A)	183
THRIFT, V. C. J., CAPT.	(B)	183
TIMMONS, B. E. L., CAPT.	(A)	17
TIRANA, RIFAT, MR.	(A)	149
TODD, J. S. E., COL.	(B)	19
TOLMAN, A. W., MAJ.	(A)	26
VALENZA, H., 2ND LT.	(A)	146
VEDLA, J. E., LT.	(B)	DIAL 54273
VILLA, A. L., MR.	(A)	149
WADLEIGH, R., 2ND LT.	(A)	FLAMBO 250
WADLEIGH, R. J., MR.	(A)	21 14
WALKER, W. S., MAJ.	(A)	FLAMBO 101
WALKER, R. H., CAPT.	(B)	26
WARD-PERKINS, J. B., MAJ.	(B)	177
WARREN, L., WO	(B)	165
WASHBURN, C. W., MAJ.	(A)	DIAL 54273
WASHER, W. M., CAPT.	(A)	163
WATKINS, J. P., CAPT.	(B)	163 1
WATKINS, B. P., CAPT.	(B)	165
WATSON, J. M., MAJ.	(B)	DIAL 52094
WHITE, E. M., CAPT.	(A)	26
WILLIAMS, W. C., LT. COL.	(A)	DIAL 15621
WILLIAMS, W. C., LT. COL.	(A)	170
WILLIAMS, A. J., MAJ.	(A)	33
WILLIS, G. H., LT.	(USNR)	178
Wood, L. C. MAJ.	(B)	37
YODER, N., MAJ.	(A)	FLAMBO 127
YOUNG, A. E., COL.	(B)	22
ZANCHINO, R., MAJ. (C.C.R.R.)	(I)	177

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Lt. Col. Smith. T.V.

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1 March 1944

	RANK	NAT	SECTION	TEL	ROOM
ALBRIGHT, R.M.	CAPT	A	LABOR	65	108
APOSTOLO, P.	LT	I	LIAISON	40	62
AYRE, R.H.	CAPT	A	TELECOMMS	80	102
BALLANCE, W. C.	CAPT	B	PUB SAFETY	36	111
BENDER, J.D.	CAPT	A	WAR MAT DISP	44	66
BENNETT, J.	LT COL	B	PROP CONTROL	34	107
BERGIN, T. G.	MAJ	A	EDUCATION	73	113
BOCCHINO, E. J.	CAPT	A	HQ COMDT	53	30
BONGARZONE, C.A.	2ND LT	A	SUPPLY	48	19
BUCKLEY, R. W.	CAPT	B	HQ COMDT	62	4
BUTCHER, J. W.L.	LT	B	HQ COMDT	21	274
CAMPBELL, J. A.	MAJ	B	WAR MAT DISP	44	66
CHIOCCA, E. J.	CWO	A	ADJ	69	5
CLARK, E. J. A.	CAPT	B	ARMY SC	51	64
COLVILLE, J. W.	MAJ	B	CENSOR, HQ	70	104
CRIFTS, R. R.	LT COL	B	ADMIN DIR	50	72
CROSS, A. F.	LT COL	B	FINANCE	35	122
CRUMP, S. A.	LT COL	A	IND & COMM	47	45
DAVIS, F. G.	LT	B	NAVY SC	63	63
DENSMORE, L. D.	LT COL	A	DEP CHIEF COMM	43	43
DERBY, R. B.	1ST LT	A	ADJ	62	4
DOOLEY, J. A.	CAPT	A	SUPPLY O.F	48	19
DRAKE, B. L.	CAPT	B	HQ COMDT	78	28
DOBOS, E. I.	LT COL	A	PUB HEALTH	52	131
EARNEST, J. G.	CAPT	A	PUB HEALTH	52	131
FRIZELLE, G. M.	MAJ	B	PUB HEALTH	52	131
GROTTANELLI, L. V.	LT	I	LIAISON	40	62
GROSSMAN, M. J.	MAJ	A	LEGAL	67	70
HALL, J.R.H.	MAJ	B	FINANCE	38	120
HALSE, W. W.	2ND LT	A	IND & COMM	47	45
HANNIFORD, G. G.	MAJ	B	LEGAL	54	73
HARRIS, G. R. S.	LT COL.	B	PROP CONTROL	34	107
HEAD, S. H.	MAJ	B	POSTS	2225	PO Bldg Sel
HENDERSON, J. L.	COL	B	TELECOMMS	70	104
HEWETT, G. H.	CAPT	A	PROP CONTROL	34	107
HOWELL, R. R.	PAYM LT	B	NAVY SC	63	63
JONES, W. E.	CAPT	B	HQ COMDT	2250	Velia Rest.
KAMARCK, A.	CAPT	A	FINANCE	35	122
KAMMER, H.	1ST LT	A	MEDICAL OFF	16	1
KERKER, P.	CAPT	A	ADMIN DIR	59	75
KING, E. C.	MAJ	A	PROP CONTROL	34	107
KIRK, P. G.	COL	A	PUB SAFETY	32	134

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OFFICER	RANK	NLT	SECTION	TEL	ROOM
LAWLER, J. J.	LT COM	A	FINANCE	35	122
LEE, O. P.	CAPT	A	PROP CONTROL	34	106
LEWIS, W. V. M.	LT	B	INTERIOR	33	116
MACFARLANE, N.M.	LT GEN	B	CHIEF COMM	49	41
M NZELLI, M. A.	1ST LT	A	PUB HEALTH	52	131
MARTIN, R.M.J.	LT COL	B	PUB SAFETY	32	134
MASON, G. H. L.	MAJ	B	PUB SAFETY	36	111
MASTROIANNI, O.G.A.	1ST LT	A	PUB SAFETY	32	129
MC CLEARY, F. H.	LT COL	B	WAR MAT DISP	44	66
MC SWEENEY, J.	MAJ	A	PUB HEALTH	52	131
MILLER, H.T.W.	LT COL	B	TELECOMS	70	104
MEANEY, M.H.	COL	A	PUB SAFETY	32	129
PALMER, I. M.	CMDE	B	NAVY SC	63	63
PARKINSON, G. S.	BRIG	B	PUB HEALTH	79	132
PURLIN, G. S.	MAJ	A	LEGAL	66	68
PAWLEY, L. K.	CAPT	B	HQ COMDT	75	2
PEARSON, J. M.	CAPT	B	POLITICAL SEC	42	36
PENNOYER, A. S.	CAPT	A	MON & FINE ARTS	46	48
PERSELL, R. A.	MAJ	A	ADMIN DIR	50	71A
PHILBY, F. C.	1ST LT	A	PUB SAFETY	32	129
PICKERING, S.	LT COL	B	PUB SAFETY	32	129
POLLOCK, G.	COL	B	LEGAL	66	68
POWELL, B. R.	CAPT	B	PUB SAFETY	32	129
PRICE	MAJ	B	FINANCE	35	122
QUINSMITH, G. E.	LT COL	B	ARMY SC	51	64
RICCA, J. A.	MAJ	A	OCS	70	
RONNIE, W.	CAPT	B	PUB SAFETY	32	129
RUSHMORE, R. W.	MAJ	A	PUB HEALTH	52	131
SAVAGE, P.S.	CAPT	A	PUB HEALTH	52	131
SCHREIBER, W. R.	CAPT	A	AGRIC	65	108
SHANKS, T. C.	LT	B	INTERIOR	33	114
SHEPHERD, K. C.	MAJ	B	PUB SAFETY	36	110
SHIELDS, C. D.	LT COL	A	PUB HEALTH	52	131
SILVEIRA, E.E.	CAPT	A	PUB HEALTH	52	131
SLAUGHTER, F. J.	CAPT	A	DEF SEC GEN	45	39
SMITH, T. V.	LT COL	A	EDUCATION	73	113
SLICER, R. G.B.	LT COL	B	INTERIOR	33	116
STANSCATE, THE LORD	AIR CMDE	B	ADMIN DR	59	75
STEINMAN, A. H.	LT COL	A	FINANCE	38	120
STONE, E. W.	CAPT (USNR)	A	DEF CHIEF COMM	41	40
TEMLE, R. L.	CAPT	A	INTERIOR	37	115
THACKRAH, A. R.	MAJ	B	LEGAL	54	73

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R E S T R I C T E D

<u>OFFICER</u>	<u>RANK</u>	<u>NAT</u>	<u>SECTION</u>	<u>TEL</u>	<u>ROOM</u>
TIMMONS, B. E. L.	CAPT	A	FINANCE	35	122
TRAGER, L. W.	CAPT	A	PUB HEALTH	52	131
UPJOHN, G.	COL	B	LEGAL	60	69
VIARENGO, L. M.	CWO	A	HQ COMDT	75	2
VOLSTAD, R. L.	1ST LT	A	TRANS OFF (MOTOR)	18	13
WHITE, S. H.	MAJ	B	ADMIN DIR	50	71
WILCOX, T. M.	CAPT	A	PUB HEALTH	52	131
WILMER, R. H.	1LT COL	A	LEGAL	60	69
WRIGHT, A.C.	MAJ	B	LEGAL	66	68
YOUNG, H. JR.	CAPT	A	PUB SAFETY	36	111
ZELLARS, J. T.	COL	A	WLR MAT DISP	44	65

R E S T R I C T E D

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R E S T R I C T E DFATIMA TELEPHONE DIRECTORY BY SECTION

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>ADJUTANT GENERAL</u>				
Derby, R. B.	1st Lt	A	62	4
Chiocca, E. J.	CWO	A	69	5
<u>ADMINISTRATIVE SECTION</u>				
Stansgate, The Lord	Air Cmdre	B	59	75
Cripps, R. R.	Lt Col	B	50	72
Persell, R. A.	Maj	A	50	71A
White, S. H.	Maj	B	50	71
Kerker, P.	Capt	A	59	75
<u>AGRICULTURE SUB-COMMISSION</u>				
Schreiber, W. R.	Capt	A	65	108
(Sal 1494 - 5-6)				
<u>ARMY SUB-COMMISSION</u>				
Quin-Smith, G. W.	Lt Col	B	51	64
Clark, F. J. A.	Capt	B	51	64
<u>CENSORSHIP (INC) (AFHQ)</u>				
Colville, J. W.	Maj	B	70	104
(Sal 2225)				
<u>CHIEF AND DEPUTY CHIEF COMMISSIONER</u>				
MacFarlane, N. M.	Lt Gen	B	49	41
Stone, E. W.	Capt (USMR)	A	41	40
Densmore, L. D.	Lt Col	A	43	43
<u>DEPUTY SECRETARY GENERAL</u>				
Slaughter, F. J.	Capt (Bil Tel S-2277)	A	45	39
<u>DUTY OFFICER</u>				
1730 to 0830 hours			78	29
<u>EDUCATION SUB-COMMISSION</u>				
Smith, T. V.	Lt Col	A	73	113
Bergin, T. G.	Maj	A	73	113

R E S T R I C T E D
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RESTRICTED

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>FINANCE SUB-COMMISSION</u>				
Cross, A. F.	Lt Col	B	35	122
Stephan, A. H.	Lt Col	A	38	120
Lawler, J. J.	Lt Com (USCGR)	A	35	122
Hall, J. R. H.	Maj	B	38	120
Price,	Maj	B	35	122
Kamarck, A.	Capt	A	35	122
Timmons, B. E. L.	Capt	A	35	122
<u>HQ COMMANDANT</u>				
Drage, B. L.	Capt	B	78	28
Bocchino, E. J.	Capt	A	53	30
Buckley, R. W.	Capt	B	62	4
Jones, W. E.	Capt	B	2250-Valia Road.	
Pawley, L. K.	Capt	B	75	2
Butcher, J. W. L.	Lt	B	21	27A
Vierengo, L. M.	SWC	A	75	2
<u>INDUSTRY & COMMERCE</u>				
Crump, S. A.	Lt Col	A	47	45
Hease, W. W.	2nd Lt	A	47	45
<u>INTERIOR SUB-COMMISSION</u>				
Spicer, R. G. B.	Lt Col	B	33	116
Temple, R. L.	Capt	A	37	115
Lewis, W. V. N.	Lt	B	33	116
Shanks, T. C.	Lt	B	33	114
<u>ITALIAN LIAISON</u>				
Apostolo, P.	Lt	I	40	62
Grottanelli, L. V.	Lt	I	40	662
			Dial 2674	
<u>LABOR SUB-COMMISSION</u>				
Albright, R. M.	Capt	A	65	108
<u>LEGAL SUB-COMMISSION</u>				
Upjohn, G.	Col	B	60	69
Pollock, G.	Col	B	66	68
Wilmer, R. H.	Lt Col	A	60	69
Grossman, M. J.	Maj	A	67	70
Hannaford, G. G.	Maj	B	54	73
Thackrah, A. R.	Maj	B	54	73

R E S T R I C T E D

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>LEGAL SUB-COMMISSION (Cont'd)</u>				
Wright, A. C.	Maj	B	66	68
Parlin, G. S.	Maj	A	66	68
<u>MEDICAL DETACHMENT</u>				
Kammer, H.	1st Lt	A	16	A
<u>MONUMENTS & FINE ARTS SUB-COMMISSION</u>				
Pennoyer, A. S.	Capt	A	46	48
<u>MOTOR POOL</u>				
Volstad, R. L.	1st Lt	A	18	13
<u>NAVY SUB-COMMISSION</u>				
Palmer, I. M.	Cmdr	B	63	63
Davies, E. C.	Lt	B	63	63
Howell, R. R.	Paymstr Lt	B	63	63
<u>OSS</u>				
Ricca, J. A.	Maj	A	71	
<u>POLITICAL SECTION</u>				
Pearson, J. M.	Capt	B	42	36
<u>PROPERTY CONTROL</u>				
Bennet, J.	Lt Col	B	34	107
Harris, C. R. S.	Lt Col	B	34	107
King, E. C.	Maj	A	34	107
Hewett, G. H.	Capt	A	34	106
Lee, O. P.	Capt	A	34	106
<u>PUBLIC HEALTH</u>				
Parkinson, G. S.	Brig	B	79	132
Dobos, E. I.	Lt Col	A	52	131
Shields, C. D.	Lt Col	A	52	131
Frizelle, G. M.	Maj	B	52	131
Rushmore, R. W.	Maj	A	52	131
McSweeney, J.	Maj	A	52	131
Savage, P. S.	Capt	A	52	131

R E S T R I C T E D

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R E S T R I C T E D

<u>OFFICE OR SUBCOMMISSION</u>	<u>RANK</u>	<u>NAT</u>	<u>TEL</u>	<u>ROOM</u>
<u>PUBLIC HEALTH (Cont'd)</u>				
Earnest, J. G.	Capt	A	52	131
Silveira, E. E.	Capt	A	52	131
Trager, L. W.	Capt	A	52	131
Wilcox, T. M.	Capt	A	52	131
Manzelli, M. A.	1st Lt	A	52	131
<u>PUBLIC SAFETY</u>				
Kirk, P. G.	Col	A	32	134
Meaney, M. H.	Col	A	32	129
Martin, R. M. J.	Lt Col	B	32	134
Pickering, S.	Lt Col	B	32	129
Shepherd, K. C.	Maj	B	36	110
Mason, G. H. L.	Maj	B	36	111
Ballance, W. C.	Capt	B	36	111
Powell, B. R.	Capt	B	32	129
Ronnie, W.	Capt	B	32	129
Young, H. Jr.	Capt	A	36	111
Mastrolanni, O. G. A.	1st Lt	A	32	129
Philby, F. C.	1st Lt	A	32	129
			64	9
<u>SIGNAL SECTION</u>				
<u>SUPPLY</u>				
Dooley, J. A.	Capt	A	48	19
Bongarzone, C. A.	2nd Lt	A	48	19
<u>TELECOMMUNICATIONS AND POSTS SUBCOMMISSION</u>				
Henderson, J. L.	Col	B	70	104
Miller, H. T. W.	Lt Col	B	70	104
Head,	Maj	B	Dial 2225 (P.O. Building, Sal)	
Ayre, R. H.	Capt	A	80	102
<u>WAR MATERIALS DISPOSAL BOARD</u>				
Zellers, J. T.	Col	A	44	66
Mc Cleary, F. H.	Lt Col	B	44	66
Campbell, J. A.	Maj	B	44	66
Bender, J. D.	Capt	A	44	66

R E S T R I C T E D

3054

SECRET

Copy No. 12

U.S. SECRET Equals B. 1. MOST SECRET

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION

SECRET
Auth: Hq Comdt
Initials: E
Date: 11 May 44
DATE 12 MAY 1944

OPERATIONAL ORDER No. 1.

1. INFORMATION

- (a) Enemy Troops. Action may be expected in the form of raids on harbour and shipping, small seaborne landing, parachute troops or internal saboteurs. Gas and bacterii may be used.
- (b) Own Troops. As shown in No. 1 Zone Operational Instruction No. 1.
(May be seen on request to Hq. Commandant)

2. INTENTION.

Enemy attacks against premises occupied by this Headquarters will be repelled.

3. METHOD.

- (a) In the event of an alert due to enemy action as laid down in paragraph 1(a) above, the alarm will be given by continuous blasts on whistles. In addition Offices will be warned by telephone from the central switchboard.
- (b) In such event all detailed active personnel will parade immediately outside the armoury located on the first floor of the Palace of Justice, Room 118, under their Squad Commanders (Appendix "A"), draw rifles and ammunition and proceed to their alarm posts as detailed below.
- (c) All Allied personnel inside or in the immediate vicinity of A.C.C. Buildings other than those detailed in Appendix "A" will remain at normal posts of duty or obey such orders as may be issued by the Headquarters Commandant.
- (d) Personnel away from the immediate vicinity (2 miles) of Headquarters will report to the nearest military unit.
- (e) All Civilians i.e. employees or visitors will assemble on the first floor in Court Room number 101 and will await instructions.
- (f) O.C.'s Detachments A and B will be prepared to protect the areas and Government property, in addition to furnishing any mobile detachments required.
- (g) R.V. for Mobile Platoon: Sgts Mess, Ground Floor, Palace of Justice.

4. ADMINISTRATION.

- (a) All ranks will be under the orders of the Headquarters Commandant.

785016

- (b) In such event all detailed active personnel will parade immediately outside the armoury located on the first floor of the Palace of Justice, Room 118, under their Squad Commanders (Appendix "A"), draw rifles and ammunition and proceed to their alarm posts as detailed below.
- (c) All Allied personnel inside or in the immediate vicinity of A.C.C. Buildings other than those detailed in Appendix "A" will remain at normal posts of duty or obey such orders as may be issued by the Headquarters Commandant.
- (d) Personnel away from the immediate vicinity (2 miles) of Headquarters will report to the nearest military unit.
- (e) All Civilians i.e. employees or visitors will assemble on the first floor in Court Room number 101 and will await instructions.
- (f) O.C.'s Detachments A and B will be prepared to protect the areas and Government property, in addition to furnishing any mobile detachments required.
- (g) R.V. for Mobile Platoon: Sgts Mess, Ground Floor, Palace of Justice.

4. ADMINISTRATION.

- (a) All ranks will be under the orders of the Headquarters Commandant.
- (b) O.C.'s. A and B transport will assemble all available transport within respective garages, prepared to proceed on orders from the Headquarters Commandant.
- (c) O.C.'s. transport and personnel Companies A and B, the Headquarters Supply Officer, the C.Q.M.S. British, the Messing Officer, the Medical Officer, will submit forthwith to the Headquarters Commandant their arrangements in accordance with these instructions.
- (d) All ranks will be made thoroughly familiar with the lay-out of the Headquarters points of the Headquarters (See Appendix "B").
- (e) Main Gates at entrances A.B.C. and D (See Appendix "B") will be closed and barred.
- (f) The Medical Officer will establish an Emergency First Aid Post with necessary equipment in Room No. 8, Ground Floor, this Headquarters.
- (g) Headquarters Supply Officer will maintain ~~emergency~~ ³⁰ sections scale covering a period of 48 hours.

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SECRET

U.S. SECRET Equals British MOST SECRET

U.S. SECRET Equals British MOST SECRET

SECRET

(1) Casualties: -

Service personnel - normal
Civilian personnel - Ospedale Riuniti

Ammunition

50 rounds per man first issue.

5. INTER-COMMUNICATION.

Headquarters established in rooms 28, 29 and 30, ground floor, Palace of Justice.

6. COMMUNICATION.

1. Internal telephone communication.

2. By runner.

(a) 2 Liaison Officers or M.C.O.s. will report in person to Headquarters Commandant's Officer from all Sub-Commissions when their personnel have completed with the above instructions. In addition telephone reports to this effect will be made.

(b) An Officer will be detailed by the Headquarters Commandant for Liaison Duties at the Headquarters of No. 1 Zone Commander. (Appendix B)

(c) Telephone and teletype operators of this Headquarters will remain at their posts.

(d) O.C. Transport will hold 4 Jeeps for despatch purposes at the disposal of the Headquarters Commandant.

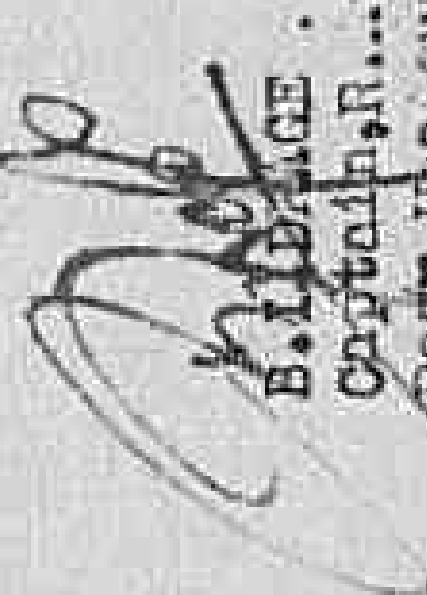
[Signature]
B. BRIDGE
Captain R.M.S.O.,
Rear Headquarters Commandant,
Allied Control Commission

Time: -

DISTRIBUTION:

Chief Commissioner
Deputy Chief Commissioner
Executive Officer
Adjutant Rear
No. 1 Zone Op/Commander
Heads of Sections
Heads of all Sub-Commissions
Civil Censorship Group
O.C. Italian Troops

- (b) An Officer will be detailed by the Headquarters Commandant for Liaison Duties at the Headquarters of No. 1 Zone Commander. (Appendix B)
- (c) Telephone and teletype operators of this Headquarters will remain at their posts.
- (d) O.C. Transport will hold 4 Jeeps for despatch purposes at the disposal of the Headquarters Commandant.


 B. LIBAGE
 Captain, R.A.S.C.
 Rear Headquarters Commandant,
 Allied Control Commission

Time: -

DISTRIBUTION:
 Chief Commissioner
 Deputy Chief Commissioner
 Executive Officer
 Adjutant Rear
 No. 1 Zone Op/Commander
 Heads of Sections
 Heads of all Sub-Commissions
 Civil Censorship Group
 O.C. American Troops
 O.C. British Troops
 Supply Officer (Am)
 Supply Officer (B)
 O i/e Transportation
 Major Mason
 Capt Drago
 Capt Bocchino
 Capt Buckley
 Capt Bender
 Capt Lewis
 Lt Bongerzone
 CSM Nightingale
 Sgt Jelliman
 1st Sgt Alderman
 File

SECRET

Appendix "A"

Reference Operational Order No. 1.

Officers commanding A and B Detachments will detail EMs, GRs, and MO's to act as defense troops to protect all vulnerable points of this Headquarters and will submit nominal rolls to Headquarters Commandant forthwith. O.C. Transport will instruct attached Italian soldiers under their Detachment Commander in regard to the defense of the garage.

After the alarm has been given all nominated personnel will parade under their respective Squad Commander at the armory. Squad Commanders will supervise the drawing of arms and ammunition and will immediately take up defensive positions at their allocated posts. See Appendix "B".

Within 48 hours after the issue of this Operational Order instructions will be issued for a meeting of all Operational Commanders with the Headquarters Commandant when their detailed instructions will be given.

Platoon A
Capt Buckley, Commander
Sgt Luffield
Cpl Casswell
Pte Crouch (Runner)
Pte Allen
Pte Barlow
Pte Clarke
Pte Foy
Pte Fullerton
Cpl Holmes
Pte Horton

Platoon B
Lt. Bonarzone, Commander
S/Sgt Coloe
Cpl Sherriff
Pte Ness
Pte Horner
Pte Marchiondo
Pte Techtarman
Pte Redreguez
Pte Perez
Sgt Lopez
Sgt Sorias

Platoon C
Lieut Lewis, Commander
Sgt Carrio
Pdr Netherwood
Pte Wright (Runner)
Pte McCann
Pte Bennett
Pte Robinson
Pte Simpson
Pte McCulloch
Pte Stevens
Pte Boyes

Platoon D
Capt Bender, Commander
S/Sgt Bonano
T/5 Principino
Pte Crispin
Pte Jackson
Pte Kruger
Pte Precht
Pte Schiff
T/4 Giorra
T/4 Polonick
Pte Reed
Pte Bonand

MOBILE PLATOON
1st Sgt Alderman, Commander
Pte Horro
Pte Younginer
S/Sgt Barber
Cpl Jolly

Pte Tanzeas
Pte Lax
Pte Lantz

Platoon E
Sgt Jollyman, Commander
S.O. M.S. McNell
Cpl. Rappa
L/Cpl Trezzer

Pte Sousa
Pte Jones
Cpl McKee
T/3 Gengo

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Pfc Wright (Runner)
Pfc McCann
Pfc Bennett
Rfm Robinson
Pfc Simpson
Pfc McCulloch
Pfc Stovens
Pfc Boyce

Platoon E
Sgt Jellyman, Commander
S. Q. M. S. McNeil
Cpl. Pappas
I/Cpl. Koezer

Pfc Sousa
Rfm Jones
Cpl McKeon
T/3 Gango
Cpl Barley
T/5 Brown
Pfc Canterino
Pvt Barile
Pvt Pace
Pfc Davis
Pfc Gilroy
Tpr Dobey
Sgt White
Sgt Harrison
Sgt Molennan
Pvt Diaz

Pfc Hess
Pfc Horner
Pfc Marchiondo
Pfc Tochterman
Pfc Rodriguez
Pfc Perez
Sgt Lacava
Sgt Sorisi

Platoon D
Capt Bonnier, Commander
S/Sgt Bonano
T/5 Principiano
Pfc Crespani
Pfc Jacekel
Pfc Kruger
Pfc Precht
Pfc Schiff
T/4 Quorra
T/4 Polowinski
Pfc Reed
Pfc Bonnard

MOBILE PLATOON
1st Sgt Alderman, Commander

Pfc Romero
Pfc Youngman
S/Sgt Barber
Cmr. Lally
Sgt Lay
Cpl Payne
Pfc Alilio
Pfc Mendes
Pfc Coy
Pfc Gardiner
Rus. Fushman
T/Sgt Trigony
Pvt Fried
Sgt Devino
T/5 Caputo
Pfc Todaro
Sgt Mason

Pfc Crouch (Runner)
Pfc Allen
Pfc Barlow
Pfc Clarke
Pfc Roy
Pfc Sullivan
Casm. Holmes
Pfc Horton

Pfc Tarreza
Pfc Laz
Pvt Lundz
Pfc Friedman
Cpl Brown
T/Cpl Peters
Pfc Ingiore
Pfc Armstrong
Pfc Friend
Pfc Warner
CQMS McGrath
Cpl Letellio
Pfc Becker
T/5 Majorio
Pfc Carizelli
Pfc Lisheng

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U.S. SECRET Equals British MOST SECRET SECRET

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REFERENCE OPERATIONAL ORDER NO. 1.

Squad responsibilities and Staff arrangements as below.

Hq. Commandant Capt B. L. Drage

Adjutant - Capt E. J. Bocchino

Liaison Officer - Major G.H.L. Mason

2 Runners

Capt Buckley

Lt Bongarzone

Saved "A"

10 Men
1 Sgt
1 Cpl
7 Rifl
1 Gunn

"8" pants

10 Men
1 Sgt
1 Cpl
7 Rifle
1 Runner

O.I.C Arms &
Ammunition
C.S.M.
Nightingale

Lt Lewis

now penids.

10 Men	11 Men
1 Sgt	1 Sgt
1 Cpl	1 Cpl
7 Riflemen	4 Riflemen
1 Runner	1 Runner

Cart Bender

• **Spinal Cord**

11 Men
1 Sgt
1 Cpl
1 Rifleman
1 Runner

Sgt Jollyman

Squad "E"
(Roof)
4 Men

Sgt. J. J. German

Mobile Squad
30 Men

Rendezvous (Sgt's Mess)
(5 Sections)

Solved

NTM

Sgt Jellyman

Squad "E"
(Roof)
4 Men

Sgt Werman

Mobile Squad
30 Men
Rendezvous (Sgt's Mess)
(5 Sections)

Squad D

"D"

Motor Pool
Personnel
Carrying
Vehicles

Squad
E
(on roof)

Squad
A

"A"

MAIN ENTRANCE

Squad B

Driveway into the Motor Pool

Squad
C

REAR ENTRANCE

SECRET

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U.S. SECRET Equals British MOST SECRET

Education Hc

RESTRICTED

HEAD HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

22 May 1944

AG 330.32

SUBJECT: Roster of Personnel.

TO : All Concerned.

The following is roster of all British and American personnel at this Headquarters as of the above date.

RANK	NAME	ASN	NAT
ADJUTANT SECTION			
Capt	DERBY, ROGER B.	0318071	A
CWO	CHIOCCA, ERNEST J.	W2124634	A
Sgt	La Cava, Joseph A.	17111248	A
Cpl	Frasser, Alois F.	35515030	A
Cpl	Freezer, E. F. J.	S/140929	B
Pfc	Hess, Karl D.	33606364	A
Pfc	Kenig, Louis (NMI)	33776987	A
Pfc	Kruger, Saul (NMI)	32882728	A
Pfc	Marchiondo, Charles R.	38348025	A
Pfc	Rodriguez, Augustin (NMI)	32803180	A
Pfc	Romero, Mario S.	38363951	A
Pfc	Schiff, Nathan (NMI)	32884548	A
Pfc	Souss, Benjamin A.	39272619	A
Pfc	Terrazas, Hector F.	39854048	A
Pfc	Tochterman, Aaron (NMI)	39411679	A
Pfc	Younginer, Furman R.	34652085	A
Pte	Boyes, W. (NMI)	4399486	B
Pte	Friend, Frank J.	6151331	B
Fus	Lax, Herbert R.	7044779	B

ADMINISTRATIVE SECTION

Air Cmdr	STANSGATE, THE LORD	79452	B
Lt Col	CRIPES, R. R.	35548	B
Major	WHITE, S. H.	51248	B
		0311009	A

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Cpl	Freezer, E. F. J.	S/140929	B
Pfc	Hess, Karl D.	33606364	A
Pfc	Kenig, Louis (NMI)	33776987	A
Pfc	Kruger, Saul (NMI)	32882728	A
Pfc	Marchiondo, Charles R.	38948025	A
Pfc	Rodriguez, Augustin (NMI)	32803180	A
Pfc	Romero, Mario S.	38363951	A
Pfc	Schiff, Nathan (NMI)	32884548	A
Pfc	Sousa, Benjamin A.	39272619	A
Pfc	Terrezas, Hector F.	39854048	A
Pfc	Tochterman, Laron (NMI)	39411679	A
Pfc	Younginer, Furman R.	34652085	A
Pte	Boyce, W. (NMI)	4399486	B
Pte	Friend, Frank J.	6151391	B
Fus	Lax, Herbert R.	7044779	B

ADMINISTRATIVE SECTION

Air Cmdr	STANSBATE, THE LORD	79452	B
Lt Col	CRIPPS, R. R.	35548	B
Major	WHITE, S. H.	51248	B
Major	PERSELL, ROBERT A.	0311009	A
Capt	BUCKLEY, R. W.	238774	B
Capt	KIRKER, PHILIP (NMI)	0523453	A
S/Sgt	Barber, W. (NMI)	S/198150	B
Sgt	Leishman, G. A.	2988591	B
Cpl	Mc Keon, Bernard J.	36167465	A

AGRICULTURE SUBCOMMISSION

Pfc	Welk, Gustave A.	32802599	A
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ARMY SUBCOMMISSION

Major	CAMPBELL, J. A.	106939	B
Pfc	Mc Cormick, James I.	33585448	A
Pfc	Samarcoelli, Marcus M.	19080610	A

- 1 -
RESTRICTED

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RESTRICTED

<u>RANK</u>	<u>NAME</u>	<u>ASN</u>	<u>NAT</u>
	<u>CIVIL CENSORSHIP GROUP</u>		
Major	MCKEAN, GORDON W.	0275888	A
Major	ALLMAN, REGINALD N.	102884	B
Capt	BRUNNER, WILLIAM M.	0416110	A
Capt	DI BELLA, ROSARIO L.	0906635	A
Capt	GOODALL, CHARLES (NMI)	0351406	A
Capt	JACKSON, LESLIE T.	P-271117	B
Capt	O'DONNELL, ARCHIBALD (NMI)	110305	B
Capt	TRIA, ALFRED J.	01043525	A
Capt	YOUNG, SIDNEY H.	136918	B
Capt	SHEPSTON, HOWARD F.	0902785	A
Capt	WOODCOCK, R. L.	84743	A
Lt (USNR)	CLARK, RAYMOND A.	01106648	A
1st Lt	KRULL, ALFRED E.	0492647	A
1st Lt	ROBERTSON, ANDREW C.	01283491	A
1st Lt	STORA, DEWITT L.	01047413	A
1st Lt	TAYLOR, RONALD M.	198880	B
Lieut	CINABRO, LOUIS (NMI)	0521493	A
2nd Lt	Moss, Frank G.	34172463	A
T/Sgt	Ezri, Simon (NMI)	32175706	A
Sgt	Everts, Gerald E.	33461920	A
T/4	Filipovich, Melvin D.	36422715	A
T/4	Gilmore, Benjamin L.	34686002	A
T/4	McCorkle, Leonard E.	34603233	A
T/4	Nicolini, Joseph A.	213-00-27	A
Sle (USNR)	Biern, Samuel (NMI) Jr.	12155174	A
T/5	Penhe, Armando (NMI)	31203953	A
T/5	Refti, John J.	32094445	A
T/5	Vandegriff, Charles W.	35634182	A
Pfc	Benjamin, Charles R.	32758892	A
Pfc	Cordes, Harry W. Jr.	14115787	A
Pfc	De Francis, Thomas J.	33740399	A
Pfc	Fragale, Frank (NMI)	39285909	A
Pfc	Grove, William E.	33425118	A
Pfc	Levine, Isaac M.	33702329	A
Pfc	Lifrieri, Frank T.	32719978	A
Pfc	Marmo, Nicholas A.	33738256	A
Pfc	Marcoli, Albert J.	32759356	A
Pfc	(NMI)	32561077	A

SPERZ, DEWITT E.
TAYLOR, RONALD M.
CINABRO, LOUIS (NMI)
Moss, Frank G.
Ezri, Simon (NMI)
Everts, Gerald E.
Filipovich, Melvin D.
Gilmore, Benjamin L.
McCorkle, Leonard B.
Nicolini, Joseph A.
Biern, Samuel (NMI) Jr.
Penha, Armando (NMI)
Rafti, John J.
Vandegriff, Charles W.
Benjamin, Charles R.
Cordes, Harry W. Jr.
De Francis, Thomas J.
Fragale, Frank (NMI)
Grove, William E.
Lavine, Isaac M.
Lifrieri, Frank T.
Marmo, Nicholas A.
Marcoli, Albert J.
Rawicz, Josef (NMI)
Radassao, Angelo L. Jr.
Russo, Contran S.
Vieri, Albert (NMI)
Zimmerman, Charles N.

HENDERSON, J. L.
MILLAR, H. T. W.
SCUDDER, H. H.
HEAD, S. H.
TURNER, C. I.
MADDOCK, C. G. L.
Jellyman, T. J.
Mason, R.
Corini, Elio P.

COMMUNICATIONS SECTION

TESTS - 2

1273
263367
0205393
263397
0483655
131142
2586377
950460
32337179

RESTRICTEDRANKNAMEASNNATDEPUTY CHIEF COMMISSIONER

Captain (USMC)
Colonel
T/4

STONE, KILERY W.
DENSMORE, LEONARD D.
Polowniak, Henry J.

A
A
A0181447
36512719DEPUTY SECRETARY GENERAL

Capt
Cpl
Pfc
Pfc
Pfc
Cdr

SLAUGHTER, FRANK J.
Shenfield, Lawrence W.
Perez, Albert J.
Frocht, Marion I.
Reed, Donald R.
Lally, J. (NMI)

A
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B0338203
11091904
32797218
37411078
35595429
11252636EDUCATION SUBCOMMISSION

Lt Col
Sgt
Pfc

SMITH, THOMAS V.
Rizzuto, Thomas J.
Jeeckel, Hugh F.

A
A
A0521780
32829699
16145709FINANCE SUBCOMMISSION

Lt Col
Lt Col
Major
Lt Com (USMC)
Capt
2d/Lieut
T/3
Pfc
Pfc

CROSS, A. F.
STEPHAN, AUDLEY H. F.
HALL, J. R. H.
LAWLER, J. J.
KAMLECK, A. (NMI)
HUSELAND, P. E.
Gengo, Carmine (NMI)
Friedman, George (NMI)
Horner, James B.

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A46366
0171851
301392
0338704
32321013
32442160
17087662HQ COMMANDANT

Major
Capt
Capt
1st Lt
CWO
CSM
Sgt
Sgt
Sgt

ECCCHINO, ELIOT J.
DRAGE, E. L.
JONES, W. E.
BONGARZONE, CAIRUS A.
VIARENGO, LIVIO (NMI)
Mightingale, H. (NMI)
Burfield, F. B.
Barley, E. E.
Ley, J. (NMI)

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4030583
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5886825
1546399
32442160

Lt Col
Lt Col
Major
Lt Com (USCAR)
Capt
2d/Lieut
T/3
Pfc
Pfc

CROSS, A. F.
STEEHLN, AUDLEY H. F.
HALL, J. R. H.
LAWLER, J. J.
KAMARCK, A. (NMI)
HUSEBAND, P. E.
Gengo, Carmine (NMI)
Friedman, George (NMI)
Horner, James B.

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46366
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32442160
17087662

HQ COMMANDANT

Major
Capt
Capt
1st Lt
CWO
CSM
Sgt
Sgt
Sgt
Sgt
Sgt
Cpl
Cpl
Cpl
Cpl
Cpl
T/5
T/5
L/Cpl
L/Cpl
A/Cpl
Pfc
Pfc

BOCCHINO, ELIOT J.
DRAGE, E. L.
JONES, W. E.
BONCARZONE, CAIRUS A.
VIARENGO, LIVIO (NMI)
Nightingale, H. (NMI)
Burfield, F. B.
Barley, E. E.
Ley, J. (NMI)
Torre, R. (NMI)
Twigg, S. (NMI)
Alderman, Herman R.
Brown, J. (NMI)
BYRNE, E. (NMI)
Craswell, R. (NMI)
Merangoni, Henry W.
Brown, Roy R.
DeMuccio, James J.
Peters, S. T. A.
Wright, L. J.
Netherwood, J. (NMI)
Allio, Remo A.
Berile, John (NMI)

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W2114219
4030583
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S/90563
5886825
1546399
S/134558
31124406
3654267
7012172
6852657
35412765
34579473
35671181
S/265442
6459640
4340183
32677775
35007143

RESTRICTED

3049

RESTRICTED

RANK	NAME	ASN	NAT
Pfc	Danterino, Antonio E.	32860568	A
Pfc	De Laurentis, Nick (NMI)	32849121	A
Pfc	Farine, Joseph G.	32813119	A
Pfc	Grespani, Marie A.	36364898	A
Pfc	Maggiore, Anthony J.	32490541	A
Pfc	Mendes, Sidney D.	32889718	A
Pfc	Pace, Thomas (NMI)	32030519	A
Pte	Allen, S. (NMI)	5439009	B
Pte	Armstrong, T. (NMI)	6355145	B
Pte	Barlow, H. (NMI)	5259665	B
Pte	Bell, T. A.	4987239	B
Pte	Bennett, S. (NMI)	1523015	B
Pte	Crouch, J. G.	14334735	B
Pte	Davis, A. (NMI)	6097537	B
Pte	Gardiner, H. (NMI)	4967869	B
Pte	Gilroy, R. (NMI)	4468692	B
Pte	Jones, T. (NMI)	6007690	B
Pte	McCann, F. (NMI)	4925390	B
Pte	McCulloch, T. K.	3254233	B
Pte	Turner, E. H.	4916488	B
Pte	Warburton, R. (NMI)	4037802	B
Fus	Buchanan, S. (NMI)	4031027	B
Tpr	Dobey, G. W.	2833966	B
Fus	Foy, T. E.	7013414	B
Fus	Fullerton, J. (NMI)	7046476	B
Gdsun	Holmes, F. C.	2618191	B
Rfn	Robinson, H. (NMI)	7018900	B
QMS	McGrath, J. P.	7145286	B
Rfn	Jones, H. (NMI)	6971134	B
Pte	Simpson, H. E.	1132838	B
INDUSTRY & COMMERCE SUBCOMMISSION			
Lt Col	CRUMP, STEPHEN A.	0539076	A
1st Lt	HAASE, WALTER W.	01035782	A
INTERIOR SUBCOMMISSION			
Lt Col	SPICER, R. G. B.	282037	B
Capt	DOLLARD, W. A. S.	0506918	A
Capt	TEMPLE, R. H.	0523284	A

785016

Pte	McCann, I. (NMI)	3254293	B
Pte	McCulloch, T. K.	4916488	B
Pte	Turner, E. H.	4037802	B
Pte	Warburton, R. (NMI)	4031027	B
Pus	Buchanan, S. (NMI)	2033966	B
Tpr	Dobey, G. W.	7013414	B
Pus	Foy, T. B.	7046476	B
Pus	Fullerton, J. (NMI)	2618191	B
Clsman	Holmes, F. C.	7018900	B
Rfn	Robinson, H. (NMI)	7145286	B
QMS	McGreth, J. P.	6971134	B
Rfn	Jones, H. (NMI)	1132838	B
Pte	Simpson, H. E.		

INDUSTRY & COMMERCE SUBCOMMISSION

Lt Col	CRUMP, STEPHEN L.	0539076	A
1st Lt	HAASE, WALTER W.	01035782	A

INTERIOR SUBCOMMISSION

Lt Col	SPICER, R. G. B.	282097	B
Capt	DOLLARD, W. J. S.	0506918	A
Capt	TEMPLE, R. R.	0529284	A
Capt	WILLIAMS, C. G. R.	294932	B
Lieut	SHANKS, T. C.	128720	B
Lieut	LEWIS, W. V. M.	233198	B
T/Sgt	Trigony, J. G.	32721259	A
S/Sgt	Wright, P. G.	S/6205794	B

LABOR SUBCOMMISSION

Major	ALBRIGHT, ROBERT M.	0904004	A
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LEGAL SUBCOMMISSION

Col	UFJOHN, G. R.	99894	B
Col	WILMER, RICHARD H.	0114573	A
Major	GROSSMAN, ELIOT J.	0515254	A
Major	HANNAFORD, G. G.	102796	B
Major	THACKER, A. R.	46009	B

RESTRICTED

RESTRICTED

RANK	NAME	ASN	NAT
Major	CAMPBELL, I. G. H.	87338	B
Capt	MORE, J. (NMI)	294930	B
Lieut	BRUCE, W. G.	177489	B
Sgt	Stein, Eric (NMI)	96717093	A
Sgt	White, W. G.	S/154168	B
Cpl	Latella, Joseph P.	33430760	A
Cpl	Papps, E. A.	S/13058698	B
T/5	Principiano, Robert L.	19186616	A
L/Cpl	Boardman, W. (NMI)	S/11427589	B
Pfc	Fried, George M.	12020926	A
Gnr	Hofmeyer, D. (NMI)	13836361	B

MEDICAL DETACHMENT

RANK	NAME	ASN	NAT
Capt	EASTMAN-NAGLE, E. R. D.	544740V	B

MOTOR POOL

RANK	NAME	ASN	NAT
Capt	VOLSTAD, ROY L.	0464415	A
S/Sgt	Colec, Edward A.	36161555	A
A/Sgt	Beeby, R. C.	1681718	B
T/5	Lembo, Emil A.	32215025	A
L/Cpl	Sanders, L. R.	T/167313	B
L/Cpl	Seager, R. L.	T/226161	B
Pfc	Bennett, William E.	35094484	A
Pfc	Campagna, Philip A.	33287464	A
Pfc	Cinieri, Lucco J.	31172289	A
Pfc	Cirafesi, William C.	33476992	A
Pfc	Colli, James C.	31295430	A
Pfc	Hamas, George (NMI) Jr.	35500043	A
Pfc	Kolodziej, Joseph J.	31052551	A
Pfc	Girolami, Anthony L.	36538569	A
Pfc	Lucien, Julius D.	35334978	A
Pfc	Maifetto, Nicholas R.	31121105	A
Pfc	Pinto, Mario J.	33478035	A
Pfc	Quam, Sylvester J.	39326468	A
Pfc	Ruocco, Vito J.	32030096	A
Pfc	San Antonio, Ugo J.	31295604	A
Pfc	Sire, Ernest S.	39004310	A
Pvt	DeVito, Carmine (NMI) Jr.	32711023	A
Pvt	Difilippo, Philip J.	33301563	A
Pvt	Fusco, George M.	32190615	A
Pvt	Ianno, Anthony (NMI)	32837539	A
Dwr	Andrews, F. J.	T/5831694	B

785016

Capt	VOLSTAD, ROY L.	0464415	A
S/Sgt	Golec, Edward A.	36161555	A
A/Sgt	Beeby, R. C.	1681716	B
T/5	Lembo, Emil A.	32215025	A
L/Cpl	Sanders, L. R.	T/167313	B
L/Cpl	Seager, R. L.	T/226161	B
Pfc	Bennett, William E.	35094484	A
Pfc	Campagna, Philip A.	33287464	A
Pfc	Cinieri, Lucco J.	31172289	A
Pfc	Cirafesi, William C.	33476992	A
Pfc	Colli, James C.	31295430	A
Pfc	Hamas, George (NMI) Jr.	35500043	A
Pfc	Kolodziej, Joseph J.	31052551	A
Pfc	Girolami, Anthony L.	36538569	A
Pfc	Lucien, Julius D.	35334978	A
Pfc	Maletto, Nicholas R.	31121105	A
Pfc	Pinto, Mario J.	33478035	A
Pfc	Quam, Sylvester J.	39326468	A
Pfc	Ruocco, Vito J.	32030096	A
Pfc	San Antonio, Ugo J.	31295604	A
Pfc	Sire, Ernest S.	39004310	A
Pvt	Devito, Carmine (NMI) Jr.	32711023	A
Pvt	Difilippo, Philip J.	33301563	A
Pvt	Fusco, George M.	32190615	A
Pvt	Ianno, Anthony (NMI)	32837539	A
Dvr	Andrews, F. J.	T/5831694	B
Dvr	Beker, D. H.	T/64440	B
Sgt	Hainsworth, A. (NMI)	2327468	B
Dvr	Lloyd, T. J.	T/14550134	B
Gdsmd	Simpson, A. (NMI)	2621158	B
Dvr	Telford, W. (NMI)	T/14554122	B
Dvr	Witham, Victor (NMI)	T/5835611	B
Dvr	Wright, F. C.	T/268001	B

NAVY SUBCOMMISSION

Commodore
 Commander (USN)
 Lt Cdr
 Pfc

PALMER, I. M.
 BUTLER, H. ST. J.
 DAVIES, E. C.
 Muniz, Thomas U.

R.N.
 57477
 R.N.V.R.
 32537434

RESTRICTED

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RESTRICTEDRANKNAMEPOLITICAL SECTIONASNNATCapt
PfcPEARSON, J. M.
Decker, Donald M.257516
36857017B
APROPERTY CONTROL SUBCOMMISSIONLt Col
Lt Col
Major
Major
Capt
S/Sgt
Sgt
L/Cpl
PteCARROLL, C. (NMI)
HARRIS, C. R. S.
KING, EDWARD C.
EVANS, E. B.
HEWETT, GEORGE H.
Ponomo, Ralph (NMI)
Devine, J. A.
Horton, C. G.
Knight, N. (NMI)6212391
83741
0191976
0182399
39247528
S/98680
S/10673543
S/14529190A
B
A
B
A
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B
B
BPUBLIC HEALTH SUBCOMMISSIONBrig
Lt Col
Major
Major
Capt
Capt
Sgt
T/5
T/5
PtePARKINSON, G. S.
SHIELDS, CHARLES D.
FRIZELLE, G. N.
RUSHMORE, ROWLAND W.
SAVAGE, PAUL S.
SILVEIRA, EDWARD E.
Harrison, A. R.
Andiorio, Jerry G.
Caputo, Francis A.
Reeve, R.0317364
47891
0380831
0522162
0518455
S/127238
32762258
32481753
14270020B
A
B
A
A
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A
B
A
A
BPUBLIC SAFETY SUBCOMMISSIONCol
Col
Col
Major
Major
Major
Capt
Capt
Capt
Capt
SQAS
SgtKIRK, PAUL G.
YOUNG, A. E.
MEANEY, MARTIN H.
MASON, G. H. L.
WILCOX, A. F.
WILSON, F. J.
BALLANCE, W. C.
MASTROLANNI, O. G. A.
POWELL, B. R.
YOUNG, HENRY (NMI) JR.
Davies, E. (NMI)
McLennan, R. (NMI)
Robinson, E. E.0201090
P/287555
0182202
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S/4351043
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Major
Major
Capt
Capt
Sgt
T/5
T/5
Pte

RUSHMORE, ROWLAND W.
SAVAGE, PAUL S.
SILVEIRA, EDWARD E.
Harrison, A. R.
Andriorio, Jerry G.
Ceputo, Francis A.
Reeve, R.

PUBLIC SAFETY SUBCOMMISSION

Col
Col
Col
Major
Major
Major
Capt
Capt
Capt
Capt
SQMS
Sgt
Cpl
Pfc
Pfc
Pfc
L/Cpl

KIRK, PAUL G.
YOUNG, A. E.
MELANEY, MARTIN H.
MASON, G. H. I.
WILCOX, A. F.
WILSON, F. J.
BALLANCE, W. C.
MASTROLIANI, O. G. A.
POWELL, B. R.
YOUNG, HENRY (NMI) JR.
Davies, E. (NMI)
McLennan, R. (NMI)
Robinson, E. E.
Diaz, Henry G.
Marinelli, George E.
Todaro, Gino (NMI)
Lisberg, J. S.

SIGNAL SECTION

Sgt
Sgt
T/4
T/4
T/5
T/5

Rabson, A. G. P.
Offley, F. C. T.
Guerra, Joseph F.
Perry, Edward H.
Marburger, John (NMI)
Reeves, George D.

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S/196152
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<u>RANK</u>	<u>NAME</u>	<u>ASN</u>	<u>NAT</u>
T/5	Wisniewski, Michael (NMI)	32599176	A
Pfc	Angrisani, Hugo R.	32194124	A
Pfc	Flora, George B.	13118209	A
Pvt	Crawford, Jehn L.	32330247	A
Pte	Thrush, N. (NMI)	4758432	B
<u>TRANSLATION POOL</u>			
Sgt	Sorisi, Charles P.	31281205	A
Pfc	Bonanni, Valerio (NMI)	32885668	A
<u>WAR MATERIALS DISPOSAL SUBCOMMISSION</u>			
Major	CAMPBELL, J. A.	106939	B
Capt	BENDER, JACK D.	8308293	A
SQMS	Mc Neil, I.	S/57999	B
Pte	Clarke, R. A.	S/18673709	B
Dvr	Forshaw, E. H.	T/174894	B

By command of Lieutenant General MASON MACFARLANE:

E. J. ChioCCA
 E. J. CHIOCCA
 CWO, USA
 Asst Adj

DISTRIBUTION:

"A"

By command of Lieutenant General MASON MACFARLANE:

E. J. Chiocca
E. J. CHIOCCA
CWO, USA
Asst Adj

DISTRIBUTION:
"A"

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

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REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

AG 330.32

SUBJECT: Roster of Personnel.

4 July 1944

TO : All Concerned.

The following is roster of all British and American personnel at this Headquarters as of the above date.

RANK	NAME	ADJUTANT SECTION	ASN	NAT
CWO	CHIOCCA, ERNEST J.		W2124634	A
S/Sgt	La Cava, Joseph A.		17111948	A
Cpl	Frasser, Alois F.		35515030	A
Cpl	Freezer, E. F. J.		S/140929	B
Pfc	Hess, Karl D.		33606364	A
Pfc	Kenig, Louis (NMI)		33776987	A
Pfc	Kruger, Saul (NMI)		32882728	A
Pfc	Marchiondo, Charles R.		38348025	A
Pfc	Rodriguez, Augustin (NMI)		32803180	A
Pfc	Romero, Mario S.		38363951	A
Pfc	Sousa, Benjamin A.		39272619	A
Pfc	Terrazas, Hector F.		39854048	A
Pfc	Tochterman, Aaron (NMI)		39411679	A
Pfc	Younginer, Furman R.		34652085	A
Pte	Boyes, W. (NMI)		4399486	B
Pte	Friend, Frank J.		6151331	B
Fus	Marks, A. E.		6981632	B
ADMINISTRATIVE SECTION				
Air Cmdr	STANSBATE, THE LORD		79452	B
Col	CRIPPS, R. R.		35548	B
Lt Col	WHITE, S. H.		51248	B
Capt	BUCKLEY, R. W.		238774	B
S/Sgt	Barber, W. (NMI)		S/198150	B
Cpl	Mc Keon, Bernard J.		36167465	A
AGRICULTURE SUBCOMMISSION				
Pfc	Welk, Gustave A.		32802599	A
ARMY SUBCOMMISSION				
Lt Col	CAMPBELL, J. A.		106939	B
Pfc	Mc Cormick, James I.		33585448	A
COMMUNICATIONS SUBCOMMISSION				
Col	HENDERSON, J. L.		1273	B
Lt Col	HEAD, S. H.		262997	B

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Pfc
Pfc
Pte
Pte
Fus
Tochterman, Aaron (NMI)
Younginer, Furman R.
Boyes, W. (NMI)
Friend, Frank J.
Marks, A. E.

ADMINISTRATIVE SECTION

Air Cmdre
Col
Lt Col
Capt
S/Sgt
Cpl
STANSGATE, THE LORD
CRIPPS, R. R.
WHITE, S. H.
BUCKLEY, R. W.
Barber, W. (NMI)
Mc Keon, Bernard J.

AGRICULTURE SUBCOMMISSION

Pfc
Welk, Gustave A.

ARMY SUBCOMMISSION

Lt Col
Pfc
CAMPBELL, J. A.
Mc Cormick, James I.

COMMUNICATIONS SUBCOMMISSION

Col
Lt Col
Sgt
Pfc
HENDERSON, J. L.
HEAD, S. H.
Jellyman, T. J.
Corini, Elio P.

DEPUTY CHIEF COMMISSIONER

Captain (USNR)
Colonel
T/3
STONE, ELLERY W.
DENSMORE, LEONARD D.
Polowniak, Henry J.

DEPUTY SECRETARY GENERAL

Capt
T/4
Pfc
Pfc
Pfc
Gnr
SLAUGHTER, FRANK J.
Shenfield, Lawrence W.
I Perez, Albert J.
Procht, Marion I.
Reed, Donald R.
Lally, J. (NMI)

EDUCATION SUBCOMMISSION

Lt Col
Sgt
Pfc
SMITH, THOMAS V.
Rizzuto, Thomas J.
Jaekel, Hugo F.

- 1 -

RESTRICTED

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Pic
Pfc
Pte
Pte
Fus

Todtman, Aaron (NMI)
Younginer, Furman R.
Boyes, W. (NMI)
Friend, Frank J.
Marks, A. E.

Air Omdre
Col
Lt Col
Capt
S/Sgt
Cpl

STANSGATE, THE LORD
CRIPPS, R. R.
WHITE, S. H.
BUCKLEY, R. W.
Barber, W. (NMI)
Mc Keon, Bernard J.

Pfc

Welk, Gustave A.

Lt Col
Pfc

CAMPBELL, J. A.
Mc Cormick, James I.

Col
Lt Col
Sgt
Pfc

HENDERSON, J. L.
HEAD, S. H.
Jellyman, T. J.
Corini, Elio P.

Captain (USNR)
Colonel
T/3

STONE, ELLERY W.
DENSMORE, LEONARD D.
Polowniak, Henry J.

Capt
T/4
Pfc
Pfc
Pfc
Gnr

SLAUGHTER, FRANK J.
Shenfield, Lawrence W.
Perez, Albert J.
Precht, Marion I.
Reed, Donald R.
Lally, J. (NMI)

Lt Col
Sgt
Pfc

SMITH, THOMAS V.
Rizzuto, Thomas J.
Jaackel, Hugo F.

RESTRICTED

RANK	NAME	ASN	NAT
	<u>FINANCE SUBCOMMISSION</u>		
	CROSS, A. F.	46366	B
Lt Col	STEPHAN, AUDLEY H. F.	0171851	A
Lt Col	HALL, J. R. H.	301332	B
Major	LAWLER, J. J.		A
Lt Com (USCG)	HUSEBAND, P. E.		B
2d/Lieut	Cengo, Carmine (NMI)	32321013	A
T/Sgt	Friedman, George (NMI)	32442160	A
Pfc			
	<u>HQ COMMANDANT</u>		
	BOCCHINO, ELIOT J.	0377876	A
Major	BONGARZONE, CAIRUS A.	01894746	A
1st Lt	VLARENCO, LIVIO (NMI)	W2114219	A
CWO	Nightingale, H. (NMI)	4030583	B
C3M	Burfield, F. B.	774678	B
Sgt	Barley, E. E.	S/90563	B
Sgt	Ley, J. (NMI)	5886825	B
Sgt	Torre, R. (NMI)	1546399	B
Sgt	Twigg, S. (NMI)	S/134558	B
Sgt	Brown, Roy R.	34579473	A
T/4	Alderman, Herman R.	31124406	A
Cpl	Brown, J. (NMI)	3654267	B
Cpl	Byrne, E. (NMI)	7012172	B
Cpl	Craswell, R. (NMI)	6852657	B
Cpl			
	DeNuccio, James J.	35671181	A
T/5	Mendes, Sidney D.	32889718	A
T/5	Peters, S. T. A.	S/265442	B
L/Cpl	Wright, L. J.	6459640	B
L/Cpl	Netherwood, J. (NMI)	4340183	B
L/Cpl	Allio, Remo A.	32677775	A
Pfc	Adkins, Grover W.	35137745	A
Pfc	Barile, John (NMI)	35007143	A
Pfc	Canterino, Antonio E.	32860568	A
Pfc	De Laurentis, Nick (NMI)	32849121	A
Pfc	Ferina, Joseph G.	32813119	A
Pfc	Maggiore, Anthony J.	32490541	A
Pfc	Pace, Thomas (NMI)	32030519	A
Pfc	Todero, Gino (NMI)	39028536	A
Pfc	Armstrong, T. (NMI)	6355145	B
Pte	Barlow, H. (NMI)	5259665	B
Pte	Bell, T. A.	4987239	B
Pte	Bennett, S. (NMI)	1523015	B
Pte	Crouch, J. G.	14394735	B
Pte		6097537	B

785016

Cpl	Alderman, Herman R.	31124406	A
Cpl	Brown, J. (NMI)	3654267	B
Cpl	Byrne, E. (NMI)	7012172	B
Cpl	Craswell, R. (NMI)	6852657	B
T/5	DeMuccio, James J.	35671181	A
T/5	Mendes, Sidney D.	32889718	A
L/Cpl	Peters, S. T. A.	S/265442	B
L/Cpl	Wright, L. J.	6459640	B
A/Cpl	Netherwood, J. (NMI)	4340183	B
Pfc	Allio, Remo A.	32677775	A
Pfc	Adkins, Grover W.	35137745	A
Pfc	Barile, John (NMI)	35007143	A
Pfc	Canterino, Antonio E.	32860568	A
Pfc	De Laurentis, Nick (NMI)	32849121	A
Pfc	Farina, Joseph G.	32813119	A
Pfc	Maggiore, Anthony J..	32490541	A
Pfc	Pace, Thomas (NMI)	32030519	A
Pfc	Todaro, Gino (NMI)	39028536	A
Pte	Armstrong, T. (NMI)	6355145	B
Pte	Barlow, H. (NMI)	5259665	B
Pte	Bell, T. A.	4987239	B
Pte	Bennett, S. (NMI)	1523015	B
Pte	Crouch, J. G.	14334735	B
Pte	Davis, A. (NMI)	6097537	B
Pte	Gardiner, H. (NMI)	4967869	B
Pte	Gilroy, R. (NMI)	4468692	B
Pte	Jones, T. (NMI)	6007690	B
Fus	Lax, Herbert R.	7044779	B
Pte	Lamm, J.	4928589	B
Pte	McCann, P. (NMI)	4925390	B
Pte	McCulloch, T. K.	3254233	B
Pte	Turner, E. H.	4916488	B
Pte	Warburton, R. (NMI)	4037802	B
Fus	Duchanan, S. (NMI)	4031027	B
Fus	Foy, T. B.	7013414	B
Fus	Fullerton, J. (NMI)	7046476	B
Odium	Holmes, F. C.	2618191	B
Rfn	Robinson, H. (NMI)	7018900	B
QMS	McGrath, J. P.	7145286	B
Rfn	Jones, H. (NMI)	6971134	B
Pte	Simpson, H. B.	1132830	B
Fus	Donaghy, L.	6975241	B

RESTRICTED

NAME	ASN	NAT
<u>INTERIOR SUBCOMMISSION</u>		
SPICER, R. G. B.	282037	B
TEMPLE, R. R.	0523284	A
WILLIAMS, C. G. R.	294932	B
SHANKS, T. C.	128720	B
LEWIS, W. V. M.	233198	B
Trigony, J. G.	32721259	A
Wright, P. G.	S/6205794	B
<u>LEBOR SUBCOMMISSION</u>		
ALBRIGHT, ROBERT M.	0904004	A
<u>LEGAL SUBCOMMISSION</u>		
UPJOHN, G. R.	99894	B
WILMER, RICHARD H.	0114573	A
THACKER, A. R.	46009	B
GROSSMAN, MARC J.	0515254	A
MORE, J. (NMI)	294930	B
BRYCE, W. G.	177489	B
Stein, Eric (NMI)	36717093	A
White, W. C.	S/154168	B
Fapps, E. J.	S/13058698	B
Fried, George M.	12020926	A
Hofmeyer, D. (NMI)	13836361	B
<u>MEDICAL DETACHMENT</u>		
ELSTMAN-NAGLE, E. R. D.	544740V	B
<u>MOTOR POOL</u>		
VOLSTAD, ROY L.	0464415	A
Collec, Edward A.	36161555	A
Beeby, R. C.	1681718	B
Colli, James C.	31295430	A
Lambo, Emil J.	32215025	A
Sanders, L. R.	T/167313	B
Seager, R. L.	T/226161	B
Bennett, William E.	35094484	A
Campagna, Philip A.	33287464	A
Cinieri, Lucco J.	31172289	A
Cirafesi, William C.	33476992	A
Cirolami, Anthony L.	36538569	A
Hamas, George (NMI) Jr.	35500043	A
Kolodziej, Joseph J.	31052551	A
Lucien, Julius D.	35394978	A

Sgt
Sgt
Pfc
Gnr

MEDICAL DETACHMENT

EASTMAN-NAGLE, E. R. D.

Capt

MOTOR POOL

Capt	VOLSTAD, ROY L.
S/Sgt	Golec, Edward A.
A/Sgt	Beeby, R. C.
T/5	Colli, James C.
T/5	Lambo, Emil A.
L/Cpl	Sanders, L. R.
L/Cpl	Seager, R. L.
Pfc	Bennett, William E.
Pfc	Campagna, Philip A.
Pfc	Cinieri, Lucco J.
Pfc	Cirafesi, William C.
Pfc	Cirolami, Anthony L.
Pfc	Hamas, George (NMI) Jr.
Pfc	Kolodziej, Joseph J.
Pfc	Lucien, Julius D.
Pvt	Maietto, Nicholas R.
Pfc	Pinto, Mario J.
Pfc	Quan, Sylvester J.
Pvt	Ruocco, Vito J.
Pfc	San Antonio, Ugo J.
Pfc	Sire, Ernest S.
Pfc	De Vito, Carmine (NMI) Jr.
Pfc	Difilippo, Philip J.
Pvt	Fusco, George M.
Pfc	Ianno, Anthony (NMI)
Dvr	Andrews, F. J.
Dvr	Dale, H.
Squad	Hainsworth, A. (NMI)
Dvr	Lloyd, T. J.
Casual	Simpson, A. (NMI)
Dvr	Wright, F. C.

Ma for

PELFRON, J. M.

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RESTRICTED

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T/10662529
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T/14550134
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T/268001

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RESTRICTED

<u>RANK</u>	<u>NAME</u>	<u>ASN</u>	<u>NAT</u>
<u>PROPERTY CONTROL SUBCOMMISSION</u>			
Lt Col	HARRIS, C. R. S.	83741	B
Major	EVANS, E. B.		B
Pte	Knight, N. (NMI)	S/14529190	B
<u>PUBLIC HEALTH SUBCOMMISSION</u>			
Lt Col	FRIZELLE, G. M.	47891	B
Major	RUSHMORE, ROWLAND W.	0380831	A
Capt	SILVEIRA, EDWARD E.	0518455	A
S/Sgt	Harrison, A. R.	S/127238	B
T/5	Caputo Francis A.	32481753	A
Pte	Reeve, R.	14270020	B
<u>PUBLIC SAFETY SUBCOMMISSION</u>			
Col	KIRK, PAUL G.	0201090	A
Lt Col	WILCOX, A. F.	267180	B
Major	MASON, G. H. L.	175361	B
Major	WILSON, F. J.	294477	B
Capt	MASTROLIANI, O. G. A.	0428072	A
S/Sgt	McLennan, R. (NMI)	S/196152	B
Cpl	Robinson, E. E.	S/4351043	B
Pfc	Diaz, Henry G.	13143022	A
Pfc	Marinelli, George E.	33139374	A
<u>SIGNAL SECTION</u>			
Sgt	Offley, F. C. T.	2592280	B
Sgt	Eagling, F.	4545071	B
T/4	Guerra, Joseph F.	12201640	A
T/5	Marburger, John (NMI)	12184071	A
T/5	Reeves, George D.	39225140	A
T/5	Wisniewski, Michael (NMI)	32599176	A
Pfc	Angrisani, Hugo R.	32194124	A
Pfc	Flora, George B.	13118209	A
Pte	Thrush, N. (NMI)	4758432	B
<u>TRANSLATION POOL</u>			
S/Sgt	Sorisi, Charles P.	31281205	A
Pfc	Bonanni, Valerio (NMI)	32885660	A

Robinson, E. E.
Diaz, Henry G.
Marinelli, George E.

S/4351043
13143022
33139374

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SIGNAL SECTION

Offley, F. C. T.
Eagling, F.
Guerra, Joseph F.
Marburger, John (NMI)
Reeves, George D.
Wisniewski, Michael (NMI)
Angrisani, Hugo R.
Flora, George B.
Thrush, N. (NMI)

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32599176
32194124
13118209
4758432

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TRANSLATION POOL

Sorisi, Charles P.
Bonanni, Valerio (NMI)

31281205
32885660

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WAR MATERIALS DISPOSAL SUBCOMMISSION

CAMPBELL, J. A.
Mc Neil, I. (NMI)
Clarke, R. A.
Forshaw, E. H.

106939
S/57999
S/10673709
T/174894

B
B
B
B

By Order of Captain STONE (USNR):

E. J. Chiocca
E. J. CHIOCCA
CWO, USA
Adjutant

DISTRIBUTION:
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