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ACC 10000/146/220 LSC/904 ECONOMIC SECTION CONFERENCES

Jan - Dec. 1945

RESTRICTED

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES 28 November 1945

MINUTES OF THE ECONOMIC SECTION STAFF MEETING
HELD 28 NOVEMBER 1945

Present:

Economic Section	Mr. Cleveland Col. Densmore Mr. Holstein Mr. Luzzato Lt. Col. Moore Capt. Highland Mr. Stauffer
Supply Group	Col. Walton Mr. Lynch Mr. Dickens Major Scotten Major Smith
Agriculture & Food Sub-Commission	Lt. Col. Cowper Mr. Ruddermann
Commerce (FT) Sub-Commission	Lt. Col. Tooby
Finance Sub-Commission	Lt. Col. Timmons
Industry & Utilities Sub-Commission	Mr. Sullivan Mr. Hayes Col. Klatedt Mr. Scriven Major Fewings
Labor Sub-Commission	Mr. Braine Mr. Sachs
Transportation & Shipping Sub-Commission	Col. Buchanan Lt. Col. Goggins

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	Mr. Lanzito
	Lt. Col. Moore
	Capt. Highland
	Mr. Stauffer
Supply Group	Col. Walton
	Mr. Lynch
	Mr. Dickens
	Major Scotten
	Major Smith
Agriculture & Food Sub-Commission	Lt. Col. Cowper
	Mr. Rudderham
Commerce (FT) Sub-Commission	Lt. Col. Tooby
Finance Sub-Commission	Lt. Col. Timmons
Industry & Utilities Sub-Commission	Mr. Sullivan
	Mr. Hayes
	Col. Ristedt
	Mr. Scriven
	Major Fewings
Labor Sub-Commission	Mr. Braine
	Mr. Sachs
Transportation & Shipping Sub-Commission	Col. Buchanan
	Lt. Col. Scoggins
Office of British Political Adviser	Mr. Helford

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Mr. Cleveland presided :

1. Mr. Cleveland discussed the following subjects, resulting from his trip to Northern Italy :

(a) The Regional Commissioners and the Executive Commissioner, at a meeting held the afternoon of Saturday, 24 November, agreed that it would be desirable to centralize in Milan the economic functions for the whole of Northern Italy. The draft order, covering this centralization, was read. Col. Hancock, in addition to his other duties as Regional Commissioner of Lombardia, will be appointed Economic Commissioner in Northern Italy. He will represent the Acting Vice President of the Economic Section and will be responsible for all of the economic functions for the four Regions, subject to approval from Rome. Generally speaking, reporting will be made by the Regional Commissioner to the Economic Commissioner in Northern Italy. He, in turn, will report to the Acting Vice President. The Allied Commission Advance Headquarters and the Office of the Representative of the Chief Commissioner in Milan are being abolished as of 1 December, concurrently with the initiation of the new centralization plan. It was requested that the Directors of the various sub-commissions discuss with Col. Densmore, who will leave for Milan on Thursday, 29 November, the distribution of the economic personnel of Venezia Region. It was further requested that each Director prepare a memorandum, outlining the functions of his sub-commission to be performed under the supervision of the Economic Commissioner.

(b) Mr. Cleveland and Mr. Luzzato had an opportunity to meet with many of the key groups in Milan. To each they emphasized the importance of tying up allocations of imported materials with the end products manufactured, stressing particularly the fact that the materials were being imported for the rehabilitation of the Italian people as a whole and not for certain industries only.

(c) Contrary to previous indications, there is an actual shortage of electricity in the North, placing it, in this respect, in approximately the same condition as Central and Southern Italy. There has been inaugurated a rationing system

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(c) Contrary to previous indications, there is an actual shortage of electricity in the North, placing it, in this respect, in approximately the same condition as Central and Southern Italy. There has been inaugurated a rationing system which places the entire responsibility for determining priorities and allocations in the hands of the electricity companies. Mr. Sullivan, accompanied by additional members of his staff, will leave for the North to review the entire matter in an effort to resolve some of the existing and potential problems.

(d) There is apparent in the North, both among Italians and our own people, a profund ignorance as to most of the economic problems of general knowledge here. As a result, there has been discussion of the possibility of publishing at stated intervals a series of economic notes, setting forth the official status of the supply program and other pertinent economic matters.

2. Following discussions on the January loadings (the first month of the UNRRA program if the money is made available), a program has been prepared and sent to Washington.

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3. The opening of private trade may be delayed since the Consulta has turned down the decree for an Under Secretary of Foreign Trade, insisting that they want a Minister of Foreign Trade.

4. According to a telephone conversation with Washington, it now seems probable that all of the 309,000 tons of wheat will be shipped. On coal, 37 of the 59 ships had already sailed.

5. A procedure for petroleum has been agreed upon and the minutes have been approved by the two embassies and by PETSEC. These will form the basis of a meeting with the Government on the subject to clarify the jurisdiction of various entities.

6. The UNRRA appropriation of 550 million dollars passed the Senate, who deleted the free press amendment inserted by the House and added an amendment making it mandatory to pay parity prices for farm products purchased in the States. It has therefore been necessary to refer it to a Conference Committee between the Senate and the House. Washington continues to be optimistic about its being cleared this week.

7. Mr. Halford, of the Office of the British Political Adviser, reviewed the events leading up to the present crisis and its implications. To date there is nothing more certain than rumor about a possible successor to Prof. Parri. If the present crisis follows the pattern of preceding ones, it is apt to continue for a long time, with possible delay to projects now in work, the delay resulting from inability to refer to anyone in authority. In this connection it was brought out that the legal theory is that these persons presently in office will remain until there is a new group. Hence the attitude should not be taken that there is no government with which to deal.

8. Col. Buchanan referred to a message received from WSA, indicating that they were faced with the serious problem of securing ballast for the next three winter months. He will make a canvas of the various sub-commissions for suggestions as to a possible solution.

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7. Mr. Holford, of the Office of the British Political Adviser, reviewed the events leading up to the present crisis and its implications. To date there is nothing more certain than rumor about a possible successor to Prof. Parri. If the present crisis follows the pattern of preceding ones, it is apt to continue for a long time, with possible delay to projects now in work, the delay resulting from inability to refer to anyone in authority. In this connection it was brought out that the legal theory is that those persons presently in office will remain until there is a new group. Hence the attitude should not be taken that there is no government with which to deal.

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9. Mr. Cleveland read a letter from Mr. Sacerdoti, stating that a substantial saving in freight could be effected if sufficient tonnages were carried under the Italian flag. The letter requested the consideration of AC in this regard, saying that Gov. Lehman and Mr. Keeny of UNRRA had interested themselves in it. Col. Buchanan said that the only ships for Italy about which he had knowledge were seven Argentine ships and that there would be nothing of any size in the pool when it is broken up.

10. There is a deadlock on the Italian-Swiss Trade Agreement. The Italians contend that the agreement was broken by the Swiss, who wish to divert part of the proceeds to paying old debts which Switzerland claims against Italy. The Embassy has objected to this provision and negotiations are being carried on in Berne.

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11. Lt. Col. Timmons informed the meeting that IL GLOBO had carried full details of a proposed wage increase for State employees. The net effect of such a decree would be to increase the deficit between 40 and 50 million lire. The annual deficit of the country is estimated at 250 million lire, as compared to a possible annual revenue of 80 million lire. There have never been any figures on the Italian national income.

12. Mr. Sachs stated there had recently been negotiated in Rome an agreement between representatives of employees and employers, providing for a wage increase. This has taken the form of establishing increases in basic rates. The rates will be uniform for North Italy except for communities within regions. A second item of interest is that they are going to try to work out a formula for increasing wages on a sliding scale basis, according to the cost-of-living index. If successful, this would eliminate the necessity of frequent negotiation. There has been essentially no change in the law providing that employees who are not working must be kept on the payrolls. Originally it was stipulated that employees not working or working reduced hours would receive 75% of their full time pay. Effective October 15, however, it was provided that they will receive 75% of 40 hours instead of the original 48, the Government to reimburse the employers in full for such payments.

13. Mr. Holstein indicated that much concern was being shown within the Allied Commission with reference to the action necessary on the part of the individual to assure his being absorbed into UNRRA at such time as that organization becomes the supplying agency. Inasmuch as at the moment there is no certainty of whether or when this action will take place, it was recommended that nobody take individual action inasmuch as all decisions as to a transfer of personnel would take place at sub-commission level.

14. It was requested that all cables be reviewed at a central point, either at the Division or Sub-Commission level. All policy cables, whether of the COM, MOC, FAN, etc. series or those going to AFHQ, should pass through Mr. Holstein's office for review and subsequently to the Acting Vice President for signature. The Directors were requested to make it a personal responsibility to see that this is done.

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The meeting adjourned at 13:20 hours.

Elwood Holstein
Chief Staff Officer

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

REF.: 1.27/ES 19 December 1945

MINUTES OF THE ECONOMIC SECTION STAFF MEETING
HELD 19 DECEMBER 1945

Present:

Economic Section	Mr. Cleveland Col. Densmore Mr. Holstein Capt. Highland Miss Wuteach Mr. Gelbach Mr. Stauffer Lt. Barber
Supply Group	Col. Walton Maj. Smith Maj. Scotten Maj. Louden
Requisition Branch	Mr. Lynch
C.C.C. Branch	Maj. Wilson
Executive Commissioner's Office	Maj. Holmes
Transportation Sub-Commission	Col. Buchanan Lt. Col. Scoggins
S. & S. M. M. Branch	Mr. Dickens
Food & Agriculture Sub-Commission	Mr. Lurie Mr. Legg
Industry & Utilities Sub-Commission	Maj. Fewings Mr. Noyes
Finance Sub-Commission	Lt. Col. Timmons Col. Menapace
Labour Sub-Commission	Mr. Sachs

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	Maj. Louden
Requisition Branch	Mr. Lynch
C.E.M. Branch	Maj. Wilson
Executive Commissioner's Office	Maj. Holmes
Transportation Sub-Commission	Col. Buchanan Lt. Col. Scoggins
S. & S. H. M. Branch	Mr. Dickens
Food & Agriculture Sub-Commission	Mr. Imrie Mr. Legg
Industry & Utilities Sub-Commission	Maj. Fewings Mr. Hayes
Finance Sub-Commission	Lt. Col. Timmons Col. Menapace
Labour Sub-Commission	Mr. Sachs

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Meeting opened at 12 o'clock. Mr. Cleveland presided.

1. Mr. Cleveland discussed briefly the turnover of Northern Italy from AMG to the Italian Government. Information regarding the turnover was released to the press last week by Admiral Stone, in language which made it clear that the only reasons for retaining Venezia Giulia and Udine under AMG control were military considerations. It was specified in the release that the turnover would be effective as of midnight December 31, with no retention of functions for a transitional period of the type which characterized turnover of the Southern Regions about a year ago. Regional offices will be abolished as of the 31st of December, but certain people will remain to clean up pending business. Where necessary, liaison officers will remain in the provinces. On the economic side they will be needed only in transportation and possibly on food.

2. Mr. Cleveland stated that a cable was received from the Combined Chiefs of Staff, which gave indications as to the future status and form of the Commission. Most of the economic functions will be transferred either to the Embassies or to UNRRA. The probable Embassy functions fall into four

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categories:

(1) Labour
(2) Foreign trade
(3) Functions in financial field
(4) Advising the Italian Government on industrial projects involving foreign loans or credits

A. The U. S. Senate finally passed the authorization for the 1946 Program for UNRRA. A supporting appropriation of 1/3 was made available immediately and 5/6 is to be appropriated later. The other contributing countries will, it is recognized, make available their proportionate shares. The appropriation is now awaiting the President's signature. A definite statement regarding UNRRA's responsibility for the 1946 import program has been received here from the UNRRA Chief of Mission, Rome, who is now in Washington, and has been passed to the Italian Government.

4. Personnel: Colonel Densmore stated that the personnel section hopes to be able to get out something by Friday to the officers here and in the field some information regarding the status of all Economic personnel. They will go to one of five places:

(1) Udine, AMG
(2) Venezia Giulia, AMG
(3) Liaison group in the North (Transp. & Food officers)
(4) The Sub-Commission itself
(5) Surplus list

Regarding Christmas holidays, the schedule will be as follows:

Saturday noon we will close as usual, with a skeleton staff consisting of duty officer and one secretary. In the Economic Section Sunday and Monday will be treated the same.

Tuesday and Wednesday the Headquarters will name a duty officer for all of A. C. The Economic Section will appoint one duty officer (no secretary), whose job will be to find out who the duty officer is for all of A. C. He will then leave instructions with the A. C. Duty Officer as to where he can be reached, but it will not be necessary for him to be at the A. C. personally.

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5. Finance: Colonel Menapace reported on an article which appeared in IL GLOBO regarding the Foreign Trade Fund. He also stated that his office has been deluged with numerous requests for information about the rumored devaluation of the Italian lire. So far as he knows, the lire will not be devalued.

Lt. Col. Timmons stated that there is no customs control between Italy and Zone "A", nor is there any such control along the Morgan line, dividing Zone "A" from Zone "B". AMG, Venezia Giulia, are at present discussing with 13 Corps a proposed recommendation to C-5, AFHQ, that a customs control be established along the Morgan line. The Acting Vice President requested that the whole question be taken up with AFHQ. Lt. Col. Timmons also discussed the proposed policy whereby the Province of Udine would, after the handover of the Northern Regions, be integrated with the rest of Italy, and all decrees, circulars and administrative instructions of the Italian Government be given full force and effect in that Province.

6. Labour: Mr. Scaba reported on a memorandum received from AFHQ authorizing payment of Christmas bonus to all Italian civilian employees who have been in continuous service up to the present time.

7. Colonel Melton raised a question regarding travel of Italian civilian employees. He requested that this point be discussed in detail at the next meeting.

8. Mr. Holstein introduced Mr. Calhoun, who was formerly stationed in Austria, and who is the new FEA Administrative Officer.

The meeting adjourned at 1300 hours.

ROBERT T. DURKEE
1st Lt. Inf.
Pers. O. Econ. Sec.

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JOSEPH T. DUNLAP
1st Lt. Inf.
Pers. O. Econ. Sec.

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

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

REF.: 1.27/ES

6 December 1945

MINUTES OF THE ECONOMIC SECTION STAFF MEETING
HELD 5 DECEMBER 1945

Present:

Economic Section	Mr. Cleveland
	Col. Densmore
	Mr. Holstein
	Capt. Highland
	Miss Wukasch
	Mr. Hughes
	Lt. Durber
	Mr. Stauffer
Supply Group	Col. Walton
	Maj. Smith
Requisition Branch	Mr. Lynch
Commerce Sub-Commission	Lt. Col. Tooby
Industry & Utilities Sub-Commission	Mr. Hayes
	Maj. Hyland
	Maj. Fewings
Food & Agriculture Sub-Commission	Lt. Col. Cowper
	Mr. Rudderham
Transportation & Shipping Sub-Commission	Col. Buchanan
	Mr. Franklin
Finance Sub-Commission	Lt. Col. Timmons
Labour Sub-Commission	

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	Mr. Hughes Lt. Durber Mr. Stauffer
Supply Group	Col. Walton Maj. Smith
Requisition Branch	Mr. Lynch
Commerce Sub-Commission	Lt. Col. Tooby
Industry & Utilities Sub-Commission	Mr. Hayes Maj. Hyland Maj. Fewings
Food & Agriculture Sub-Commission	Lt. Col. Cowper Mr. Rudderham
Transportation & Shipping Sub-Commission	Col. Buchanan Mr. Franklin
Finance Sub-Commission	Lt. Col. Timmons
Labour Sub-Commission	Mr. Sachs

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Meeting opened at 11:45 with Col. Densmore presiding.

Colonel Densmore discussed the personnel arrangements and transfers with respect to economic specialists in the North.

Colonel Densmore pointed out the necessity for each Sub-Commission preparing new terms of reference for the use of the Economic Commissioner in the North.

Referring to the new terms of reference for use by the Office of the Economic Commissioner, Col. Walton stressed the importance of preparing them with a view to continued work in the North, in the supply field, subsequent to the turn-over to the Italian Government. A canvass of Sub-Commissions as to

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status of the required document revealed that the Sub-Commissions were in the process of submitting their outlines. (Mr. Cleveland entered the meeting and assumed the chair).

A canvass of the Sub-Commissions indicated that in only a few instances would the turn-over greatly affect the procedure and functions in the North so far as supply groups are concerned. It was the final concensus that the instructions could be combined in one document, but it was emphasized that this should be done in a clear and concise manner.

The draft AFHQ Administrative Memorandum for the dissolution of A.F.L.R.S. is now circulating for comments by the Sub-Commissions. Mr. Cleveland asked that all comments be submitted to Economic Section today so that he will be in a position to discuss the matter personally with the CAO, AFHQ, who is now in Rome. Maj. Louden, formerly with A.F.L.R.S. and now with Economic Section, will be available for discussion or consultation with any Sub-Commissions who may desire his services with regard to problems or relations with A.F.L.R.S.

Mr. Cleveland stated that the UNRRA appropriation had not as yet been approved by the Congress of the United States. In all probability, if the appropriation is not approved in time for the new year's operation, there will have to be an extension of the present financing to carry over through the interim period.

There has been received by Allied Commission a cable from the Combined Chiefs of Staff with reference to the activities of each Sub-Commission. At the moment this is referred to in only general terms. Generally speaking the request was for a list of functions of Sub-Commissions and offices, with a statement of what the remaining activities would be in the supply field after the turn-over to UNRRA and the Embassies. This should cause no great concern since it appears to be based on the same plan that Economic Section is working on now in the new terms of reference for the North.

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Col. Timmons reported on the status of the approval of the Italian-Swiss export trade agreement. This matter now rests with the Embassies and the Italian Government, rather than as originally initiated with A.C., AFHQ, and CCS. At the moment the proper channels for such future problems are being investigated.

Mr. Sachs of Labor Sub-Commission stated that a newspaper report indicated a trade union delegation was arriving in Naples for a tour of Italy. It is not known the purpose or extent of their visit, but A.C., will probably be called upon to assist in arrangements for transport, billeting, etc. It was suggested that definite information be obtained as to the extent that incoming businessmen and delegations of this type can be accomodated and through what organizations.

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

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There will shortly be issued a new instruction regarding the procedure and signatures required on various types of correspondence addressed to the North.

Mr. Holstein pointed out that American stenographic help is becoming more limited each day and asked that each Sub-Commission attempt to fill all requests from their own personnel within the Sub-Commission without reference to the Administrative & Personnel Branch.

Mr. Cleveland asked that the hour beginning at 5:00 on Thursday be kept free for all American civilian employees who are scheduled to attend a civilian staff meeting at that time.

The meeting adjourned at 13:00 hours.

Joseph W. Durber
JOSEPH W. DURBER
1st Lt. Inf.
Pers. O. Econ. Sect.

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JOSEPH W. DURBER
1st Lt. Inf.
Pers. O. Econ. Sect.

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Mr. W. H. Braine

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

14 November 1945

MINUTES OF ECONOMIC SECTION STAFF MEETING
HELD 14 NOVEMBER 1945

Present:

Economic Section

Mr. Cleveland
Col. Densmore
Col. Walton
Col. Walker
Mr. Holstein
Lt. Col. Moore
Maj. Scotton
Mr. Hughes
Capt. Highland

Food & Agriculture Sub-Commission

Mr. Merritt

Finance Sub-Commission

Col. Menapace
Lt. Col. Timmons

Commerce (Foreign Trade) Sub-Commission

Lt. Col. Tooby
Major Cent

Industry & Utilities Sub-Commission

Mr. Sullivan
Col. Riebolt
Mr. Hayes
Maj. Fewings

Labor Sub-Commission ✓

Mr. Braine
Mr. Sacha

Transportation & Shipping Sub-Commission

Col. Tuchman
Lt. Col. Scoggins

Captured Enemy Materials Branch

Maj. Trevor-Wilson

FC Wien Office

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	Col. Walker Mr. Holstein Lt. Col. Moore Maj. Scotten Mr. Hughes Capt. Highland
Food & Agriculture Sub-Commission	Mr. Merritt
Finance Sub-Commission	Col. Menapace Lt. Col. Timmons
Commerce (Foreign Trade) Sub-Commission	Lt. Col. Tooby Major Gent
Industry & Utilities Sub-Commission	Mr. Sullivan Col. Ristedt Mr. Hayes Maj. Fowings
Labor Sub-Commission	Mr. Braine Mr. Sachs
Transportation & Shipping Sub-Commission	Col. Buchanan Lt. Col. Scoggins
Captured Enemy Materials Branch	Maj. Trevor-Wilson
AC Milan Office	Mr. White

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Mr. Cleveland presided:

1. Work is continuing on the 1946 program of imports, primarily in Milan, with the group including Col. Tooby and Mr. Luzzatto. A draft has been produced for the expenditure of 61.5 million dollars for January 1946. This is something in the nature of a loan from the UNRRA appropriation of 550 million dollars which is expected to be through the Senate by the end of the week. A new appropriation of 1 billion 350 million dollars has gone up before the House Foreign Affairs Committee today.

2. A meeting on Foreign Trade was held last week with the Inter-Ministerial Committee for Reconstruction and the Under-Secretary designate. After a long discussion of the obstacles, Italian and Allied, which presently inhibit the opening of free trade channels, a sub-committee was created, headed up in the Finance Sub-Commission. There has been a meeting of this sub-committee

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understood that Italy is negotiating for the purchase of a number of ships when they become available. However, there has been no announcement on this.

3. It was requested that anybody involved in a representation of the Allied Commission or the Italian Government on special groups and committees meeting in Brussels, Paris, London, etc., advise Col. Donegan. There seem to be varying opinions on Italy's status and it is advisable to get a general ruling about, insofar as possible, at getting the Italians appointed to these groups. Col. Donegan recommended that at these meetings the term "membership" be used instead of "representation."

4. It has not been decided whether AFHQ will move to Rome. It is understood that a cable has been sent, implying that unless instructions to the contrary are received, AFHQ will move to Rome 1 December and that the deadline for the receipt of such instructions is 20 November.

5. The supply picture on major commodities is brighter than last month. The coal strike is not having the effect on arrivals in Italy that might have been expected. Although September shipping was short, some of the ships intended for that month slipped into October, thus forestalling a gap. On wheat, although actual figures are not presently available, it is probable that we will get approximately 75% of the additional quantity requested. Washington was advised that there are facilities here for handling bulk flour.

6. There was opened for discussion the question of whether the character of G5 operations in the North should be changed by pulling out all of the Economic officers from the various regions and concentrating them in Milan, on the theory that the control on the Italian side is exercised by the various boards working out of Milan. The office to be established by AC would, in effect, be an advance headquarters of the Economic Section. It seemed probable that such a concentration might function more effectively than an organization spread thinly over the entire North.

a. Mr. White concurred in bringing the men from the fields into Milan, commenting the point that the personnel of the field offices were so few and changed so frequently that they could not accomplish the functions originally intended.

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J. Mr. White expressed the belief that there would be a decided advantage, particularly in the light of existing communication facilities, in being able to make immediate distribution of materials without the necessity of resorting to Rome for a decision.

K. Mr. Cleveland expressed the belief that the plan was a practicable possibility, with some exceptions, and that a proposal would be drafted, based on the actual people available and the general point of view expressed by each group. This would be presented with ample time for studying before being finalized.

The meeting adjourned at 1320 hours.

Leslie S. Moore

LESLIE S. MOORE
Lt. Colonel, AGD
Chief, Admin. & Pers. Branch

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Leslie S Moore

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1 NOV. 1945

b. Mr. Merritt stated that because so many officers in the North had left and because the Italian Government is actually performing food and agricultural functions through their agencies in all of the Provinces, he considered it practicable to centralize in Milan, so long as there is someone in the Provinces to back up the Prefects. Maj. Cowper said his immediate reaction was guarded and that he was not entirely converted to making the capital of the North, Milan. Mr. Merritt, however, felt that on the food side they might tend toward a geographical breakdown, having representatives working out of Milan.

c. As for Industry, Mr. Sullivan felt that at first appearance the plan seemed like an excellent one, though he had not had time to study it sufficiently to make a firm statement. Maj. Fewings felt that if the Regional officers were brought into Milan, their functions would be destroyed since the actual need was for them to be in the field, assisting with problems of rehabilitating the industries. Mr. Cleveland brought out the fact that the time had come to think in terms of changed functions and of the type of set up needed for 1946.

d. Col. Buchanan, speaking for Transportation, said that the work of coordination was already being carried out in Milan; that even after the North has been turned back in its entirety, they would still like to retain transportation officers in the various Regions.

e. Col. Ristedt likewise felt that there were arguments against concentration in Milan, the principal one being that the financing of Public Works is now being carried out on a Regional basis and that a change of such procedure would entail considerable delay in the approval of projects because of the slow machinery of the Italian Government for processing approval. In this Col. Menapace concurred. Mr. Cleveland recommended that steps be taken to remedy this situation and to assist in establishing a system whereby the Italian Government would expedite approval. In addition to the obstacle of financing, Col. Menapace also brought out the objections that the Finance Sub-Commission has no individual office presently in Milan and that they have no continuing functions. He favored keeping the financial control on a Regional basis.

f. Maj. Gent foresaw only one possible objection to centralization of the North in Milan and that was the possibility of encouraging the North to act separately from the central Government. If that could be avoided he was in accord with the change.

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f. Maj. Gent foresaw only one possible objection to centralization of the North in Milan and that was the possibility of encouraging the North to act separately from the central Government. If that could be avoided, he was in accord with the change.

g. Lt. Col. Tooby favored centralization in Milan, with the installation of an inspectorial system to see that imported goods are used as allocated and that the type of goods authorized are actually manufactured, i.e. that they do not use imported goods for the manufacture of luxury items.

h. Mr. Braine said that so far as the normal labor function is concerned, there was no objection to immediate centralization in Milan, but that as long as there existed responsibility for public safety, there might be some problems for there is a strong possibility of serious labor difficulties in the North.

i. Col. Walton's primary concern was that expressed by Maj. Gent - the possibility of the area's looking toward Milan as the capital rather than Rome.

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Copy for Mr. Brown

R E S T R I C T E D

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

6 November 1945

MINUTES OF ECONOMIC SECTION STAFF MEETING
HELD 6 NOVEMBER 1945

Present:

Economic Section	Mr. Cleveland Col. Densmore Col. Walton Mr. Holstein Mr. Luzzato Lt. Col. Moore Lt. Col. Tooby Mr. Hughes Major Smith Mr. Allen Capt. Highland
Food & Agriculture Sub-Commission	Mr. Merritt Major Cowper Mr. Rudderham
Finance Sub-Commission	Col. Menaphee Lt. Col. Timmons
Commerce (Foreign Trade) Sub-Commission	Major Gent Major Scotten
Industry & Utilities Sub-Commission	Mr. Sullivan Col. Ristedt Mr. Hayes Major Fewings
Labor Sub-Commission	Mr. Sachs
Transportation & Shipping Sub-Commission	Col. Buchanan

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	Col. Walton
	Mr. Holstein
	Mr. Luzzato
	Lt. Col. Moore
	Lt. Col. Tooby
	Mr. Hughes
	Major Smith
	Mr. Allen
	Capt. Highland
Food & Agriculture Sub-Commission	Mr. Merritt
	Major Cowper
	Mr. Rudderham
Finance Sub-Commission	Col. Menapace
	Lt. Col. Timmons
Commerce (Foreign Trade) Sub-Commission	Major Cont
	Major Scotten
Industry & Utilities Sub-Commission	Mr. Sullivan
	Col. Ristedt
	Mr. Hayes
	Major Fewings
Labor Sub-Commission	Mr. Sachs
Transportation & Shipping Sub-Commission	Col. Buchanan
Captured Enemy Materials Branch	Major Wilson

4220

Mr. Cleveland presided:

1. As a result of pressure resulting from Secretary of State Byrnes' press conference last Wednesday, the terms of the Armistice with Italy (the long terms), are to be officially published and announced by the Italian Government at 1900 hours tonight, along with the Cunningham Department (?) Agreement and FAM 467, but not the Financial Directive and FAM 540.

2. Additional progress has been made during the past week with respect to procedures governing the coming elections. The only point of disagreement between Civil Affairs Section, AC, and the Italian Government people concerned appears to be the question of the official ballot paper. The Italians want a party ballot and Civil Affairs Section feel that there should be an official ballot put out by the Government.

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3. On the 14th of November, the Ministry of War and the Italian Army will be turned back to the Italian Government. This is one of the last parts of the Italian Government to be under the actual control of the Allied Commission. From that date, Land Forces Sub-Commission will serve in an advisory capacity to the Ministry of War. This turn-over does not apply to the Army in AMG areas.

4. The pressures applied concerning coal shipments which were discussed at the meeting last week have had some effect. In a telephone conversation with Washington, we have been advised that 99 ships will be available for November loadings of coal and should bring in a half million tons, which is more than our November allocation in an effort to make up the tremendous shortage in October loadings. AFHQ has sent a very strong cable to the Control Council in Germany to attempt to get 200,000 tons of coal shipped from there. As yet no reply has been received from this cable, but we have asked the people in Washington to apply a little pressure from that end on the German Control Council.

5. According to figures that are firm, the wheat ration will probably have to be reduced in January if the additional 125,000 tons of wheat do not arrived in December and 200,000 tons in January above the regular program. It would be undesirable politically to have the ration reduced in the middle of the winter about the time that the supply functions are taken over by UNRRA and just before the elections. The critical situation with regard to wheat has been created as a result of crop failures in almost every country in the world except the U.S.

6. A letter prepared by Mr. Merritt regarding epuration, particularly on the epuration of a few people in the Concorzia Agrari, was sent to Civil Affairs Section. That Section has issued a policy statement that in cases where we have a strong justification, the Civil Affairs Section, as the Section responsible for epuration policy, is ready to keep people in office until their trial comes up.

7. This afternoon a meeting will be held with the Inter-Ministerial Committee for Reconstruction at which discussions will center around machinery and policy on foreign trade, particularly with the re-establishing of private trade at the earliest possible date. At the Executive Commissioner's meeting, the question of facilities for private commercial visitors to Italy was brought up. Apparently there is a draft in a MTOUSA circular which permits their billeting, etc., and Brig. Lush is going to make an attempt to make

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that end on the German Control Council.

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8. W.S.A. is now publicizing the departure of ships and it is anticipated that similar arrangements will soon be made by MAT.

9. Executive Order No. 77, effecting a reorganization of the Economic Section, has been signed by the Chief Commissioner. The Directors of the Sub-Commissions have been supplied with a copy of this Order, and mimeographed copies will be available in the immediate future.

10. An Economic Section Memorandum setting forth a new procedure for the handling of cables will be issued in a few days.

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11. At the UNRRA Council meeting in London, it was decided that the economic position of the various countries receiving UNRRA assistance should be reviewed so that the supply programs could be balanced accordingly. Inasmuch as AC has the information needed for the first part of this report so far as Italy is concerned, Dr. Welk of the Washington Office, UNRRA, will be contacting each sub-commission to obtain this information. Copies of an outline of the type of material required were made available to the Directors of the Sub-Commissions. The tentative deed-line for the compilation of this information is 15 November.

12. During the conversation with Washington yesterday, the UNRRA appropriation was discussed. UNRRA has earmarked 61.5 million dollars of the U. S. appropriation to be used to buy supplies for Italy; this material will be purchased and sent to sea-board but will not be shipped until and unless the new appropriation goes through. It is hoped that the appropriation will be acted upon before Congress adjourns 20 December.

13. It was decided to change the day of the Economic Section Staff meeting from Tuesday to Wednesday at 1200 hours so that Mr. Cleveland could inform the staff of the latest developments discussed at the Vice Presidents' meetings on Wednesdays, as well as those discussed at the Executive Commissioner's meeting on Tuesday.

14. Col. Densmore brought up the matter of the survey of munitions production which was requested by AFHQ some time ago. Due to lack of personnel and the apparent inadvisability of the survey, it was not undertaken at the time that it was originally suggested. Land Forces Sub-Commission and Air Forces Sub-Commission have issued special permits to Arms manufacturers to produce arms for the new Italian army, and we have now been asked if we are prepared to coordinate the situation with respect to their manufacture. Col. Densmore will arrange a meeting within the near future to discuss this problem with the interested groups.

15. With respect to inter-regional trade, a letter has been sent out by the Executive Commissioner to all Regional Commissioners to the effect that any orders by prefects or others setting up independent blocs on anything are to be removed immediately.

4221

17. Col. Bowman, Venezia Giulia, during his visit here made specific requests for certain personnel. Lt. Col. Moore will discuss this matter further with the heads of the sub-commissions involved.

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until and unless the new appropriation goes through. It is noted that the appropriation will be voted upon before Congress adjourns 10 December.

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17. Col. Borman, Venezia Giulia, during his visit here made specific requests for certain personnel. Lt. Col. Moore will discuss this matter further with the heads of the sub-commissions involved.

18. Col. Densmore pointed out that in some instances correspondence is being addressed to higher echelons than it ought to be, and that, with the decentralization, some communications with AFHQ are becoming uncoordinated. He also stressed the importance of the sub-commissions and branches of the Supply Group (as set up in Executive Order No. 77) working through channels.

19. Mr. Merritt brought up the problem of transportation, particularly between Rome and Milan. Col. Densmore is to investigate the matter with a view to securing some relaxation of the 100-mile limit allowed for AC vehicles or arranging some sort of a station wagon courier service.

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20. Mr. Cleveland stated that a personnel organization chart for the supply and distribution functions to be taken over by UNRRA had been drawn up. In the near future conferences will be held with the heads of the sub-commissions to determine whether people who are now in certain positions are suitable for the job as it will exist in the new set-up, and if so, if they desire to remain in that capacity. Any questions along this line should be directed to Mr. Holstein.

The meeting adjourned at 1315 hours.

Leslie S Moore

LESLIE S. MOORE
Lt. Colonel, ACD
Chief, Admin. & Pers. Branch

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LABOUR SUB COMMISSION
A. C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS		
Mr. HIRD		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Miss SANSEVERINO		
Chief Clerk		

REMARKS:

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

23 October 1945

MINUTES OF ECONOMIC SECTION STAFF MEETING
HELD 23 OCTOBER 1945

Present:

Economic Section:

Brig. Gen. McKinley
Mr. Cleveland
Col. Densmore
Col. Walton
Lt. Col. Martino
Lt. Col. Quartier
Lt. Col. Tooby
Mr. Hughes
Major Smith
Mr. Checchi
Capt. Highland
Capt. White (Ex. Comm. Off.)
Lt. Durber

Agriculture Sub-Commission — Mr. Merritt

Commerce Sub-Commission — Mr. Rudderham

Food Sub-Commission — Major Cent
Finance Sub-Commission — Major Scotten

Industry Sub-Commission — Major Cooper
Col. Menapace

Labor Sub-Commission — Major Timmons
P. W. & B. Sub-Commission — Mr. Land
Transportation Sub-Commission — Major Fewings

U.N.R.R.A. Sub-Commission — Mr. Braine
Col. Ristcot
Col. Buchanan
Lt. Col. Scoggins
Major Bates

General McKinley presided:

1. General McKinley stated that this would be the last Economic Section staff meeting at which he would be present, and he expressed his appreciation to the members of the staff for the splendid cooperation they had displayed. Mr. Cleveland has been named as Acting Vice President and Colonel

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Declassified E.O. 12065 Section 3-402/NNDC NO. 78502

	Capt. Highland
	Capt. White (Lt. Comm. Off.)
	Lt. Durber
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderham
Commerce Sub-Commission	Major Cent
	Major Scotten
Food Sub-Commission	Major Cooper
Finance Sub-Commission	Col. Menapace
	Major Timmons
Industry Sub-Commission	Mr. Land
	Major Fewings
Labor Sub-Commission	Mr. Draine
F. . & U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Col. Buchanan
	Lt. Col. Scoggins
.. .D. Sub-Commission	Major Bates

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4219

2. Colonel Walton reported that the requirements for Venezia Giulia have been worked out and Capt. Lathrop, G-5 AFHQ, has been informed that the requisitions will be completed this week. As there is some speculation about Bolzano remaining a military responsibility, Lt. Col. Quartier has been requested to ask the Sub-Commissions to work out the requirements forBolzano so that in the event it does remain a military responsibility, the figures will be at hand.

3. In response to General Mchinley's request, Mr. Cleveland spoke briefly regarding the Italian situation as it is viewed in Washington. Interest centers around the question of the peace treaty, but since the conclusion of the London Conference, no one expects the Italian peace treaty before spring. A second basis of interest is our economic work over here, and a third, the part that Italy plays in politics. The financing of the interim program has now been assured through the December loadings. Arrangements have been made with UNRRA whereby they will use part of the funds to buy and have at seaboard supplies for the January loadings. It is realized at high levels in Washington that it would be disastrous to cut off the supply program in the middle of the winter. Between now and the end of the year, the supply part of the Economic Section's functions will be greater than it has ever been before because there are more supplies coming in than ever before. Re-opening of trade between Italy and the

...

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U. K. and the U. S. should be possible in the near future as both Great Britain and the United States have now adopted policies which already have or are about to lift any restrictions on that kind of trade. Mr. Cleveland stated that he felt the next three months should be regarded as a period of construction toward a new and better kind of economic operation rather than a liquidating operation. This attitude should be adopted by the Sub-Commissions.

4. In regard to FEA, Mr. Cleveland stated that as a separate agency it was abolished by Executive Order as of 20 October, and its functions were absorbed by Commerce, Reconstruction Finance Corporation, and the State Department. The Italian Division of FEA is being transferred to the State Department intact and will remain intact until the end of the year. Although a paper transfer has been made, the status of civilians with FEA is unchanged.

5. Colonel Knapace called attention to the fact that the latest issue of the Weekly Bulletin erroneously stated that the supply accounts were a year behind. He also reported that the personnel situation in Finance Sub-Commission is now much improved.

6. With reference to the cable from FTOUSA asking the 2675th Regiment for figures regarding the revision of allotment ceilings for the Regiment, Colonel Densmore suggested that they were merely trying to arrive at a new T/O and that if would seem advisable to contemplate that the turn-over would take place before 30 November, the personnel as of 30 November and 31 December should be calculated on that basis.

7. Colonel Dalton brought up the question of the desirability of publishing arrival dates of freight ships. There was no dissension by any of the staff members present.

The meeting adjourned at 1300 hours.

LESLIE J. MOORE
Lt. Col., AGD
Chief, Adm. & Pers. Br.

Declassified E.O. 12065 Sec. 3-402/NNDC NO. 785021

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

23 October 1945

MINUTES OF ECONOMIC SECTION STAFF MEETING
HELD 23 OCTOBER 1945

Present:

Economic Section:	Brig. Gen. McKinley
	Mr. Cleveland
	Col. Densmore
	Col. Walton
	Lt. Col. Martino
	Lt. Col. Quartier
	Lt. Col. Tooby
	Mr. Hughes
	Major Smith
	Mr. Checchi
	Capt. Highland
	Capt. White (Ex. Comm. Off.)
	Lt. Durber
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderham
Commerce Sub-Commission	Major Gent
	Major Scotten
Food Sub-Commission	Major Cooper
Finance Sub-Commission	Col. Menapace
	Major Timmons
Industry Sub-Commission	Mr. Land
	Major Jennings
Labor Sub-Commission	Mr. Braine
P. W. & U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Col. Buchanan
	Lt. Col. Scoggins
U.N.R.R.A. Sub-Commission	Major Bates

General McKinley presided:

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Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

	Lt. Col. Tooby
	Mr. Hughes
	Major Smith
	Mr. Checchi
	Capt. Highland
	Capt. White (Ex. Com. Off.)
	Lt. Durber
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderham
Commerce Sub-Commission	Major Gent
	Major Scotten
Food Sub-Commission	Major Cooper
Finance Sub-Commission	Col. Penapacker
	Major Timmons
Industry Sub-Commission	Mr. Land
	Major Fewings
Labor Sub-Commission	Mr. Draine
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4218

2. Colonel Walton reported that the requirements for Venezia Giulia have been worked out and Capt. Lathrop, G-5 AFHQ, has been informed that the requisitions will be completed this week. As there is some speculation about Bolzano remaining a military responsibility, Lt. Col. Quartier has been requested to ask the Sub-Commissions to work out the requirements forBolzano so that in the event it does remain a military responsibility, the figures will be at hand.

3. In response to General McKinley's request, Mr. Cleveland spoke briefly regarding the Italian situation as it is viewed in Washington. Interest centers around the question of the peace treaty, but since the conclusion of the London Conference, no one expects the Italian peace treaty before spring. A second basis of interest is our economic work over here, and a third, the part that Italy plays in politics. The financing of the interim program has now been assured through the December loadings. Arrangements have been made with UNRRA whereby they will use part of the funds to buy and have at seaboard supplies for the January loadings. It is realized at high levels in Washington that it would be disastrous to cut off the supply program in the middle of the winter. Between now and the end of the year, the supply part of the Economic Section's functions will be greater than it has ever been before because there are more supplies coming in than ever before. Re-opening of trade between Italy and the

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Leslie S. Moore

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Lt. Col., AGD
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Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

23 October 1945

MINUTES OF ECONOMIC SECTION STAFF MEETING
HELD 23 OCTOBER 1945

Present:

Economic Section:	Brig. Gen. McKinley
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	Col. Densmore
	Col. Walton
	Lt. Col. Martino
	Lt. Col. Quartier
	Lt. Col. Pooby
	Mr. Hughes
	Major Smith
	Mr. Checchi
	Capt. Highland
	Capt. White (Ex. Comm. Off.)
	Lt. Durber
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderham
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Finance Sub-Commission	Col. Menapace
	Major Timmons
Industry Sub-Commission	Mr. Land
	Major Fewings
Labor Sub-Commission	Mr. Braine
F. . & U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Col. Buchanan
	Lt. Col. Scoggins
. .D. Sub-Commission	Major Bates

4217

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Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

	Mr. Checchi
	Capt. Highland
	Capt. White (Ex. Com. Off.)
	Lt. Durber
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderham
Commerce Sub-Commission	Major Gent
	Major Scotten
Food Sub-Commission	Major Cowper
Finance Sub-Commission	Col. Menapace
	Major Timmons
Industry Sub-Commission	Mr. Land
	Major Fewings
Labor Sub-Commission	Mr. Draine
P. W. & U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Col. Buchanan
	Lt. Col. Scoggins
U.N.R.R.A. Sub-Commission	Major Bates

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1. General Mcinley stated that this would be the last Economic Section Staff Meeting at which he would be present, and he expressed his appreciation to the members of the staff for the splendid cooperation they had displayed. Mr. Harlan Cleveland has been named as Acting Vice President and Colonel Densmore, Deputy Vice President.

2. Colonel Walton reported that the requirements for Venezia Giulia have been worked out and Capt. Lathrop, G-5 AFHQ, has been informed that the requisitions will be completed this week. As there is some speculation about Bolzano remaining a military responsibility, Lt. Col. Quartier has been requested to ask the Sub-Commissions to work out the requirements forBolzano so that in the event it does remain a military responsibility, the figures will be at hand.

3. In response to General Mcinley's request, Mr. Cleveland spoke briefly regarding the Italian situation as it is viewed in Washington. Interest centers around the question of the peace treaty, but since the conclusion of the London Conference, no one expects the Italian peace treaty before Spring. A second basis of interest is our economic work over here, and a third, the part that Italy plays in politics. The financing of the interim program has now been assured through the December loadings. Arrangements have been made with UNRRA whereby they will use part of the funds to buy and have at seaboard supplies for the January loadings. It is realized at high levels in Washington that it would be disastrous to cut off the supply program in the middle of the winter. Between now and the end of the year, the supply part of the Economic Section's functions will be greater than it has ever been before because there are more supplies coming in than ever before. Re-opening of trade between Italy and the

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U. K. and the U. S. should be possible in the near future as both Great Britain and the United States have now adopted policies which already have or are about to lift any restrictions on that kind of trade. Mr. Cleveland stated that he felt the next three months should be regarded as a period of construction toward a new and better kind of economic operation rather than a liquidating operation. This attitude should be adopted by the Sub-Commissions.

4. In regard to FEA, Mr. Cleveland stated that as a separate agency it was abolished by Executive Order as of 20 October, and its functions were absorbed by Commerce, Reconstruction Finance Corporation, and the State Department. The Italian Division of FEA is being transferred to the State Department intact and will remain intact until the end of the year. Although a paper transfer has been made, the status of civilians with FEA is unchanged.

5. Colonel Donapace called attention to the fact that the latest issue of the Weekly Bulletin erroneously stated that the supply accounts were a year behind. He also reported that the personnel situation in Finance Sub-Commission is now much improved.

6. With reference to the cable from LTUSA asking the 2675th Regiment for figures regarding the revision of allotment ceilings for the Regiment, Colonel Densmore suggested that they were merely trying to arrive at a new T/O and that it would seem advisable to contemplate that the turn-over would take place before 30 November, the personnel as of 30 November and 31 December should be calculated on that basis.

7. Colonel Walton brought up the question of the desirability of publishing arrival dates of freight ships. There was no dissension by any of the staff members present.

The meeting adjourned at 1300 hours.

Leslie S. Moore

LESLIE S. MOORE
Lt. Col., AGD
Chief, Admn. & Pers. Br.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

LABOR SUB COMMISSION
A. C.
Routing Slip

	Initials	Date
Mr. W. H. BRAINE		
Mr. SACHS		
Mr. HIRD		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Miss SANSEVERINO		
Chief Clerk		

REMARKS:

4216

LSC/904

LABOR

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

21 September 1945

MINUTES OF ECONOMIC SECTION STAFF
MEETING HELD 21 SEPTEMBER 1945

Present:

Economic Section:	Gen. McKinley
	Col. Densmore
	Col. Walton
	Lt. Col. Martino
	Lt. Col. Moore
	Lt. Col. Quartier
	Major Smith
	Capt. Arnoldy (Ec. Comm. Office)
	Capt. Highland
	Capt. White (Ec. Comm. Office)
	Mr. Satrina
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderham
Commerce Sub-Commission	Major Scotten
Finance Sub-Commission	Brig. Greffrey-Smith
	Col. Menapace
Food Sub-Commission	Lt. Col. Toscani
Industry Sub-Commission	Lt. Col. Glendinning
	Mr. Land
	Major Fewings
Labor Sub-Commission	Mr. Braine
Public Works & Utilities Sub-Commission	Col. Ristedt
	Mr. Sullivan
Transportation Sub-Commission	Col. Buchanan
	Mr. Gallo
War Materials Disposal Sub-Commission	Major Bates
UNRRA Representative	Dr. Welk

4215

Brig. Gen. McKinley presided:

1. No reply has been received from the Combined Chiefs of Staff re-

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	Capt. Highland
	Capt. White (Ex. Comm. Office)
	Mr. Batrina
Agriculture Sub-Commission	Mr. Merritt
	Mr. Rudderman
Commerce Sub-Commission	Major Scotten
Finance Sub-Commission	Brig. Grafftey-Smith
	Col. Menapace
Food Sub-Commission	Lt. Col. Toscani
Industry Sub-Commission	Lt. Col. Glendinning
	Mr. Land
	Major Fewings
Labor Sub-Commission	Mr. Braine
Public Works & Utilities Sub-Commission	Col. Ristedt
	Mr. Sullivan
Transportation Sub-Commission	Col. Buchanan
	Mr. Cailo
War Materials Disposal Sub-Commission	Major Bates
UNRRA Representative	Dr. Welk

4215

Brig. Gen. McKinley presided:

1. No reply has been received from the Combined Chiefs of Staff approving the turn-back of territory to the Italian Government. The latter was discussed at considerable length in the Executive Commissioner's meeting this morning. Civil Affairs Section stated that if the approval were received immediately, it would be 10 October before the mechanics of actually turning the territory back could be carried out. Politically, it would seem advisable for the turn-back to take place this month, but if the announcement of the date were made this month and the turn-back early next month, the same effect would probably be achieved.

2. Gen. McKinley reported that he was well pleased with the plan for reorganization submitted by the sub-commissions and requested that the directors of the sub-commissions use these plans and apply personnel to them, giving name, nationality, rank, etc., and indicating whether or not the individual (either military or civilian) desires to leave immediately upon completion of the term or if he is willing to remain here, under what

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24SET 1945

conditions he will remain and for what length of time.

3. Col. Nelson reported that the factual reports to be used before Congressional Committees which were due on 20 September had been received from only two of the sub-commissions. The other sub-commissions were requested to submit their reports as soon as possible.

4. Mr. Keeny, Director of the Italian UNRRA Mission, is returning to Washington next week, and Dr. Volk is attempting to prepare a statement of Italy's requirements for the first quarter of 1946 for him to take with him. This is not to be considered a firm program of requirements but rather general information of Italy's minimum needs and justification for the items listed. The sub-commissions were asked to work with Dr. Volk in preparing this statement. Gen. McKinley stressed the importance of having the figures submitted channeled through the Supply Division so that the 1946 program will not be out of line. He also pointed out that the concept of UNRRA's objectives has changed somewhat. UNRRA had basic terms of reference in which rehabilitation played an important part. However, Italy, being a defeated nation and then changed to a co-belligerent, was not able to enjoy the status of an Ally. UNRRA was permitted to administer relief to feed nursing mothers and children and refugees, but the problem of disease and unrest was handled by the military. UNRRA is now taking over the disease and unrest program formerly handled by the Army. The highly technical rehabilitation of Italy will have to be financed by credits through the Export-Import Bank or something of that kind.

5. Col. Demmore reported that recently he visited five Food warehouses in Naples and found a considerable amount of material belonging to sub-commissions other than Food. Inasmuch as all of these items were ordered here as they were urgently needed, it is requested that each sub-commission check its orders for materials with a view to making proper disposition of supplies that have been ordered rather than allowing them to remain stored in warehouses.

6. It was pointed out by Col. Demmore that, in view of the personnel changes that will be made shortly, it is important that the directors of sub-commissions should keep liable of important matters, particularly those in which the Italian Government has been given undertakings, so that they will not be overlook d by the new personnel.

7. Col. Demmore read the following minute from the Executive Commissioner's meeting of 13 September:

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in which rehabilitation played an important part. However, Italy, being a defeated nation and then changed to a co-belligerent, was not able to enjoy the state of an Ally. UNRRA was permitted to administer relief to feed nursing mothers and children and refugees, but the problem of disease and unrest was handled by the military. UNRRA is now taking over the disease and unrest progrms formerly handled by the Army. The highly technical rehabilitation of Italy will have to be financed by credits through the Export-Import Bank or something of that kind.

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7. Col. Densmore read the following minute from the Executive Commissioner's meeting of 15 September:

> "Austrian/Italian Trade. Ex C stated that a letter has been received from an Austrian Baron Wadenegg regarding Austrian/Italian Trade. Poleds advised that no action should be taken as the Austrian Office in Rome was not recognised, and Ex C said he would inform CC accordingly. Econ Sec had already contacted the Italian Government with regard to trading with Austria."

8. The following minute from the Executive Commissioner's meeting of 19 September was read by Col. Densmore:

> "Reduction of AC HQ. Ex C stated that this had been the subject of a meeting yesterday afternoon, and a letter was being forwarded to AFHQ. CC considered that the retention of a large economic group in Milan could not be reconciled with FAN 427, and wanted the economic group reduced below 25 by 1 December."

The meeting adjourned at 1250 hours.

LESLIE S. MOORE
Lt. Colonel, AGD
Chief, Admn. & Pers. Br.

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S E C R E T

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

16 October 1945

MINUTES OF ECONOMIC SECTION STAFF
MEETING HELD 16 OCTOBER 1945

Present:

Economic Section:

Brig. Gen. E. B. McKinley
Col. Densmore
Col. Walton
Mr. Sullivan
Lt. Col. Quartier
Lt. Col. Tooby
Mr. Hughes
Mr. Stauffer
Major Smith
Mr. Checchi
Capt. Highland
Capt. White (Ex. Comm. Off)
Lt. Durber

Agriculture Sub-Commission
Commerce Sub-Commission
*Food Sub-Commission
Finance Sub-Commission

Industry Sub-Commission
Labour Sub-Commission
P. W. & U. Sub-Commission
Transportation Sub-Commission
W. M. Disposal Sub-Commission

Mr. Rudderham
Major Scotten
Major Cowper
Col. Menapace
Major Timmons
Mr. Land
Mr. Braine
Col. Ristedt
Lt. Col. Scoggins
Lt. Col. Dockmejian
Major Bates

General McKinley presided:

1. Gen. McKinley announced that inasmuch as the Executive Commissioner's meeting are now held only on Tuesday, it seems appropriate that the Economic Section Staff meeting should be changed to that day also so that the Sub-

Lt. Col. Tooby
Mr. Hughes
Mr. Stauffer
Major Smith
Mr. Checchi
Capt. Highland
Capt. White (Ex. Comm. Off)
Lt. Durber

Agriculture Sub-Commission — Mr. Rudderham
Commerce Sub-Commission — Major Scotten
Food Sub-Commission — Major Cowper
Finance Sub-Commission — Col. Manapace

Industry Sub-Commission — Major Timmons
Labour Sub-Commission — Mr. Land
P. W. & U. Sub-Commission — Mr. Braine
Transportation Sub-Commission — Col. Ristadt
W. M. Disposal Sub-Commission — Lt. Col. Scroggins
Lt. Col. Dockmejian
Major Bates

General McKinley presided:

1. Gen. McKinley announced that inasmuch as the Executive Commissioner's meeting are now held only on Tuesday, it seems appropriate that the Economic Section Staff meeting should be changed to that day also so that the Sub-Commissions may be informed of items discussed at the Executive Commissioner's meeting as soon as possible.

2. No additional information regarding Mr. Cleveland's arrival has been received but he is expected to arrive within the week.

4214

3. Col. Demaree stated that a memorandum regarding the Medal of Freedom is to be circulated throughout the Economic Section which sets forth the qualifications required of a person mentioned for this medal and the form in which the recommendation is to be presented. This medal may not be presented to U. S. military personnel. American civilians (for service outside of the U.S.), civilians of Friendly nations, and military personnel of friendly nations may be recommended. The award may be made in four degrees and the degree recommended should be stated. It was been pointed out in some instances British officers have been recommended for the Legion of Merit; in a case of this sort an indication should be made on the report submitted that the individual has previously been recommended for the Legion of Merit. No quota has been established, but it is important that the recommendations be submitted on time.

Reclassified E.O. 12065 Section 3-402/NNDC No. 78-5021

4. At the Executive Commissioner's meeting this morning the advisability of turning over to the Italian Government the monthly AMG reports from the Regions and the Sub-Commissions was discussed. If this procedure is adopted, General McKinley stated that the Regions and Sub-Commissions should be so informed so that the reports will be written on the basis that they are available for everyone to see. Col. Kennaco called attention to the fact the fact that the reports of the Finance Sub-Commission are not adapted to this purpose due to the fact that the form in which they are prepared is specified by Washington and it would not be desirable to make them available to the Italian Government. General McKinley suggested that it might be possible to prepare a resume which could be used for this purpose.

5. The last few days G-1 has been working directly with the Sub-Commissions reviewing the names of those officers who will be assigned to liaison teams in the North. Col. Densmore stated that he had asked the Personnel Office to check with the Sub-Commissions to determine what report has been given to G-1 and to determine the designations of those people held over for liaison jobs.

6. The records found in the North of machinery, equipment, parts, etc., that were taken out of the North and sent to Germany are needed for discussions with the Italian Government. Industry Sub-Commission is to look into this matter

7. Col. Walton mentioned that a meeting had been held with Col. Dickenseth yesterday to review his progress of the military requirements for Venezia-Giulia and he inquired as to the progress that the sub-commissions were making with respect to securing the information requested at the meeting.

8. It is expected that the restatement of the wheat position will be completed this afternoon.

9. In disposing of U.S. salvage PBS has agreed to deal directly with the Italian Government instead of through the War Materials Disposal Sub-Commission. Col. Walton will investigate to see whether any APHQ directive has been issued regarding this matter.

10. Major Cowper reported that Italian civilians who are sent out on specific jobs by AC are having to spend much more than the amount that they are reimbursed. The allowance is 250 L. a day and it is impossible for them

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for liaison jobs.

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11. No further news has been received as to the turnover date.

12. Col. Menapace replied to Col. Densmore's inquiry regarding new accounting personnel by stating that two new officers have come in; however, no reply has been received from AFHQ or Washington on the major request for personnel. Mr. Hughes reported that 4 accountants who are now working in sub-commissions in a military status have been processed by FEA and as soon as they are demilitarized they will be available to Finance Sub-Commission. Gen. McKinley requested that the matter of transferring them to Finance Sub-Commission as military personnel be investigated.

The meeting adjourned at 12:40 hours.

Leslie S. Moore
LESLIE S. MOORE
Lt. Col., AGD
Chief, Admn. & Pers. Branch

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SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

16 October 1945

MINUTES OF ECONOMIC SECTION STAFF
MEETING HELD 16 OCTOBER 1945

Present:

Economic Section:

Brig. Gen. E. B. McKinley
Col. Densmore
Col. Walton
Mr. Sullivan
Lt. Col. Quartier
Lt. Col. Tooby
Mr. Hughes
Mr. Stauffer
Major Smith
Mr. Checchi
Capt. Highland
Capt. White (Ex. Comm. Off)
Lt. Durber

Agriculture Sub-Commission
Commerce Sub-Commission
Food Sub-Commission
Finance Sub-Commission

Mr. Budderham
Major Scotten
Major Cowper
Col. Monapace

Industry Sub-Commission
Labour Sub-Commission
P. W. & U. Sub-Commission
Transportation Sub-Commission
W. E. Disposal Sub-Commission

Major Timmons
Mr. Land
Mr. Braine
Col. Ristedt
Lt. Col. Scoggins
Lt. Col. Deckmejian
Major Bates

General McKinley presided:

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Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

Mr. Hughes
Mr. Stauffer
Major Smith
Mr. Checchi
Capt. Highland
Capt. White (Ex. Comm. Off)
Lt. Durber

Agriculture Sub-Commission	Mr. Rudderham
Commerce Sub-Commission	Major Scotten
Food Sub-Commission	Major Cowper
Finance Sub-Commission	Col. Menapace
	Major Timmons
Industry Sub-Commission	Mr. Land
Labour Sub-Commission	Mr. Braine
P. W. & U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Lt. Col. Scoggins
W. M. Disposal Sub-Commission	Lt. Col. Dockmajian
	Major Bates

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9. In disposing of U.S. salvage PBS has agreed to deal directly with the Italian Government instead of through the War Materials Disposal Sub-Commission. Col. Walton will investigate to see whether any AFHQ directive has been issued regarding this matter.

10. Major Cowper reported that Italian civilians who are sent out on specific jobs by AC are having to spend much more than the amount that they are reimbursed. The allowance is 250 L. a day and it is impossible for them to [illegible] accommodations and food for this amount. Col. Densmore will [illegible] allowance raised.

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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11. No further news has been received as to the turnover date.

12. Col. Menapace replied to Col. Dammers's inquiry regarding new accounting personnel by stating that two new officers have come in; however, no reply has been received from AFHQ or Washington on the major request for personnel. Mr. Hughes reported that 4 accountants who are now working in sub-commissions in a military status have been processed by FEA and as soon as they are demilitarized they will be available to Finance Sub-Commission. Gen. McKinley requested that the matter of transferring them to Finance Sub-Commission as military personnel be investigated.

The meeting adjourned at 12:40 hours.

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Lt. Col., AGD
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LABOR SUB COMMISSION
A. C.
Routing Slip

IMMEDIATE ACTION

	Initials	Date
Mr. W. H. BRAINE		
Mr. SACHS	H	17/A
Mr. HLRD		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Miss SANSEVERINO		
Chief Clerk		

REMARKS:

4212

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.21/ES

14 Sept 1945

MINUTES OF ECONOMIC SECTION STAFF
MEETING HELD 14 SEPTEMBER 45

Present:

Economic Section:

Gen. McKinley
Col. Densmore
Col. Walton
Lt. Col. Quartier
Lt. Col. Martino
Mr. Hughes
Major Aason
Major Smith
Capt. Highland
Capt. Williams
Capt. Arnoldy
(Ex. Comm. Of)

Agriculture Sub-Commission
Commerce " "
Finance " "
Food " "

Industry " "

Labor
Public Works & Utilities
Transportation "

War Materials Disposal

Mr. Merritt
Major Gent
Col. Menapace
Lt. Col. Toscani
Major Cowper
Mr. Land
Major Fewings
Mr. Braine
Mr. Sullivan
Mr. Upman
Col. Buchanan
Major McDonald

Gen. McKinley presided:

1. Copies of Cables

4211

Col. Densmore stated that the information copies of cables which [illegible] so difficult as impossible to read

Declassified E.O. 12065 Section 3-402/NNDC No. 785021

Major Smith
Capt. Highland
Capt. Williams
Capt. Arnoldy
(Ex. Comm. Of)

Agriculture Sub-Commission — Mr. Merritt
Commerce " " — Major Gent
Finance " " — Col. Menapace
Food " " — Lt. Col. Toscani
Industry " " — Major Cowper
Labor — Mr. Land
Public Works & Utilities — Major Fewings
Transportation " — Mr. Braine
Mr. Sullivan
Mr. Upman
Col. Buchanan
Major McDonald

War Materials Disposal

Gen. McKinley presided:

4211

1. Copies of Cables

Col. Densmore stated that the information copies of cables which came to Economic Section were often difficult or impossible to read and requested that officers preparing cables insure that all copies made were legible.

2. Turn-back of Territory

Col. Densmore stated that AFHQ had informed the CCS that the Communes of Naples, Livorno, Pisa and Colle Salvetti were ready for hand over to the Italian Government.

3. Promotion for U. S. Officers

Col. Densmore said that Col. Parkin had announced this morning that no American officer could be promoted unless he agreed to stay in the service for the duration of the emergency plus six months, if required. Col. Parkin was asking [illegible] if an officer who had signed this agreement but was not promoted could thereupon be permitted to withdraw his application.

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4. Office Hours

Col. Densmore said that it appeared highly probable that the office hours would be revised; however, as yet no official revision had been published and until such appeared, no Sub-Commission should publish any revision of its own.

5. Loss of Enlisted Personnel

Col. Densmore said that Col. Perkin had announced this morning that before the end of September approximately half the enlisted personnel of the 2675th Regiment must be released. Col. Densmore suggested that replacements be requested but pointed out that they would be difficult to obtain.

6. Personnel

Col. Densmore remarked that UNRRA was desirous of obtaining additional military or civilian personnel. They needed individuals who were familiar with AC and especially Economic Section functions. The question as to whether British or U. S. officers could be lent to UNRRA while retaining military status was still pending.

7. UNRRA Conference in London

Gen. McKinley reported on his trip to London and Washington and said that at the London UNRRA conference it had been decided that UNRRA would provide relief for Italy after January 1, 1946. He said that Maj. Gen. Anderson of the British War Ministry had expected at one time that UNRRA would take over on October 1, and that for this reason the British plans for continuance of civil supplies for the last quarter of 1945 had been delayed. However, the program was now well under way. The activities of UNRRA will, of course, depend on funds made available to it, which means in large part dependency on action of the U.S. Congress and therefore all arrangements are necessarily tentative at present. All planning, however, is on the assumption that UNRRA will get its money. Gen. McKinley pointed out that at the conference Mr. Will Clayton of the U. S. delegation had insisted on the relief for Italy by saying that if Italian requirements were not met, he was sure that the U.S. Congress would not approve appropriations for UNRRA.

8. Future of the AC

The concensus in Washington is that the AC will leave the

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additional military or civilian personnel. They [illegible] who were familiar with AC and especially Economic Section functions. The question as to whether British or U. S. officers could be lent to UNRRA while retaining military status was still pending.

7. UNRRA Conference in London

Gen. McKinley reported on his trip to London and Washington and said that at the London UNRRA conference it had been decided that UNRRA would provide relief for Italy after January 1, 1946. He said that Maj. Gen. Anderson of the British War Ministry had expected at one time that UNRRA would take over on October 1, and that for this reason the British plans for continuance of civil supplies for the last quarter of 1945 had been delayed. However, the program was now well under way. The activities of UNRRA will, of course, depend on funds made available to it, which means in large part dependency on action of the U.S. Congress and therefore all arrangements are necessarily tentative at present. All planning, however, is on the assumption that UNRRA will get its money. Gen. McKinley pointed out that at the conference Mr. Will Clayton of the U. S. delegation had insisted on the relief for Italy by saying that if Italian requirements were not met, he was sure that the U.S. Congress would not approve appropriations for UNRRA.

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The concensus in Washington is that the AC will leave the picture rather rapidly especially after the handback of Northern territory. It will, however, exist in some form as long as the Armistice continues in its present state.

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Gen. McKinley listed the economic functions which he thought would be continued:

(a) to facilitate the transfer of Italian import and export trade to normal commercial channels and practices as rapidly as possible.

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

(b) to aid the Italian Government in fostering export trade and in planning imports into Italy and processing such imports.

(c) to assist UNRRA or any other non-Italian relief or welfare agency which may from time to time require information or assistance, either upon its request or the request of the Italian Government.

(d) to assist in the solution by the Italian Government of any economic problems brought to our attention by it and to formulate appropriate recommendations to the Italian Government or to the Allied Governments.

(e) to perform the ordinary functions of economic reporting and collection of information that the Allied Governments may be interested in.

Gen. McKinley requested the Directors of Sub-Commissions to consider these funtions and on this basis to review their activities and plan for a reduction of staff. He requested that by 1600 hours, Monday, September 17, each Director submit to him a detailed list of the functions his Sub-Commission performed, together with an indication as to whether that function would be turned over to UNRRA or not, and if not, as to whether it would be continued by the reduced AC or discontinued altogether. He suggested that Directors might find it convenient to list the individuals in their Sub-Commissions and then analyze the functions of each individual, inasmuch as some officers were performing both supply functions which would later be given to UNRRA and other functions which might either be carried on by AC or dropped. He said that from these reports he expected to be able to determine the precise functions which the Economic Section would have to continue and from that analysis, he could then determine the precise personnel needed. Similarly, he would be able to collect all the supply functions which the various Sub-Commissions carry on with a view to putting all the supply functions under one large supply division for eventual handing over to UNRRA.

4210

10. Transportation for Italian Civilians

Col. Toscani turned over a letter embodying this question which Gen. McKinley requested Col. Densmore to handle.

11. Handback of Northern Regions

Mr. Braine inquired if anything new on this subject had been

Declassified E.O. 12065 Section 3-402/NNDC No. 785021

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Meeting adjourned at 1240 hours.

LESLIE S. MOORE
Lt. Colonel, AGD
Chief, Admn. & Pers. Br.

Distribution
"A"

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

14 Sept 1945

MINUTES OF ECONOMIC SECTION STAFF
MEETING HELD 14 SEPTEMBER 45

Present:

Economic Section:

Gen. McKinley
Col. Densmore
Col. Walton
Lt. Col. Quartier
Lt. Col. Martino
Mr. Hughes
Major Anson
Major Smith
Capt. Highland
Capt. Williams
Capt. Arnoldy
(Ex. Comm. Of)

Agriculture Sub-Commission
Commerce " "
Finance " "
Food " "

Industry " "

Labor
Public Works & Utilties
Transportation "

War Materials Disposal

Mr. Merritt
Major Gent
Col. Menapace
Lt. Col. Toscani
Major Cowper
Mr. Land
Major Fewings
Mr. Braine
Mr. Sullivan
Mr. Upman
Col. Buchanan
Major McDonald

4209

Gen. McKinley presided:

1. Copies of Cables

Col. Densmore stated that the information copies of cables which

Mr. Hughes
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Capt. Highland
Capt. Williams
Capt. Arnoldy
(Ex. Comm. Of)

Agriculture Sub-Commission — Mr. Merritt
Commerce " " — Major Gent
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Food " " — Lt. Col. Toscani
Industry " " — Major Cowper
Labor — Mr. Land
Public Works & Utilities — Major Fewings
Transportation " — Mr. Braine
War Materials Disposal — Mr. Sullivan
Mr. Upman
Col. Buchanan
Major McDonald

Gen. McKinley presided:

4209

1. Copies of Cables

Col. Densmore stated that the information copies of cables which came to Economic Section were often difficult or impossible to read and requested that officers preparing cables insure that all copies made were legible.

2. Turn-back of Territory

Col. Densmore stated that AFHQ had informed the CCS that the Communes of Naples, Livorno, Pisa and Colle Salvetti were ready for hand over to the Italian Government.

3. Promotion for U. S. Officers

Col. Densmore said that Col. Parkin had announced this morning that no American officer could be promoted unless he agreed to stay in the service for the duration of the emergency plus six months, if required. Col. Parkin was asking MTOUSA if an officer who had signed this agreement but was not promoted could thereupon be permitted to withdraw his application.

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4. Office Hours

Col. Densmore said that it appeared highly probable that the office hours would be revised; however, as yet no official revision had been published and until such appeared, no Sub-Commission should publish any revision of its own.

5. Loss of Enlisted Personnel

Col. Densmore said that Col. Parkin had announced this morning that before the end of September approximately half the enlisted personnel of the 2675th Regiment must be released. Col. Densmore suggested that replacements be requested but pointed out that they would be difficult to obtain.

6. Personnel

Col. Densmore remarked that UNRRA was desirous of obtaining additional military or civilian personnel. They needed individuals who were familiar with AC and especially Economic Section functions. The question as to whether British or U. S. officers could be lent to UNRRA while retaining military status was still pending.

7. UNRRA Conference in London

Gen. McKinley reported on his trip to London and Washington and said that at the London UNRRA conference it had been decided that UNRRA would provide relief for Italy after January 1, 1946. He said that Maj. Gen. Anderson of the British War Ministry had expected at one time that UNRRA would take over on October 1, and that for this reason the British plans for continuance of civil supplies for the last quarter of 1945 had been delayed. However, the program was now well under way. The activities of UNRRA will, of course, depend on funds made available to it, which means in large part dependency on action of the U.S. Congress and therefore all arrangements are necessarily tentative at present. All planning, however, is on the assumption that UNRRA will get its money. Gen. McKinley pointed out that at the conference Mr. Will Clayton of the U. S. delegation had insisted on the relief for Italy by saying that if Italian requirements were not met, he was sure that the U.S. Congress would not approve appropriations for UNRRA.

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Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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Gen. McKinley listed the economic functions which he thought would be continued:

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Declassified E.O. 12065 Section 3-402/NNDC MR. 78502

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10. Transportation for Italian Civilians 4208

Col. Toscani turned over a letter embodying this question which Gen. McKinley requested Col. Densmore to handle.

11. Handbook of Northern Regions

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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Meeting adjourned at 1240 hours.

LESLIE S. MOORE
Lt. Colonel, AGD
Chief, Admn. & Pers. Br.

Distribution
"A"

Declassified E.O. 12065 Section 3-402/NNDO No. 785021

Tel. 536

HEADQUARTERS ALLIED COMMISS.
APO 394
ECONOMIC SECTION

WHB

Ref: 1.27/ES

10 September 1945

MINUTES OF ECONOMIC SECTION STAFF MEETING
HELD 7 SEPTEMBER 1945

Present:

Economic Section:	Col. Densmore
	Col. Walton
	Lt. Col. Quartier
	Maj. Clark
	Mr. Satrina
	Capt. Highland
	Capt. Williams
	Capt. Arnoldy (Ex. Comm. Of.)
Agriculture Sub-Commission	Mr. Burcalow
Commerce " "	Maj. Scotten
Finance " "	Col. Menapace
Food " "	Col. Toscani
	Maj. Cowper
Industry " "	Maj. Fewings
	Mr. Land
Labor " "	Mr. Braine
Public Works & Utilities	Col. Parker
Transportation	Mr. Upman

Col. Densmore presided:

1. Misdirected Mail

The Executive Commissioner has called attention to the fact that mail is still being addressed to Emilia Region. Inasmuch as this Region has been turned back to the Italian Government, this practice should be discontinued at once.

2. Turn-back of Territory

As indicated at previous meetings, the turnover date will come from CCS through AFHQ. When AFHQ does release the date, there will be a processing period of from 14 to 21 days.

Declassified E.O. 12065 Section 3-402/NNDC No. 785021

Food	"	"	Col. Toscani
Industry	"	"	Maj. Cowper
Labor	"	"	Maj. Fewings
Public Works & Utilities			Mr. Land
Transportation			Mr. Braine
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3. Newspaper Releases

4207

The Executive Commissioner has requested that newspaper releases be prepared by each Sub-Commission. These are to be sent direct to the Public Relations Branch with a copy to the Economic Section. Stories outlining results accomplished by AMG and AC during their periods of operation are particularly desired. Col. Densmore requested each Sub-Commission to prepare its report at an early date and said that the Economic Section would study the copies it received of Sub-Commission reports and submit its own report of any activities on a sectional level not covered by the individual reports.

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4. Hours of Employment--Allied and Italian Civilians

Mr. Braine summarized the discussions held at the recent special meeting of the Labor and Wage Control Committee of the AFLR(I)B at which it was unanimously decided to recommend the continuance in this theater of the 48 hour work week for Italian civilians. He reported that the U. S. services feel that any reduction of existing periods for civilian employees in the theater would:

(a) delay the completion dates for existing essential commitments;
(b) cause a wastage of the use of rail cars, shipping and transportation facilities in general;
(c) have an adverse effect on the morale of military personnel in that any delay in completion of theater commitments would delay their release.

Mr. Braine said that after a decision had been reached on the basis of these objective factors, the Committee had further considered that the 48 hour week was desirable because it is generally followed by the Italian Government, and because any reduction of hours which reduced civilian wages would handicap the Allied Forces employment policy. Mr. Braine pointed out that the discussion had been on a theater wide basis and that the AC policy had not been acted on at the Labor and Wage Control Committee meeting.

There was discussion on the following suggestions:

(a) that the AC operate on a 48 hour week with each Allied officer having one day off each week besides Sunday.
(b) that the present system of Wednesday and Saturday afternoons off for Allied personnel be continued, but that the Italian civilians be retained on duty all day Wednesday and Saturday.
(c) that the present system be retained without change and that the monthly salary of Italian civilians be maintained without reduction.

The consensus was in favor of Plan C. However, Mr. Braine observed that the next meeting of the Labor and Wage Control Committee would probably result in the publication of a definition of a "work month" which would relate monthly pay to hours worked.

5. Travel Accommodations for Italian Civilians

Major Cowper raised the question of accommodations for Italian civilians

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would handicap the Allied Forces employment policy. Mr. Braine pointed out that the discussion had been on a theater wide basis and that the AC policy had not been acted on at the Labor and Wage Control Committee meeting.

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5. Travel Accommodations for Italian Civilians

Major Cowper raised the question of accommodations for Italian civilians travelling on official AC business. It was pointed out that no Allied rations or billets are legally available to them under present rulings and that the ration allowance provided them is insufficient to cover the cost of living when Allied resources are not made available. Since most Sub-Commissions now have an increase in the number of essential Italian employees visiting the North, Col. Densmore said he would request reconsideration of the current Establishment Section rulings.

The meeting adjourned at 12:50 hours.

13 SEP 1945

Leslie S. Moore

LESLIE S. MOORE
Lt. Colonel, AGD
Chief, Adm. & Pers. Br.

Distribution
"A"

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

LSC 1002

Tel: 538

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

NRS:jes

Ref: 19.00/ES

29 August 1945

SUBJECT: Meeting with Italian Government Interministerial Committee for Reconstruction

TO: See Distribution

1. A meeting with the above committee will be held in Room 2, Ground Floor, Grand Hotel at 1600 hours, Friday 31 August 1945.

2. The following subjects will be discussed during this meeting.

a. Instituto Commercio Estero (I.C.E.) Minister Gronchi & Under Secretary Storoni

b. Unemployment with emphasis on Public Works to absorb unemployment. Minister Rucini

c. Transportation problems. Minister La Malfa

3. As these problems to be discussed are of permanent importance, your presence is requested at this meeting, please.

FOR THE ACTING VICE PRESIDENT:

L. L. BRIGHOUSE
Colonel, FA
Chief Staff Officer

1 Incl.
Ltr. of 16 Aug 45
Subject: Org. of the ICE

Distribution

Brig. Anderson
Col. Walton
Col. Benamore
Col. Bonapace
Col. Fistedt

A206

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

2. The following subjects will be discussed during this meeting.

a. Instituto Commercio Estero (I.C.E.) Minister Gronchi & Under Secretary Storoni

b. Unemployment with emphasis on Public Works to absorb unemployment. Minister Rivini

c. Transportation problems. Minister La Malfa

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FOR THE ACTING VICE PRESIDENT:

1 Incl.
Ltr. of 16 Aug 45
Subject: Org. of the ICE

L. D. [redacted]
Colonel, AA
Chief Staff Officer

Distribution

Brig. Anderson
Col. Walton
Col. Densmore
Col. Donapace
Col. Ristedt
Mr. Sullivan
Mr. Upman
Major Green
Mr. Dosworthy
Mr. Livengood
Mr. Braine

4206

Declassified E.O. 12065 Sec. 3-402/NNDC NO. 785021

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

H/C/sch

Ref: AC/5127/53/Commerce

16 August 1945

SUBJECT: Organization of the Istituto Commercio Estero

TO: Minister of Industry and Commerce

1. We refer to the meeting held with Avv. Storoni in Major Cent's office on Saturday, 11 August, and wish to confirm briefly the points raised during the discussion.

2. It is felt generally by these Sub-commissions at this Headquarters, which are in close contact with the Istituto Commercio Estero, that the present organization of ICE is inadequate for the tasks which have been assigned to it by the Italian Government. These tasks are vastly beyond the scope of the functions of the Istituto Commercio Estero as it existed before the war and now extend not only to cover all the executive and commercial activities of governmental export trading but also to cover similar functions with respect to all imported supplies. Prior to the war, on the contrary, it is believed that the functions of ICE were limited to technical control of certain export commodities and to the development of export trading in an advisory capacity.

3. In the course of discussion, it was made clear that it is not the intention of the Italian Government to centralize foreign trade in the hands of a government organ, such as ICE, and that the present development of ICE has been necessitated, merely as a temporary measure, by the controls exercised and required by the Allied Nations. It is agreed that the communication from the Chief Commissioner to the Prime Minister, of 31 July and referring to the cessation of Allied Commission's export trade activities, will enable you to take immediate action with the object of decentralizing the work of ICE insofar as regards exports. With respect to the handling of imported supplies, a work which is entirely in the hands of ICE, we note that it is your intention to bring into immediate operation the 5 or 6 State owned, commercial companies to act under the supervision of ICE under a detailed plan which you are in the process of preparing.

4205

4. It is your desire that we should place on record the main inconveniences which have been reported by various Subcommissions of this Headquarters and which were discussed verbally. We, therefore, summarize these as follows.

a. The number of personnel in ICE is considered inadequate for its present tasks and, in some cases, the personnel insufficiently experienced for the

Declassified E.O. 12065 Section 3-402/NNDC No. 785021

organization of ICE is inadequate [illegible]
the Italian Government. These tasks are vastly beyond the scope of the functions of the Istituto Commercio Estero as it existed before the war and now extend not only to cover all the executive and commercial activities of governmental export trading but also to cover similar functions with respect to all imported supplies. Prior to the war, on the contrary, it is believed that the functions of ICE were limited to technical control of certain export commodities and to the development of export trading in an advisory capacity.

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4. It is your desire that we should place on record the [illegible] inconveniences which have been reported by various Subcommissions of this Headquarters and which were discussed verbally. We, therefore, summarize these as follows.

a. The number of personnel in ICE is considered inadequate for its present tasks and, in some cases, the personnel insufficiently experienced for the work they have to perform. It is suggested that this deficiency may be due to 1) lack of authority from the Government for a sufficiently large establishment, 2) insufficient assignment of funds for the purpose.

b. It is considered by Transportation Sub-commission and all subcommissions interested in imported supplies that there is, generally speaking, a lack of forward planning for distribution of such supplies on arrival. It is realized, in this connection, that ICE has been working under difficulties primarily because of lack of advanced information as to arrivals and lack of information as to landed costs. Nevertheless, in view of the fact that the Italian Government is no longer bound to observe a fixed percentage increase over landed costs when establishing sale prices of imported supplies, it is considered that much improvement could now be made in planning for disposal of goods. It would, probably, be helpful to ICE to arrange more efficient liaison with this Headquarters, particularly with the object of obtaining all available information as to requisitions which have been put forward in the past, of which ICE may not be fully cognizant.

Declassified E.O. 12065 Section 3-402/NNDC No. 785021

c. It is reported by Commerce Sub-commission that, with regard to the procurement of Category A commodities for export, namely, those which are of strategical importance to the Allied Nations, there has been inadequate compliance with the terms of the letter of 18 April from Acting Vice President, Economic Section, to Minister Gronchi. It is pointed out, also, by Commerce Sub-commission that the long delays which occur in making payments to exporters may have some influence on the difficulty in procuring goods. We note with satisfaction, therefore, that it is now proposed by the Italian Government to create a special import export Government trading account which would simplify the whole procedure for payment for export of goods.

d. Finance Sub-commission are particulary concerned with the submission of receiving reports for imported supplies and have communicated the deficiencies in this respect in a letter to ICE, dated 28 June, reference - 13168/F. In the opinion of Finance Sub-commission, the cause of these deficiencies can be traced to the general lack of experienced personnel referred to in (a) above.

e. A further observation of general nature which has been made by several Sub-commissions is that sub-offices of ICE are lacking in proper instructions from Rome and that the individual representatives lack authority to take action. It has, also, been found that there occur many instances of delay in passing instructions from Rome to the sub-offices on specific matters requiring urgent action, e.g., loading of sulphur for Greece from Sicily.

5. The above matters have been discussed in detail at the meeting referred to above and we are in complete agreement that any organization designed to centralize the commercial functions of import and export trade would require a staff at least ten times that of ICE today, and would require facilities of transport, accommodation, etc. at its disposal in the same proportion. We cannot but welcome, therefore, the information that it is your policy to proceed as soon as possible to the decentralization of the commercial activities of the Government which are now performed by ICE, and, on the other hand, to centralize in one Department the administrative functions of the Government, which are now performed by several Ministries.

6. We thank you for your proposal to supply us with this revised plan and assure you of our cooperation and assistance in any matters in which we can be helpful.

E. B. McKINLEY
Brigadier General, USA
Acting Vice President

cc: Ministry of Industry & Commerce
(Direzione Generale del Commercio Estero)
Economic Section
Transportation S/C
Finance S/C
Commerce S/C

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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Acting Vice President

cc: Ministry of Industry & Commerce
(Direttorate Generale del Commercio Estero)
Economic Section
Transportation S/C
Finance S/C
Commerce S/C

30 AGO, 1945

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 536

Ref. 1.27/ES

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD
27 JULY 1945

Present:

Economic Section:	Brig. Gen. McKinley
	Col. Densmore
	Col. Walton
	Lt. Col. Moore
	Lt. Col. Tooby
	Lt. Col. Quartier
	Mr. Hughes
	Major Rively
	Major Smith
	Mr. Cerrito
	Major Clark
	Capt. Arnoldy (Ex.Comm.Off.)
	Capt. Highland
Agriculture S/C	Mr. Merritt
	Mr. Rudderham
Commerce S/C	Major Gent
	Major Scotten
Finance S/C	Brig. Grafftey-Smith
	Col. Menapace
Food S/C	Major Cowper
Industry S/C	Major Fenings
Labour S/C	Mr. Braine
	Mr. Sachs
Public Works & Utilities S/C	Col. Ristedt
Transportation S/C	Mr. Taylor
	Mr. Upman

4204

Brig. Gen. E. B. McKinley presided:

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Col. Densmore
Col. Walton
Lt. Col. Moore
Lt. Col. Tooby
Lt. Col. Quartier
Mr. Hughes
Major Rively
Major Smith
Mr. Cerrito
Major Clark
Capt. Arnoldy (Ex.Comm.Off.)
Capt. Highland

Agriculture S/C	Mr. Merritt Mr. Rudderham
Commerce S/C	Major Gent Major Scotten
Finance S/C	Brig. Grafftey-Smith Col. Menapace
Food S/C	Major Cowper
Industry S/C	Major Fewings
Labour S/C	Mr. Braine Mr. Sachs
Public Works & Utilities S/C	Col. Ristedt
Transportation S/C	Mr. Taylor Mr. Upman

4204

Brig. Gen. E. B. McKinley presided:

1. The following FEA personnel have arrived during the past week: Mr. Upman, who is to replace Mr. Taylor as Director of the Transportation Sub-Commission; Mr. Moss, Chief, Rail Division; Mr. Gallo, Administrative Assistant, Transportation Sub-Commission; and Miss Wade, Professional Assistant to Mr. Whitehead, Textiles. From latest reports, it appears that Mr. Douglas will not be coming to Italy.

2. Regarding the turnback of territory, approval has been received which would permit us to turn back the entire region of Emilia and the Provinces of Apuania and Lucca on the 31st of July. However, in order to permit the Advisory Council for Italy, which next meets on 3rd August, to be notified, the probable effective date will be the 4th August. The Communes of Naples and Ancona will not be included in this turn-back.

3. The Executive Commissioner has issued a report, with very limited distribution, on his recent trip to Venezia-Giulia, in which he states that the Military Government in the area is showing decided improvement.

/Gen. McKinley cautioned. . .

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Gen. McKinley cautioned the Economic Section staff that the situation as regards channels and relationships is not clear and read the following paragraph concerning organization from the Executive Commissioner's report:

"HQ XIII Corps definitely consider AMG VENEZIA GIULIA as part of XIII Corps organization. The Corps Commander has no objection to the title SCAO, VENEZIA GIULIA in order to distinguish him from the Provincial Commissioners of the three Provinces of VENEZIA proper who will shortly come under the military jurisdiction of XIII Corps. XIII Corps also recognize the arrangement by which technical direction is given by Sub-Commissions to specialist officers in the area on technical points. They feel, however, that on any matter of policy XIII Corps should seek direction from AFHQ: this includes certain matters of personnel such as the appointment of a new SCAO, or Chief of Police. The SCAO himself is fully alive to the value of remaining under the technical control of the Allied Commission and so long as care is exercised both from this HQ and by the SCAO, I think a satisfactory method of working can be achieved. I have made it quite clear to the SCAO that neither he nor his staff are entitled to correspond with AFHQ and if they receive instructions direct from AFHQ, they should refer them to XIII Corps."

Gen. McKinley pointed out that AFHQ is showing unusual interest in AMG matters in Venezia Giulia, the situation is tense, and extreme care must be exercised to see that our contacts are made through the proper channels.

4. At the request of Col. Bowman, the Executive Commissioner has requested that all minutes of future Economic Section and Price Committee meetings be sent to the SCAO, VENEZIA GIULIA, in order that he may be informed of AC activities.

5. The 8th Army ceased to function administratively on the 25th July, XIII Corps took over military administration in the Provinces of Udine, Treviso, and Venice. These Provinces remain under Brigadier Dunlop and there is no change in AMG territory. The XIII Corps as a military area has moved back and included these three Provinces.

6. Col. Walton reported that an attempt is to be made to improve the organization of ICE. Major Gent is to confer with Minister Gronchi to examine the organization and to make suggestions as to improvements. It would be helpful if the Sub-Commissions would inform Major Gent of specific matters that they want taken up with Minister Gronchi. Gen. McKinley stated that a signal has recently been received on foreign trade which will turn back to the Italians. Therefore, it is vital that ICE be in a position to handle trade between individual principals can go

Declassified E.O. 12065 Section 3-402/NNDC NO. 48502

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7. In response to Col. Walton's question as to what personnel would be left in Emilia, Gen. McKinley indicated that he had presented a list to the Executive Commissioner setting forth the detailed assignment of each officer that would become available and indicating where it was intended that he should be placed. The Executive Commissioner appears to favor these recommendations.

8. Mr. Braine stated that it is difficult to forecast staff requirements after 30 September until it is clear what the staff is supposed to accomplish. Gen. McKinley suggested that, for planning purposes, it should be assumed that all AMG territory except Venezia Giulia and certain isolated enclaves would be turned back to the Italian Government by the end of August;

/ that AC would continue. . . .

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that AC would continue in its present state for one month following that date; and at the end of September, it is probable that the economic functions of AC may be broken into two missions -- one British and one American -- which would work jointly. There may be some economic functions of the Commission that might have to continue as a combined activity. The future after September 30 is not clear. What will be done in regard to Labor specifically is not known.

9. Brig. Grafftey-Smith reported that, as yet, no successor had been appointed to fill the vacancy caused by the death of Minister Soleri. All questions of high financial policy are temporarily to be addressed to the Presidency of the Council of Ministers.

10. At a meeting with the Italian Ministers, Minister Soleri proposed that the 116 Decree, which is the final decree raising wages of Government employees in the North so that all of Italy will be on one level, be made effective 1 May instead of 1 August, as planned. Col. Monapace stated it was anticipated that some official communication on this matter would be forthcoming recommending that this order be issued. A request for an official recommendation was sent to Prime Minister Parri, but as yet no response has been received.

11. Brigadier Grafftey-Smith raised the question of whether or not the economic price of bread could go into effect prior to the posting of the General Order. Gen McKinley will investigate this matter.

12. Mr. Sachs, who has just returned from Trieste, reported that it had been decided to apply the Milan Agreement, which provides for a 100 lire a day increase in wages paid in this area. It was also decided to approve the liberation bonus running up to 3500 lire. Mr. Sachs expressed concern over the attitude of AMG officers to apply without scrutiny all the programs to Venezia Giulia that have been adopted in Italy. No attention is being paid to what the Jugoslavs are doing on the other side of the Morgan Line. He also reported that it was not anticipated that unemployment will be a problem in Venezia Giulia.

13. Mr. Corrito reported that, with the elimination of the 25% margin limitation, the Italian Government will be free to fix its own prices on imported goods without waiting for landed costs. The question of price control in Venezia Giulia was brought up by Brig. Grafftey-Smith, and Gen. McKinley indicated that this would have to be given special consideration.

4203

14. As of 25 July 1945, 5 berths are available for Liberty ships and schooners in the Port of Genoa. Mr. Taylor said that no word had been

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was anticipated that some official communication on this matter would be forthcoming recommending that this order be issued. A request for an official recommendation was sent to Prime Minister Parri, but as yet no response has been received.

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4203

14. As of 25 July 1945, 5 berths are available for Liberty ships and schooners in the Port of Genoa. Mr. Taylor said that no word had been received concerning Liberty ships actually entering the Port, but the berths are available. Savona will continue to be used as the Port for unloading coal.

The meeting adjourned at 1300 hours.

Norman R. Smith
NORMAN R. SMITH
Major, AGD
Chief, Adm. & Pers. Branch

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CSC/904

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 267

Ref. 1.27/ES

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD
20 JULY 1945

Present:

Economic Section	Brig. Gen. McKinley
	Brig. Anderson
	Col. Walton
	Lt. Col. Moore
	Lt. Col. Quartier
	Mr. Hughes
	Major Smith
	Major Rively
	Mr. Cerrito
	Capt. Highland
	Capt. Arnoldby (Ex. Comm. Off.)
Agriculture S/C	Mr. Merritt
	Mr. Rudderham
Commerce S/C	Major Gent
Finance S/C	Brig. Graffety-Smith
	Col. Menapace
Food S/C	Col. Legg
Industry S/C	Lt. Col. Glendinning
Labor S/C	Mr. Braine
	Mr. Sachs
Public Works & Utilities S/C	Col. Ristedt
Transportation S/C	Col. Thomas

4202

Brig. Gen. McKinley presided:

1. The minutes of the Economic Section Staff Meeting held 6 July 1945 were amended by the following addition which serves to clarify Paragraph 9 regarding opening of the Ortona - Ancona Line:

	Mr. Hughes
	Major Smith
	Major Rively
	Mr. Cerrito
	Capt. Highland
	Capt. Arnoldby (Br. Comm. Off.)
Agriculture S/C	Mr. Merritt
	Mr. Rudderham
Commerce S/C	Major Gent
Finance S/C	Brig. Griffety-Smith
	Col. Hemphee
Food S/C	Col. Lacy
Industry S/C	Lt. Col. Glendinning
Labor S/C	Mr. Braine
	Mr. Sachs
Public Works & Utilities S/C	Col. Histeit
Transportation S/C	Col. Thomas

1202

Brig. Gen. McKinley presided:

1. The minutes of the Economic Section Staff Meeting held 6 July 1945 were amended by the following addition which serves to clarify Paragraph 3 regarding opening of the Cortona - Arezzo Line:

> "With the opening of the Tunnel between Osimo and Ancona on 30 June 45 and the likelihood that the bridge over the PO River will be opened within the next day or two, through main line rail connection will be established from Southern Italy via Ancona, Bologna and Verona to Milan, Turin, and Venice."

2. General McKinley reported that he had no further information on the future of AC. Although considerable publicity has been given to the appointment of Mr. Douglas, it is not certain that he will arrive during this month as expected. As far as the objectives of AC

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are concerned, they remain the same. We will attempt to turn the North, except the territory under the XIII Corps, over to the Italians at the end of August.

3. A large number of personnel has been promised by FEA: 5 for Industry; 3 for Transportation, 1 for Agriculture, 3 for Public Works, 4 for Economic Section. Three of these persons arrived today - Mr. Land, Electrical Engineer for Industry; Mr. Whitehead, Textile Expert for Industry; and Mr. Dickerman for Agriculture. Eight people are scheduled to leave Washington in July and eight, including three stenographers, in August.

4. Col. Hensley has been appointed Liaison Officer with P.B.S.

5. It was pointed out by General McKinley that Phase II went into effect on July 15th. Col. Fiske is back and an agreement has been reached with 5th Army as to their jurisdiction. The enclave occupied by the 5th Army will be under the Regional Commissioners and 5th Army AMG functions will be only advisory. In view of our activities in connection with the industrial plan and disposition of captured war materials, Col. Fiske is arranging to take over the building now occupied by IV Corps Headquarters when it is vacated.

6. There has been considerable activity in connection with the economic price of bread. After the meeting with the Italian Ministers, there was some implication that there would be an attempt made to give a greater ration in the North at the same time the economic price of bread goes into effect. No such increase is possible, but we are ready to proceed on the price. Col. Legg indicated that all of the spade work is completed for the issuance of the necessary signals and directives. A draft of the directive has been submitted to the Italian Ministry of Food for approval and agreement.

7. General McKinley stressed the importance of assuming a not too optimistic attitude in our contacts with the Italian government in connection with future financing of their programs. The Italians should be warned that the future is not bright and that they might have to count on pay account balances even to feed themselves after the end of the calendar year. The Italian representative in Washington is aware of this condition and has stopped some of his purchases against the available Italian balances because of the fact that he foresees these possible emergencies. No arrangements have been made as yet for financing relief supplies for Italy after December 31, 1945. In response to Col. Legg's suggestion that the Prime Minister and the Council of Ministers be notified that unless their planning is changed, they will be heading for disaster, General McKinley indicated that he was trying to get information on the whole program to present to Admiral Stone for that purpose.

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8. A letter written by Minister Ruini in which he requested that he be advised on all economic matters was discussed. General McKinley stated that it is not intended that keeping Minister Ruini apprised of activities should assume the tremendous proportions implied in his note. The Economic Section will supply him with information regarding PCL allocations, coal deliveries and approval of programs, but the rest of the information may be secured by him from ICZ or the Ministers.

9. Brig. Anderson reported that a Joint Economic Committee with 50% Jugoslav and 50% Anglo-American representation has been set up for

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Venezia-Giulia, with three sub-committees for Commerce and Industry, Fuel & Power, and Transportation. The American representation on the Committee for Commerce and Industry are AMG; on Fuel & Power, AC; and Transportation, 6th Army. A list of food requirements is being prepared. The attitude concerning the Istrian Coal mines is deplored and the matter is being processed through military channels. Unemployment in Venezia-Giulia is alarming the Port Commander, and a commission is being set up to carry out a survey of the possibility of starting up the Montefalconi shipyards, but that will revolve around the availability of coal.

10. In response to Col. Walton's inquiry concerning the pricing limitation of landed cost plus 25%, General McKinley stated that he could find no basis for this practice except as a rule of thumb and that he was ready to rescind the order and give the government a free hand in pricing imported materials.

11. Col. Legg reported that Transportation Section of G-5 has been disbanding and that we are not receiving the 10-day shipping report as prepared by Movements Branch of G-5. He further stated that this report is vital to the Food Sub-Commission and some instructions that the continuance of this report be assured should be issued. Col. Thomas volunteered to get an answer as to whether it could be supplied. General McKinley stated that this same trend could be expected in all branches of G-5 as their personnel has been decreased considerably and many activities are reduced or eliminated. Lt. Col. Quartier is to serve as coordinator between G-5 and the sub-commissions regarding shipping operations formerly handled by G-5 which they are discontinuing, effective August 1st.

12. Mr. Brine urged that some sort of a labor policy for Venezia-Giulia must be forthcoming soon. Brig. Anderson feels that Venezia-Giulia must be considered as a separate labor problem and would prefer to consider it a separate problem on the industrial side.

13. Major Gent raised the question of the directive in regard to disposition of captured enemy material to which General McKinley replied that he was taking care of this matter today.

14. The situation of the port of Genoa remains unchanged and Col. Thomas reported that the date at which the port will be re-opened still is not known.

4201

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4201

The meeting was adjourned at 13:15.

Norman R. Smith

NORMAN R. SMITH
Major, AGD
Chief, Adm. & Pers. Branch

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SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 267

Ref. 1.27/ES

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD
26 JULY 1945

Present:

Economic Section	Brig. Gen. McKinley
	Brig. Anderson
	Col. Walton
	Lt. Col. Moore
	Lt. Col. Quartier
	Mr. Hughes
	Major Smith
	Major Rively
	Mr. Cerrito
	Capt. Highland
	Capt. Arnoldby (Ex. Comm. Off.)
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	Mr. Fulderham
Commerce S/C	Major Gent
Finance S/C	Brig. Greffety-Smith
	Col. Hemmpace
Food S/C	Col. Legg
Industry S/C	Lt. Col. Glendinning
Labor S/C	Mr. Braine
	Mr. Sachs
Public Works & Utilities S/C	Col. Ristedt
Transportation S/C	Col. Thomas

4200

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Agriculture S/C	Mr. Merritt Mr. Rulderham
Commerce S/C	Major Gent
Finance S/C	Brig. Graffety-Smith Col. Menspace
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Transportation S/C	Col. Thomas

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The meeting was [illegible]

4199

Declassified E.O. 12065 Section 3-402/NNDC NO. 78502

imported materials.

11. Col. Legg reported that Transportation Section of G-5 has been disbanding and that we are not receiving the 10-day shipping report as prepared by Movements Branch of G-5. He further stated that this report is vital to the Food Sub-Commission and some instructions that the continuance of this report be assured should be issued. Col. Thomas volunteered to get an answer as to whether it could be supplied. General McKinley stated that this same trend could be expected in all branches of G-5 as their personnel has been decreased considerably and many activities are reduced or eliminated. Lt. Col. Quartier is to serve as coordinator between G-5 and the sub-commissions regarding shipping operations formerly handled by G-5 which they are discontinuing, effective August 1st.

12. Mr. Braine urged that some sort of a labor policy for Venezia-Giulia must be forthcoming soon. Brig. Anderson feels that Venezia-Giulia must be considered as a separate labor problem and would prefer to consider it a separate problem on the industrial side.

13. Major Gent raised the question of the directive in regard to disposition of captured enemy material to which General McKinley replied that he was taking care of this matter today.

A199

14. The situation of the port of Genoa remains unchanged and Col. Thomas reported that the date at which the port will be re-opened still is not known.

The meeting was adjourned at 13:15.

Norman R. Smith

NORMAN R. SMITH
Major, AGD
Chief, Adm. & Pers. Branch

Distribution
"A"

Declassified E.O. 12065 Section 3-402/NNDG No. 785021

Declassified E.O. 12065 Section 3-402/NNEC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS		
Mr. HIBBS		
Mr. SCOTT		
Mr. PROCTOR		
Miss. STEVENSON		
Miss. SANSEVERINO		
Chief Clerk		

REMARKS:

4198

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 267

Ref. 1.27/ES

Labour (3)
LSC/904

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD 6 JULY 1945

Present:

Economic Section	Brig. Gen. McKinley
	Brig. Anderson
	Col. Walton
	Lt. Col. Currier
	Mr. Cerrito
	Major Smith
	Capt. Highland
	Mr. Hughes
	Lt. Col. Moore
	Major Tooby
	Lt. Col. Martino
Agriculture S/C	Mr. Burcalow
Commerce S/C	Capt. Bergersen
Finance S/C	Major Gent
	Major Scotten
Food S/C	Brig. Grafftey-Smith
	Col. Menapace
	Col. Legg
Industry S/C	Lt. Col. Imrie
Labor S/C	Lt. Col. Glendining
	Mr. Braine
Public Works & Utilities S/C	Mr. Sachs
Transportation S/C	Col. Ridstedt
	Mr. Taylor

4197

Brig. Gen. McKinley presided:

1. Executive Commissioner's Meeting. The government has requested a Regional Commissioners' meeting and Rear Admiral Stone has set the date as 13 July. An attempt is being made to secure from the Ministry a list of questions to be discussed, in order that the Regional Commissioners may bring in the staff officers involved.

2. Col. Bowman is relieving Col. Monfort as G4C, XIII Corps, and Col. Thomas will replace Col. Bowman.

3. It is hoped to turn back additional territory to the Italian Government. The original date of the turn-back, 23 July, may be extended to 31 July, with a possible final turn-back at the end of August, with the exception of Giulia Venezia, which will

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Commerce S/C	Capt. Bergersen Major Gent Major Scotten
Finance S/C	Brig. Grafftey-Smith Col. Menapace
Food S/C	Col. Legg Lt. Col. Lurie
Industry S/C	Lt. Col. Glendinning
Labor S/C	Mr. Braine Mr. Sachs
Public Works & Utilities S/C	Col. Ridstedt
Transportation S/C	Mr. Taylor

4197

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2. Col. Bowman is relieving Col. Monfort as CAC,XIIX Corps, and Col. Thomas will replace Col. Bowman.

3. It is hoped to turn back additional territory to the Italian Government. The original date of the turn-back, 23 July, may be extended to 31 July, with a possible final turn-back at the end of August, with the exception of Venezia Giulia Region, which will remain under AMG.

4. The plan for handling industry and commerce in the North through the organization of local committees, as discussed at the Regional Commissioners' meeting and drafted by Brig. Gen. McKinley, Col. Poletti, and Ministers Gronchi and Ruini, has been formalized and approved by the Italian Government. It is anticipated that the Industry Sub-Commission's Advance Office will be organized in Milan on 10 July. The Commerce Sub-Commission will have to follow quickly with an organization up there. A meeting is to be held to get out the drill.

5. A meeting is to be held on the economic price of bread, at which it is hoped to crystallize the Allied Commission's point of view so that a firm representation can be made to the Italian Government within the next 48 hours.

6. Washington has requested that there be on hand in Washington by 15 July the entire program for the remainder of this calendar year. This program was distributed to all Sub-Commissions and it was stated that all comments on the program should be in the office of the Requisitions Branch not later than noon of 9 July. Inasmuch as it will be necessary to work against time, only the broadest phases can be included, with details subsequently to be clarified by signals.

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7. Mr. Braine reviewed the labor situation in the North. A sliding scale of bonuses brings the northern wages in Milan up to or above those in Rome and the South. The Italian Government agreed to provide funds from the State Treasury to enable payment of persons on the payroll but not working. As a result of this concession, AMG approved on 25 June the labor agreement as drawn up between employers and employees. Regrettably, a labor demonstration had been staged in Milan prior to AMG's approval.

A labor demonstration, more political than that of Milan and reputedly instigated by Communist factors, was staged in Turino.

It is expected that the bonus agreement, approved in Milan, will soon be in force throughout the entire North, with minor variations for rural districts. In this event, the North will be pretty much in step with the South at a date much earlier than had been anticipated.

8. Brig. Grafftey-Smith stated that accusations are being made in the North that A G is not fulfilling its functions in feeding the people in the Northern areas. He suggested, and Brig. Gen. McKinley approved, that proper publicity be given to correct this impression.

Brig. Grafftey-Smith also mentioned that the deletion from the proclamation of 2 September of the clause permitting financial and commercial transactions between Venezia Giulia Region and the rest of Italy is causing trouble. It is being strongly recommended that the proclamation, as signed, be amended to permit such transactions.

9. Mr. Taylor, in reviewing the transportation picture, said that Genoa has limited facilities for coasters, but no liberty ships are being admitted into Genoa Harbor. Coal ships are going into Savona. There are also berths for other ships in Savona, where the miscellaneous supplies can be railed to Genoa and from there up to Milan and Turino.

With the completion of the Crtona, Ancona line, there is complete railway from Bologna to Milan and Turino, with the exception of the bridge across the Po, which should be completed within the next day or two. The main line from Bologna to Milan and Turino will not be completed until the first of August. However, there is direct rail service now from Southern Italy to Milan, Turino, and Venice.

10. Mr. Brucalow said that there is no change in the wheat crop forecast as presented at the previous meeting. It is still planned to ship cattle, but not sheep from Sardinia to Italy for slaughter.

The meeting was adjourned at 12:50.

Norman R. Smith

NORMAN R. SMITH

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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Norman R. Smith

NORMAN R. SMITH
Major, ACD
Chief, Adm. & Pers. Branch

11 JUN. 1945

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS		
Mr. HIRD		
Mr. SCOTT		
Mr. PROCTOR		
Miss. STEVENSON		
Miss. SANSEVERINO		
Chief Clerk		

REMARKS:

4196

ESC/904

SECRET
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 267

Ref. 1.27/ES

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD 22 JUNE 1945

Present:

Economic Section	Brig. Gen. McKinley Brig. Anderson Col. Walton Lt. Col. Quartier Mr. Stauffer Mr. Hughes Lt. Col. Moore Major Smith Captain Highland
Agriculture S/C	Mr. Merritt
Commerce S/C	Major Scotten
(Coal Division)	Col. Evans
Finance S/C	Brig. Graffety-Smith
	Col. Menapace
Food S/C	Lt. Col. Imrie
Industry S/C	Lt. Col Glendinning
Labor S/C	Mr. Sachs
Public Works & Utilities S/C	Major Preedy
Transportation S/C	Mr. Taylor, Lt. Col. Sieff

4195

Brig. Gen. McKinley presided:

1. With respect to the new government, comments are that it is a decided swing to the Left and that it is very well received in US and UK.

2. Executive Commissioner's meeting. Current plans are that Col. Jones should return Saturday with information from the Commissioners which will be crystallized into a list of questions for E/S comments before the meeting on 27-28 June.

3. Colonna Hotel This problem has not been decided and an attempt is now being made to permit these people to live there but no mess is to be provided.

4. It is reported that on 25 June, an air courier service will be started

declassified E.O. 12065 Section 3-402/NNDC NO. 785021

Finance S/C

Food S/C
Industry S/C
Labor S/C
Public Works & Utilities S/C
Transportation S/C

Col. Menapace
Lt. Col. Imrie
Lt. Col Glendinning
Mr. Sachs
Major Preedy
Mr. Taylor, Lt. Col. Sieff

4195

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3. Colonna Hotel This problem has not been decided and an attempt is now being made to permit these people to live there but no mess is to be provided.

4. It is reported that on 25 June, an air courier service will be started to the North. A schedule will be published shortly. Service will not include Genoa but a sea plane service to Genoa probably will be started about the first of July.

5. Brigadier Anderson made a report reference applications of officers for Civil Affairs work. He reviewed the procedure to be used in screening this personnel at a meeting held the afternoon of 22 June.

6. Col. Fiske is now in Milan and has sufficient automobile transport for local travel. He can provide transportation within the city and Col. Poletti will handle any requests for transportation outside the city.

Declassified E.O. 12065 Section 3-402/NNDC NO. 78502

7. It was stated in the Executive Commissioners meeting, that Regional orders issued from Milan should be studied by the other Regions with a view to their adoption.

8. Venezia Giulia Situation. General McKinley reviewed the comments made by Brigadier Upjohn at the Executive Commissioners meeting relative to the new governmental and economic policies established in the Venezia Giulia Area. Joint committees of Jugoslavs and Allies will confer in this sector, with Allied personnel having already been requested from Sub-Commissions. Brig. Andreon will head up the Economic Section representation on the negotiations of these several committees.

9. Sardinia. Publicity of recent date has caused many questions about this situation at high levels. There has been considerable confusion with respect to the transportation end. A meeting will be held this afternoon with the Italian Government to let them know that they can not abuse the transportation which they ordered and are now rejecting, involving a boat for stock carrying.

Col. Lyric stated that the Sardinian situation has been much exaggerated and then briefed the existing status of food supply for the coming few months. General McKinley approved the departure for Sardinia on June 23 of two representatives of Agriculture S/C, one from Transportation S/C and one from the Italian Government.

10. Port Facilities. Colonel Sieff outlined the status of the ports at Leghorn, Savona, Venice, Trieste, Piombino and other Italian ports. He discussed the problems of demolition mines, long road hauls from ports to using agencies etc.

11. Price Control and Movement Control in the North. General McKinley has been conferring with Minister Gronchi in an attempt to get the Government's views. These conferences are to be continued this afternoon. The present approach is that only the minimum list of foods would be under control.

12. Mr. Merritt presented copies of a signal on current crop estimate which went forward to UK and US from AFHQ this morning. The shortage in Italy is therefore 2 million tons greater than last year and will be the shortest crop since 1922. This signal was drafted with care to present the true gravity of the problem to UK and US.

13. Brigadier Crafty-Smith asked what is the position on the revision of General Order 41. He was advised that it was also a subject which will be taken up with Minister Gronchi. The wage side is not to be touched since the provision in General Order 41 is that wages would be frozen as of April 3 1945 subject to codification upward on approval by Regional Commissioners. This Bureau wishes to recommend that two

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13. Brigadier Graffety-Smith asked what is the position on the revision of General Order 41. He was advised that it was also a subject which will be taken up with Minister Gronchi. The wage side is not to be touched since the provision in General Order 41 is that wages would be frozen as of April 3 1945 subject to modification upward on approval by Regional Commissioners. This advance has been given on public wages and Finance wishes to recommend that two decrees should now be permitted in the North to give a partial increase in salaries and wages. There is tremendous pressure so the increase would be advisable. This is in line with the policy of arriving at the Southern Italy level by August.

14. Mr. Taylor discussed his memorandum bringing out the important facts reference tonnage moved and to be moved, the wastage experienced and the reasons for such wastage.

15. Mr. Sachs discussed the wage situation in the North, stating the wage status of private and governmental employment. He brought out the point that wages in private employment could be negotiated subject to control of AMG, while public employment is controlled by Italian Government Decree, which does not allow for any fluctuations. Brigadier Graffety-Smith stated that General Order No. 41 was not generally understood. General McKinley indicated that if there is an area of doubt, it should be cleared up. The natural tendency has been that Regional Commissioners are reluctant to break the ice. They are afraid of the authority. However, Emilia Region did go ahead according to instructions. Mr. Sachs stated that he would see that these matters were cleared up.

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16. Major Scotton was asked what the attitude of the Ministry of Industry & Commerce was towards control with regard to non-subsistence material. At the Engineering Materials Committe meeting Monday, it was decided to reduce the list of controlled materials to only five. Commerce Sub-Commission must now inquire from the Italian Government as to what extent they wish to continue control.

The problems which will arise reference the release of these formerly controlled items in the Northern Regions was discussed. General McKinley was of the opinion that the items to be controlled solely by the Italian Government be controlled not by the central government but possibly by some form of decentralization. General McKinley will discuss these problems further at later meetings with the Ministers.

The meeting was adjourned.

Norman R. Smith
NORMAN R. SMITH
Major, AGD
Chief, Adm. & Pers. Branch

Distribution
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4194

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Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS		
Mr. HIRD	RS	7/7
Mr. SCOTT		
Mr. PROCTOR		7/7
Miss. STEVENSON		
Miss. SANSEVERINO		
Chief Clerk		

REMARKS:

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

17 JUN. 1945

NRS/mem

Tel. 536

Ref. 1.27/ES

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD 15 JUNE 1945

Present:

Economic Section	General McKinley Brigadier Anderson Colonel Walton Lt. Col. Quartier Lt. Col. Moore Mr. Cerrito Major Smith Captain Highland Capt. Arnoldy (Ex. Comm. Off)
Agriculture Sub-Commission	Mr. Merritt, Mr. Rudderham
Commerce Sub-Commission	Col. Evans
Finance Sub-Commission	Brig. Grafftey-Smith Colonel Menapace
Food Sub-Commission	Lt. Col. Imrie, Col. Legg
Industry Sub-Commission	Lt. Col. Glendenning Coal, Col. Evans
P.W.& U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Col. Thomas Mr. Taylor
Labor Sub-Commission	Mr. Braine

4193

Brigadier General McKinley presided:

1. On the 27th and 28th of June there will be a Regional Commissioner's meeting in Rome. The meeting of the 27th will be devoted to broad subjects. On the 28th it is intended to split up the meeting and to go into committees on the various subjects which correspond roughly to our sub-commissions. The exact subjects to be discussed will be formalized and distributed at a later date.

2. It was announced that Venezia Giulia Region is now administered by 13th Corps and Col. Monfort is the Civil Affairs Officer and to become Regional Commissioner.

3. Colonna Hotel - A proposal was made at the last Executive Commission-

Declassified E.O. 12065 Sec. 3-402/NNDC No. 785021

	Capt. Arnoldy (Ex. Comm. Off.)
Agriculture Sub-Commission	Mr. Merritt, Mr. Rudderham
Commerce Sub-Commission	Col. Evans
Finance Sub-Commission	Brig. Grafftey-Smith
	Colonel Menapace
Food Sub-Commission	Lt. Col. Imrie, Col. Legg
Industry Sub-Commission	Lt. Col. Clendenning
	Coal, Col. Evans
P.W.& U. Sub-Commission	Col. Ristedt
Transportation Sub-Commission	Col. Thomas
	Mr. Taylor
Labor Sub-Commission	Mr.Braine

4193

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2. It was announced that Venezia Giulia Region is now administered by 13th Corps and Col. Monfort is the Civil Affairs Officer and to become Regional Commissioner.

3. Colonna Hotel - A proposal was made at the last Executive Commissioner's meeting to close the Colonna Hotel. Establishment Section reported that 31 Italian civilians are now living in this hotel. General McKinley asked if this action would effect any of the sub-commissions and the only comment was voiced by Colonel Legg (Food S/C) who stated that one girl from his sub-commission resided in the Colonna. It was suggested that the matter be left in abeyance until decision is reached as to whether or not the Italian Government will requisition this hotel.

4. On Monday next it is expected that a private telephone wire to Milan will be in operation between 8:30 a.m., and 7:30 p.m. At 7:30 it will be turned over to the Italians for night service. Colonel Fiske may be reached in Milan at 7 Via Appina, Tel. 12621.

5. General McKinley stated that the following policies will be placed in effect within the Economic Section for the purpose of eliminating confusion and increasing the operating efficiency of the Section:

E.O. 12065 Section 3-402/NNDC No. 785021

a. Decentralization, as far as possible, of the operations of the section to the sub-commissions which will in turn keep the Acting Vice President informed in all major activities and other activities which he should know.

b. Matters which will require coordination or information from one or more other sub-commissions within the Economic Section will be so acted upon prior to referring to the Economic Staff Section. Exception to this are those cases which cannot or appropriately should not be settled upon a sub-commission's level.

c. In these matters of coordination and decentralized operation there can be no hard and fast rules and no substitute for good judgment.

6. Matter of Committees:

General McKinley suggested that when junior member of sub-commissions attend committee meetings they report back to their directors immediately in order that the directors may be well informed of the problems and solutions discussed.

7. General McKinley stated that price control in the North and South is at present in a very acute state of confusion. This is partly due to the military phase in the North remaining longer than was anticipated. Mr. Stauffer who is presently in the North has been requested to return to Room as soon as possible. As soon as he is back a meeting of all Directors of all sub-commissions and the anti-inflation committee will be held at the same time, with a view to taking drastic action to eliminate all of the rigidity that has been introduced in the North and to initiate a system of control of foods similar to that now in effect in the South. A few cost of living items, clothing, shoes, etc., will be exempt from this relaxation of control. The Central Economic Committee of the CLNAI is greatly in favor of such a plan.

8. Copies of General Order 41 and the proposed "Price Memo No. 1" war distributed to all sub-commissions so that when the proposed price meeting is called all will be thoroughly informed.

9. Mr. Taylor stated that General Order 42 is being re-written on the subject of transportation changes. This will place a pattern similar to that of the South, into the North.

10. Mr. Braine stated his concern about socialization of industry in the North. At present the Labor Sub-Commission has the responsibility of this problem and he stated that it involves a much wider aspect including political, legal, financial, industrial and labor. As a result he recommended that the problem be approached on a level higher than that of sub-commissions. (Subsequent to the meeting it developed that Brigadier Anderson had been handling this matter for Mr. Antolini. He will continue to do so).

Declassified E.O. 12065 Section 3-402/NNDC NO. 78502?

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11. Mr. Braine brought up the question of absorption of surplus labor which now exists and which gives every indication of increasing in the coming months. In his opinion the problem was one that involved all other sub-commissions as well as Labor. (Required action to be directed by Brigadier Anderson. see para 10).

12. Brigadier Grafftey-Smith presented the plan which had been approved for increasing the pay of statal and parastatal employees in the North. The plan provided for monthly increases which by August would place the salaries of these employees in the North on a parity with the rates paid in the South. Employees carried North and paid the Southern scale would enjoy no increase.

The meeting adjourned at 13:15 p.m.

17 GIU. 1945

Norman R. Smith
NORMAN R. SMITH
Major, ACD
Chief, Adm. & Pers. Branch

Declassified E.O. 12065 Section 3-402/NND NO. 785021

Unclassified E.O. 12065 Section 3-402/MNDG NO. 785021

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

WHB/rmw

15 June 1945

TEL : Ext. 204

REF : LSC/414

SUBJECT: Socialization of Industry

TO : Acting Vice President
Economic Section

1. At the Staff Meeting, 15 June, I suggest that socialization of industry should be discuseed.

2. I have sent a separate official minute to you on the subject.

W. H. BRAINE
Director
Labor Sub-Commission

4192

Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

C&O-

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

WHB/rmw 1203

TEL : Ext. 204

15 June 1945

REF : LSC/216

SUBJECT: Socialization of Industry

TO : Acting Vice President
Economic Section

1. The question of socialization of industry has been under consideration in the Allied Commission since the beginning of 1945. It has been raised in its general aspect by Colonel Densmore's memorandum of 11 April, 1945, ES/3.20, which collected opinions from various Sub-Commissions; and it was raised with particular regard to the duties of receivers and controllers of businesses of public importance. The matter is of great importance from the political, legal, industrial and social aspects, and I submit that policy and responsibility should be clearly established. Labor Sub-Commission has taken an interest in the question because of the obvious affect upon industrial relations as between employer and worker or as between capital and labor, but the whole problem is of much wider interest.

2. There is absence of exact information on developments as to appointment of Works Management Committees in Northern Italy. Acting Vice President may remember that whereas in Rome it was stated that a considerable number of industrial establishments were already affected, Col. Poletti stated in Milan on 5 June that comparatively few concerns were affected.

Memorandum LSC/413 of 1 June, 1945, to all Regional Commissioners requested material facts, including the number of plants in which Works Management Committees have been established, the number of plants in which commissioners have been appointed other than by AMG, and the number in which commissioners have been appointed by AMG. The reports requested have not yet begun to arrive.

3. There was discussion with Chief Commissioner on a number of points on 4 June, 1945 when Admiral Stone requested that the Italian Government should be asked to put their views on this subject in writing. A memorandum for the then Prime Minister Bonomi went no further than to say that the Italian Government will immediately study the complex questions involved and that it would be desirable that any provisions which Allied Commission proposed to take for temporary regulation of factories should not ~~be subject to~~ prejudice any more stable and definite solution which the Italian Government might propose in the near future. There were later discussions with Political Advisers and also with Chief Legal Adviser, but these were inconclusive and I am not aware that any clear policy or directive has been evolved.

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

4. Where receivers or commissioners are appointed by AMG to replace absent or inefficient managers, the position of Works Management Councils might be resolved; but where the managers are not replaced, the position of Works Management Councils still remains obscure. My own recommendation is that a public announcement, agreed between AMG and the Italian Government, should be made and that the so-called Decree of the CLN on the subject should be disposed of. (It will be remembered that Col. Poletti's order of 1 June abolishing CLN Decrees and Orders refers only to such Orders as were superceded by Decrees or Orders of the AMG).

W. H. BRAINE
Director
Labor Sub-Commission

4190

Declassified E.O. 12065 Section 3-402/WNDC NO. 785021

Wm Brainerd

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

FEB/fmp

TEL : Ext. 504

15 June 1945

REF : LSC/414

SUBJECT: Socialization of Industry

TO : Acting Vice President
Economic Section

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W. H. BRAINE
Director
Labor Sub-Commission

4189

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

/tr

HEADQUARTERS ALLIED COMMISSION

APO 394

LABOUR SUB COMMISSION

Tel.: Ext 204

REF : I90/415 14 June 1945

SUBJECT : Adjustment of Labor Forces in Northern Italy.

TO : Acting Vice President
Economic Section.

1. It has been agreed by the Allied Commission and the Italian Government that it is undesirable to create sudden mass unemployment by large scale discharges of labor from industrial establishments, and purely temporary measures have been taken to avoid such a state of affairs. It is recognised, however, that industry in the North is overburdened with surplus labor which should be drawn off at the earliest possible moment.

2. It is necessary:

(a) To estimate the amount of labor which is permanently surplus (i.e., for which no employment at any future date is foreseen by a present employer);

(b) To estimate the amount of labor which is temporarily surplus owing to present conditions, but for which re-employment can be foreseen in the near future;

(c) To consider alternative forms of employment available, and the estimate of such employment;

(d) To consider measures to be applied to workers with no prospect of employment;

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(a) To consider how to identify and to deal with workers falling into the various categories.

3. The normal State provisions for assistance to workers who are permanently unemployed were small in pre-war days, because the Fascists did not admit unemployment; and are entirely inadequate in present circumstances with the present purchasing power of the currency. In view of the probability of considerable unemployment, it is necessary that the Italian Government immediately endeavor to make more adequate provisions for workers who are wholly unemployed.

4. The measure of the employment possibilities in industry appears to be a matter for Industry Sub-Commission in conjunction with the Italian authorities. That Sub-Commission might also be prepared to advise as to the types and categories of workers to be retained, suspended or discharged.

5. On the reabsorption of surplus workers from industry into other types of work, Agriculture and Commerce Sub-Commissions may have views as to the demand for labor; and Public Works and Utilities Sub-Commission may be able to estimate the extent to which repair, reconstruction and relief schemes can be set in hand to absorb surplus labor.

6. In addition to relief through social insurance or through employment on relief schemes, an important factor is the availability of cheap meals. Food Sub-Commission would be in a position to report as to the possibility of maintaining and extending the provision of cheap meals in public restaurants in the North. The question of the continued provision of food to factory canteens is also for Food Sub-Commission to consider.

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7. It is recommended that the opinions of the interested Sub Commissions be coordinated in Economic Section so that plans for immediate action can be formulated.

K. H. FRAINK
Director
Labour Sub-Commission

cc: Brig. General D.L.ANDERSON
Deputy Vice President

Declassified E.O. 12065 Section 3-402/NWDC NO. 785021

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

F45
452/404

EJA/mpr

24 May 1945

SUBJECT: Notes on Meeting in Mr. Antolini's Office at 12:00 today.

TO : Mr. Braine, Director
Labor Sub-Commission

1. Present were:

Mr. A. U. Antolini, Vice President, A/C
General E. S. McKinley, A/S
Colonel Legg, Food Sub-Commission
Mr. Taylor, Transportation Sub-Commission
Mr. Braine, Labor Sub-Commission
Major M. A. Albright, Regional Labor Officer
Mr. Sachs, Labor Sub-Commission
Mr. Stauffer, A/S
Mr. Cerrito, A/S

2. The Director of the Labor Sub-Commission stated that the meeting was called to consider a request from the Regional Italian Joint Advisory Committee in Bologna for a temporary wage increase to bring wage levels to 150, 165 and 180 lire for unskilled laborers and laborers of the first and second categories. It was further stated that since this was the first request of its kind, the Committee should decide whether or not food and supplies could be furnished immediately to offset the wage demands.

3. The Director of the Food Sub-Commission stated that he was of the opinion that there was an adequate supply of food in Bologna and Emilia Region. It was further stated that there was transport but a serious shortage of POL.

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4. The Labor Officer for Emilia Region stated the position of the RIJAC to be as follows:

(a) Bologna should be made an exception in the economic policy since it was for six months in the front line war zone.

(b) Approximately 80% of its food and supplies were carried away by the Germans. Present shortages of food are such that there has been no distribution through UNRRA since the date of liberation, and that only bread and pasta are available through regular food channels.

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(c) Food costs have risen over 85% since November 1944, the date of the last legal change in wages.

(d) Wages are actually lower because of the loss of indemnities paid during times of alarms.

(e) Two serious strikes, one involving 1,500 railway workers, have already occurred and only through the intervention of the Prefect, the CLN, and the Camera del Lavoro has more serious difficulty been avoided.

(f) Employers, the public (as represented by the Prefect, Genio Civile, and others) are in full accord with labor, that the rates requested are the absolute minimum necessary.

5. After discussion it was agreed (except for a dissenting vote by Mr. Stauffer), that the request should be approved for Bologna Province, and that all possible assistance should be given in the matter of additional food supply in order to avoid the necessity for further adjustment.

R. A. Albright

R. A. ALBRIGHT
Major
Regional Labor Officer, Emilia

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Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

LSC/904
Spain
JBT/es

SECRET

Tel: 415

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

Minutes of Economic Section Staff Meeting Held on 11 May 1945

Present:

Economic Section	Brigadier General McKinley Brigadier Anderson Colonel Densmore, Colonel Walton Lt. Col. Thompson, Major Smith
Agriculture Sub-Commission	Mr. Rudderham, Mr. Burkelow
Commerce " "	Major Scotten, Lt. Col. Oxley
Finance " "	Brigadier Grafftey-Smith
Food " "	Lt. Col. Imrie
Industry " "	Lt. Col. Maskrey, Major Kilner
Labor " "	Mr. Sachs, Mr. Scott
Public Works & Utilities S/C	Lt. Col. Thompson
Transportation S/C	Colonel Thomas
Executive Comm. Office	Capt. Arnoldy

Brigadier General McKinley Presided

4184

1. Items from the Executive Commissioner's Meeting, May 11:

a. All officers making journeys to the North must keep HQ continually informed of their movements and whereabouts in case they are required urgently. Sub-Commissions will have this information available on call by Economic Section.

b. Transport for Displaced Persons. It will probably be impossible to satisfy all demands; hence Transportation S/C should be prompt in reviewing such demands so that calls can be made on AFHQ where necessary.

c. Civilianization. CAO, AFHQ has called upon the AC for a long-term plan predicated upon turn-back of territory by stages. Sub-Commissions to give thought so that when called upon they will be able to give their views without delay.

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3. Brigadier General McKinley asked help and cooperation of all in connection with new organization of Economic Section to make it function properly, particularly to facilitate transaction of business, handling of correspondence and administration in general. Sub-Commissions to give added emphasis to their own administration. It is desired to stop outside complaints on slowness of action of AC. Sub-Commissions should not send down buck-slips indicating action to be taken, but rather prepare final letter for signature of Economic Section. Sub-Commissions will review correspondence and papers for form and manner of expression, particularly the latter, so that it is entirely clear what action is to be taken and by whom. Interim replies should be given on all matters of delayed action. All memorandums should receive attention and be answered, if required. Sub-Commissions requested to let Economic Section know any deficiencies when they occur.

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Labor Sub-Commission stated that if wage level is to be kept at present low level, prices will have to be kept at present level also. Labor S/C recommended keeping economic boundary.

Brigadier Crafftey-Smith considered that it is well worth trying to hold economic boundary.

Commerce Sub-Commission stated that prices in shops are rising rapidly in Bologna, approaching Florence prices.

Food Sub-Commission stated that the food situation in Venezia is quite good except for province of Udine, where food supplies are to be dropped by air, owing to breakdown in road transport. It is reported that merchants from Bologna are in Apulia offering very high prices for wine.

5. Office Space. HQ Commandant has responsibility for moving outside organizations from AC. When this is done, unless plans are changed, a slow move within AC will take place. Brigadier General McKinley said that the allocation of space within sub-commissions would be made by individual sub-commissions. More space will be required for additional Economic Section staff. Allocations to sections and divisions should allow for contraction and expansion. Furniture will not be moved, as far as possible.

6. Fumigation of second floor annex was requested by Agriculture Sub-Commission. Major Smith to see HQ Commandant for immediate action.

7. Three FEA stenographers recently arrived were assigned as follows:

1 - Brigadier Anderson - temporary duty till 17 May 45.
1 - Commerce Sub-Commission
1 - Transportation Sub-Commission.

J. Bruce Thompson.

J. B. THOMPSON
Lt. Colonel, R. A.
Chief Staff Officer
Economic Section

E.O. 12065 Section 3-402/NNDC NO. 785021

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Economic Section

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LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE	WHB	2/5
Mr. SACHS		
Mr. DI FEDE		1/5
Mr. AIREY		1/5
Mr. SCOTT	RS	4/5
Mr. PROCTOR		1/5
Miss STEVENSON		
Chief Clerk		

Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

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SECRET
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 536

MRS/jca

LS4/904

Ref. 1.37/ES

MINUTES OF ECONOMIC SECTION STAFF MEETING HELD ON 8 JUNE 1945

Present:

Economic Section	Mr. Antolini Brig. Gen. McKinley Brig. Anderson Col. Walton Lt. Col. Quartier Lt. Col. Murtagh Major Smith Capt. Highland Mr. Hughes
Agriculture Sub-Commission	Mr. Merritt, Mr. Rudderham
Commerce Sub-Commission	Major Scotten
Finance Sub-Commission	Brig. Grafftey-Smith, Col Menapace
Food Sub-Commission	Col. Legg
Industry Sub-Commission	Lt. Col. Maskrey, Maj. McNaughton-Smith
Labor Sub-Commission	Mr. Braine
Public Works & Utilities S/C	Lt. Col. Ristedt
Transportation S/C	Col Thomas
Executive Comm. Office	Capt. Arnoldy
American Embassy	Col. G.A. Green

4183

Mr. Antolini Presided

1. Mr. Hughes was introduced as a new arrival from the United States. He will act as FEA business manager replacing Mr. Lehman. One of his first jobs will be done with Gen. McKinley in reorganizing the secretarial staff with a view to better utilization of personnel.
2. No items of importance to the Economic Section were discussed at the Executive Commissioner's weekly meeting.
3. Vice President's meeting was not held this week.
4. Mr. Antolini announced that Col. Densmore had arrived in Washington yesterday. Mr. Antolini was advised from Washington that the program which Colonel Densmore had carried back was accepted and also the Allied Commission's request that it get top priority over the First Aid Emergency Program was granted. Some of this program which emphasizes production goods rather than finished goods, had already been [illegible] the procurement agency. When Mr. Antolini talked with Wash-

Agriculture Sub-Commission	Mr. Merritt, Mr. Rudderham
Commerce Sub-Commission	Major Scotten
Finance Sub-Commission	Brig. Grafftey-Smith, Col Menarace
Food Sub-Commission	Col. Legg
Industry Sub-Commission	Lt. Col. Maskrey, Maj. McNaughton-Smith
Labor Sub-Commission	Mr. Braine
Public Works & Utilities S/C	Lt. Col. Ristedt
Transportation S/C	Col Thomas
Executive Corr. Office	Capt. Arnold
American Embassy	Col. G.A. Green

4183

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5. Mr. Antolini announced the date of his departure as Monday 11 June, in accordance with war shipping schedules. He commended the staff on the splendid job done while he was here, wishing each one the best of luck and expressing his hope that they could stay on and give General McKinley their fullest support, especially since the personnel of the Economic Section is now being decreased rather than increased.

   Brig. General McKinley and Brigadier Anderson responded for the American and British sides respectively.
6. Brigadier Anderson reported briefly on the status of the Production Advisory Boards -- the proposals have now been sent to SCS for approval before it is taken up with the Italian Government.
7. Col. Densmore reported on the situation regarding the new French francs.

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8. Col. Thorne asked when the Toronto Region is closing. June 19 was given as the closing date. This does not cover Liverpool.

9. Mr. Braine was asked to state the current position on labor subsidies in the North. Briefly, his statements were as follows: The Government will continue to subsidize labor until the end of July in accordance with the CLI Decree. In connection with wages and prices, he said that we had hoped to control prices more closely in the North but this would only have been possible if wages had also been kept down. We have seen in the South that prices are falling in the expectation that goods are coming down from the North, but there has been a corresponding increase of prices in the North. Mr. Braine said he didn't know if the falling of prices in the South would be reflected in a wage roll-back.

The meeting adjourned at 1240 hours.

Norman R. Smith
NORMAN R. SMITH
Major, AGD
Chief, Adm. & Pers. Branch.

Declassified E.O. 12065 Section 3-402/NSC No. 78-5021

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS	[illegible]	13/6
~~Mr. DI PEDE~~		
~~Mr. AIREY~~		
Mr. SCOTT	RJ	14/6
Mr. PROCTOR	[illegible]	M/L
Miss STEVENSON	[illegible]	16/6
Miss SANSEVERINO		
Chief Clerk		

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Mr. BRAKE
Mr. ~~SIGHS~~

L&C/1047

Staff Meeting - Economic Section - 11/5/45

1. As the above meeting was assembled and awaiting a representative from this Sub-Commission I attend; notes on the business transacted are as follows:-

2. Journeys to Northern Italy: The Chairman requested that Directors of Sub-Commissions submit to Economic Section itineries of any journeys which Senior Officers proposed making to the North; furthermore such Officers when on journey should from time to time keep Economic Section advised of their whereabouts.

3. Displaced persons. Comment made on transportation difficulties.

4. Handing back of Territories. The proposal to hand back further territories to the Italian Government was mentioned and objections asked for. Specific areas could not be detailed but it was understood that the localities of Livorno and Pisa were under consideration. As the Port area was excluded no objection was raised.

5. Implementation of Decrees - Mention was made of the implementation of a Decree by the Italian Government without consultation with Allied Commission. Exception had been taken to what was regarded as an uncooperative attitude but Brig. Gen. Craftey Smith said that the matter had been considered and it was now a question of whether Admiral Stone should make representations to the Italian Prime Minister; opinion however was that it was a 'pin--prick' which did not warrant approach at this level.
Details of the Decree were not mentioned.

6. Meeting of Italian Ministers on economic problems. The Chairman said that it was assumed that where Sub-Commissions were interested on subjects under discussion they had arranged for attendance of representatives.

7. Economic Section - Improved organization. The Chairman said efforts were being made to improve the

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organization of the work in the Economic Section and any suggestions calculated to facilitate the transaction of business would be welcomed even if criticism was involved.

He wanted each Sub-Commission to place emphasis on administration and to detail an Officer to review its set-up, the forms in use, manner of expression in correspondence, etc., etc.

On the question of correspondence the Chairman said that where possible a reply should be prepared for signature rather than a report and also that the intention of letters should be clear. If for instance a position called for action the writer should say what action he wanted taken and by whom.

8. Economic Line. The Chairman asked for any information Sub-Commissions might have as to conditions in the North as A.C. had been asked to give an opinion on the advisability of continuing the "Economic Line".

Each person present was asked for any information available on the position in the North. For Labour Sub-Commission I said whilst we had reports showing that prevailing wages in some districts were 50% lower than those in the South our information was too meagre to permit of an expression of opinion on the general position. The Chairman said that although reports were available most referred to Bologna area and consequently were not of much assistance in this matter. I then added that we expected detailed information on many districts in a weeks time when our Director returned from the North, and suggested it would be advisable to await these reports.

Brig. Gen. Crawley Smith agreed saying that it would be folly to give an opinion on this very important issue before our experts now in the North had returned and reported, a view with which the Chairman was in agreement.

9. Accommodation. Premises occupied by Economic Commission were considered. From the trend of the conversation it seems unlikely that there will be any change.

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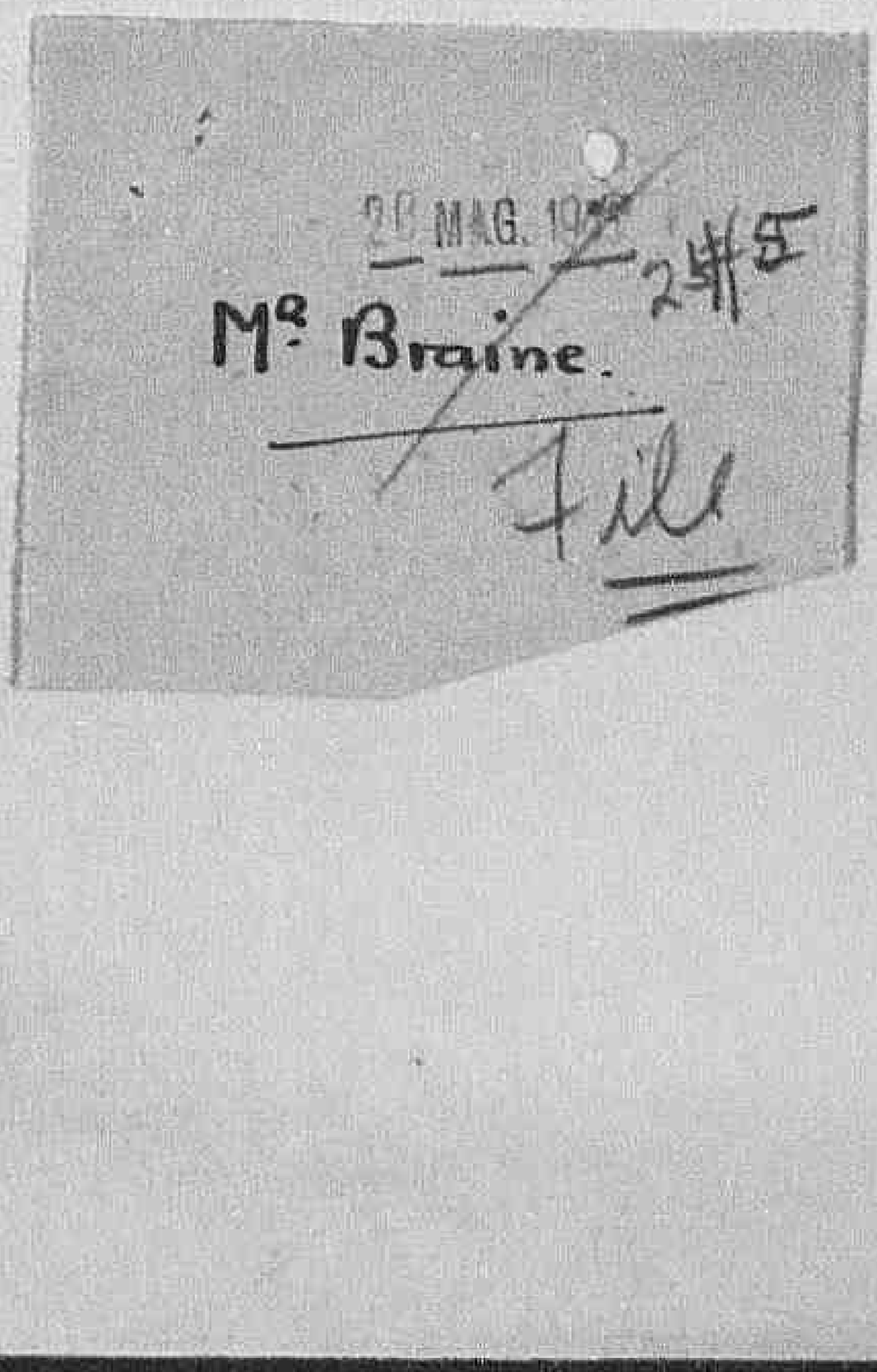

SECRET

Tel: 415

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

JBT/es

Ref: 1.27/ES

Minutes of Economic Section Staff Meeting Held on 11 May 1945

Present:

Economic Section		Brigadier General McKinley Brigadier Anderson Colonel Densmore, Colonel Walton Lt. Col. Thompson, Major Smith
Agriculture	Sub-Commission	Mr. Rudderham, Mr. Burkelow
Commerce	" "	Major Scotten, Lt. Col. Oxley
Finance	" "	Brigadier Grafftey-Smith
Food	" "	Lt. Col. Imrie
Industry	" "	Lt. Col. Maskrey, Major Kilner
Labor	" "	Mr. Sachs, Mr. Scott
Public Works & Utilities	S/C	Lt. Col. Thompson
Transportation	S/C	Colonel Thomas
Executive Comm. Office		Capt. Arnoldy

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Declassified E.O. 12065 Sec. 3-402/NNDC No. 785021

Executive Comm. Office

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1 - Brigadier Anderson - temporary duty till 17 May 45.
1 - Commerce Sub-Commission
1 - Transportation Sub-Commission.

J. Bruce Thompson.

J. B. THOMPSON
Lt. Colonel, R. A.
Chief Staff Officer
Economic Section

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J. B. THOMPSON
Lt. Colonel, R. A.
Chief Staff Officer
Economic Section

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E.O. 12065 Section 3-402/NNDC NO. 785021

Tel: 536 HEADQUARTERS ALLIED COMMISSION JBT/maa
APO 394
ECONOMIC SECTION

Ref: 1.27/ES

Minutes of Economic Section Staff Meeting held on 4 May 45

Present:

Economic Section		Mr. Antolini, Brig. Gen. McKinley, Brig. Anderson, Col. Murphey, Col. Densmore, Col. Walton, Lt. Col. Thompson
Agriculture	Sub-Commission	Mr. Allbaugh
Commerce	" "	Col. W. P. Evans, Col. P. R. Evans, Major Scotten
Finance	" "	Brig. Grafftey-Smith, Col. Menapace
Food	" "	Col. Legg, Lt. Col. Imrie
Industry	" "	Lt. Col. Maskrey, Maj. Kilner
Labour	" "	Mr. Braine
PW&U	" "	Col. Ristedt
Transportation	" "	Col. Thomas, Col. Sieff
Executive Comm. Office		Capt. Arnoldy
American Embassy		Col. Green
British Embassy		Mr. Nosworthy

Mr. Antolini presided

1. Minutes of last meeting

   a. Item 1 - Office Space. The Accommodation Committee's plan for the reallocation of office space in this Headquarters has been approved. No move can be made until certain AC functions have been moved from AC HQ building. It is hoped to start the move in a week's time.

2. Mr. Antolini introduced Col. Green of the American Embassy. Divisions and Sub-Commissions were requested to give him such information as he may require. In the post war period the Embassies may have to assume many of the economic functions of AC and must, therefore, be informed of the current position.

3. Mr. Antolini referred to the party that he was taking North with him. He regretted that all Directors of Sub-Commissions could not be included. Economic statistics

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Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

Transportation " "	Col. Thomas, Col. Sieff
Executive Comm. Office	Capt. Arnoldy
American Embassy	Col. Green
British Embassy	Mr. Nosworthy

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3. Mr. Antolini referred to the party that he was taking North with him. He regretted that all Directors of Sub-Commissions could not be included. Economic statistics and data gathered on the trip will be coordinated on return by the Advisory Anti-Inflation Committee.

4. Mr. Antolini referred to a directive just received (501/76/EC dated 1 May 45, subject "AMG policy - Northern Italy). Copies are being distributed. All Sub-Commissions to study.

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5. Mr. Antolini referred to the political and economic situation in the North and stated that it seems to be in good shape.

6. German Prisoners of War. Sub-Commissions asked what use they thought could be made of P.O.W. most of whom would be centered in Emilia Region. It had been decided impracticable to use them in the Sardinian coal mines, as, under the terms of the Geneva Convention, they would be fed better than the local miners. Col. Sieff stated that AFHQ have suggested that they be formed into GY companies. Brig. Gen. McKinley will look further into this.

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Col. Legg stated that the question of ration scales for the Germans was being reviewed. If they are treated as a disbanded army and not as P.O.W. it is proposed to give them one-third of the British/US ration.

7. Brig. Anderson stated that it was proposed to set up an Industrial Advisory Board with sub-committees each dealing with a basic industry, composed of representatives of AC, the Italian Government and the industry concerned. These boards would consider: (a) which industries should be put into commission, (b) when factories or industries could be handed over by the military to civil management, (c) how industries can be kept going until normal channels are open again.

8. Position of Transportation Officers in Naples Commune. Mr. Antolini directed that the position of Transportation Officers on Col. Pennycuick's staff should be settled between the Sub-Commission and the Commissioner. It is not desirable to raise this matter formally.

9. Col. Sieff reported on the conditions found in the port of Genoa. The port is in good shape but the block will take some time to remove. Fleet salvage experts estimate that it will take 30 days to blow the gap. Once the block is freed AFHQ stated that AC can have as much tonnage as they require within 15 days - by the middle of June, five to six thousand tons a day. Col. Sieff also reported on Venice and Trieste and the satisfactory state in which rail bridges had been found.

10. Railway wagons. A census is being made of the railway wagons found in the North and a controlling body will be set up for their allocation.

11. Transportation Sub-Commission wished to place on record their appreciation of the help given them by other Sub-Commissions in regard to future shipping demands.

12. Col. Legg reported on the food position found in the North. The position appears to be favourable but no really reliable reports have been received except from Emilia Region.

13. Sub-Commissions all stated that they were being heavily taxed by demands for British officers for escort duties, courts of enquiry, etc. Facts to be supplied to Brig. Anderson.

14. Col. Densmore referred to the new organisation of the Economic Section. He stated that the intention was

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14. Col. Densmore referred to the new organisation of the Economic Section. He stated that the intention was that the Vice Presidents office should be burdened with the minimum amount of operation. Sub-Commissions to prepare papers in final action form so that they do not have to be written up in the Economic Section, except where the work of two or more Sub-Commissions is being coordinated. The Deputies will usually sign for the Vice President. Finance and Labour Sub-Commissions will report direct to the Vice President.

15. Category B goods. The import programme will have to be revised and reshaped, as the need will now be to introduce production goods rather than consumer goods. In order to gather data for the revision of the programme officers have been sent North. The intention is not to investigate industry by industry until the critical factors of transport coal and electricity have been surveyed. The

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programme is now in the mill and published. Therefore, we must produce revisions rather than a new programme. Sub-Commissions will have to work on the information when it is received from the North.

16. Col. Ristedt reported on the power situation in the North, which was satisfactory. The generating stations were hydro and did not depend on coal. Ferrara is the only city without electricity and this should be fixed up within a week.

J. Bruce Thompson

J. BRUCE THOMPSON
Lt. Col., R.A.
Admin. & Personnel Branch
Economic Section

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS		
Mr. DI FEDE		13/5
Mr. AIREY		
Mr. SCOTT	RS	14/5
Mr. PROCTOR		14/5.
Miss STEVENSON		6/5
Chief Clerk		

SECRET

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO 394

JBT/maa

ES/1.27

Minutes of Economic Section Staff Meeting held on 27 April 45

Present:

Economic Section		Mr. Antolini, Brig. Gen McKinley Brig. Anderson, Col. Murphey Col. Walton, Lt. Col. Thompson Major Tooby, Mr. Stauffer
Agriculture	Sub-Commission	Mr. Allbaugh
Commerce	" "	Col. Evans, Mr. Kugel
Finance	" "	Brig. Grafftey-Smith Col. Menapace
Food	" "	Col. Legg, Lt. Col. Imrie
Industry	" "	Lt. Col. Maskrey, Major Kilner
Labour	" "	Mr. Braine
P.W. & U.	" "	Col. Ristedt
Transportation	" "	Col. Thomas, Col. Sieff
Executive Commission Office		Major Rively

Mr. Antolini presided

1. Minutes of last meeting

   a. Office space. The office space committee are reporting on Monday morning (30 April 45) when it is hopedto have the approval of the Executive Commissioner for moving the Economic Section to the 1st and 2nd floors and annex of 3rd floor.

2. The chairman referred to the new Organisation Chart. The two Deputy Vice Presidents will visit AFHQ 30 April 45 and will discuss personnel and other problems with Directors of Sub-Commissions before they leave.

3. The chairman stated that there will be no ACC advance HQ in Milan. There will be provision made for a forward office and billet. Forward movement of Directors and their Deputies is to be cleared through Economic Section.

4. Sub-Commissions will be under constant pressure to obtain permits for Ministers and Industrialists to visit the North. No permits are to be given at this stage.

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Labour	"	Mr. Braine
P.W. & U.	"	Col. Ristedt
Transportation	"	Col. Thomas, Col. Sieff
Executive Commission Office		Major Rively

Mr. Antolini presided

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5. Representation on Allied Forces Local Resources (Italian) Board. Brig. Anderson stated that Industry Sub-Commission had asked for a revision of AC representation on the committees of the Board. This matter will be discussed later.

6. AC Priorities Board. Brig. Gen. McKinley and Brig. Anderson have both recommended that disposal of salvage be dealt with by the AC Priorities Board rather than by IP& and WMD Sub-Commission. Brig. Anderson also considered that priorities of movement should be a staff function of the Economic Section rather than a function of the Transportation Sub-Commission. Agreed to look into the functions of the Priorities Board. More staff will probably be needed.

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NARS, Date 12-18-75 E.O. 12065 Sec. 3-402/NNDC No. 785021

7. Currency and prices in the North

Brig. Grafftey-Smith explained the reason for lower prices in the North.

a. Production and stocks are larger.
b. Hoarding of high denomination notes. They are at a premium and are kept out of the banks so as to conceal wealth from the authorities.
c. There has always been stronger enforcement in the North.

For these reasons prices are lower in the North in spite of the fact that there are large stocks of currency there. Paradoxically we shall feel the weight when confidence returns.

Mr. Braine stated that in Bologna the Army had already started paying double the current wages. This matter was to be discussed during the afternoon at the Labour & Wages Control Committee meeting of the AFLR(1)B.

Sub-Commissions instructed to obtain and circulate all information they can on wages and prices.

8. Turn back of Umbria-Marche to Italian Government.

The Chief Commissioner wishes this turn back to take place with the exception of certain towns, if Sections agree. Brig. Grafftey-Smith said that he was against a whole Commune or Province staying under Military Government as this meant Finance Officers had to be left behind.

9. Records of Movements of Tonnages Bid for, Accepted and Actually moved.

Col. Sieff stated that of 45,000 tons programmed for movement by rail over certain areas, 30,000 tons had moved. Of the remaining 15,000 tons, the Military had been unable to provide wagons for 3,000 tons and for the remaining 12,000 tons no stores had been available to load. During January there was a wastage of 250,000 tons. This figure was being reduced but not sufficiently to please AFHQ. There will shortly be an acute wagon shortage. Transportation Sub-Commission will discuss this matter with other Sub-Commissions concerned.

10. Mr. Allbaugh stated that report

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10. Mr. Allbaugh stated that reports from newly liberated areas showed that plenty of food items were being found. However, these were normally exporting areas and this must not be forgotten. To be further discussed at the Advisory Anti-Inflation Board 26 April 45.

11. Col. Murphey referred to the latest No. 2 District Directive. No. 2 District will be responsible for, but will require AMG operation for:

Traffic control
Maintenance of Public Utilities
Signal Communications
Coordination of local resources

J. Bruce Thompson.

J. BRUCE THOMPSON
Lt. Col., R.A.
Admin. & Personnel Branch
Economic Section

SECRET

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LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H.BRAINE		
Lt.Col.BABCOCK		
Capt. DORF		
Mr. SACHS		
Mr. DI FEDE	J. D.	3/5
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

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HEADQUARTERS ALLIED COMMISSION JBT/drr
APO 394
ECONOMIC SECTION

Ref ES/1.27 13 April 1945

SUBJECT Economic Section Staff Meeting 20 April 1945.

TO All Sub-Commissions

The Staff Meeting originally scheduled for Friday 20 April is hereby cancelled.

Notification will be made later as to the date of the next meeting.

J. Bruce Thompson.
J. BRUCE THOMPSON
Lt. Col., R.A.
Chief Admin & Pers Div
Economic Section

A175

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
~~Lt. Col. BABCOCK~~		
Capt. DORF		
Capt. TOPLISS		
Mr. SACHS		
Mr. DI FEDE		
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

ESC/904

Tel 1558 ROAD HARBOURS ALLIED COMMISSION AMG/bib
APO 394
ECONOMIC SECTION

Ref: ES/1.27 17 April 1945

SUBJECT: Economic Sec tion Staff Meetings

TO : Agriculture Sub-Commission
Commerce "
Finance "
Food "
Industry "
Labor "
P.W. & E. "
Transportation "

1. In future both Directors & Deputy Directors of Sub-Commissions are requested to attend the Economic Section Weekly Staff Meetings.

For the A/Vice President:

J. Bruce-Thompson

J. BRUCE THOMPSON, Lt.Col.F.A.
Chief, Adm. & Person. Div.
Economic Section

4174

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

Q file

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Lt. Col.BABCOCK		
~~Capt. DORF~~		
Capt. TOPLISS		
Mr. SACHS		
Mr. DI FEDE		
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

Declassified E.O. 12065 Section 3-402/NNBC NO. 785021

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CWA/eeg

LSC/904

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

ES/1.27

Minutes of Economic Section Staff Meeting held on 13 April 1945.

Present:

Economic Section		Mr. Antolini, Brig. Gen. McKinley, Col. Murphey, Col. Densmore, Lt. Col. Thompson, Major Doe, Major Murtagh, Capt. Atkins, Capt. Williams, Capt. Highland, Lt. Morgan.
Agriculture	Sub-Commission	Mr. Allbaugh
Commerce	" "	Col. Evans
Finance	" "	Major Timmons
Food	" "	Col. Legg
Industry	" "	Lt. Col. Maskrey
Labor	" "	Mr. Sachs
P.W. & U.	" "	Col. Ristedt
Transportation	" "	Col. Thomas
PRB		Major Leacacos
PWB		Mr. Cohrssen
Exec. Comm. Office		Major Rively

4179

Mr. Antolini presided.

1. Minutes of last meeting

a. Item 6 - Office Space. The Chairman stated he had raised this question at Executive Commissioner's meeting this morning and was told that non AC bodies, such as International Refugee Board, will be moved out of this building, which would relieve the crowding to some extent. Major Doe informed the meeting that the A/Executive Commissioner has now made a decision on the plan of the reallocation of office space and the Committee propose to commence work at once.

b. Item 8 - Shipping Availability. The Chairman asked for any further comments on this item. Col. Legg said he had submitted a memorandum to the Economic Section. He said that port clearance and the uncertainty of arrival of ships at ports were very definite factors of which account must be taken, necessitating in some cases bids being put in well in advance. Col. Thomas mentioned that they could take

Food	"	"	Lt. Col. Haskey
Industry	"	"	Mr. Sachs
Labor	"	"	Col. Ristedt
E.W. & U.	"	"	Col. Thomas
Transportation			Major Leacacos
FRB			Mr. Cohrssen
F/B			Major Rively
Exec. Comm. Office			

1173

Mr. Antolini presided.

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Lt. Col. Haskey intimated that subject to the question of freight rates on phosphate from Africa being cleared with the French Industry Sub-Commission could take all unaccepted tonnage. The Chairman said that in connection with the freight question we were awaiting notification from the French Embassy that the contract had been signed.

2. POLITICAL. The Chairman said there was virtually no change during the week. A lot of attention was paid to the recent Communist conference and to Togliatti's two speeches which were widely reported. In one he suggested the establishing of Regional assemblies, the meaning of which is not clear but raises interesting political questions. Togliatti has taken a positive stand as to the role the Communists should play in the war effort. We intend to draw him into play with Gronchi on the question of coal production in Sardinia where the slow down strike had been sponsored by Communist agitators. In this connection the Chairman pointed out the importance of FAW 467 under which we have full authority to take the mines back, which however, implies a very aggressive AMG control, which is highly questionable from a political point of view.

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3. Civil Applicants for Visits in the Army Areas. The Chairman reported that the ruling has been given that applications from the Government for permission to send certain people north should be discouraged as much as possible. If necessary, he should be consulted. Army Commanders are very averse to having civilians going forward. Lt. Col. Kearney said that he had been informed that 15 Army Group were collecting together a number of experts and technicians who would go forward with 15 Army Group. Industry Sub-Commission had already detached three engineers for this purpose and knew nothing about the people chosen by the 15 Army Group, and suggest that AC be given the opportunity of screening them. Mr. Antolini replied that these experts had been cleared with the Ministry of War and G-2 and it was not in our province to question the Army on these matters.

4. The Chairman reported that the Anti-Inflation Board had concluded its final paper and it will be approved by the Chief Commissioner today. It will be issued as a secret document and circulated and he briefly outlined the paper.

5. The Chairman mentioned that Minister Ruini had had a narrow escape from being shot at Arezzano and that he [Mr. Antolini] expressed his congratulations on his escape.

6. Mr. Antolini informed the meeting that Brig. Gen. D. L. Anderson would take up his duties as Deputy Vice President, Economic Section on Monday next. He briefly explained the role which Brig. Anderson will take in the Section.

7. The question raised with Mr. Antolini by Lt. Col. Harris (Transportation) on the question of priorities in the north as regards food, etc., was left with Col. Thomas to deal direct with Lt. Col. Harris.

8. The Chairman referred to the fact that we were now establishing policies in connection with trade, etc., which the American and British Embassies may have to operate under in the next phase. It was, therefore, very important that the Commercial Attaches of the two Embassies should be kept fully informed by the Sub-Commissions by the inclusion in the distribution lists of Mr. Livengood, American Commercial Attache, and Mr. Mosworthy, British Commercial Attache, for all items and letters on these matters.

9. Relations with the Italian Government. Col. Donemore referred to Chief Commissioner's letter, Ref. 4001/163/AC, dated 27 of March 1945, subject "Relation with the Italian Government". He stressed the fact that it was important that Directors should go over the paper with their staff and especially with regard to the paragraph stating that "AC should occupy itself principally with consultation and advice to the Italian Government at a high level."

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10. Trentino and Bolzano. The Chairman said that Finance Sub-Commission had received a communication from AFHQ stating it was understood that the territories of Trentino and Bolzano had been absorbed into the Reich Mark Area with the Viennese scheme of finance. The matter was being dealt with by Finance Sub-Commission but it was worthy of consideration by all Sub-Commissions in view of the possible complications which may arise.

11. Departure of Commander Lawler. Major Timmons stated that Commander Lawler is returning to U. S. for a new assignment and that he had asked Major Timmons to express his very real regret on leaving AC and his very warm appreciation of the cooperation he had received from all Sub-Commissions. The Chairman asked Major Timmons to convey to Commander Lawler the best wishes of the Economic Section for him in the future.

12. Rail Bids. Col. Thomas reported that a system of reporting actual movements against rail bids had been instituted and for the first week gave the following information:
4000 bids accepted representing tonnage of 38000.
29000 tons was actually moved leaving 9000 tons not taken up. Of this 9000 tons -
2000 was due to shortage of wagons, and the remaining 7000 due to traffic

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not being available. An investigation of this 7000 is being made through local officers. The Chairman said this information is very valuable and asked Col. Thomas to submit similar reports at these meetings.

13. Labor. Mr. Sachs made a brief report on the recent meeting of the Labor and Wages Control Committee. He also reported that the Civilian Personnel Committee dealing with AC civilian employees had put forward a recommendation that AC employees going north should be carried on the pay roll of AC HQ and thus not be subject to a cut in wages. Mr. Antolini said that there was no need to take any civilians up north. Directors of Sub-Commissions would be going north and could find their staff from the northern labor market. The meeting agreed that the taking of civilians north should be discouraged and recommended that those who go forward be subject to the prevailing rates in the area in which they will be employed.

14. Directives for the North. Col. Murphey referred to a directive issued by Food Sub-Commission to their Supply Officers for the northern regions and he considered it an excellent paper and suggest that other Sub-Commissions issue similar directives. Transportation, Industry, Finance and P. W. & U. Sub-Commissions intimated that they had already done so. The Chairman advised other Sub-Commissions to issue similar instructions.

15. Personnel Matters. Col. Densmore said that he had noticed that some Sub-Commissions were still communicating with G-1 on personnel matters. Lt. Col. Thompson is Chief of Personnel Division and all personnel matters should channel through him. It would be advisable for all Sub-Commissions to appoint a personnel officer and forward his name to Col. Thompson.

C. V. Atkins Capt. R.A.

C. V. ATKINS, Capt. R.A.
S.C. III (C.A.)
Economic Section

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Fisher CSC/904

ES/1.27

Minutes of Economic Section Staff Meeting held on 6 April 1945.

Present:

Economic Section		Mr. Antolini, Brig. Gen. McKinley Col. Murphey, Lt. Col. Thompson Maj. Doe, Maj. Murtagh, Capt. Atkins, Capt. Macnamara.
Agriculture	Sub-Commission	Mr. Allbaugh
Commerce	"	Col. Evans
Finance	"	Commander Lawler, Maj. Timmons
Food	"	Col. Legg
Industry	"	Lt. Col. Maskrey
Labor	"	Mr. Braine
P. W. & U.	"	Col. Ristedt
Transportation	"	Col. Thomas, Col. Sieff
PRB		Maj. Leacacos
PWB		H. Cohrssen

Mr. Antolini presided

1. The Chairman referred to the meeting held on 5 April with Col. Ladue of the IV Corps and said that a conference will take place at 1430 hours on Monday in the main conference room and he requested the attendance of all Directors at this meeting. Two main points will be discussed:

   (a) Review as of Monday, of the findings of the Anti-Inflation Board meeting
   (b) The specific Economic Section program for the North

2. The R.C.s will be leaving on Tuesday by air for an advance conference with IV Corps. They will return here on Wednesday and the Chairman asked Directors to stand by on that day and/or Thursday to go with him ti IV Corps HQ. Travel will be by air, returning to Rome same day. Col. Murphey will prepare a provisional agenda.

4171

3. DECOMMISSIONING The Chairman said that in the next few days the sheet of all American officers will be cleared and issued. It applies to the entire theatre. He asked Directors to let him have a confidential note on the qualifications etc, on the American officers of their S/Cs who apply for decommissioning. Similar reports on field officers should be included,

declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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   Finance officers will not be included in this scheme.

   The British side has not yet been resolved.

   The Chairman said he would get clarification on the point of whether officers earmarked for Austria will be included. He understood that they would be excluded.

4. ANTI-INFLATION BOARD The Chairman asked for comments on the notes on anti-inflation handed to Directors at yesterday's meeting. In reply to a question by Mr. Allbaugh, he stated that the period for freezing prices in the north will be determined entirely by the values existing and the pressures that will arise but the policy was to maintain the freeze as long as possible.

   Mr. Antolini informed Col. Legg and Mr. Allbaugh that they were co-opted to the Anti-Inflation Board in connection with

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a question raised by Bonomi in regard to the price of wheat for the north.

5. TRANSPORTATION Col. Sieff referred to the transport position for the north. Insufficient transport available would make it necessary to rely upon civilian transport especially for the north-east and from experience in liberated areas, such reliance would be insufficient. The Chairman said he expected to find a higher sense of competence in the northern population. Col. Sieff suggested that as two different military formations are involved, the terms of planning should be on a higher level than IV Corps. Col. Murphey was of the opinion that that was the responsibility of AFHQ.

6. OFFICE SPACE Maj. Doe informed the meeting that the Office Space Sub-Committee was still awaiting a decision from the Chief Commissioner as to the plan to be adopted in allocating space. He understood that the paper was at present in Col. Fisk's office. The fact that the offices occupied in the basement and 1st floors by Labor, Agriculture and Transportation had been condemned by the M.O. was brought out and it appeared that this was being ignored. Mr. Antolini said he would take up the matter with the Chief Commissioner.

The question of pooling stenographers was raised and this is to be discussed later. Mr. Braine asked what arrangements were being made for secretarial assistance to Directors on their visits to the North. The Chairman said that our control of the economy in the north was extremely important and that he anticipated that Directors would aopend a lot more time there. The question raised by Mr. Braine would be considered.

7. PERSONNEL Col. Thomas said complaints were still being received on the insufficient personnel assigned for transportation duties in the north. The Chairman said the matter should be brought before the Man-Power Board.

8. SHIPPING AVAILABILITY Col. Sieff referred to 28,000 tons of extra shipping offered to AC and said that bids received up to 1100 hours that morning totalled 1500 tons only. The Chairman said he was astonished and shocked to find this situation arising.

Col. Legg said that so far as Food was concerned, the question of getting goods to the loading points, sacking, and internal transportation to the ships side, were difficult problems that

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up the matter with the Chief Commissioner.

The question of pooling stenographers was raised and this is to be discussed later. Mr. Braine asked what arrangements were being made for secretarial assistance to Directors on their visits to the North. The Chairman said that our control of the economy in the north was extremely important and that he anticipated that Directors would sopend a lot more time there. The question raised by Mr. Braine would be considered.

7. PERSONNEL Col. Thomas said complaints were still being received on the insufficient personnel assigned for transportation duties in the north. The Chairman said the matter should be brought before the Man-Power Board.

8. SHIPPING AVAILABILITY Col. Sieff referred to 28,000 tons of extra shipping offered to AC and said that bids received up to 1100 hours that morning totaled 1500 tons only. The Chairman said he was astonished and shocked to find this situation arising.

Col. Legg said that so far as Food was concerned, the question of getting goods to the loading points, sacking, and internal transportation to the ships side, were difficult problems that had to be solved before a bid could be requested. He envisaged moving 600,000 sacks from Sardinia soon. He was doing everything possible to take advantage of the shipping offered.

Lt. Col. Maskrey said Industry S/C could use all the shipping offered for phosphates from North Africa but there was a hold-up by the French authorities on the question of price. The Chairman said he would take up this matter with the Italian Government. The movement of salt and wheat from Northern stockpiles etc., were referred to. Mr. Antolini said he was vitally interested in ensuring that all shipping was utilized and instructed S/Cs concerned to use every endeavor to accomplish this.

C. W. Atkins, Capt. RA.

C. W. ATKINS, Capt. R...,
S.O.III,(C...),
Economic Section

12 APR. 1945

Declassified E.O. 12065 Sec. 3-402/NNDC No. 785021

Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Lt. Col.BABCOCK		
Capt. DORF		
Capt. TOPLISS		
Mr. SACHS		
Mr. DI FEDE		
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss STEVENSON		
Chief Clerk		

Tel:558
ES/1.27

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

CWA/b

Minutes of Economic Section Staff Meeting held on 2 April 1945

Present:

Economic Section		Mr. Antolini, Brig. Gen. McKinley, Col. Densmore, Col. Murphey, Lt. Col. Thompson, Maj. Murtagh, Maj. Doe, Capt. Atkins, Capt. Macnamara.
Agriculture	Sub-Commission	Mr. Allbaugh
Commerce	"	Col. Evans
Finance	"	Commander Lawler
Food	"	Col. Legg
Industry	"	Mr. Vaughan
Labor	"	(none)
P.W. & U.	"	Col. Ristedt, Lt. Col. Lapper
Transportation	"	Col. Sieff
PRB		Lt. Robbins
PWB		H. Cohrssen

Mr. Antolini presided

1. POLITICAL Mr. Antolini stated there has been no significant political developments in the last week. He thought it was safe to say that the Government was anxious to maintain its status-quo position pending liberation of the north, hoping for recognition in the north. The C.L.N. will prove to be a significant political factor and it is assumed that it will exert considerable pressure. These factors are important to us only so far as they relate to the economic situation. Although S/Cs have been obtaining various data of the economic position in the north, the A/VP felt that we should enter the north with an open mind in order to determine the economic values there existing without prejudice. He considered that it was necessary to break a line between the economy of the north and that of the south, and set up two economies. The tendency on military occupation is inflation but the price structure in the north is at present lower than the south and he thought we could establish a set of standards in the north which we could ultimately roll back and thereby considerably reduce the present high values existing here.

A170

2. ANTI-INFLATION BOARD The Chairman stated that a revised Anti-Inflation Board had been set up and on the instructions

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4170

2. ANTI-INFLATION BOARD The Chairman stated that a revised Anti-Inflation Board had been set up and on the instructions of the Chief Commissioner, the acting V/P Economic Section had been appointed chairman. The other members were V/P CA Section, Joint Director of the Finance-S/C, the Director of Labor S/C and it was hoped to co-opt the Treasury.... Attaches of American and British Embassies and a member of.... the Italian Government. The board has met informally and its first findings will be presented tomorrow afternoon (3 Apr.). The Chairman referred to the fact that liberated Italy is now in a very high inflationary trend and the board is considering the immediate steps to be taken to retard this trend. AC had not been allowed to carry out the recommendations of the original Anti-Inflation Board of last June but the same problems existed now only more acutely. Mr. Allbaugh stated that questions were being raised in Emilia Region as to the future price of wheat. Mr. Antolini, mentioning that it was proposed to establish an economic price of bread in the north, i.e., about 5 lire for an indefinite period, said he would take up the question of the price of wheat and also that the messing technique will have to be reviewed very quickly.

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3. CIVILIANS FROM THE NORTH Lt. Col. Lapper stated that two Italian electrical engineers had arrived from Switzerland. They were top officials of electrical plants in the north but had been in Switzerland for over a year. Their information on the electrical power plants in the north was being noted by PW & U S/C. Col. Lapper said he was not in a position to give anything definite at the moment. One important point the two officials had mentioned was that the Swiss were unable to manufacture electrical parts in consequence of the lack of raw materials. He suggested other S/Cs might wish to contact these two gentlemen. Mr. Antolini asked Col. Lapper to report again next week.

4. IV CORPS PLAN Col. Murphey read out a plan emanating from IV Corps in which the attachment of 365 AC officers was envisaged. The plan also set out to which sections of IV Corps HQ various AC Sections would correspond. This plan was at considerable variance with that understood by AC. It also transpired during the discussion that Finance and Transportation S/Cs already had officers at IV Corps. It was decided that clarification should be sought and no further action taken until the position or authority of IV Corps was established. Gen. McKinley and Col. Murphey were requested to take up the matter.

5. CORRESPONDENCE Gen. McKinley raised the question of Economic S/Cs being enumerated as concurring in a policy in correspondence going out of this Section instead of stating the matter as the policy of the Commission as such. It was agreed that this practice should cease.

6. ASSIGNMENT OF CARS Lt. Col. Thompson, who represented E/S on the sub-committee reviewing the assignment of cars, reported that the list of such cars had been reduced. In reply to a question from the Chairman he thought that the pool was operating satisfactorily but several directors disagreed and instanced a number of complaints. Gen. McKinley mentioned that in correspondence he had seen, there was a definite difference of opinion between Transp. S/C and Establishment Section on the efficient running of the pool. In view of the expressions of opinion now put forward he would go into the matter again.

7. OFFICE SPACE [illegible]

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Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

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7. OFFICE SPACE Maj. Doe reported that 3 possible plans for allotting office space had been submitted to the Chief Commissioner and when the latter decided which plan would be adopted progress would be made. It was his endeavor to get all E/S S/Cs together.

8. FURTHER MEETINGS The next staff meeting will be held in the main conference room on the 3d floor. Future meetings will be held there until the conference room on the main floor is available.

9. PERSONNEL The Chairman stated that the A/Ex. Comm. had reiterated that the working hours of the Italian civilian personnel are 0830 to 1800 hours weekdays, and 0930 to 1800 hours Sundays, with 1½ hours for lunch. The Directors of the S/Cs were reminded of these hours.

10. JOINT PROGRAM The Chairman stated it was hoped that the Joint Program would leave Caserta 7 Apr. Col. Butterworth who will be going to Washington with the program, will be visiting this HQ next week to clear up certain matters. The question was raised as to whether the application to AFHQ for permission to go should separate Mr. Vaughan & Maj. Merritt from the 2 Italian officials. The Chairman thought that it would strengthen the Italian case if the AC representatives were included and the whole mission treated as one unit.

C. W. Atkins [illegible]

C. W. ATKINS Capt. Reg.

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE	W M	
Lt. Col. BABCOCK		9/4
Capt. DORF		
Capt. TOPLISS		13/9/4
Mr. SACHS		
Mr. DI FEDE		9/9/4
Mr. AIREY		9/4
Mr. SCOTT		
Mr. PROCTOR		9/4
Miss STEVENSON		
Chief Clerk		

Tel 558 HEADQUARTERS ALLIED COMMISSION CMA 3in
APO 394
ECONOMIC SECTION

ESC/904

Minutes of Economic Section Staff Meeting held on 23 March 1945

Present:

Economic Section		Mr. Antolini, Brig.Gen. McKinley, Col. Densmore, Col. Murphy, Maj. Doe, Maj. Tooby, Capt. Atkins.
Agriculture	Sub-Commission	Maj. Merritt
Finance	"	Commander Lawler
Food	"	Col. Legg
Commerce	"	Maj. Scotten
Industry	"	Lt.Col. Maskrey
Labor	"	Mr. Braine
PW & D	"	Lt.Col. Lapper
Transportation	"	Col. Sieff
PRB		Maj. Leocacos
Exec. Comm. Office		Maj. Rively

Mr. Antolini presided.

1. DISCUSSION WITHHELD FROM MINUTES

2. INDUSTRY IN THE NORTH The Chairman stated that he had discussed with the Directors of Labor, Commerce and Industry Sub-Commissions the question of the probable socialization of industry in the north. He thought that there were three assumptions we shall have to face up to:

(1) Certain industries will be handed over to new management. The previous Fascist heads will have disappeared.

(2) Owing to the time lag between military occupation and AMG occupation, the Cometato will have entered and appointed heads of plants and factories.

(3) We will find good administrators in business who we will protect.

We will probably run into (1) above more than the others. A directive has been prepared setting out clearly the functions of receivers or managers appointed under the decree setting up receivers. He regarded this directive as very important and it will be circulated to all Sub-Commissions for approval or comment. Under (2) we should probably find that the Cometato will appoint receivers who are not administrators. AMG will probably have to hold on to the Cometato's appointments but consult it with a competent administrator.

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Declassified E.O. 12065 Sec. 1-402/NNDC No. 785021

Mr. Antolini presided.

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3. IMPORTS - EXPORTS The Italian Government through the Interministerial Committee have forwarded three specific plans on the Import-Export side.

(1) Import of machinery and other goods from Switzerland to be paid for by facilities granted to the Swiss rather than by payment in cash. These facilities include a pipeline to Genoa, rail facilities to Benoa, Inland-waterway from the Adriatic.

(2) Import of frozen meats from the Argentine which the Italian Government hoped would be an increase on the total imports allowed and not result in a reduction of those from the Allied Nations. This question is awaiting an official expression of opinion from AFHQ.

(3) Italian Government have a credit in Spain in respect of 10,000 tons of wheat supplied to Spain which the latter are not able to return.

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4. JOINT PROGRAM It is hoped that the Joint Program will be completed and on its way early next week. It is hoped that the Mission itself will be in Washington the second week in April. Mr. Cleveland will spearhead the Mission composed of General McKinley, Mr. Vaughan and Maj. Merritt and probably several from AFHQ. The Chairman expressed the view that AC did not sufficiently publicize itself. This Joint Program is a very important job. He was of the opinion that it should be made known. He had discussed the matter with Mr. Stewart Brown (PRB) with regard to a public announcement on it. It would have to be cleared with AFHQ first.

5. CORRESPONDENCE Col. Densmore referred to a complaint from Regional Commissioner, Tuscana Region, as to correspondence going through to Regional Officers and not through him. Col. Densmore referred the Directors to existing instructions on the subject i.e., that all correspondence to Regions is to go the Regional Commisioner, marked for the attention of the officer more particularly concerned.

6. OFFICE SPACE This is still being dealt with by the special committee appointed by the Executive Commissioner, Ec. Sec, being represented by Maj. Doe.

C. W. ATKINS, Capt, R.A.
S.O.III, (C.A.),
Economic Section

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE	W.H.B.	1/4
Lt. Col.BABCOCK		1/4
Capt. DORF	J.D.	2/4
Capt. TOPLISS		
Mr. SACHS		
Mr. DI FEDE	J.D.	3/4/45
Mr. AIREY		
Mr. SCOTT	R.S.	3/4
Mr. PROCTOR		3/4
Miss STEVENSON		2/4
Chief Clerk		

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HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

LSC/904

ES/1.27

Minutes of Economic Staff Meeting held 16 March 1945

Present:

Economic Section:		Mr. Antolini, Brig. Gen. McKi[illegible] Lt.Col. Thompson, Maj. Murtagh Capt. Atkins, Capt. Macnamara.
Agriculture	Sub-Commission	Lt.Col. Watts
Commerce	"	Col. Evans
Food	"	Col. Legg
Finance	"	Maj. Osmon
Industry	"	Mr. Vaughan
Labor	"	Mr. Braine
P.W. & U.	"	Col. Jenny
Transportation	"	Col. Scief

Mr. Antolini presided

1. OFFICE ACCOMODATIONS

The Chairman referred to the question of office space. He had brought up the matter at the Executive Commissioner meeting that morning stressing the undesirability of having S/Cs of this Section on all floors from the basement up. A committee under the chairmabship of H.Q. Commandant had been formed, each section appointing a representative. Maj. Murtagh will represent E/S. Mr. Antolini asked directors of S/Cs to review their present facilities, especially having regard to the desirability of dropping some of the functions of their S/C. In the latter case directors will first clear through him.

2. HOTEL ACCOMODATIONS

The Chairman stated that the Executive Commissioner had decided to move certain civilian personnel from the Flora Hotel, thus making room for field officers.

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3. CIVILIAN PERSONNEL

Mr. Antolini referred to the cut of 25% in Italian civilian staffs. He was not fully informed of the reason for this

Declassified E.O. 12065 Section 3-402/NNDC NO. 785021

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4167

3. CIVILIAN PERSONNEL

Mr. Antolini referred to the cut of 25% in Italian civilian staffs. He was not fully informed of the reason for this but he suggested that it be treated more as an indication that staffs should be reviewed with a view of reduction rather than a direct order. He was informed that it had been given as an order and he suggested that no further action be taken until he had received further clarification on the subject.

Mr. Braine reported that he had dismissed certain highly paid civilians but he desired more clerical staff and G-1 Establishment Section had refused to allow him to engage them. The chairman said he would get a policy decision on this point.

4. DISCUSSION WITHHELD FROM MINUTES

5. PERSONNEL - REGIONAL COMMISSIONER'S MEETING

The Chairman stated that a meeting of Regional Commissioners was being held on Monday next to consider what the firm committments for the Austrian team are. E/S has been asked to have a representative on call. Maj. Murtagh suggested

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that E/S was vitally concerned in this matter and th
should have a representative at the meeting. He said that
the American personnel was firm but not the British. For
the latter Col. Jones, G-1, is dealing with S/Cs as well
for the British Austrian team. Names of British personne
have been submitted for northern Regions and he thought
they were also included in the Austrian team. Certain
particulars were still due from all S/Cs except Finance.
Maj. Murtagh was appointed as E/S representative to atten
the meeting and S/C directors were asked to submit their
requirements to him immediately.

6. MR MACMILLAN'S PAPER

Mr. Antolini said he intended to go over this paper so fa
as the economic side was concerned with the Director of
each S/C and hoped to produce from that paper new terms
of reference for E/S.

7. DE-COMMISSIONING

The Chairman said that a communication on this subject sho
shortly be received from Washington. On receipt he would
call a special staff meeting. The communication concerned
American side only, the British side was not yet clear.

8. NON ACCEPTANCE OF TRANSPORTATION BIDS

Col. Scief stated that AFHQ had notified them that in a
period ending 11 March, 26,000 tons of allocated tonnage
had not been utilized. This was a serious matter as AF
in the past few months had built up a feeling of confidence
with AFHQ and repetitions of this would soon undermine it.
It was not possible to give a detailed breakdown in order
to determine where blame could be placed but he asked S/Cs
to check up on it and emphasized the need of very careful
screening.

9. PRIORITIES BOARD

Declassified E.O. 12065 Sec 3-402/NND NO. 785021

of reference for S/S.

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9. PRIORITIES BOARD

Col. Scief stated that Transp. S/C had not received replies to letters to the Priorities Board. Mr. Antolini said this would be looked into.

10. TRANSPORT OF WHEAT

Col. Legg referred to the tentative withdrawal of two C.T. Companies now hauling grain and pointed out the serious position that would arise if these companies are withdrawn, especially if the North were to break soon. It was necessary for the equivalent lift of two C.T. Companies to be constantly employed up to the end of July if our program is to be completed, Col. Scief stated that steps are being taken to replace any transport withdrawn by civilian vehicles through EA.C. The matter was receiving very careful attention.

C. W. ATKINS, Capt. R.A.S.C.,
S.O.III,(C.A.),
Economic Section

declassified E.O. 12065 Section 3-402/NARS NO. 785021

Declassified E.O. 12065 Section 3-402/WMDC NO. 785021

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Colonel SMITH		
Lt. Col. BABCOCK		
Capt. LORF		
Capt. TOPLISS		
Mr. SACHS		
Mr. DI PELE		
Mr. AIREY		
Mr. SCOTT		
Mr. PROCTOR		
Miss. STEVENSON		
Chief Clerk		

Declassified E.O. 12065 Section 3-402/NNDG NO. 785021

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOUR SUB COMMISSION

JRS/ac

REF : LSC/904/110

14 February 1945

SUBJECT: Personnel and Chief of Staff Minutes - Visits made by Director and Deputy Director.

TO : Colonel L.D. Denmore
Economic Section.

In accordance with instructions of the COS, I have, during the months of January and early February, personally visited the Lazio - Umbria and Southern Regions and had contact with the Labour Officers stationed in Bari, Naples and Rome. My Deputy Director, Colonel Smith, in addition to making similar contacts, has visited and conferred with Labour Officers in Marche - Abruzzi, Toscana, 5th and 8th Army areas.

W.H. Braine 4166

W. H. BRAINE
Director,
Labour Sub-Commission

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel: 558 CWA/bih

Minutes of Economic Staff Meeting held on 9 February '45

Present:

Economic Section	Col. Densmore, Mr. Harlan Cleveland, Maj. Tooby, Capt. Atkins, Capt. Macnamara, Maj. Murtagh
Agriculture Sub-Com	Maj. Merritt
Commerce "	Col. Evans
Food "8	Col. Legg
Industry "	Mr. Vaughan
Labor "	Mr. Braine
P&U "	Col. Jenny
Transportation "	Col. Thomas
PRO	S/Sgt. Cash

1. Personnel - The chairman stated it was absolutely essential that the complete lists of assignments of Economic Section were ready that day. They were already overdue to the COS. P&U promised to let him have their list in the afternoon.

The chairman mentioned that a Manpower Committee meeting was taking place at 2:30 on Monday 12 February when Labor, Industry and P&U Sub-Commissions would have a hearing on the personnel ceiling for Hq. Staff.

2. The chairman referred to the following matters that arose at last Tuesday's COS meeting and also at a special meeting.

(a) The Chief Commissioner had said that Directors of Sub-Commissions could be informed officially of the new directive from CCS. The Chief Commissioner will be amplifying part of the directive. The chairman urged Directors to study the paper as it was very important in connection with future planning.

(b) The chairman outlined the proposals for the withdrawal of personnel from Italian Government territory. So far as Economic Section was concerned, the proposed position was:

(i) 2 officers in Sardinia, principally in respect of coal but one may also carry out duties as port and rail officer.

(ii) 2 Liaison officers in Sicily, and some Finance Officers will also remain for the present.

(iii) 1 Transportation officer at Reggio but he will also carry out duties in Sicily.

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(iv) A provincial team in Naples --
1 Electrical officer
1 Road officer
2 Commerce officers (clothing etc.)
1 Food officer
2 Port and rail officers
1 Liaison officer at Bari with a transportation officer attached.

(v) Lazio-Umbria Region-team attached to RAAC to be known as AC Liaison Section, including
1 Transportation officer stationed at Civitavecchia.

(vi) Abruggia Marche Region will absorb two provinces from Lazio-Umbria Region.

An order will be issued showing AC set-up in Liberated Italy.

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(c) CA Section are proposing to transfer Terni and Ascoli Provinces over to the Italian Government. Sub-Commissions are commenting on this proposed transfer.

(d) Personnel for Austria. The Chief Commissioner had stated previously that he proposed to cut the Austrian team down to half i.e. about 100. Col. Densmore suggested to the Sub-Commissions that they fill vacancies in their proposals for Northern Italy by including officers ear-marked for Austria. He would get Establishment Section to consult us before actually assigning such officers to the Austrian team.

(e) The Chief Commissioner was of the opinion that under the "New Deal" less work will be carried out in this Hq. and therefore Hq. Staff must be cut down. All Directors were strongly of the opinion that the withdrawal of personnel from Liberated Italy will mean more work for this Hq. Executive Director concurred in this view and was of the opinion that we could easily demonstrate that fact. The chairman said the matter will be taken up when it is officially brought up.

3. Executive Director mentioned the following points which arose at the COS meeting this morning:

(a) Gen. Robertson has arrived to talk with the COS on what effect on the military AC pulling out of Italy will have. Col. Densmore thought this information may have to be supplied by Economic Section Sub-Commissions. Col. Thomas asked if AFHQ will be given a chance to see our proposals before they take effect and thus give them an opportunity of protesting. It was suggested that when the directive setting up details of our withdrawal is issued and forwarded to G-5, the latter should be asked to see that other Sections at AFHQ are notified of AC intentions.

(b) CA Section were also considering the transfer of Grosseto Province back to Italian Government.

(c) General Hume has been placed in charge of the Austrian planning team but will for the present also remain in charge of 5th Army A/G. The Austrian list is not yet completed and won't be for some days.

(d) Col. Fiske recently visited Emilia Region and gave his impressions. He mentioned the following points:

General
(1) Had received no visits for a long time.
(2) Regional Commissioner anxious to set up organization of E & S Branch similar to this Hq. but thought Sub-Commissions would object.
(3) Question of payment for small grain -- advise required.

Agriculture
Sawmills equipment received but not yet turned over to Italians. Major Merritt said he would look

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General
(1) Had received no visits for a long time.
(2) Regional Commissioner anxious to set up organization of E & S Branch similar to this Hq. but thought Sub-Commissions would object.
(3) Question of payment for small grain -- advise required.

Agriculture — Sawmills equipment received but not yet turned over to Italians. Major Merritt said he would look into this.

Commerce — Officer was ordered up there in a great hurry but neither he nor the Regional Commissioner knew what he was to do -- Col. Evans said he was going up on Monday and would straighten that out.

P W & U — Anxious to have visit from electric power side.

4. The chairman mentioned NW Planning Meeting for Monday morning at 10 a.m. (Feb. 12). Executive Director asked, and it was agreed, for a preliminary meeting at 9:15 that morning to get Economic side lined up properly.

5. COS has stated that Sub-Commissions will carry out the recruitments of additional personnel required. The chairman stated that he had pressed that this responsibility was one for G-1 (A) or (B) but he had been overruled. All Directors were against this but chairman said they would have to stick to that ruling.

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6. Maj. Tooby thanked Sub-Commissions for their assistance with translating and typing in connection with the Joint Program from the Italian Government. He may have to repeat his request for similar assistance later.

7. Col. Legg asked if policy decision had been made in connection with 300 gram ration. The ADCOS said he understood the matter was held up pending a reply to our signal.

8. Col. Evans referred to the probable withdrawal date of March 1, and asked if the matter could be mentioned to the Italian Government. He was told no, but it was hoped that notice could be given soon.

9. Major Merritt asked if olive oil officers would be left in Italian Government territory under the "New Deal". He was told the matter had been affirmatively decided.

10. Maj. Doe referred to Office Memorandum #2, -- TOP SECRET Control Officers. He said he wished to contact each of the officers nominated by Sub-Commissions as soon as possible.

C. W. atkins Capt RA

C. W. ATKINS? Capt. R.A.
S.C. III, (C.A.)
Economic Section

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CONFIDENTIAL

LSC/904

HEADQUARTERS ALLIED COMMISSION
AC PRIORITIES BOARD

Minutes No. 4

6 February 1945

MINUTES OF FOURTH MEETING OF AC PRIORITIES BOARD HELD
1 FEBRUARY 1945

PRESENT:

Col. L. D. Denmare, Chairman, Economic Section
Col. R. R. Crippe, Civil Affairs Section
Major Talbot for Col. G. W. I. Shipp
Mr. Harlan Cleveland, Economic Section
Col. W. P. Evans, Commerce Sub-Commission

1. A special meeting of the AC Priorities Board was called at the request of the Allocating Sub-Commission to consider tire and tube allocations. The Board considered a report on stocks and applications submitted by Commerce Sub-Commission, and approved the following allocations:

Applicant	600 x 16		34 x 7	750 x 20		900 x 20	1200 x 20	
	case	tube	case	case	tube	case	case	tube
Agri. S/C	100	100						
P.W.& U. S/C	100	100		100	100			
C.I.P.	25							
I.S.R.	40	40		5	3			
AC Hq. Pool	93	122	13	215	232	7	8	15
Region IV-Lazio Umbria	170	272	11	299	506	12		
Southern Region	213	200		400	426		38	68
Region V- Abruzzi-Marche	20	40		152	163	10		2
Region VI- Sardegna	40	50						
Region VIII- Toscana				154		10		
Region IX - Emilia	7	24		29	21			
TOTAL	808	948	24	1,354	1,451	39	46	85
Held for Reserve	79	103	14	183	197	6	7	15

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2. The Board confirmed a previous informal allotment of 100 tires to Agriculture Sub-Commission to which the allotment noted above is an addition; both are for use in the olive oil campaign. Agriculture Sub-Commission will re-allocate to Regions in accordance with the needs of this campaign and the tires will be used on cars already controlled by the Region. In view of this allocation direct to the oil campaign the Regions need make no additional allocations for the same purpose.

3. Public Works & Utilities Sub-Commission may re-allocate or loan to civilian contractors working on Public Works & Utilities projects. Regions will therefore make no further allocations to such projects. The same is true for the Comitato Italiano Petroli and Italian State Railways.

4. All needs other than those specifically provided for in the above allocations represent claims on the allocations to Regional Offices. Regional Offices were authorized to distribute their allocations in their own discretion, but the Board agreed that as soon as possible a priority system should be laid down for the guidance of Regions. The Commerce Sub-Commission will recommend an appropriate priority system to the Board as soon as adequate information as to such use of tires is available.

5. All organizations (including Regions) have, in the above, been authorized by the Board to re-allocate out of the supply allotted to them by the Board are required to file monthly reports with the Allocating Sub-Commission (Commerce Sub-Commission). Reports should show to whom tires have been allotted; for what purpose they will be used; and numbers allotted to each person or organization for each purpose.

KENNETH E. STAUFFER
Secretary
(Supply & Resources Div
Economic Section)

DISTRIBUTION:
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8 FEB. 1945

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LABOR SUB- [illegible]
A.C.

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	Initials	Date
Mr. BRAINE		
Colonel SMITH		
Lt.Col.BABCOCK		
Major SCICLUNA		
Capt.DORF		
Capt.TOPLISS		
Capt.SOLENBERGER		
Mr. SACHS		
Mr. DI FEDE		
Mr. CERRITO		
Dr. LA LOGGIA		
Chief Clerk		

SECRET HEADQUARTERS ALLIED COMMISSION SECRET
APO 394
ECONOMIC SECTION

LSC/904

Minutes of Economic Staff Meeting Held on 2 Feb '45.

Present:

Economic Section Staff:	Col. Densmore, Mr. Cleveland, Maj. Doe, Maj. Nash, Capt. Atkins, Capt. Macnamara.
Agriculture Sub-Com.	Mr. Albaugh
Commerce "	Maj. Scotten
Finence " "	Col. Greffety-Smith, Comdr. Lawler
Industry " "	Mr. Vaughan
Food "	Col. Legg
Labour "	Mr. Braine
P.W.& U. "	Col. Jenny
Transportation "	Mr. Taylor
P.R.B.	Maj. Leacocos
AFHQ, G-5	Brig. Gen. Mackinley, Col. Butterworth

1. Personnel - N.W. Italy The Chairman stated that the COS had referred to the necessity of being prepared for an early move in Northern Italy. The Chairman asked sub-commissions to review all their assignments of personnel. It is assumed that they have enough specialists with AMG and sufficient cover for the North. If not, they must notify Economic Section so that the matter can be placed before the meeting of the Man-power Committee on Monday next.

The Executive Director advised directors to keep in touch with the three Northern Regional Commissioners and get an agreement with them on the staff question.

The Chairman mentioned that the Chief of Staff had given a ruling that sub-commissions could plan on using for the North every officer in the Allied Commission, Italy. He had also ruled that no officer assigned to Northern Regions could be included in the Austria team. Immediately H.Q. Sub-Commissions could be reduced to their authorized ceilings and may even be cut below that. The Chairman commented that this reduction in HQ staff must presumably accelerate the handing over of functions to the Italian Government.

2. Commercial-Representatives of Neutral & Allied Countries visiting Italy. AFHQ had agreed that only representatives whose business had a direct bearing on the war effort, and who would operate under AC supervision and authority could be given permission to visit Italy.

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3. Repatriation of Prisoners of War (I) Chairman stated that the Director of It. P of W. Sub-Commission had mentioned at COS meeting that channels were not being adhered to in applications for release of Italian POW.

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4162

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4. Proposed Increase in Price of Bread & Pasta. Col. Craffety-Smith said Ministers Salari, Bergami and Gullo, would like to have a talk on this matter. Solari was at present ill. It was agreed that Food & Labour Sub-Commissions and Dr. Bäken would be present at this discussion.

5. Standard Operating Practice. Executive Director raised the question of administrative coordination. He suggested that when two or more sub-commissions are in conference with the Italian Ministry, on any particular matter, the director of the sub-commission which is normally in closest touch with the appropriate Italian minister, shall be the chairman of the meeting. This was agreed to.

6. Electrical Rehabilitation. Col. Jenny said representatives of electrical undertakings under the chairmanship of Lt. Col. Lapper, had their first meeting yesterday. He hoped that in a month or so, this whole matter could be handed over to the Italian Government as far as Central Italy is concerned.

C.A.ATKINS, Capt.R.A.
S.O.III(C.A.) Ec. Sec.

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Labor LSC/904

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Minutes of Economic Staff Meeting held on 19th Jan 4[illegible].

1. Present:

Economic Section Staff:	Col. Densmore, Mr. Cleveland, Maj. Doe, Major Nash, Capt. Macnamara, Lieut. Atkins.
Agriculture Sub-Com:	Mr. Albaugh
Commerce "	Col. Evans
Finance "	Major Timmons
Food "	Col. Legg
Industry "	Mr. Vaughan
Labour "	Col. Smith, Mr. Braine
P.W. & U. "	Col. Jenny
Transportation "	Mr. Taylor
P.R.B.	Major Leacocos

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2. The Chairman entended a welcome to Mr. Braine, the new Director of the Labour Sub-Commission.

3. Col. Densmore briefly reviewed matters that had come up at recent C. of S. and V.P. Meetings. The most important being:

(a) It is probable that there may be political implications in nearly every problem that will come before AC in dealing with Northern Italy. Directors of Sub-Commissions were asked to keep this possibility always in mind and ensure that Political Section were consulted. Such matters will be channelled through Economic Section.

(b) Sub-Commissions will ensure that all matters connected with NW Italy are co-ordinated through Economic Section. The question of 1 versus 3 Regions in NW Italy was still under discussion.

(c) The C. of S. had requested Regional Commissioners to advise Sections and Independent Sub-Commissions when they were visiting this Headquarters so that advantage could be taken of the opportunity for personal contacts. An office was being provided in AC, Hq. for their use. Economic Section would advise Sub-Commissions of these visits.

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(d) The C. of S. wished every Director or Deputy Director of Sub-Commissions to visit every Region within the next two months.

4. Releases to the Press. Responsibilities for third parties involved in releases to the Press. It had been laid down that it was the Sub-Commission that was responsible for any outside clearance, not P.R.B. This does not refer to PRB releases.

5. The Executive Director, asked that when Sub-Commissions were addressing a memorandum to this Section not to circulate copies to outside parties before a decision on the matter had been made. Also, not to send copies of memos. to the C. of S. Section except through Economic Section.

6. Col. Densmore asked Sub-Commissions that when they were putting up matters to this Section for a policy ruling they should state what they, as experts, advise.

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7. The Executive Director explained briefly the functions, and method of working of the new Priorities Board.

8. Col. Legg asked the A.D. C.O.S. for instructions as to shipments of wheat to Sicily.

9. Mr. Taylor asked Sub-Commissions to consult with his Sub-Commission before stating categorically in letters to Economic Section that "no transport is available". With the gradual improvement in transportation organization some of the Sub-Commissions requirements could, sometimes, possibly be met.

10. Mr. Bakken informed the meeting that he had now received some comprehensive lists of landed costs. If Sub-Commissions require information on this he will be glad to give it.

11. Major Doe explained the position regarding requirements of American officer personnel for Austria.

C. W. Atkins, Capt. R.A.
S.O. III (C...)
Economic Section.

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LABOR SUB-COMMISSION
A.C.
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	Initials	Date
Mr. BRAINE		
Colonel SMITH		
Lt.Col.BABCOCK		
Major SCICLUNA		
Capt. DORF		
Capt. TOPLISS		
Capt.SOLENBERGER		
Mr. SACHS		
Mr. DI FEDE		
Mr. CERRITO		
Dr. LA LOGGIA		
Chief Clerk		

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