

ACC 10000/146/75

L.S.C / 405

CONTRACT EMPLOYEES - WAGES + WAGES IN

NOV. 1944 - MAY 1945

CONTRACT EMPLOYEES - WAGES + WAGES INCREASES

NOV. 1944 - MAY 1945

Labour Branch (Br),
Headquarters,
Rome Area Allied Command,
C.M.F.

LSL 405

Subject: Labour Dispute.

CLR/11/784
CONFIDENTIAL.

Director,
Labour Sub-Commission,
Headquarters, A.G.

2 May, 1945.

No. 103 QM Bakery Coy (U.S.) Via Salari,
Rome.

The attached copy letter CLG/10/ dated 1 May 1945 having reference to further action in the recent dispute involving bakery operatives of Sig. LUPIDI, Constantino, a contractor engaged by the above Unit is forwarded for information.

1. The case is now considered as closed and relevant papers have been filed.

7598

C.M.F.

WJB/FF.

WJB
Lt. Colonel,
Assistant Director of Labour (Br),
H.Q. Rome Area.

2001 DAME

Labour Branch (Br),
Headquarters,
Rome Area Allied Command,
C.M.F.

Subject:-- Civilian Labour.

Ref:--CLG/10/

Commanding General

P.B.S.

A.P.O. 782

(for attention Quartermaster Section).

1st May, 1945.

No.103 Q.M. Bakery Coy (U.S.)

Further to this Office letter CLG/10/723 dated 25th April 1945, having reference to labour difficulties of the above unit operating a requisitioned Bakery plant at via Salaria, Rome.

1. The provision of directly engaged operatives to relieve and release military personnel brought in for the emergency, has proceeded in accordance with forecast and one (1) Supervisor and thirty-seven (37) bakery hands have now been engaged by this Branch and are reported by Lt. Wiseman to be working satisfactorily.
2. Production has been maintained without interference and it is anticipated no further difficulties will occur. The actual relief and disposal of the military personnel will no doubt be the subject of direct instructions to Lt. WISEMAN.

7594

C.M.F.

L. Wiseman
Assistant Director of Labour (Br),
Lt. Colonel,
H.Q. Rome Area.

Copy to:-- Chief of Staff Rome Area Allied Command,
G-4 (U.S.) Rome Area Allied Command,
DADL (Civil) No.2902 Civil Labour Unit,
No.103(Q.M.) Bakery Company, Rome Area Allied Command,
Labour Sub-Commission H.Q. A.C.

LABOR SUB-COMMISSION
A.C.
Routing Slip

	I nitials	Date
Mr. W.H. BRAINE	<i>W.H.</i>	
Lt.Col. BABCOCK		
Capt. DORF		
Mr. SACHS	<i>S.S.</i>	
Mr. DI FEDE	<i>D.F.</i>	11/5
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

7596

FILE

HEADQUARTERS ALLIED COMMISSION
APO 294
LABOR SUB-COMMISSION

DCS/rmw

30 April 1945

TEL : Ext. 416
REF : LSC/403 (LEG/519)
SUBJECT: Increase in Wages - M.R. Contract
TO : Military Railway Service
Attention: S/Capt. G.H.B. Davis

1. This is in reply to your Tn.A/P/73/49 of 26 April. The newspaper item attached to your letter constitutes a fairly accurate summary of the wages increase contract referred to. According to the information we have, this contract has been enforced and is being complied with by employers generally.

2. As you point out, this is a voluntary agreement entered into between representatives of labor organizations and of employers. It is not known whether or not the S.A. Manifattura Tele Impresabili is a member of the employers' association which is signatory to the agreement. Whatever may be the fact as to this, however, it would probably be essential from an operating point of view for this employer to meet the prevailing wage scales in Rome as increased by the agreement.

DAVID C. SACHS
Deputy Director
Labor Sub-Commission

7595

ALLIED FORCE
MILITARY RAILWAY SERVICE ITALY
OFFICE OF THE DIRECTOR (DMRSO)

Tel. ROME 843126 (Firebox)
EXT. 50.

Outside Line:
843126.

440/405 + 519

Subject:- Increase in Wages - W.D. Contract.

Ref. Tn.A/P/73/49.

26 April 1945.

To :- Labour Sub-Commission, AC.
H.Q.,
Allied Commission. (Attn. Mr Sachs.)

1. Further to today's telephone conversation; Mr Sachs - Capt. Davis: regarding the attached translation relative to "L'Indennita di contingenza", details of which appeared in the newspaper 'L'Indipendente' on 31 March 45.

2. This Service has a contract - all payments in respect of which are made from British Army Funds - with S.A. Manifattura Tele Impermeabili, Viale Giulio Cesare 41-43, Roma, for the conversion of W.D. wagon sheets. The Contractor is now claiming an increase in contract prices to cover the extra wages he says he is obliged to pay under the Contingency Indemnity referred to above. You will note that under this arrangement, some employees receive as much as 128 lire per day extra.

3. Various enquiries have been made, from which it is understood that this scheme is not covered by Government Decree, but is merely an agreement between Labour Organisations and Industrialists. Will you therefore, kindly express your opinion as to whether it is essential for this Contractor to adopt the scheme and if so, whether the rates of increase shown on the attached - so far as the Rome Area is concerned - are correct.

C.H.B. Davis

7594

(C.H.B. DAVIS) S/Capt.,
for Brigadier.

Director, Military Railway Service.

Enclos.

COPY.

CONTINGENCY INDEMNITY.

An agreement was stipulated yesterday between the Chamber of Labour and the Union of Industrialists by which the retributions of workers will be increased with the new "contingency indemnity".

The new indemnity which improves substantially the workmen's economic situation of every branch of industry will be really useful and will partly raise wages and salaries up to the actual cost of living if as it has been already clearly explained in the order of the day, "a new increase in prices will not cancel the partial benefit".

Here is the rate of the new indemnities:

Man or woman with family, lire 100 per day from 12/2 to 25/3 and from 26/3 lire 128 per day.

Woman no family, lire 62.50 per day from 12/2 to 25/3, from the 26/3 on, lire 90 per day.

Boys and girls age 16 to 18, lire 36 from 12/2 to 25/3, lire 36 and from the 26/3, lire 56 per day.

Boys and girls under 16, lire 36 from 12/2 to 25/3 and from the 26/3, lire 36 per day.

The same rates minus 15% will be applied to the provinces.

For the towns of Tivoli, Colliere and Civitavecchia, 10% reduction on the above rates.

This indemnity will be given for each day of presence and will be paid for minimum of 4 hours work. Below this limit, 1/8 of the indemnity will be paid for each hour of work done. The same will be applied if the worker works a number of hours inferior to the number fixed by contract.

For the employees, the indemnity is due monthly and is equal to 30 times the daily indemnity fixed for the single cases mentioned above.

For the "caropane indemnity" refer to the general agreement of 23/3.

7593

HEADQUARTERS ALLIED COMMISSION
FINANCE SUB-COMMISSION
APO 394

LSG/405

13035/F

28th April 1945

SUBJECT : Civilian Wages - Yeast Factory

TO : R.A.A.C., Assistant Director of Supplies and Transport
attention Captain R.N. Priestley

1. Reference is made to your ST 213/35/2 of 23rd April 1945 inquiring regarding the status of civilian wage payments to yeast workers employed under a contract involving Allied Forces.

2. In so far as reimbursement of the employer for wage payments resulting from work performed for Allied Forces is concerned, the situation falls squarely under Appendix "H" of the "Regulations for the Employment of Civilian Labour" which you attached. The first paragraph of this appendix limits the contractor to four types of payment to his employees: base pay, presence indemnity, cost-of-living indemnity and family allowance. The total of these payments, it is added, may not exceed the Allied Force daily maximum compensation in any given occupation.

3. More recent dispositions of A.F.H.C. provide for an allowance for the high price of bread amounting to Lit. 350 monthly, in accordance with Administrative Memorandum 16 of 24 March 1945; and an addition to the cost-of-living bonus, payable at the discretion of Local Sub-Committee of Labour and Wages Control Committee, not to exceed Lit. 115 daily, in accordance with Administrative Memorandum 25 of 12 April 1945.

4. Reimbursement of a "contingenza" or "mensa" is not provided for in existing regulations. The recently authorized supplementary payments described in para 3 would allow up to Lit. 115 daily in place of the "contingenza" and "mensa".

5. Our computations confirm the recommendations of Mr. Di Fede with regard to the "carovita" I.R.P.S. contributions and "gratificati natalizia". Mr. Di Fede pointed out that he was not under the impression that he had been asked to square these wage exhibits with A.P.A.C. regulations.

6. The effect of the stipulations set forth in Mr. Di Fede's letter combined with the observations in para 4 is set forth in the attached table. It would appear that you are authorized to reimburse no more, on the average, than Lit. 280.00 daily instead of Lit. 394.70 daily as requested.

7. This difference may appear to you completely unreasonable and inconsistent with the realities of the existing labour market. If so I can only advise that you present your arguments with appropriate supporting exhibits to the Labour and Wages Control Committee of Local Resources Section, AFRQ. Such action if based on adequate supporting data and arguments should result in necessary adjustments to meet the situation.

JOINT DIRECTOR
Finance Sub-Commission

AHR/r

7591

APPENDIX

<u>Now Paid</u>		<u>Reimbursable</u>
64.00	Base Pay	71.35 (1)
50.00	Carovita	35.00
18.00	Presenza	18.00
128.00	Contingenza	
67.60	I.N.P.S. Contributions	19.84
6.50	Malattia	6.50
1.68	Marche	1.68
5.72	Licenziamento, etc.	5.72
33.41	Natalizia	5.12
1.79	Integrative, etc.	1.79
15.00	Mensa	
	Caropane	15.00 (2)
	Discretionary Allowance	100.00 (3)
391.70		280.00

(1) since you would appear justified in paying any base wage which together with payments other than the discretionary allowance did not yield a figure higher than Lit. 180 daily.

(2) average for family of four.

(3) if and when authorized by the Local Sub Committee of Labour and Wages Control Committee, of which Lieutenant Colonel Bostock, R.A.A.C., is Chairman.

7590

LABOR SUB-COMMISSION
A.C.
Routing Slip

	I nitials	Date
Mr. W.H. BRAINE		
Lt. Col. BABCOCK		
Capt. DORF		
Capt. TOPLISS		
Mr. SACHS		
Mr. DI FEDE	<i>J.D.</i>	<i>30/4</i>
Mr. AIREY	<i>W.</i>	<i>16/5</i>
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

Registered

7589

Labor Subcommission

JL/hjp

7407 .834 2 1 50/405

14 April 1945

TO: Workers of Lupidi's Bakery
Via Salaria, 212
Rome

Upon receipt of your petition of 27 March 1945, the matter was referred to Mr. Braine, Head of our Labor Sub-Commission, who now reports that Lt. Wiseman, Officer-in-Charge of the Q.M. Bakery, has been interviewed and advised to investigate and, if possible, correct any irregularities which may now exist in the contracting of labor for the bakery.

We trust that your difficulties will thus be resolved.

H. J. Lannin

J. LANNIN
Lieut, USNR
Flag Lieut to
Adm. Stone

7588

cc: Labor S/c

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE	<i>W.H.B.</i>	<i>7/28/4</i>
Lt. Col. BABCOCK		
Capt. DORF		
Capt. TOPLISS		
Mr. SACHS		
Mr. DI FEDE		
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

4567

RESTRICTED

LSC/405

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

Fas/IMP/rns

27 March 1945

RESTRICTED

FILE : G-5/121.4

SUBJECT : Increased Rates of wage in relation to Allied
Force Contracts.

TO : Headquarters, Allied Commission, APO 394,
(Attention : Finance Sub-Commission).

1. Reference is made to your letter 13076/F of
7 March 1945 on the above subject.

2. Your letter was forwarded to G-4 and G-4(B)
this Headquarters for information and comment. Both G-4
and G-4(B) repeat their previously expressed view that no
publication on the subject is necessary at this time. In
connection with para 7 of your letter, it is requested
that you forward to this Section for the attention of
G-4 and G-4(B) any further inquiries on the subject.

For the Ass't. Chief of Staff, G-5:

7586

FRANK A. SOUTWARD, JR.
Commander, U.S.N.R.,
Financial Adviser.

Mr. Scott
Pl. discuss with Finance
whether this matter should be
pursued any further.
PL

Cpl. Pitani

May I please have
file of previous correspond-
ence.

7585

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
① Mr. W.H. BRAINE ←		
Lt. Col. BABCOCK		
Capt. DORF		
Capt. TOPLISS		
Mr. SACHS	<i>hes</i>	
② Mr. DI FEDE	<i>J. D.</i>	<i>2/4/45</i>
③ Mr. AIREY		
④ Mr. SCOTT		
⑤ Mr. PROCTOR	<i>[Signature]</i>	<i>3/4</i>
⑥ Miss STEVENSON		
Chief Clerk		

~~Mr. Braine~~ Mr. Sachs
Please take up
with Finance 1/28/45

This says no provision
for increasing adjustment 7584
contracts to meet wage
increases. I think this should
be recommended. Xed

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

Labour
LSC/405 ✓

10th March 1945

13076/P

SUBJECT: Wage increases and Allied Forces Contracts.

TO : G-5 Section, Allied Forces Headquarters,
att'n Financial Adviser.

1. Further to our 13076/P of 7 March we attach copies of two communications received by this Sub-Commission from the Director of Labour Sub-Commission.
2. We believe these communications indicate clearly the manner in which retroactive provisions for wage increases develop.
3. You will see also that Labour Sub-Commission is acting to influence the Government and workers' representatives to avoid retroactive provisions.

For the Chief Commissioner

(Signed) G. E. L. TIMMONS
Major for

Joint Director,
Finance sub-Commission.

Encls:2

HEAT/ol

7583

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOUR SUB-COMMISSION

WHE/YDW

LSC 405

7th March 1945

Subject : Wage increase and Allied Forces Contracts

To : Joint Director
Finance Sub-Commission

I have again confirmed (6/3/45 with CG IL, and
7/3/45 with Gronchi) that Armed Forces cannot give
retroactive effect to direct employees and this is
already something since they feel strongly on it.

But to interfere as regards private employees
in contractors' concerns would be resented.

W.H.BRAINE
Director
Labour Sub-Commission

7582

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOUR SUB-COMMISSION

Tel. : Ext. 204

WHB/rmw

Ref. : LSC 405

6 March 1945

Subject: Wage increases and Allied Force Contracts.

To : Major A.H. Reede
Finance Sub-Commission

1. Thank you for the sight of papers regarding increased rates of wages in relation to Allied Force contracts. As regards the retroactive effect of wage increase upon the Allied Force wage scale payable to direct employees of the Allied Forces, I have reminded the Italian bodies concerned that we cannot guarantee to give retroactive effect notwithstanding back-dating of agreement applicable in private industry to which Armed Force wage scales are related.

2. On the immediate point of the effect on Allied Force contracts, I think that it must be recognized that there is growing dissatisfaction and considerable unrest among workers because prices are rising well ahead of wages. Responsible workers' organizations have great difficulty keeping their members quiet and they are constrained to seek effect of wage agreements as from the actual date of the agreement or the date of the commencement of negotiations. This means that when the agreements reach individual employers who give effect to them, there is a period of arrears which may be substantial. Labor Sub-Commission has urged, and will continue to urge, both sides to avoid retroactive effect of wage increases, but the difficulties confronting the wage negotiators should be recognized.

3. Papers returned herewith.

Enclos.

W.H. BRAINE
Director
Labor Sub-Commission

7581

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE	<i>W.H.B.</i>	
Colonel SMITH		
Lt. Col. BABCOCK	<i>a</i>	<i>1/4</i>
Capt. DORE	<i>f</i>	<i>3/4/41</i>
Capt. TOPLISS	<i>kes</i>	
Mr. SACHS	<i>f. v.</i>	<i>3/4/41</i>
Mr. DI FEDE	<i>RL</i>	<i>5/4</i>
Mr. AIREY	<i>RL</i>	<i>5/4</i>
Mr. SCOTT	<i>RL</i>	<i>2/4</i>
Mr. PROCTOR		
Miss. STEVENSON		
Chief Clerk		

7580

FILE COPY

HEADQUARTERS ALLIED COMMISSION
APO 234
LABOR SUB-COMMISSION

TEL : Ext. 204 WAB/rav
REF : LSC/405 8 March 1945
SUBJECT: Wage Increases and Allied Force Contracts.
TO : Major A. H. Heede
Finance Sub-Commission

1. Thank you for the sight of papers regarding increased rates of wages in relation to Allied Force contracts. As regards the retroactive effect of wage increase upon the Allied Force wage scale payable to direct employees of the Allied Forces, I have reminded the Italian bodies concerned that we cannot guarantee to give retroactive effect notwithstanding back-dating of agreement applicable in private industry to which Armed Force wage scales are related.

2. On the immediate point of the effect on Allied Force contracts, I think that it must be recognized that there is growing dissatisfaction and considerable unrest among workers because prices are rising well ahead of wages. Responsible workers' organizations have great difficulty keeping their members quiet and they are constrained to seek effect of wage agreements as from the actual date of the agreement or the date of the commencement of negotiations. This means that when the agreements reach individual employers who give effect to them, there is a period of arrears which may be substantial. Labor Sub-Commission has urged, and will continue to urge, both sides to avoid retroactive effect of wage increases, but the difficulties confronting the wage negotiators should be recognized.

3. Papers returned herewith.

W. H. BRAINE

W. H. BRAINE
Director
Labor Sub-Commission

7579

Encls.



Ministero delle Corporazioni

DIREZIONE GENERALE DEL SEGRETARIATO
DEL CONSIGLIO NAZIONALE DELLE CORPORAZIONI
DEGLI AFFARI GENERALI E DEL PERSONALE

IL DIRETTORE GENERALE

2 March 1945

Subject: Wage Increases and Allied Force Contracts

To: Director, Labour Sub Commission

1. Attached is the file which you expressed a desire to see. As we must return this to G-5, Financial Adviser, we must ask you to return it to us.

2. Be assured that we have no objection to your communicating your views on this matter to G-5. We have cleared all our correspondence on this matter with Labour Sub Commission, including the attached proposed reply. Would you prefer a joint letter? 7578

A. H. Steele
Major, A.U.S.

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
INSURANCE SUB-COMMISSION

*Mr. T. J. ... background
on Finance & contacts with
AFHQ G-5 on effect of wage
increases on contracts
of Allied Forces.*
W.E.S.

INS 345/P

29 January 1945

SUBJECT: Wage Increases to Employees of Sequestered Properties.

TO : Property Control Division
(attn. Major Cavanaugh)

1. Reference is made to your S.O. 823 of 25 January, 1945 from the RPOO of Toscana Region and to your query regarding an appropriate answer thereto.
2. There is no legislation which requires that the compensation of the employees concerned be increased. R.D.L. No. 23/8 of 7 December, 1943 and our corresponding wage order granting increases up to 70% of existing wages, as well as D.L.L. 305 and 307 of 2 and 9 November, 1944, respectively granting a cost-of-living bonus and increased family allowances, all apply to employees whose "working conditions are governed by collection contracts".
3. It appears, nevertheless, that as a matter of equity if not of legal right, such employees should receive an adjustment for the much higher prices currently prevailing. Selection of the bank authorities as most qualified to determine the amount of the adjustment called for seems wise. The authorization to them to do so, however, should probably instruct them to be guided by the terms of the laws mentioned in para. 2 above. This does not imply that they should give precisely the increases authorized in these measures, but rather that they should grant such increases as seem, all things considered, to bear the most equitable relation to the amounts authorized by these laws.
4. I am authorized to say that these views have the concurrence of the Labour Sub-Commission. The Senior Labour Officer of 5th Army might well be consulted on the general question involved. He has information as to effective dates and conditions of the regional wage order (70%) and the special order implementing the cost-of-living and family allowance increases in Florence.

A. H. REEDE,
Major, A.U.S.,
Insurance Department.

7577

AHR/rad

HEADQUARTER ALLIED COMMISSION
FINANCE SUB-COMMISSION
APO 394

18 January 1945.

INS/315/F

SUBJECT : Wage Increases and Contract with Magazzini Generali.
TO : Finance Sub-Commission, att'n Major Timmons.

1. Reference is made to the attached letter by the Director of Food Sub-Commission 60-5/96 of 13 January 1945.

2. As you know, the need for a clear statement of policy regarding status of contractual obligations in the event of retroactive wage increases is currently the subject of consideration by ourselves, by G-5 AFHQ and even the Fiscal Division MTOUSA. Pending determination of a clear policy, it is not possible to give any categorical response to this query.

3. I can state what has been the most common practice thus far as regards the retroactive provisions of D.L.L. 303 and 307, carevita and family allowance bills of last November. The contractor has generally been asked to show the extent to which he has suffered as a result of these decrees, and has been allowed an adjustment only to that extent. The D.L. (British), for example, has enunciated on authority of the War Office, a principle of net cost. P.B.S., we are informed, permitted a retrospective adjustment on this basis at Livorno, but refused one at Naples because no net increase in cost could be shown.

4. The importance of the phrase "net cost" derives from the widespread payment of "black market" wages and of "anticipations" of wage increases. The truth appears to be that Naples contractors were already paying their employees as much as the new laws required. The Food Sub-Commission should, I believe, be advised to reimburse only the net increase in cost, and to assure the bona fide character of the exhibit of "net increase".

7576

A. H. REEDE
Major, A.U.S.

COPY.

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

16 January 1945.

13076/F.

SUBJECT: Wage Increase in Relation to Allied Force Contracts.

TO : G-5, A.F.H.Q.,
(Attention Financial Adviser)

1. Reference is made to your G-5 12/.4 of 30th December 1944 and to the attached minute from the Fiscal Director, MTOUSA.

2. The J.A.G.'s opinion quoted in the minute of the Fiscal Director MTOUSA, appears to support the position set forth in our 13076/F of 8 December that a directive is needed regarding the effect of wage legislation on Allied Force contracts. The J.A.G. differs from us only in favouring a directive to contracting officers rather than finance officers and devoted to the limits of supplemental contracts rather than action under any given contract.

3. The subject is not closed, and its ramifications are not yet fully realized. The Italian Government is contemplating new wage legislation in the next few months. Wage increases affect not only contracts for services, but for goods as well, where their provisions are retroactive: Allied Force units have already been confronted with situations in which a revised price on an old contract for sale was asked on the ground of retroactive wage increases.

4. We accordingly remain of the view that a clear policy regarding this matter to be followed by both British and American contracting officers should be formulated. While the document embodying this policy should perhaps be addressed to contracting officers, its terms should also be known to unit finance officers.

(Sgd) A.P. Grafftey-Smith
Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

7575

HEADQUARTERS ALLIED COMMISSION
FINANCE SUB-COMMISSION
APO 394

6 January 1945.

INS/315/F

SUBJECT : Wage Increase in relation to Allied Force Contracts.
TO : Joint Directors.

1. Reference is made to No. 122 in 13076/F, a letter and enclosure from G-5 Financial Adviser concerning views of MTOUSA regarding effect of wage legislation on Allied Force contracts.
2. The J.A.C.'s opinion, quoted in the minute of the Fiscal Director MTOUSA, appears to support the position in our letter of 8 December (No. 88, 13076/F) that a directive is required. He favours sending this to contracting officers rather than finance officers and devoting it to the limits of supplemental contracts rather than action under any given contract.
3. Minutes to our suggestion hitherto forwarded to us, have been conflicting and have treated the subject only retrospectively. Colonel Libby, having argued that P.B.S. saw no problem in the retroactive proviso to the wage decree, stated that the Base Section was renegotiating the contracts to cover current and future increases in wage costs. Brigadier Hiron, while feeling that no directive was needed, stated that the War Office was permitting British contracting officers to allow for "net extra cost" (See No. 116, 13076/F).
4. Both these comments dealt with the subject as a closed matter. It is not closed as Minister Gronchi indicated when he forecast a new general wage increase in February. It would accordingly appear wise to formulate a clear policy, to be followed by both British and American contracting officers. While the directive embodying this policy should perhaps be addressed to contracting officers, its terms should also be known to unit finance officers.

A. H. REEDE
Capt. USA
Insurance Department 7574

AHR/ma

HEADQUARTERS ALLIED COMMISSION
FINANCE SUB-COMMISSION
APO 394

13076/T

7 December 1944

SUBJECT : Wage Increases in relation to Allied Force Contracts

TO : G-5, AFHQ, att'n. Commander F.A. Southard

1. Reference is made to your G-5/121.4 of 3 December asking whether Allied Commission has issued an authoritative opinion regarding recovery of increases in wages by contractors from their clients, and more particularly whether this was intended to apply to Allied Force contracts.
2. The article from "Il Tempo" which you appended, in so far as it referred to Allied Commission, was based on the attached letter of the Acting Director, Labour Sub-Commission. The employees concerned are not working even indirectly for Allied Forces but for employers who have contracted with Italian communes or with Genio Civile, an Italian government agency. Clearly the employers concerned must abide by Italian law, including recent wage legislation. It appears that their contracts entitle them to reimbursement for all wages and contributions legally payable and actually paid.
3. This letter has no reference to contracts of Allied Forces. There is no doubt, however, that contractors with Allied Forces must also abide by Italian law, and more particularly must pay the new "carovita" and higher family allowances. The terms of the contracts they have made with various units of Allied Forces vary somewhat, and we are in no position to say whether generally they contain an "escape" clause for contingent increases in costs. It is our judgement that, whether they do or not, the expedient course is to review the terms of the contracts when new legislation or other action beyond the control of contractors has materially changed the basis of the terms. Any other course may lead to widespread efforts to evade legal requirements with consequent danger of labour unrest and work interruptions.

7573

4. The Wages and Labour Control Committee of AFHQ approved a plan under which contractors' base wages were to be computed by subtracting Lit 80 daily from the Allied Force maximum to wage, and the contractor was then to pay the base wage, presenza carovita and family allowances; and if the total did not equal the Allied Forces rate, the difference could be paid as a supplementary indemnity.

5. This plan was adopted subject to review by the Committee on Contracts of AFHQ. Undoubtedly this Committee also has considered the broader question you have raised. We suggest you contact Major Carson (A) at 3-4, AFHQ, and inquire what views this Committee has reached.

6. There is urgent need for an AFHQ directive to all finance officers setting forth clearly the policy to be followed regarding claims of contractors with Allied Forces arising under the new wage legislation, including the retroactive provision (15 August). Our information is that some units, including PBS are already honoring such claims.

Joint Director
Finance Sub-Commission.

AHR/mgs

7572

HEADQUARTERS ALLIED COMMISSION
LABOUR SUB-COMMISSION
APO 394

WES/tr

27 October 1944

SUBJECT : Reimbursement of Contractors of Genio Civile for
Presence Indemnity and Family Allowances.

TO : Regional Labour Officer Umbria-Lazio Region.

1. A review has been made of the general question referred to this Sub-Commission in your memo of 22 September 1944 regarding reimbursement of contractors working for the Genio Civile in Rome.
2. The situation has undoubtedly been complicated by the fact that the contractors were originally instructed to pay wages in accordance with the AMG scale and were considered as being somewhat in the same category as contractors with the Allied Armed Forces.
3. Regardless of any former interpretations, however, the matter may now properly be considered as one involving solely the relations between an Italian private employer and an Italian governmental agency. This is in accord with the opinion expressed by the Provincial Labour Director in his letter to you of 22 September, with which, we understand, you have already indicated your agreement verbally. Under the circumstances, there can be no question but that the contractor is bound by provisions of Italian law with respect to payment of the Indennità di Presenza and family allowances. It would appear, moreover, that the terms of the contract entitle the employer to reimbursement, by the Genio Civile, of all wages and contributions which are legally payable and actually paid.

7571

JUNIUS R. SMITH
Colonel QMC
Acting Director
Labor Sub-Commission.

FILE COPY

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

DCB/rmw

TEL : Ext. 204

22 January 1945

REF : LSC/405

SUBJECT: Works Services by Civil Contract.

TO : Director of Labor (D), AFHQ

1. This is in reply to your DL/75 of 24 November and 18 December.

2. We do not maintain at this Headquarters up-to-date data concerning availability of labor in the building and construction trades. This information is currently maintained at the various Provincial and AMG Labor Offices. Due to the variation in efficiency of these Offices, however, it would be advisable for the Officer conducting the survey to contact the AC/AMG Labor Officer for assistance. The Labor Officer may have other sources of information available to him concerning the availability of such labor.

3. The reason for the inquiry is, however, appreciated and I will give further consideration to the question.

W. H. BRAINE
Director
Labor Sub-Commission

7570

ALLIED FORCE HEADQUARTERS
LABOUR DIRECTORATE

464
405 (1945 file)

SUBJECT:- Works Services by Civil Contract.

DL/75

Tel No.
VALLEY FORGE 43

Labour Sub-Commission,
HQ Allied Commission,
APO 394.

1. This Directorate letter DL/75/A dated 24 Nov 44 enclosed a copy of a letter DW/6550/1/ENW dated 22 Nov 44 from MGRE AFHQ which contained certain enquiries regarding the extent to which the works programme undertaken by MGRE could be carried out by civil contract.
2. It would be appreciated if we could now be supplied with any data which you consider would be useful to MGRE in placing contracts, particularly with a view to employing surplus labour which may be available in the building and constructional trades.

18 Dec 44.
HRGH/WD

H. Pearce
(H.S. PEARCE. Lt-Col. A.D.L.(Civil))
for Brigadier,
Director of Labour.
A.F.H.Q.

7569

464
405 (1945 file)

ALLIED FORCE HEADQUARTERS

LABOUR DIRECTORATE

RESTRICTED

SUBJECT:- Works Services by Civil Contract.

DL/75/A

Tel No
Valley Forge 25

Labour Sub-Commission,
HQ Allied Commission,
A.P.O. 394

Reference attached copy of DW/5550/1/ENW dated
22 Nov 44.

1. Our representatives at formation HQs have been instructed to supply data on the lines requested in paras 2 and 3 of the attached letter.
2. It would be appreciated if you could forward any supplementary information you may possess which would be of value to MGRE in the placing of contracts.

7568

H. S. Pearce

(H.S. PEARCE. Lt.-Col. A.D.L.(Civil)).
for Brigadier,
Director of Labour,
A.F.H.Q.

24. Nov 44.
HRGH/JI.

Copy to:- MGRE, AFHQ.

C O P Y

RESTRICTED

DW/5550/1/ENW.

SUBJECT:- Works Services by Civil
Contract.

To :- Director of Labour, AFHQ.

22 November, 1944.

From :- M.G.R.E., AFHQ.

1) Due to increased commitments and possible withdrawal of military labour, it will be necessary for us to carry out the maximum amount of the works programme by civil contract and the extent to which this will be possible is being studied in this office.

2) It will be appreciated therefore if you will forward such records as are available or which can be obtained, which will provide information as to the availability of suitable labour for direct employment by contractors by areas or towns having regard to the needs of the services for directly employed labour.

3) Any other information you may have on the subject which you think will be useful to us, will be appreciated.

(Signed)

R.B. EDWARDS,
Brigadier,
for M.G.R.E.
A.F.H.Q.

7567

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

Cross Reference Sheet

File: LSC/405
Subject: Wage increases and Contract with Magazine Press
Date: 19 Jan. 45
To: Food I/c - Copy to Labor I/c
From: Finance I/c
Documents Filed: LSC/906 7566

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

Cross Reference Sheet

File: LSC/405
Subject: Wage Increase in relation to Allied Forces Contracts
Date: 16 Jan. 45
To: G. 5. AFHQ - Copy to Labour & C
From: Finance & C
Documents Filed: LSC/906

7565

