

ACC 10000/146/232 L.S.C. /922

LABOR MATTERS FOR DISCUSSION AT REGION COMMISSIONER

ROME 27th, JUNE '45

June - Aug. 1945

FOR DISCUSSION AT REGION COMMISSIONERS CONFERENCE

45

June - Aug. 1945

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HEADQUARTERS ALLIED COMMISSION
APR 34-4
ECONOMIC SECTION

9 August 1945

MEETING BETWEEN ITALIAN GOVERNMENT AND REGIONAL COMMISSIONERS, AND ECONOMIC SECTION, ALLIED COMMISSION HEADQUARTERS, ROME, 13 JULY, 1945.

Present: Allied Commission

Rear Admiral E.W. STONE,
Chief Commissioner
Brig.-Gen. S. B. McINTYRE
Brigadier A.S. LUSH
Brigadier C.R. UPJOHN
Brigadier D.L. ANDERSON
Colonel MORRIS E. FISKE
Colonel E.W. WILSON
Brigadier J.K. DUNLOP
(Venetia)
Brigadier JAMES CLARK
(Liguria)
Colonel FLOYD Z. THOMAS
(Emilia)
Colonel CHARLES POLETTI
(Lombardia)
COLONEL C.W. BRIDGEMAN
(Piemonte)

Directors of all Sub-Commissions of Economic Section,
Representatives of American and British Embassies, and
Representatives of other interested Sub-Commissions,
Branches and Sections of Allied Commission.

Italian Government

Prof. FERRUCCIO PARRI,
Prime Minister
Prof. GIOVANNI GRONCHI
Avv. ANGELO SOLERI
Prof. MENCITO RULINI
Avv. PABLO GULLO
Avv. ENRICO MOLE
Sig. GASTINO BARBARISCHI
Dott. ZALLO LUSSI
Ing. GIUSEPPE ROMITA
Dott. UGO LA LALFA

And other representatives
of Italian Government
Ministries.

1. Admiral Stone opened the proceedings by welcoming the
President of the Council of Ministers, Signor Parrì, and his fellow
Ministers of the Italian Government.

2. Prime Minister Parrì greeted the Regional Commissioners
and paid a tribute to the collaboration and comprehension of
Admiral Stone and the Allied Commission.

3. MILAN AGREEMENT OF 6 JULY, 1945.

Minister Rulini reported the decision taken at the meeting

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Brigadier General W.K. BROWN
Brigadier General L.L. ANDERSON
Colonel William E. FLEMING
Colonel C.W. WALTON
Brigadier J.K. DUNLOP
Brigadier HATHORN CAMP
Colonel FLOYD E. THOMAS
Colonel CHARLES POLSINI
Colonel C.R. BINGHAM
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3. MILAN AGREEMENT OF 6 JULY, 1945.

Minister Ruffi reported the decision taken at the meeting of 6 July, 1945 at Milan between Italian Ministers and representatives of the various interests effected, to extend to the North of Italy the general terms of the Milan Agreement of 23 June, for the payment of a contingency bonus. He reported the decision of the Italian Government to assist through the Cassa Integrations in the payment of 75 percent of total pay, including contingency bonus, to unemployed industrial workers or those working reduced hours in industry. The Agreement remains in force until 30 September 1945, by which date it is hoped that the action taken by the Italian Government in concert with Italian industry and organized labor,

which have arranged.

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will have arranged for a larger amount of employment for those workers who are now surplus in industry. The reactivation of industry and the diversion of a certain amount of surplus workers to public works and to agriculture should make a serious contribution to this problem. It will be necessary to decide before 30 September 1945, the measures to be taken with regard to those who on that date will still be unemployed, and it will be necessary to consider whether the ban on discharges from factories can be lifted.

B. FUTURE POLICY TOWARDS WAGE LOCKSMAS.

AWG policy and procedure for regulating wage changes in the North of Italy, which had been agreed with the previous Italian Government, was outlined and the Italian Government were asked to indicate the extent to which they were in agreement therewith.

Ministers Rinal and La Malfa, on behalf of the Italian Government, confirmed that, while the normal procedure would be for the free negotiation of increases of wages to be conducted by the two parties principally concerned, it would be necessary in the particular circumstances of the moment for the third party to intervene, namely, the Government as coordinator of the economic order. Accordingly, the Italian Government supported the policy by which AWG reserve the right of approval of wage changes and invited AWG to give effect to the decision to extend the general principles of the Milan Agreement of 15 June throughout Northern Italy, but to withhold approval and to refer to ROME proposals exceeding the limits of that Agreement.

Minister Broletti emphasized the necessity of a central examination of wages questions to avoid local agreements in the various regions and to coordinate proposals into a uniform policy for the whole of the North of Italy. He indicated that the parties concerned in such negotiations would be representatives of the Central Government, representatives of organized labor, and the Central Economic Committee of the UGIL.

Minister La Malfa agreed with the necessity of central regulation of the general level of wages in Northern Italy. It was pointed out that the extension of the Milan Agreement applied so far only to industry and that its further extension to commerce and agriculture would have to be studied.

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Minister La Malfa agreed with the necessity of central regulation of the general level of wages in Northern Italy. It was pointed out that the extension of the Milan Agreement applied so far only to industry and that for further extension to commerce and agriculture would have to be studied.

The Italian Government agreed that a joint pronouncement should be made publicly on the necessity of continued control and regulation of wage changes in the North of Italy.

Minister Celari confirmed the decision to subsidize from the Italian Treasury the Cassa Indagazioni for the purpose of operating the Milan Agreement. He is to questions raised by Brigadier Carr and representatives from Liguria, Minister Celari indicated the action proposed by the Italian Treasury to assist firms that are in financial difficulty as regards paying wage increases. The Italian Government is prepared to pay 50 percent

of the credits that such firms may have with the Italian Government for work performed up to the 31st of September, 1943. He also referred to the proposal of the Italian Government to grant to State and para-state employees in the North of Italy, the full benefits of the wage agreements applying to such employees in the Center and South of Italy, such application to be retroactive to the 1st of May, 1943 on the understanding that indemnities and advances already granted should be absorbed by this action; that there should not be an additional grant of liberation bonus; and that no further increase in wages should be granted when on the 1st of August bread is allowed to reach its economic price.

At this point Prime Minister Parri, before leaving the meeting, asked what consideration be given to the claims of State workers for increase in wages; and indicated the desirability of granting an increase in rations.

Brigadier Lush drew attention to the difficulties attending any proposal to increase rations and stated that favorable consideration would, however, be given to the possibility of re-distributing the general ration or re-arranging the issue of the supplementary rations. Minister La Malfa pointed out that the Italian Central Government was compelled, for political reasons, to consider the unification of the economic system of Italy as between the North and South; and that it would be effected as soon as possible as regards prices, rations, and wages. The desire of the Italian Central Government is to achieve stabilization in these respects as soon as possible, and particularly to avoid further increases in wages once uniformity between North and South has been achieved.

Colonel Thomas (Lalla Region) referred to the necessity of clarifying the wages position in agriculture. Minister Gallo indicated the action taken by the Italian Government and to the study of the agriculture problem which is now proceeding.

Colonel Bonapace referred to discontent on the part of bank employees and it was decided, after discussion, that the agreements reached on this subject in MILAN should, in general, be applied to bank branches throughout Northern Italy.

C. LEGISLATION FORBIDDING DISCIPLINE AND AUTHORIZING OPERATIONS OF BANKS IN AGRICULTURE.

Reference was made to a General Order No. 43 which was based upon an agreement made between the Italian Government and the AG and provided for a ban on discharges in industry and the

North and South, and that it would be effected as soon as possible as regards prices, national, and wages. The desire of the Italian Central Government is to achieve stabilization in these respects as soon as possible, and particularly to avoid further increases in wages once uniformity between North and South has been achieved.

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C. LEGISLATION PROHIBITING DISCHARGES AND AUTHORIZING OPERATIONS OF BANKS IN ITALY.

Reference was made to A.G. General Order No. 43 which was based upon an agreement made between the Italian Government and HQ 40 and provided for a ban on discharges in industry and the operation of the Cassa Italiana with subsidy from the Italian Treasury up to 31 July. After discussion it was agreed that General Order No. 43 should not be promulgated in view of the material change of circumstances contained in the decision to apply to the North of Italy the general principles of the Milan Agreement of 23 June 1943 and to continue the assistance from the Italian Treasury up to 30 September 1943. It was agreed instead

(That the Italian Government.

that the Italian Government would make an Italian Decree covering the necessary points, to be issued at the earliest possible moment; and that in the meantime advance instructions would be issued to the Providence Offices to be ready to make the necessary financial advances.

B. DIVERSION OF UNEMPLOYED TO VALUABLE OCCUPATIONS.

Minister Salvi referred to the activities of the Inter-Ministerial Committee for reconstruction with a view to reactivating industry, developing public works and diverting unemployed workers to agriculture. The proposals include the encouragement of the formation of inner companies of industrial firms having surplus labor, such labor companies to perform reconstruction and public works while at the same time safeguarding the retention of their normal employees by the firms concerned.

Colonel Birchetti referred to the problem of Piemonte Region and to the difficulty of persuading skilled industrial workers to undertake public works. These difficulties were recognized by Minister Salvi who stated that workers would have to be prepared to undertake work outside of their normal occupations.

Reference was made to the shortage of transportation and to the necessity of providing coal to enable industry to be reactivated. Brigadiere Lahn and Anderson emphasized the importance of an adequate contribution up to the maximum possible from Italian coal fields. Minister Gronchi referred to the improved output in Sardinia since Sardinian coal mines came under the control of the Italian Government; and pled for a supply of coal from outside sources.

Minister Barbareschi, in reply to questions as to policy of the Italian Government regarding surplus workers in industry, stated that it was hoped to divert to public works those workers now temporarily unemployed but to avoid the permanent loss to industry of those workers who would be required when industry was fully reactivated. It is the intention, however, of the Italian Government to remove from industry in due course the labor which will eventually be devoted surplus, such labor being transferred to agriculture or to public works and other works of a permanent character. Minister Barbareschi undertook to make it clear in the proposed Italian Decree that workmen who do not accept offers of suitable employment will lose the right to continue receipt of pay.

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Minister Barbuzechi, in reply to questions as to policy of the Italian Government regarding surplus workers in industry, stated that it was hoped to divert to public works those workers not temporarily unemployed but to avoid the permanent loss to industry of those workers who would be required when industry was fully reactivated. It is the intention, however, of the Italian Government to remove from industry in due course the labor which will eventually be assigned surplus, such labor being transferred to agriculture or to public works and other works of a permanent character. Minister Barbuzechi undertook to make it clear in the proposed Italian Decree that workers who do not accept offers of suitable employment will lose the right to continue receipt of pay.

Colonel Thomas (Emilia Region) made a special plea for the appointment of a special commission for the Emilia Region which had suffered exceptional destruction in the battle field area and which was affected by the continued presence of considerable numbers of mines. Such a commission would be concerned also with the housing problem, communal feeding problem, mines problem and a program of public works. Minister Rinaldi undertook to give special consideration to the proposed establishment of a special commission for Emilia Region.

[E. SUMMARY OF DISCUSSION.]

E. SUMMARY OF DISCUSSION WITH MINISTER TO FOOD MATTERS.

Minister Soleri raised the problem of the price of wheat and outlined the Government's policy. The price of wheat would remain at the same level as last year, i.e. 1,000 Lire per quintal for hard and 900 Lire for soft wheat. He went on to note that 280 Lire per quintal had been fixed at 1,000 in the North. The price of bread should be uniform throughout the Kingdom and taking into account minor local differences, it should work out at between 16 to 18 Lire per kilo.

Col. Legg observed that he had only just been handed the Government's proposals and therefore had had no time to study them. He went on to outline A.C.'s position in the matter. It was clear that the Italian Government wanted a uniform price of bread for the country as a whole. So far as the A.C. is concerned, steps are being taken to establish an economic price of bread in the North, and he commented on Minister Soleri's suggestion that the bread ration might be increased by observing that the efficiency in cereals from the current period to next harvest was such that difficulty might be encountered in maintaining present ration scales.

The uniform national price of bread was a matter for discussion with the Italian Government. It was the policy of the A.C. to unify ration scales throughout Italy on a basis of the 500 gram bread ration, but in deference to an urgent recommendation from both the Italian Government and the Central Economic Committee of the North, the ration scales in the North had been maintained pending further discussions. Despite the fact that the per capita consumption of the North exceeded that of the South,

Negotiations are now in progress with the Italian Government for the unification of ration scales on a basis of redistribution of the present ration scale. Minister Soleri then drew attention to the bad state of the masses and went on to the question of the price of bread. Although the price of wheat was different in North and South, after all considerations of milling, transport and the use of imported grain had been taken into account, the price of flour in North and South was almost the same.

It had been decided therefore to establish a price of 16 to 18 Lire per kilo for bread throughout the country. He confirmed that discussions were on foot for the unification of ration scales. General Soleri replied to Brigadier Lush said that the negotiations were aimed at bringing the new price of bread into effect as from the 1st of August.

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The uniform national price of bread was a matter for discussion with the Italian Government. It was the policy of the AS to unify ration scales throughout Italy on a basis of the 400 gram bread ration, but in deference to an urgent recommendation from both the Italian Government and the General Economic Committee of the North, the ration scales in the North had been maintained pending further discussions, despite the fact that the per capita consumption of the North exceeded that of the South.

Negotiations are now in progress with the Italian Government for the unification of ration scales on a basis of redistribution of the present ration scale. Minister Wale then drew attention to the bad state of the roads and went on to the question of the price of bread. Although the price of wheat was different in North and South, after all considerations of milling, transport and the sale of imported grain had been taken into account, the price of flour in North and South was almost the same.

It had been decided therefore to establish a price of 16 to 18 lire per kilo for bread throughout the country. He commented that discussions were in foot for the unification of ration scales. General McKinely, replying to Brigadier Lush said that the negotiations were making it bringing the new price of bread into effect as from the 1st of August.

Mr. Stauffer stressed that the new price of bread should be effected as from August 1 and outlined the reasons for this. Brigadier Graftley-Smith pointed out that the price of bread should be raised before implementing Decree 116 as it was obviously better to raise the price of bread and then raise salaries rather than vice versa.

Minister Barbareschi. . .

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Minister Barbareschi wanted a slight increase in rations at the same time as the price of bread was put up, even at the expense of supplementary. He stated that no pasta had been distributed in the North for some months. Col. Lega answered Minister Barbareschi that it was conceivable that in the very early days of the occupation, there may have been an instantaneous period when, owing to lack of transport and the general confusion left by the Germans, the low ration scales were making a turn-around maintained, but that subsequently trucks were sent of Genoa, Milan of a five day journey to feed the large cities of Genoa, Milan and Turin, and that a fat ration of 300 grams had just been issued (equal to two and one-half months ration in the South).

Latest reports from Regional Commissioners were that ration scales as laid down were being fully implemented. Rice and Polenta were, of course, being used as substitutes for pasta in those localities where this was the ordinary procedure. Mr. Miranda complained that the proposed rise in the price of bread would cause trouble and demands for an increase in wages.

Col. Lega in reply to a question from General Lickley said that it would mean in fact an increase of 3 to 4 Lire per head on the present ration scales. Minister Soleri reiterated that the new price of bread should come into force on August 1. Mr. Segna then reviewed the policy of the Labor Sub-Commission, Decree 36, which established the price of bread in the South and carried with it a zero pane indemnity. Decree 115 increasing the wages of Government employees included an indemnity specifically abolishing the zero pane indemnity previously awarded.

The Milan agreement for the increase of workers' wages apply covered the extra cost of bread while the general order which would be published, raising the price of bread in the North, would contain a zero pane clause covering paupers, pensioners, for etc. The new price of bread was therefore taken into account should practically all classes and that no further wage increases should be made to compensate for an increased price in bread. Minister Soleri emphasized that the zero pane indemnity ought to apply only to paupers, pensioners, etc. Minister Ruffi said that the rise in the price of bread was not understood to be taken into account in the recent rise in wages and that there might be trouble. He urged that the rationing should be increased and on breadier Lush asking where the food was to come from, he replied

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7. TRADE BETWEEN THE NORTH AND THE SOUTH.

Minister Gronchi stated that the implementation of the EMIC and the Industrial Committee should enable the Italian Government to follow a national price policy, dependent upon having available finished goods. The effectiveness of the A/M organs-nations depends upon movement of finished goods from the North and raw from the South. These in turn are dependent upon transportation which is in serious difficulties. Minister Gronchi requests that Regional Commissioners hold materials against local pressures.

No further requested. . .

be further requested that the salvage organization, UNIT, have made available to it the captured goods which have been subjected to considerable withdrawals by Allied Army Organizations.

Mr. Serrafini pointed out the difficulties of operating in the North because of the "5 - No. 1" concept and the numerous tendencies of the North. He stated that the work of the Committees in Lombardy is effective, but is not effective in other Regions. He expressed the desire that the Prices already established in Lombardy should cover all North Italy.

Colonel Poletti stated that the Price Committee had done a good job and had transmitted prices to him. However, he had not acted on these prices, pending directives from AD Headquarters.

Minister Gronchi requested that there be an allied directive on over-all Price Policy.

General Molinelli asked Minister Gronchi if he had any objections to the plan dated 9 July 1945, as published. At which he replied that he was in entire accord with the plan.

General Molinelli stated that the draft of the plan forwarded to Regions informally by Colonel Poletti is, in effect, the final plan as sent out by this Headquarters.

Minister Gronchi stated that he would be President of the Price Committee and that Professor Gaze would be President of the Price Committee.

General Molinelli stated that with the choice established, it would now appear that an orderly procedure could be undertaken as to the determination of prices.

Colonel Serrafini (Lombardia Region) brought up the question of arbitrary action of the Lombardy committees with respect to Piemonte manufacturers. It was then explained that with the establishment of the organization over all of North Italy, this objection should have been removed.

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3. PRICE POLICY.

Minister Gronchi pointed out that prices would be controlled on:

- a) public service articles,
- b) medicine, textile items, and
- c) other items.

Minister Graciani requested that there be an Allied directive on over-all Price Policy.

General Molinari asked Minister Graciani if he had any objections to the plan dated 2 July 1945, as published. At which he replied that he was in entire accord with the plan.

General Molinari stated that the draft of the plan forwarded to Regions informally by Colonel Polstri is, in effect, the final plan as sent out by this Headquarters.

Minister Graciani stated that he would be President of the Committee and that Professor Vega would be President of the Policy Committee.

General Molinari stated that with the choice established, it would now appear that an orderly procedure could be undertaken as to the determination of prices.

Colonel Birchett (Lombardia Region) brought up the question of arbitrary action of the Lombardia Committee with respect to Pionone manufacturers. It was then explained that with the establishment of the organization over all of North Italy, this objection should have been removed.

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3. PRICE POLICY.

Minister Graciani pointed out that prices would be controlled on:

- a) public service articles,
- b) medicines, textile items, and
- c) industrial products where control of raw materials is feasible.

He then stated that price control on semi-finished products, traded between producer and producer would have to be based on further studies.

The Minister agreed to General Molinari's concept that no general price control should be undertaken unless enforcement is practicable through management.

It is pointed out. . .

It was pointed out by General McKillop that nothing so far said could have any effect upon ARS control of restricted items.

It was clarified for Colonel Politti that the forward AC representative would not with the NHC out that the ARS would be expected to see that plans were carried out in accordance with announced policies.

General McKillop ended with the statement:

"I think we have had a very successful meeting and I think the government feels closer to the Regional Commissioners and to us on account of it. I know we feel closer to them. I want to thank all for their participation and their perseverance."

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

11 July 1945

1. A meeting will be held in the Economic Section, Allied Commission between the Italian Government and the Regional Commissioners, AMG, on 13 July 1945. This meeting will take place in Room 31, 1st floor, Ministero delle Corporazioni building.

2. The agenda for the meeting is as follows:

<u>Time</u>	
0745 hrs.	Greeting by Admiral Stone.
0810 hrs.	Report on meeting held in Milan 8 July, 1945 to discuss salary rates.
0930 hrs.	Future policy toward wage increases.
1015 hrs.	The continuation after 31 July of the unemployment benefits and assistance provided by General Order No. 48.
1100 hrs.	Diversion of unemployed to gainful occupation. (a) Public Works projects. (b) Other occupations.
<u>L U N C H</u>	
1415 hrs.	Price of Wheat and Bread.
1500 hrs.	Trade between North and South (exchanges of finished products, textiles, shoes and raw materials such as pyrites, rock salt, etc.)
1600 hrs.	Price policy (whether control should be applied to all goods or to a restricted number of items, and to which items).

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HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13 July 1945

KEM:

If (a) the matter has not already been discussed,
(b) it is not too late, will you raise the question put to
us yesterday evening by Colonel Howell? It is possible that
Brig. Dunlop has already done so.

As I understand it, the problem is that there will be a
strike of, inter alia, bank employees on Monday unless they
receive an increase of salary. The specific question raised
by the HFO, Venezia Region, was whether we wished the Region
to go ahead in negotiating an ad hoc increase or whether such
increases should not be general and applied globally in the
northern regions.

Will you let me know if you can obtain any sort of
answer to this as I promised to telephone Venezia Region some
time this morning. It may also be necessary for me to consult
the Banca d'Italia and the commercial banks concerned.

I am sending a copy of this to Brig. Dunlop with whom
you may be able to consult during the break.

aps.

Copy to: JKD ✓

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HEADQUARTERS ALLIED COMMISSION
APO 394
LABOUR SUB-COMMISSION

KTH/ER

13 July 1945

NOTES FOR CONFERENCE

WAGE POLICY

1. Memo to Brig. Gen. McIlroy
2. Letter of 27th (1) June to Prime Minister
3. Allied Forces Wage Scale
4. Wages of Public Servants (18/E, 328, 85, 41)
5. Summary of Wage increases in North approved prior to Milan Strike

"A"
"B"
"C"
"D"
"E"

GENERAL ORDER 48

Copy of order attached

UNEMPLOYMENT

1. Extension of Gen. Order 48 to enable statistics to be obtained under Article 11, 4 (b)
2. Preliminary action to assess problem
3. Placing in Agriculture
4. Industry - Coal imports
Coal allocations

"2"
"3"
"4"
"5"

PRICE POLICY

General Order 41 attached

PRICE OF BREAD

1. Memo. of 5th July to Economic Section
2. Decision of meeting on 6th July

"1"
"2"

UNEMPLOYMENT

1. Extension of Gen. Order 48 to enable statistics to be obtained under Article II, 4 (b)
2. Preliminary action to assess problem
3. Placing in Agriculture
4. Industry - Coal imports
Coal allocations

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PRICE POLICY

General Order 41 attached

PRICE OF RUM

1. Memo. of 5th July to Economic Section
2. Decision of meeting on 6th July

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AGENDA OF THE ITALIAN GOVERNMENT FOR THE MEETING ON FRIDAY 14TH JULY

Will be present:

Minister Parri

" Ruini
" Gronchi
" Soleri
" Scoccimarro
" Cullo
" Barbereschi
" Mole
" La Malfa
" Romita

President of the Council.

Minister of Reconstruction.
Minister of Industry & Commerce
Minister of Treasury.
Minister of Finance
Minister of Agriculture
Minister of Labour
Minister of Food.
Minister of Transport
Minister of Public Works.

SUBJECTS.

1. Report on meetings held in Milan, 8th July, to discuss rates of salaries. (Time involved approx. $\frac{1}{2}$ hr.)
2. Price Policy (whether the control should be applied to all goods or to a restricted number of them and which). Time involved $\frac{3}{4}$ hr)
3. Price of Wheat and Bread - Time involved approx. $\frac{1}{2}$ hr)
4. Trade between North and South (exchange of finished products textiles - shoes, and raw materials such as pyrites - salt rock etc.) Time involved 1 hour.
5. Public Works to contract in the North as measure against unemployment. Time involved approx. $\frac{1}{2}$ hr.

14 July

1. The above constitutes suggestions from the Italian Government as to those who will be present and the agenda for the 13 July conference. Items 1 and 5 pertain to labor questions. Item 1 is roughly equivalent to Item 3 on agenda submitted by Labor S/C 9 July. 'Wage Policy'. Item 5 is properly a sub-division of Item 3 on LSC agenda 'Diversion of unemployed to gainful occupation'.
2. Gen. McKinley will work up an agenda merging the suggestions of both the Italian Government and Labor S/C. He plans to assign the entire morning to the discussion of labor problems. We will be furnished with copies of the agenda in due course.

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5. Public Works to contract in the North as measure against unemployment. Time involved approx. $\frac{1}{2}$ hr.

14 July

1. The above constitutes suggestions from the Italian Government as to those who will be present and the agenda for the 13 July conference. Items 1 and 5 pertain to labor questions. Item 1 is roughly equivalent to Item 3 on agenda submitted by Labor S/C 9 July, 'Wage Policy'. Item 5 is properly a sub-division of Item 3 on LSC agenda 'Diversion of unemployed to gainful occupation'.
2. Gen. McKinley will work up an agenda merging the suggestions of both the Italian Government and Labor S/C. He plans to assign the entire morning to the discussion of labor problems. He will be furnished with copies of the agenda in due course.

3437

416/922

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

DGS:ab

TEL : 416

9 July 1945

REF : LSC/922/1002

SUBJECT: Conference with Ministers of Italian Government.

TO : Brig. D. L. Anderson
Deputy Vice President
Economic Section

1. Subject is conference scheduled to be held on 13 July with Regional Commissioners and Ministers of the Italian Government.
2. Reference is made to letter of Prime Minister Parri of 24 June to Admiral Stone, reply of Admiral Stone to the Prime Minister of 30 June, Memorandum Labor Sub-Commission to Acting Vice President, Economic Section LSC/413/1002 of 26 June and reply of Acting Vice President LSC/1.44 of 2 July. As appears from the last mentioned memorandum, it will be necessary to arrange at this conference for a full discussion of the labor problems referred to in these documents.
3. The following will serve as a very short agenda for these labor problems:
 - a. Wage policy.
 - b. The continuation after 31 July of the unemployment benefits and assistance provided for by General Order No. 48.
 - c. Diversion of unemployed to gainful occupation.
4. There should be present when these problems are discussed the Prime Minister and the following Ministers: Labor (Berbareschi), Industry and Commerce (Gronchi), Finance (Solari). It is estimated that at least three hours will be necessary for the determination of these questions.
5. It is assumed that you will arrange for the presence of all interested parties and will furnish this sub-commission with a copy of the agenda.

5436

DAVID C. BAGGS
Deputy Director
Labor Sub-Commission

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION

NO 394

Office of the Executive Commissioner

Ref: 511/30.

30 June 1945.

MINUTES

Regional Commissioners' Meeting.

27 JUNE, 1945.

In the Chair: Chief Commissioner

Present:

Executive Commissioner
Deputy Executive Commissioner

SCAO Fifth Army

SCAO IV Corps

Regional Commissioners,

LIGURIA Region

PIEMONTE Region

LOMBARDIA Region

VENETIE Region

EMILIA Region

Commissioner RAPINE Commune.

Acting Vice President, Economic Section

Vice President, Civil Affairs Section

Acting Vice President, Establishment Section

Independent Sub-Commissions

Various Staff Officers.

ACTION

The meeting opened at 0915 hours.

1. Future of ITALY and Cession of A.M.G.

The Chief Commissioner read to the meeting a paper on future policy towards ITALY. He invited comment from Regional Commissioners.

All Regional Commissioners agreed with general policy outlined in the Paper.

SCAO IV Corps pressed for an increase in the provision of suitable literature and books. He said that the Italians were anxious to know how democracy worked and how it solved its problems.

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3433

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SCAD IV Corps pressed for an increase in the provision of suitable literature and books. He said that the Italians were anxious to know how democracy worked and how it solved its problems.

Regional Commissioner, LOMBARDIA Region, said that in his opinion too little emphasis was given in the paper to the importance of the early return of ITALY to normal relations with other countries which was so desirable for the rehabilitation of ITALY. He was also opposed to leaving skeleton A.C. teams in territory that had been handed back to the Italian Government. He thought that the retention of Allied officers in the field, once their authority had been taken away from them, was a mistake. Considerable discussion took place on this point, Regional Commissioners LIGURIA and VENETIE Regions being opposed to Colonel POLETTI's view. Both the Chief Commissioner and the Executive Commissioner were of the opinion that the A.C. Liaison Officers had proved useful in the past and that their presence in ITALY during the election period would be beneficial.

Chief Commissioner/...

SCAD IV Corps
Regional Commissioners,
LIGURIA Region
PIEMONTE Region
LOMBARDIA Region
VENETIE Region
EMILIA Region
Commissioner Naples Command
Acting Vice President, Economic Section
Vice President, Civil Affairs Section
Acting Vice President, Establishment Section
Deputy Assistant Sub-Commissioners
Various Staff Officers

ACTION

The Chief Commissioner stated that 1 September 1945 had been fixed as the probable date for the withdrawal of A.M.C. in ITALY except for VENEZIA, GORIZIA, and possibly the TRIESTE area. Regional Commissioners agreed that it was a satisfactory date.

2. Italian Elections.

Vice President, Civil Affairs Section and Director, Local Government Sub-Commission outlined the preparations necessary for the holding of local government elections, following which Chief Commissioner took the views of the Regional Commissioners on the date on which the preparation of electoral lists could be started. Chief Commissioner announced later in the meeting that he had decided that the work should be started on 15 July.

It was calculated that preparation for elections could not be completed until December. Owing to the winter (now), this meant that the actual election might not take place until the Spring of 1946. This applied to both local and national elections.

Vice President, Civil Affairs Section told the meeting the Allied Commission had been trying to persuade the Italian Government to alter the present electoral law which had been passed in 1935 and which was considered by both the British and American Governments to be undemocratic. So far no success had been achieved. A further approach would be made.

There was discussion on the measures that might be taken by Allied forces to ensure a free election. Regional Commissioner, LOMBARDIA Region, thought that a statement should be issued by the U.S. and U.K. Governments which would state definitely that the Governments were prepared to do all in their power to see that the elections were free. This statement should be made public. He believed that with the backing of this statement, even a relatively small number of mobile troops would go a long way to raise the morale of the Italian police agencies and would help the Italians to follow true democratic procedure at the polling booths. If the two Governments were not willing to make such a statement the Regional Commissioner was of the opinion that the Italian people should be told that it was entirely their responsibility and the Allies would make no attempt to supervise the election in any way.

Executive
Commissioner

Chief Commissioner said that this opinion of Regional
Commissioner LOMBARDIA Region would be given careful consideration.

All
Regional
Commissioners
Civil Affairs
Section

Spring of 1945.

Vice President, Civil Affairs Section told the meeting the Allied Commission had been going to forward the Italian Government to alter the present electoral law which had been passed in 1915 and which was considered by both the British and American Governments to be undemocratic. So far no success had been achieved. A further approach would be made.

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Executive
Commissioner

3. Removal of Government Offices and Records to ROME
and reassignment of Ministries

Vice President, Civil Affairs Section said that an Aide-Maire had been sent to the Italian Government suggesting that a Commission should go North to consider the removal of Government offices and archives to ROME.

The Italian Government held a meeting on 26 June, at which it was agreed that it was impossible to move these offices down at once, through lack of transport and space.

All
Regional
Commissioners

It was agreed that the archives would have to stay in the North until space became available in ROME.

Civil
Affairs Sec.

The Chief Commissioner ruled that there should be no independent action by Ministries and that the move of offices and archives must be a planned operation.

4. Italy/.....

OPTION

-3-

4. Italian Decrees.

Regional Commissioner, MILANO Region, drew the attention of the meeting to the publication of a decree authorizing the establishment of the National Association of Patriots, to be supported by voluntary contributions.

He maintained that contributions would probably be made at the point of a gun. The Chief Commissioner directed that a memorandum be submitted to him on the subject.

Civil
Affairs Sec.

A discussion took place on the implementation of decrees which had affected Northern Regions and it was agreed to give Regional Commissioners notice of intention to implement them so that they would have an opportunity of objecting.

5. Visits by Northern Prefects to ROME.

Vice President, Civil Affairs Section said it would be appreciated if Regional Commissioners would give notice of the arrival of Prefects from the North to the Local Government Sub-Commission.

Regional
Commissioners

6. Re-opening of the Swiss Italian Border.

Regional Commissioner, LOMBARDIA Region asked when the Swiss border would be opened. He said there were 40,000 Italians in SWITZERLAND. Director, Displaced Persons & Repatriation Sub-Commission, replied that 29 June had been fixed for the commencement of the repatriation of these Italians on the HEMMER route and 14 July on the DODDERSAHL route.

C.A.Sec

Regional Commissioner, LOMBARDIA Region, said that there were many Italians with business connections in SWITZERLAND who wanted to go there as soon as possible. Colonel SIEFF (Transportation Sub-Commission) said that a conference was being held at MILAN on 30 June when it was hoped that a decision would be reached. The Chief Commissioner directed that representations on behalf of Allied Commission should be made at the conference for the early re-opening of the frontier.

3434

7. Public Safety in the North.

Executive Commissioner asked Regional Commissioners for their views on public safety in the Northern Regions. The replies of the Regional Commissioners indicated that in general the public safety situation was satisfactory, but doubts were expressed for the future.

8. Policy for Italian Industry in the North.

Industrial situation.

Regional Commissioners

Commission

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8. Policy for Italian industry in the North.

Economic Section briefly outlined the industrial situation in the North. It was dependent on the availability of raw materials, the most important being coal of which there was a world shortage. Allied Commission had submitted to the Combined Chiefs of Staff a proposal that the Italian Government should set up an Industrial Coordination Board which would have subsidiary boards to deal with each industry or group of industries. As would advise the main Board of the materials available, the Board would allocate the fuel and raw materials to the subsidiary boards who would decide which industries could be supplied. In the meantime a coal allocation organisation was being set up and instructions would be issued shortly. It was reported that coal imports for industries in the North for July would be 66,000 tons and for August 146,000 tons. These figures excluded military and railway requirements. After August the loadings by the U.S. were uncertain.

Discussion/.....

All Regional Commissioners

Economic Section

ACTION

Discussion followed on the Coal Allocation Board set up in ITALY as a temporary measure. Executive Commissioner said that there seemed to be some divergence of opinion as to recent decisions of the Board and he instructed Colonel FV/163 to see that a thorough overhaul was made of its composition.

Regional Commissioner, LOMBARDY Region, outlined a scheme which he thought should be adopted as an interim measure until the Industrial Coordination Board was set up. He said that in the North there were twenty-three committees which represented each of the main industries in the five Northern Regions. "Commissioner should be appointed as head of each of these committees and one official nominated to coordinate the work of the committees. The Committees were composed of the best men available in the Northern industries and their functions were much the same as those of the proposed sub-boards of the Industrial Coordination Board. Regional Commissioner emphasized that they would work under the direction of AIC/45.

It was decided that the matter be further discussed in committee on the following day in the presence of Minister CHENET.

It was reported that 15,000 tons of coal had been allotted for July to the military railway administration. Executive Commissioner directed that this should be watched in order to retrieve some for industry if possible.

Boomeria
Section

9. Socialization of Industry and Work Management Committees.

Vice President, Civil Affairs Section explained that the Italian Government had passed a decree which dealt with operation of employees in industry but that they had so far failed to pass a similar decree to deal with operation of managers. Chief Commissioner had decided that while AIC was in existence a new management operation order was necessary and he had directed that the Italian draft decree on this subject (which they had so far failed to implement) should be issued as a Regional Order.

Vice President, Civil Affairs Section, circulated the draft Regional Order and Executive Commissioner said that Regional Commissioners should read it and that it should be discussed at a meeting on the following day. If there were no objections by Regional Commissioners the Regional Order would be issued without alteration.

All Regional
Commissioners

10. Unemployment and Surplus Labour.

Director, Labour Sub-Commission, said that unless surplus labour was dealt with, there would be

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All Regional Commissioners

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10. Unemployment and Surplus Labour.

Director, Labour Sub-Commission, said that unless surplus labour in industry was very carefully handled there would be great distress and unrest. General Order No. 48 continued the ban on discharged and provided for a system of payment of workers who were on short time, under-employed or unemployed. This was a temporary measure.

Economic Section

Economic Section was ascertaining what other forms of employment were available in commerce, agriculture and relief schemes.

The present unemployment insurance scheme was insufficient and the Italian Government had been pressed to make more improvements. Director, Labour Sub-Commission, gave in detail the improved rates of unemployment pay and family allowances. Unemployment pay would be 50 lire per day instead of 9 lire. Once surplus labour had been drained off industry it must not be allowed to return.

Regional/.....

Economic Section

ACTION

Regional Commissioner, LOMELI, Region, said that it had been wrongly reported in the press that wage increases had been announced. He said that wage increases were excessive, 15% more per day or more on a basis of 95 lire and some were retrospective to 1 January 1945.

All Regional Commissioners

Executive Commissioner said that there must be no unilateral action and no notice of wage adjustments should be allowed to appear in the press without his sanction. The question would be discussed in committee the following day.

Chief Financial Adviser asked how it was proposed to dispose of surplus workers with firms which had swollen pay rolls. Director, Labour Sub-Commission, said that the specialist officers concerned with alternative sources of employment should endeavour to get workers transferred.

All Regional Commissioners

Executive Commissioner directed Regional Commissioner, VERIZUE Region, to submit a memorandum on his proposal that the limit of the amount to be approved by the Regional Commissioner for public works should be increased from 1,000,000 to 5,000,000 lire.

Regional Commissioner VERIZUE Region

11. Police Officers for VERIZUE, GUILLA.

Vice President, Civil Affairs Section and Director, Public Safety Sub-Commission, discussed the need for increasing the present strength of Police Officers in VERIZUE, GUILLA. This brought up the question of unequal distribution generally among Regions and also Fifth Army and IV Corps.

Estab Sec
C.A. Sec

Executive Commissioner ruled that adjustments must be made to produce an equitable result and he hoped that SCADs would cooperate. Some trained officers would be assigned to VERIZUE, GUILLA from other Regions, but an endeavour would be made to replace them with others who would however of necessity be untrained or semi-trained.

12. Release of British Officers.

The Executive Commissioner said that Regional Commissioners should not commit themselves to releasing British officers under the Release Scheme without consulting the appropriate Sub-Commissioners.

All Regional Commissioners

13. Requisitioned Cars.

Executive Officer (A) warned Regional Commissioners that ceilings for requisitioned cars had evidently been exceeded and, following a tour of the North, G-4, AFM, was demanding an explanation. He directed Regional Commissioners to investigate this.

All Regional Commissioners

14. Commissioned Leave.

In reply to a question by Regional Commissioner, LOMELI, Executive Officer (A) said there was very little chance of

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14. Compensation Leave.

In reply to a question by Regional Commissioner, LAMBAUM. Region, Executive Officer (A) said there was very little chance of compensatory leave being granted to American officers. The grounds for granting compensation to leave for British officers were also very stringent.

15. Legal Leave.

Regional Commissioner, LAMBAUM. Region, asked if leave could be granted to officers and WO's in the Region.

The Executive Commissioner said he was prepared to leave it to the discretion of Regional Commissioners. The entitlement was 30 days per annum for American personnel and seven days every six months for British personnel.

16. Privileges/...

Estab Sec
C.A. Sec

All Regional
Commissioners

All Regional
Commissioners

All Regional
Commissioners
Estab Sec

ACTION

16. Promotions.

Regional Commissioner, LOUISIANA Region, raised the question of promotion. Executive Officer (a) replied that all promotions on the American side were frozen by MOU.

17. Entertainment of members of CIN in Allied Nations.

Regional Commissioner, LOUISIANA Region, raised the problem of the entertainment of members of the CIN in Allied Provincial houses and urged that an allowance be made. The Executive Commissioner said he would discuss this with the CPA.

Office of the
Executive
Commissioner.
CE.

A. H. S. Ten
Major,
Office of the Executive Commissioner.

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LABOR SUB-COMMISSION
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Mr. HIRD	H.R.	10/7
Mr. SCOTT	S.C.	11/7
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REMARKS:

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1 0 *File*
HEADQUARTERS ALLIED COMMISSION
APO 884
LABOR SUB-COMMISSION

WHS/rav

TEL : Ext. 204

29 June 1945

REF : LEC/922

SUBJECT: Notes on Regional Commissioner's Conference
(Labor Committee)

TO : Executive Commissioner

1. Attached is a report of the proceedings at the Labor Committee of the Regional Commissioner's conference on 18 June. Copies have been given to each Regional Commissioner personally, and to the Acting Vice-President, Economic Section.

W. H. BRAINE
Director
Labor Sub-Commission

(No report given to be attached)

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REPUBLICAN ALLIED COMM. FOR
LTD. 224
LABOR SUB-COMMISSION

WIS/rev

12 June 1948

NOTES ON REGIONAL COMMISSIONERS' CONFERENCE (LABOR
COMMITTEE), 11:30 to 12:10, 12 June 1948

1. Franklin Lush, welcomed the Italian representatives to the meeting, pointing out that this was a departure from the usual procedure, but a useful and welcome departure. He then turned the meeting over to Mr. E. H. Braine, Director of the Labor Sub-Commission.

2. Mr. Braine said that he felt most Regional Commissioners would agree that they had found the labor questions in the North to be problems of a civil nature more than problems affecting the armed forces. With regard to the Armed Forces as employers, at the Labor and Wages Control Committee meeting held on Tuesday, 12 June, it was agreed that a consolidated memorandum should go forth which in effect gives the Districts and Armies the option of putting into force the full range of the basic wage scale, minimum to maximum, and of adding so much of the cost-of-living bonus, which is standardized at 75 lire per day, as seems advisable to District or Armies through Local Sub-Committees. Previously it had been doubtful whether they could go above the minimum and also as to the extent of the bonus. Mr. Braine reminded Regional Commissioners that his summary was not an official instruction - that instructions would issue from AFM, and that a preliminary signal should reach them before the formal Administrative Memorandum. He added that the numbers employed by the Armed Forces are negligible, and the real problem lies in private industry.

3. An important factor in civil administration is the functioning of the Labor Offices. On this point, Mr. Braine referred to the unfortunate interview given at Milan by Lisandrì, one of the joint secretaries of the UGIL, in which he was reported as saying they were against Labor Offices. Later, in a personal talk Lisandrì divulged out of this expression, which was contrary to the former commitment of the UGIL given to the Labor Sub-Commission in which they gave full support to Labor Offices, by stating that his interview was merely a reaffirmation of a feeling expressed sometime ago against Labor Offices in the South. However, Lisandrì went on to say they were not going back on their word now, and that the UGIL recognized something was necessary in the North and would request the Camera del Lavoro to give cooperation to the AMS.

Mr. Braine stated that A.C./M.S. proposes to get the position more clearly defined with the new Italian Government. He stated that it had been clearly defined with the former Government, who were in full agreement with the Labor Office system. In fact, Finance Sub-Commission, Labor Sub-Commission and the Italian Government authorities had a full understanding on the organization of these offices, and Regional Commissioners should make this clear to their Finance Officers

5430

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6. An important factor in civil administration is the functioning of the Labor Offices. On this point, Mr. Braine referred to the unfortunate interview given at Milan by Lissandri, one of the joint secretaries of the CGIL, in which he was reported as saying they were against Labor Offices. Later, in a personal talk Lissandri explained out of this expression, which was contrary to the former commitment of the CGIL given to the Labor Sub-Commission in which they gave full support to Labor Offices, by stating that his interview was merely a reaffirmation of a feeling expressed sometime ago against Labor Offices in the South. However, Lissandri went on to say they were not going back on their word now, and that the CGIL recognized something was necessary in the North, and would request the Camere del Lavoro to give cooperation to the ANS.

5430

Mr. Braine stated that A.C./Ran. proposes to get the position more clearly defined with the new Italian Government. He stated that it had been clearly defined with the Spanish Government, who were in full agreement with the Labor Office system. In fact, Finance Sub-Commission, Labor Sub-Commission and the Italian Government authorities had a full understanding on the organization of these offices, and Regional Commissioners should make this clear to their Finance Officers if there is any question, financially, about the establishment of such offices. However, since the new Parri Government has established a separate Ministry For Labor, it now becomes necessary to make fresh contacts with the new Prime Minister and his Administration. There is no reason to think, however, that they will go back on the decision made by their predecessors on this point.

Regional Sub-Commission has been continuously pressing Regional Commissioners to establish and activate Regional and Provincial Labor Offices. At this stage, it is the only way of having some machinery for handling labor problems, and it was hoped that the Regional Commissioners would impress upon Provincial Commissioners the necessity of encouraging and developing these Offices. Mr. Braine said that his impression is that every Regional Commissioner is fully aware of the importance of labor questions and the usefulness of Labor Offices. However, he felt that not all the Provincial Commissioners realized this, and took a personal interest in such problems. There was a danger that they might think that these matters should be handled at Regional level. It was pointed out that there simply are not enough people at regional level to handle the problems, either on the Regional Staff or by Regional Labor Officers.

4. On the question of labor policy, Mr. Braine stated it was now coming right into the open as Col. Polatti said at the previous day's session. AC/LMO had explored the position which had developed in the Central and Southern Italy, where wages in industry are being negotiated on an ostensibly free basis and are reaching high levels. There is no coordination of wage policy in the Italian Government territory and there are decided inequalities between the district and another. The Allied authorities had pressed upon the Italian Government the desirability of some form of regulation of wage changes. The Italian Government and Allied authorities were agreed, before the liberation of the North, that there should be regulation in the North. It is now necessary to reassociate the new Government with AC on this point. On the regulation of wages, as an diversion of labor and various other matters, the instrument through which AGO would work would be the Labor Offices. For this reason it is continually emphasized that these Offices should be given every assistance with personnel, equipment, and status to assist them in absorbing the shock which will come very shortly.

5. The other factor which was agreed before liberation, was the use of Joint Advisory Committees. Joint Advisory Committees are in fact being developed in one form or another throughout the Regions. Mr. Braine reminded Regional Commissioners of the literature that Labor Sub-Commission has issued with reference to these Committees, in which it was noted that they were dealing not solely with labor, but also with industry problems. Regions have got on with consultative bodies and have various committees dealing with particular or specific aspects of the problem. It is suggested that there various committees be linked up with the officially recognized Committee -- the RILAC. The reason is that the Chief Commissioner has formally written to the Italian Prime Minister and has obtained agreement in principle on these Committees. RILACs are, therefore, the officially established committees and as some of the committees set up have not such recognition, they could come under RILACs and enjoy an agreed status.

RILACs should, of course, deal primarily with wage adjustment, but the scope is not limited, as will be seen in the terms of reference, and Regional Commissioners may find them useful as consultative bodies on general questions affecting labor, other than wages, and on questions affecting industry. For example, the RILACs should, of course, deal primarily with wage adjustment, but the scope is not limited, as will be seen in the terms of reference, and Regional Commissioners may find them useful as consultative bodies on general questions affecting labor, other than wages, and on questions affecting industry.

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RIJACs should, of course, deal primarily with wage adjustment, but the scope is not limited, as will be seen in the terms of reference, and Regional Commissioners may find them useful as consultative bodies on general questions affecting labor, other than wages, and on questions affecting industry. For example, the introduction of systematic short-time working in industrial establishments.

6. On the question of wage adjustment for private employees and Government employees, State employees are paid from funds of the Italian Treasury and the Liaison is therefore through the Finance Sub-Commission. All instructions on questions involving the pay of State employees issue from that Sub-Commission. Labor's intention, in sending out memoranda on this subject to the field, is to get information to Regional Commissioners and Regional Labor Officers as quickly as possible.

A bonus of 2,000 lire for the month of June was authorized and Decree 128 and 129 are being put into effect immediately in order to bring up wages of State employees. All other steps possible before some of State employees in the North reach the level now current in South. It is thought that cost-of-living and working and living conditions in the North have not yet reached the high level of the South, and this is the first step towards equalization between North and South before the later stage of general readjustment and betterment. Since the first step has been taken, as living conditions and costs approximate those of North and South the final step will be taken, in perhaps one or two stages. But A.C. Rep., are anxious, in principle, not to reach the Southern level on State employees' wages immediately, before we see evidence that the other factors are also equal. The importance of that is that every advance given to State employees will be valued even by the representatives of private workers and industry to great mislaid, or better advantage, for private industry.

7. With regard to private industry -- in addition to various doubts on factors which govern production, there must be some sense of ascertaining overhead charges of cost of labor and the immediate problem is to reduce industry's labor force to minimum requirements. Here again, although we had arrived at an agreement with the Government, it seems obvious that we must not make any mistake or confusion with the Ferri Government as that we shall, as A.C. Rep., be overruling agreed policy in the North, or at least know the extent to which we disagree. The working out of the reduction is a general problem. Labor Sub-Commission can only undertake to endeavor to work out a clear-cut and possibly effective procedure from the standpoint of labor. But the places to which labor moves off industry must be decided by other authoritative bodies. As regards labor in the North, labor Sub-Commission is disappointed at the tendencies which exist. Reports had been received of the solidarity of the trade union movement in the North and the consciousness of the workers and their readiness for the unregulated methods of the South -- perhaps too much had been expected in the post-liberation period. If we go forward very rapidly and strictly on the provisions of General Order No. 11, infringement action would be considerable. An agreed wage policy and some method of moving surplus labor to other employment, of improvement of social insurance, etc., can only be operated with a serious amount of consent and cooperation from those concerned, including those at high levels.

8. On wage adjustments Mr. Zingales noted that there were some serious breakdowns by people who are following the procedure but not observing the spirit behind the procedure. Labor Sub-Commission, and Allied Commission, are perfectly prepared to see increases in wages, and to approve increases in wages of too serious

(a) A levelling up of scattered industries

(b) Inevitable rise in wages and conditions of living.

For the benefit of the Italian visitors, Mr. Zingales pointed out that the procedure laid down was not a rigid freezing of wages. It was a procedure to permit upward revision of wages. There is a mistaken idea that we are to hold wages rigidly in the North. That is not so. We are prepared to allow wages to rise gradually as the cost of living increases and as other changes in living conditions occur, and it is expected over a period of months that levels would rise and that there would be equalization between North and South. The first thing to be aimed at is to unite the North and South in one general Italian economy. But instead of a gradual increase of the sort described, we are now being faced with demands for increases which will in certain cases bring the wage levels above those of the South which seems to be preposterous. Immediate action is being taken in order to get early contact with the Italian Government

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Government, it seems obvious that we must say more or reaffirm the agreement with the Far East Government so that we shall, as Mr. [redacted], be executing agreed policy in the North, or at least leave the extent to which we disagree. The coming out of the negotiation is a general problem. Labor Sub-Commission can only undertake to endeavor to work out a plan to which labor moves off industry must be decided by other authoritative bodies. As regards labor in the North, Labor Sub-Commission is disappointed at the tendency which exists. Reports had been received of the solidarity of the trade union movement in the North and the consciousness of the workers and their movement for the unregulated interests of the South -- workers too much had been connected in the anti-liberalized period. If we can move forward very boldly and strictly on the provisions of General Order No. 31, infringement action would be considerable. An agreed wage policy and some method of moving surplus labor to other employment, or improvement of social insurance, etc., can only be operated with a serious amount of economic and cooperation from those concerned, including those at high levels.

8. On wage adjustments Mr. [redacted] noted that there were some serious [redacted] [redacted] by people who are following the procedure but not observing the spirit behind the procedure. Labor Sub-Commission, and Allied Commission, are perfectly prepared to see increases in wages, and to approve increases in wages of two series

(a) a leveling up of sweated industries;

(b) Inevitable rise in prices and conditions of living.

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For the benefit of the Italian visitors, Mr. [redacted] pointed out that the procedure laid down was not a rigid freezing of wages. It was a procedure to permit upward revision of wages. There is a mistaken idea that all was to be held [redacted] rigidly in the North. That is not so, and are prepared to allow wages to rise gradually as the cost of living increases and as other changes in living conditions occur, and it is expected over a period of months that living would rise and that there would be equalization between North and South. The first thing to be aimed at is to unite the North and South in one general Italian economy. But instead of a gradual increase of the sort described, we are now being faced with demands for increases which will in certain cases bring the wage levels above those of the South, which seems to be preposterous. Immediate action in [redacted] is necessary to get early contact with the Italian Government and to see what their reactions are. These demands challenge [redacted] it is a challenge we recognize and it will have to be faced -- something which will condition the handling of a number of civil problems.

9. On general questions -- and in following the policy laid down long ago of recognizing organized labor and the General del Lavoro as representatives of organized labor. The alternative, especially if these people cannot hold their followers, is the formation of a number of break-away unions. There are vital syndical organizations who are entering the field in the Central and South and are prepared to enter the North. Although the General del Lavoro may [redacted] National Commissioners, and they do some stupid things at times, it is suggested National Commissioners try to educate them and take them with some sense of responsibility as the people we recognize as organized labor.

10. At the end of Mr. Dugan's comments Major Ball reported the necessity of Regional Commissioners to put their Provincial Commissioners on the job of assisting the Labor Offices. He stated that it was a thing that must be done of this great deal of advice from the Regional Commissioners and the Regional Labor Offices, as well as the Labor Sub-Commission.

11. Mr. Dugan expressed agreement with Mr. Dugan and said that the increase of wages of State employees was a problem he had wished to discuss. He also stated he was well aware of the seriousness of the developments from Ellen, but he felt that this must not only keep in mind industry and workers, but the welfare of the consumer.

12. Col. Folelli asked whether the proposed increase for State employees would not then more than the 2,000 lire bonus which they were paid in June.

13. Major Ball (Simone Sub-Commissioner) stated two decrees were being implemented-- 12-3 and 12-4 (salaries) and complementary decrees affecting pensions. These increases will be effective from 1 June and will continue until further notice. He also stated that Decree 116 will have to be implemented but since it contains a clause granting full ration allowances, implementation demands upon the eventual cost of bread. Until it is decided what policy is going to be adopted on bread we cannot implement Decree 116 in toto. The question has been referred to Economic Section for urgent attention, which will be the basis of whole revision of General Order No. 41 and Decree 116.

14. Col. Folelli said it would be absolutely necessary for the July day to be greater than in June.

15. Major Ball stated that it would be possible to grant another advance within the limits of Decree 116. However, it is understood that it is the intention to let bread find its own price, and if that is so Decree Nos. 116 and 117, modified, could be implemented.

16. Col. Folelli suggested that an advance for July be avoided and that the price of bread be solved in the North before the end of July. The increase in July should be by General Decree. He asked how much might be expected in the way of an increase for July.

17. Major Ball said he appreciated the preference of a formal decree and not an advance. He thought that the salaries would be higher than for June.

18. Col. Folelli said that an increase of 3,000 or 4,000 lire would be about what the workers would demand, and he thought justifiably.

19. Mr. Sachs said that it had been intended to implement Decree 116 towards the end of August and questioned whether the cost of living justified it at this time.

20. Col. Folelli said the Government employees in the North are particularly underpaid. He added that if bread was allowed to find its own price, all other prices would go up relatively, and that if this came during July, by the end of July, when Government employees are paid, an increase would certainly be justified under living conditions.

21. Mr. Dugan agreed that a 3,000 increase for July would be adequate for the State employees in his Region. He wondered whether provision could be made so that the cost of living would suffer as between large cities and smaller towns, to avoid the entire price-wage level being affected by the probably extra high prices and wages that might be paid.

16. Major Hall stated that it is understood that it is the intention to keep the limits of Decrease 116. However, it is understood that it is the intention to keep the bread fixed at its own price, and if that is so Decrease 116, modified, could be implemented.

15. Col. Pollett suggested that an action for July be avoided and that the price of bread be solved in the North before the end of July. The increase in July should be by Decrease 116. He asked how much it would be expected in the way of an increase for July.

17. Major Hall said he appreciated the preference of a formal decrease and not an action. He thought that the salaries would be higher than for June.

18. Col. Pollett said that an increase of 1,000 or 1,000 lire would be about what the workers would demand, and he thought justifiably.

19. Mr. Eades said that it had been intended to implement Decrease 116 towards the end of August and questioned whether the cost of living justified it at this time.

20. Col. Pollett said the Government employees in the North are particularly underpaid. He added that if bread was allowed to find its own price, all other prices would go up relatively, and that if this were during July, by the end of July, when Government employees are paid, an increase would certainly be justified under living conditions.

21. Mr. Eades agreed that a 1,000 increase for July would be adequate for the State employees in his region. He wondered whether provision could be made so that the cost of living bonus might differ as between large cities and smaller communities, to avoid the entire price-wage level being affected by the probably extra high prices and wages that exist in Milan.

22. Other Commissioners agreed that the increase as proposed for State employees would probably be sufficient.

23. Major Hall, mentioning Mr. Dunlop's query about different bonuses for city and country, stated that this was provided for in Italian law, and Mr. Eades pointed out that there was also provision for the State to subsidize the country, if necessary.

24. Mr. Eades asked the Italian visitors for their views, if any, on the subject, and particularly with reference to a differential in bonuses.

Mr. Spence said, he quite agreed with Col. Paine that a substantial increase for Government employees was necessary, because of the very high cost of living and no means of keeping prices down. He felt that above all the procedure should be uniform throughout the area, and all regions should have the same system.

25. Major Holclum felt that the difference between city and country in business would be desirable to introduce, but at the present it only exists between first and second grade cities.

Major Hall pointed out that companies were free to pay any salary depending on the company's resources.

26. The question of the terms of reference of General Order No. 41 was raised. Mr. Bradley pointed out that General Order No. 41 did not freeze wages, it only froze starting point. Brig. McKinley then read pertinent sections from the General Order.

27. Brig. Lush questioned whether there was sufficient coordination within the A.C., machinery for the proper functioning of the Region.

28. Mr. Bradley pointed out that in a memorandum sent to Regional Commissioners, entitled "Wage Policy in the North", attention was drawn to General Order No. 41 and to the method of operation, and it was asked that Regional Commissioners should advise labor sub-Committees of the first break-down in approving wage increases. This information has been coming in, probably not all of it, but it enables A.C. Regs. to feel the pulse of the North. A.C. Regs. are issuing memoranda to keep Regional Commissioners informed of what is happening elsewhere and in labor sub-Committee monthly reports there are appendices showing wage levels in the North and South to keep labor officials up-to-date.

29. Major Holclum pointed out that within Plattsboro Region there is a tendency to ship channels on wage increases approved, and he suggested that trade unions should be made to coordinate their activities, or the danger will be to overheat the South in increases.

Brig. Lush agreed that Provincial Commissioners should be made aware of their part in this procedure.

30. The question of General Order No. 48 arose, and Mr. Bradley explained that General Order No. 48 is primarily intended to control discharges. The announcement which preceded it was only to give some information on the subject which was causing concern to all. The other aspects of payment and working lists and releases for discharge are subsidiary and must be worked out with some for regional activity.

W. H. Spence

W. H. Spence

Director

Labor Sub-Committee

3420

LABOR SUB-COMMISSION
A.C.
Routing Slip

	Initials	Date
Mr. W.H. BRAINE		
Mr. SACHS	✓	
Mr. W. W. WIDE		
Mr. W. W. WIDE		
Mr. SCOTT	RS	10/7
Mr. PROCTOR	RS	11/7
Miss STEVENSON	8	11/1
Miss SANSEVERINO		
Chief Clerk		

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Labo 4c

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

26 June 1945

EA/1.28

SUBJECT: Regional Commissioners' Conference - June 27 and 28, 1945 at AG
TO : Directors of Sub-Commissions, Economic Section

1. The plans and agenda for the Regional Commissioners' Conference have just been finalized at the Executive Commissioner's Meeting. They are transmitted herewith.
2. The meeting will take place in the room that used to be the Reference Library on the third floor. It will be sign-posted.
3. Lunch will take place for 35 people in the main conference room at 1245 hours on each day.
4. Directors of Sub-Commissions will not be asked to attend the meeting the first day but should be present at their offices in readiness to be called on specific questions raised by the Regional Commissioners, should the occasion demand. The emphasis is upon keeping the meeting small.
5. No Italian will attend the conference the first day.
6. Italian attendance at the committees on the second day is entirely at the discretion of the VPs and the sub-commissions.
7. The attached agenda has been agreed but is subject to minor modification within committees on the second day depending upon the progress of the meeting.
8. Brigadier Anderson or his substitute will cover items 5a, b and c on the first afternoon.
9. Finance Sub-Commission will present item 5d on the first afternoon.
10. Sub-Commissions indicated in the names of the committees on the second day will be responsible for conducting such committee meetings. The Acting Vice President, The Deputy Vice President and the Chief of Supply Division will be in constant attendance where possible.

Dist:
Deputy V.P.
Chief, Supply Div.
All Sub-Commissions
Econ. Branch
Price Branch

Enc. 1 - Agenda

E. B. McKIMLEY
Brigadier General, USA
Acting Vice President
Economic Section

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NATIONAL COMMISSIONERS' CONFERENCE, 27th-30th June 1945

Agenda.

Wednesday, 27th June.

Conference opens at 0945 hrs.

On this day the meeting will be devoted to discussion of matters of general interest applicable to all Regions.

0945 hrs.

1. Future of the Commission.

Chief Commissioner.

~~Termination of A.M.C.~~
Executive Committee.

2.a) Free Elections.

b) Removal of Government officers and records to Rome and amalgamation of Ministries.

3. Problems raised by R.Cs.

1245 hrs.

Break for lunch.

1445 hrs.

4. Economic Section.

- a) Policy for Italian industry in the north.
- b) Socialisation of industry and works Management Committees.
- c) Unemployment and surplus labour.
- d) Unemployment finance.

1545 hrs.

5. Establishment Section - Reg. Personnel

VP, Civil Affairs
Section.

VP, Civil Affairs
Section.

3423

1. Future of the Commission.

Chief Commissioner.

Termination of MS.
Executive Committee.

2. Free Elections.

b) Removal of Government offices and records to home and reconstruction of Ministries.

3. Problems raised by R.C.s.

1945 hrs.

Break for lunch.

1945 hrs. 1445 hrs

4. Economic Section.

- a) Policy for Italian industry in the north.
- b) Socialisation of industry and works management committees.
- c) Unemployment and surplus labour.
- d) Unemployment financed.

1545 hrs.

5. Establishment Section - Reg Personnel

Thursday, 28th June 45.

On this day the meeting will consist of a series of sub-committees in order to clarify matters on which policy has been decided.

0845 hrs.

Local Government Committee

0915 hrs.

Public Safety Personnel

Electoral lists.

1045 hrs.

Food Committee.

Allocation of rationed foodstuffs.
 Blocking of rationed foodstuffs by Provincial Commissioners.
 Rationing policy.
 Policy in respect of existing food distributing organizations,
 i.e. Mercatis (U.G.B., A.A.P.) Also Industry Service, Cheese Control,
 Meat Census Office, etc.

1055 hrs.

Labor Committee.

Establishment of Regional, Provincial & other labor offices.
 Establishment of Regional Italian Joint Advisory Committees.
 Wage adjustment - private industry and Government employees.

1145 hrs.

Transportation Committee.

The Italians to be encouraged to set motor pools in operation
 in the north.

1155 hrs.

Break for lunch.

1430 hrs.

Finance Committee.

Allocation of north and south - banks, insurance, companies, etc.
 Revision of municipal loans.
 Foreign exchange position (French francs and liras.)

1530

1545 hrs.

Industry Committee.

Provision for re-equipmenting and decommissioning of industrial
 plants.

1630

1645 hrs.

2769

1145 hrs.

Transmission Committee

The Italians to be encouraged to set water pools in operation in the north.

1150 hrs.

Break for lunch.

1150 hrs.

Finance Committee

Acceleration of north and south - banks, insurance, companies, etc.
Acceleration of municipal loans.
Foreign exchange position (French francs and liras.)

1530

1530 hrs.

2422

Industry Committee

Procedures for requisitioning and demobilization of industrial plants.

1630

1630 hrs.

Commerce Committee

FDL for northern regions. Difficulties in providing full quota.
Foreign Trade Policy.
Control of materials and necessity of setting up U.S.I.D.
(Official Provincial Industrial Commissions) as soon as possible.
Interchanges of goods between north and south.

c. Braine:

This is my draft. Comments of
Scott and Proctor are attached, but I
do not think they add anything.

DCS

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

DCS/rmw

19 June 1945

MEMORANDUM TO STAFF

Subject: Agenda for Regional Commissioners' Conference

1. Following is a tentative draft of items for discussion, pertaining to labor, for the meeting of Regional Commissioners which will take place on June 27 and 28. Please let me have your comments and suggestions not later than Friday, June 22:

- (a) Establishment of Regional and Provincial Labor Offices --
 - (i) Progress in opening all offices
 - (ii) Staff
 - (iii) Budget problems.
- (b) Establishment and Functioning of Regional Italian Joint Advisory Committees.
- (c) Unemployment and Surplus Labor --
 - (i) The policy after 31 July in continuing the Cassa Integrazione and temporary waiting lists.
 - (ii) Plans for diversion of surplus labor to agriculture, work relief and other schemes.
 - (iii) Extent of workers returning from Germany.
 - (iv) The policy regarding rights of said workers to be reinstated to former jobs and to liberation bonus.
- (d) Wage Increases --
 - (i) Private Industry - increase in cost-of-living, temporary policy in approving any agreements for wage increases.
 - (ii) Government Employees - implementation of Decrees 18-B, 328 and 116; whether such Decrees should be implemented as written or to provide increases in installment basis.
 - (iii) Allied Forces Employees - adequacy of cost-of-living bonus under Admin. No. 62 and Admin. No. 18; establishment of Local Sub-Committees under Admin. No. 25.

2421

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(e) Socialisation of Industry --

- (i) Status of Works Management Committees and commissari appointed.
- (ii) Policy regarding socialization.
- (iii) Policy regarding appointments.

(f) Social Insurance --

- (i) Progress in reestablishment of agencies.
- (ii) Conflict between Milan and Rome as Headquarters.
- (iii) Policy regarding additional benefits enacted by Fascist-Republican Government.
- (iv) Implementation of Italian Decrees providing for increase in benefits.

DAVID C. SACHS
Deputy Director
Labor Sub-Commission

6420

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

24 June 1945

MEMORANDUM

Subject: Agenda for Regional Commissioners' Conference.

(a) Establishment of Regional and Provincial Labor Offices.

Regional Commissioners will have more up-to-date information about the progress in opening these offices than is available in Labor Sub-Commission. As far as our information goes, the position is as follows:

Venezia Region - Regional Labor Office established, but selected Director resigned through pressure from the CLN before formal appointment could be made.

Provincial Labor Offices are functioning in Venezia, Padova, Verona and Vicenza. The last two were established by the 5th Army. Position with regard to Treviso and Udine is not known.

Piemonte Region - Establishment of Regional Labor Office and Provincial Labor Offices was held up owing to difficulty in finding suitable candidates to fill the place of Directors. Turin's Provincial Labor Office is, functioning with a skeleton staff, present position of the others is not known.

Lombardia Region - Regional Labor Office is functioning.

Provincial Labor Offices operating in Milan, Varese, Como and Sondrio. The office at Bergamo in the process of organization.

Liguria Region - Regional Labor Office established and Provincial Labor Office functioning at Genoa. Position in other Provinces not known.

Emilia Region - Regional Labor Office established.

Provincial Labor Office functioning in Bologna. Position regarding other Provinces not known.

(b) Establishment and Functioning of Regional Italian Joint Advisory Committees.

From information available it appears that the Regional Italian Joint Advisory Committee in Emilia Region has had two meetings, one to consider wage rates in Bologna and one to consider increases to Agricultural employees, but no minutes of these meetings are available at this office.

It is suggested that Regional Commissioners be reminded that this office should be informed of all meetings of RIJACs, and of the decisions made at the meetings.

(c) Unemployment and Surplus Labor.

(i) Continuance of Cassa Integrazione - It is suggested that the Cassa Integrazione system has very definite advantages in the keeping of a firm's workers together against industrial revival. Where however there is no possibility of the ^{eventual} employment of workers by the firm other arrangements should be made for unemployment payments. It is suggested that a survey of firms should be made to determine the extent to which their industrial potential will be utilized. This will require an indication of the policy to be adopted regarding the reactivation of industry. Workers who it is then expected will be surplus to requirements when maximum activity has been restored should be discharged and other arrangements made for subsistence payment or employment.

(iv) Policy regarding payment of liberation bonus to workers from Germany

Regional Labour Officers and the Italian Government have been asked for their views on this subject. It is felt that the issue raises questions of policy for ~~for~~ granted workers returning from the Forces and P. of W. Camps might claim similar payments, quite apart from the fact that there seems no reasons to extend payment of the bonus to persons who went to Germany as volunteers. In any event very careful screening would be necessary.

(d) Wage increases

(ii) Government Employees

It is suggested that implementation of decrees should be by instalments, so that the original ratio between rates in Private Industry and Government Employment is maintained.

(iii) Allied Forces Employees.

Local Sub-Committees established under Admin. Memo No. 25 should be given further guidance, and the memo should more clearly define their powers. It should state for example whether the Committees are empowered to grant increases in basic wages or only Cost of Living Bonus.

(e) Socialisation of Industry

The policy regarding socialisation should be as indicated by the Italian Government who will eventually have to carry the responsibility.

(f) Social Insurance - (ii) Conflict between Milan and Rome

Social Insurance is a matter which concerns all Italians, and as Rome is reasonably central there seems no advantage in transferring authority to Milan. There is a possible disadvantage in that in the build up of the new Italy there will be frequent consultation between the various ministries including Social Insurance and as the other ministries are in Rome matters would be delayed whilst contact were made with Social Insurance in Milan. What could be done would be to regionalise the service giving local autonomy except for matters of policy.

(iii) Policy Regarding Fascist Republican benefits

The consideration in this instance should not be whether the Decrees were Fascist, but whether they were good in themselves and within the economy of the country.

(iv) Implementation of Decrees.

Most benefits under Italian Decrees are restricted to maximum payments, and although wages in the North are lower than in the South, the application to the North of benefits drawn up for the South would not create anomalies by bringing the benefits above the level of wages or otherwise increase benefits in Northern Italy beyond what is necessary, the point being that these decrees produce benefits which are inadequate in Southern Italy.

R/29.
B 516

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HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

DCS/rw

19 June 1945

MEMORANDUM TO STAFF

Subject: Agenda for Regional Commissioners' Conference

1. Following is a tentative draft of items for discussion, pertaining to labor, for the meeting of Regional Commissioners which will take place on June 27 and 28. Please let us have your comments and suggestions not later than Friday, June 23:

- (a) Establishment of Regional and Provincial Labor Offices --
 - (i) Progress in opening all offices
 - (ii) Staff
 - (iii) Budget problems.
- (b) Establishment and Functioning of Regional Italian Joint Advisory Committees.
- (c) Unemployment and Surplus Labor --
 - (i) The policy after 31 July in continuing the Cassa Integrazione and temporary waiting lists.
 - (ii) Plans for diversion of surplus labor to agriculture, work relief and other schemes.
 - (iii) Extent of workers returning from Germany.
 - (iv) The policy regarding rights of said workers to be reinstated to former jobs and to liberation bonus.
- (d) Wage Increases --
 - (i) Private Industry - increase in cost-of-living, temporary policy in approving any agreements for wage increases.
 - (ii) Government Employees - implementation of Decrees 18-8, 328 and 116; whether such Decrees should be implemented as written or to provide increases in installment basis.
 - (iii) Allied Forces Employees - adequacy of cost-of-living bonus under Admin. No. 62 and Admin. No. 18; establishment of Local Sub-Committees under Admin. No. 25.

- 2 -

(e) Socialization of Industry --

- (i) Status of Works Management Committees and commissari appointed.
- (ii) Policy regarding socialization.
- (iii) Policy regarding appointments.

(f) Social Insurance --

- (i) Progress in reestablishment of agencies.
- (ii) Conflict between Milan and Rome as Headquarters.
- (iii) Policy regarding additional benefits enacted by Fascist-Republican Government.
- (iv) Implementation of Italian Decrees providing for increase in benefits.

DAVID C. SACHS
Deputy Director
Labor Sub-Commission

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Sachal

18/6/65

Open a special file for "Labour matters for
discussion at Regional Commissioners Conference

87 Some 27th June 1962 "

Draft memoranda on the points already submitted
to Vice President

Elaborate other points to be mentioned

5414

HEADQUARTERS ALLIED COMMISSION
APO 594
LABOR SUB-COMMISSION

Mr. Braine
WHB/rew

TEL : Ext. 204

11 June 1945

REF : LSC/90/H6

SUBJECT: Regional Commissioners' Conference, 12 June 1945.
Items for Agenda.

TO : Acting Vice President
Economic Section

1. In conformity with your telephone request today, I am submitting herewith a list of items for discussion at the Regional Commissioners' meeting tomorrow:

- (a) Establishment of Regional, Provincial and other Labor Offices.
- (b) Establishment of Regional Italian Joint Advisory Committees.
- (c) Unemployment and surplus labor--
 - (i) Policy to continue the use of Cassa Integrazione;
 - (ii) Diversion of surplus labor to agriculture, work relief projects and other supplementary schemes.
- (d) Wages adjustments--
 - (i) Private industry.
 - (ii) Government employees.
- (e) Socialization of industry--
 - (i) Status of Worker Management Committees and commissari appointed.

[Signature]
W. H. BRAINE
Director
Labor Sub-Commission

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