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AUG - SEPT. 1945

SPECIAL COMMITTEE ON POST-WAR ECONOMIC POLICY - PLANNING

AUG. - SEPT. 1945

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HEADQUARTERS ALLIED COMMISSION
APO 304
LABOR SUB-COMMISSION

File

KJH/rsw

TEL : Ext. 204

18 September 1945

REF : LEO/226

SUBJECT: Special Committee on Postwar Economic Policy and Planning.

TO : Acting Vice President
Economic Section
Attention: Col. Denmore

1. Reference your memorandum of 8 September and meeting of representatives of Sub-Commissions held in the office of the Vice President, Economic Section on Saturday, 8 September.

2. Attached are notes which may be useful to the Committee from the House of Representatives. As agreed at the conference of 8 September, the aim in these notes has been to bring out the main points that may be of interest in studying the Italian economic structure in relation to post-war planning in the United States.

E. H. BRAINE
Director
Labor Sub-Commission

Encl. 1
As above.

Chief Clerk

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ALLIED COMMISSION

APD 734

LABOR SUB-COMMISSION

KJH/rm

19 September 1948

Subject: Information for Special Committee on Postwar Economic Policy and Planning.

PRESENT SITUATION

Unemployment -

Throughout the whole of Italy, including Sicily and Sardinia, 1,048,738 persons are registered as unemployed at Offices of the Ministry of Labor and Social Security.

It is estimated that at least a further 1,000,000 are unemployed but not registered either because,

- (a) they are in receipt of wages for not working, or
- (b) the current rates of unemployment benefit are too low to encourage registration.

The problem of surplus workers who are retained on full or 75% wages, although non-productive, is illustrated by the following estimates:

<u>Northern Italy Payrolls</u>		<u>Non-Productive Workers</u>	
Engineering	459,000		60%
Textiles	276,000		75%
Clothing	88,000		50%
Metallurgy	83,000		50%

In Torino it is estimated that 30,000 workers are employed for less than 40 hours per week but are having pay "make-up". As long as these persons remain on payrolls they are an obstacle to industrial reactivation and to a planned production economy. Costing of products, prices, etc., are all affected by this burden.

The unemployed are of all types and categories, including prisoners-of-war and slave labor returned from Germany. The physical condition of the unemployed has been affected by shortage of food and necessities.

assist industry.

Building projects, roads, bridges and communications should

offer scope for employment of large numbers.

Ports, although damaged, could work to greater capacity

especially as military traffic is likely to decrease.

Wages -

Wages have risen steadily since 1945, and heavily since

November, 1946. Examples follow:

	Industry	Worker	Sept. 1945 (Lire per day)		Aug. 1946
			Nov. 1945	Nov. 1946	
Napoli	Building	Skilled	41	134	129
		Unskilled	28	114	215
Littoria	Engineering	Skilled	31	113	213
		Unskilled	17	118	213
	Building	Skilled	41	181	230
		Unskilled	30	113	262
Milano	Engineering	Skilled	27	104	224
		Unskilled	21	94	224
	Building	Skilled	40	104	234
		Unskilled	24	94	234
Genova	Engineering	Skilled	36	104	204
		Unskilled	31	94	194

Wage levels in Northern and Southern Italy roughly coincide.

procedure has been established for regularizing demands for wage increases and joint negotiating machinery of workers and employers' organizations makes wage agreements which, after submission to an Advisory Committee, are presented to ASG for approval or rejection.

Under an Agreement made on 3th July at Milan, and extended to the whole North of Italy certain increases in indemnity were granted as an emergency measure, the following principles were adopted:

- (a) Dismissal of labor surplus to industrial requirements was banned until 30th September 1946.
- (b) Payment of 75% of the global pay (including indemnities) for the balance of the working week up to 48 hours, to industrial workers unable to work full time was agreed.

industrial workers after 30th

Milano	Engineering	Skilled	37	34	228
		Unskilled	51		
	Building	Skilled	40	104	224
		Unskilled	24	94	224
Genova	Engineering	Skilled	36	104	204
		Unskilled	21	94	194

Wage levels in Northern and Southern Italy roughly coincide.

Procedure has been established for regularizing demands for wage increases and joint negotiating machinery of workers and employers organizations makes wage agreements which, after submission to an Advisory Committee, are presented to AGO for approval or rejection.

Under an Agreement made on 30th July at Milan, and extended to the whole North of Italy certain increases in indemnity were granted and, as an emergency measure, the following principles were adopted:

- (a) Dismissal of labor surplus to industrial requirements was banned until 30th September 1945.
- (b) Payment of 75% of the global pay (including indemnities) for the balance of the working week up to 48 hours, to industrial workers unable to work full time was agreed.

It is intended that this wage agreement shall be modified after 30th September.

The demand for minimum wages is an issue that will shortly require solution.

Cost-of-Living -

Wage increases have been more than offset by rise in cost-of-living. Comprehensive cost-of-living indices not available, but food costs as follows:

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<u>From</u>	<u>Monthly Requirements</u>	<u>Index</u>
September, 1945	1,147 lire	100
September, 1946	2,237	208
September, 1947	3,203	302
March, 1948	12,456	1,085

Labor Organization -

Fascist associations of workers and employers were dissolved and a new structure has been developed. Workers' trade unions, Italian General Confederation of Labor, and employers' federations increasingly active and give stability to industrial relations.

FUTURE PROGRAM

Relief of Unemployment -

Italian Government has plans for extensive program of public works that should absorb 600,000 men:

- 60 billion lire allocated for railways and transportation: to employ 150,000 for 18 months;
- 65 billion lire allocated for roads, bridges and houses: to employ 250,000 for 12 months;
- 50 billion lire allocated for land drainage and agriculture: to employ 150,000 for 12 months.

This program will activate subsidiary industries -- cement, steel and other materials will be required.

Industrial reactivation requires release of raw materials and coal -- the monthly quota of 200,000 tons of coal falls far short of pre-war requirements of one million tons, or of the amount required to give full industrial employment.

The program for the steel industry -- 80,000 tons of pig iron between September and November, 1945, and up to 500,000 tons of steel between September, 1945 and March, 1946 -- should absorb approximately 500,000 workers in the steel and allied industries.

In order further to reduce the numbers of unemployed, the Italian Government is fostering training schemes (e.g., to train 9,000 in the building trade in Milan) and is prepared to support migration schemes. Skilled and unskilled workers will be encouraged to take employment in other countries -- under properly organized and approved schemes -- in order:

- (a) to relieve unemployment in Italy;

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Italian Government should absorb 450,000 men; 60 billion lire allocated for railways and transportation; to employ 150,000 for 18 months; bridges and houses; to employ 45 billion lire allocated for roads; 250,000 for 18 months; 20 billion lire allocated for land drainage and fertilizers; to employ 150,000 for 18 months.

This program will activate subsidiary industries -- cement, steel and other materials will be required.

Industrial reactivation requires release of raw materials and coal -- the monthly quota of 250,000 tons of coal falls far short of pre-war requirements of one million tons, or of the amount required to give full industrial employment.

The program for the steel industry -- 30,000 tons of pig iron between September and November, 1945, and up to 562,000 tons of steel between September, 1945 and March, 1946 -- should absorb approximately 500,000 workers in the steel and allied industries.

In order further to reduce the numbers of unemployed, the Italian Government is fostering training schemes (e.g., to train 2,000 in the building trade in Milan) and is prepared to support emigration schemes. Skilled and unskilled workers will be encouraged to take employment in other countries -- under properly organized and approved schemes -- in order:

- (a) to relieve unemployment in Italy;
- (b) to permit individuals to raise their standards of family life;
- (c) to obtain national credits for foreign exchange that will assist imports of essential supplies.

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Plans for reorganizing and decentralizing port labor are in hand. It is proposed to spend 200 million lire per year for five years in reconstructing the port of Genoa; as a special measure this expenditure may be concentrated into a two-year period.

Port facilities and labor will be available -- especially as military traffic decreases -- for handling international traffic.

Plans -

Collective bargaining will continue. The emergency measures of the Milan Wage Agreement will probably, however, be modified by:

- (a) Gradual dismissal of workers surplus to industry; 10% each month up to maximum of 20% to be discharged.
- (b) Reduction of "make-up" pay for hours not worked to 50% of global (i.e., reduction of 50%). This will ease financial drain on employers and will give workers an incentive to find work.

German Prisoners -

Action being taken at high level to restrict use of German prisoners-of-war, and to substitute them by unemployed Italian workers.

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HEADQUARTERS ALLIED COMMISSION
APO 394
Economic Section

LED/sc

Tel: 287

3 Sept. 1945

Ref: ES/3.20

SUBJECT: Special Committee on Postwar Economic Policy and Planning.

TO : SUPPLY DIVISION
Agriculture S/C
Commerce S/C
Food S/C
Transportation & Shipping S/C
PRODUCTION DIVISION
Industry S/C
Public Works & Utilities S/C
FINANCE S/C
LABOR S/C
WAR MATERIAL DISPOSAL S/C

1. Reference is made to attached copy of letter C-69 C-5 AFHQ 14 Aug. to Headquarters Allied Commission on above subject.

2. Also attached is copy of Ref. 4024/41/SC Office of Executive Commissioner, 31 Aug. 45 to Economic Section, which requires that Economic Section and Sub-Commissions be prepared to furnish their monthly reports to the Committee; to meet the Committee in conference, and that meetings with relevant Ministers of the Italian Government be arranged.

3. Other than as indicated in Ref. C-69 dated 14 Aug., we have no advice as to exactly what information the Special Committee will require.

4. The Chief Staff Officer, Economic Section, will act as coordinator of this activity and desires a meeting with a representative of each of the addressees to this letter at 1000 hours Saturday 8 Sept., Office of the Vice-President, Economic Section. It is requested that at such meeting the various representatives be prepared to discuss and recommend action to be taken by their sub-commissions or divisions in connection with this activity. It is contemplated that at such meeting a definite course of action will be outlined and the extent to which the Italian Government will be brought into the picture will then be decided.

FOR THE ACTING VICE PRESIDENT:

L. D. DRENNY
L. D. DRENNY
Colonel, FA
Chief Staff Officer

2 Incl:

m/a para. 1 & 2

cc: Executive Commissioner

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ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

14 August 1945

Ref. C-69

SUBJECT: Special Committee on Postwar Economic Policy and Planning.

TO : Headquarters, Allied Commission, APO 394.

1. A cable has been received from the War Department advising of a proposed visit to the theater of the Special Committee on Postwar Economic Policy and Planning of the House of Representatives.

2. The Committee, with the approval of the Secretary of War, will make a study of economic conditions as they relate to post-war problems. The committee is composed of Mr. Colmer, Chairman; Francis E. Walter; Orville Zimmerman; Charles A. Silverton; Clifford R. Hope; Jesse P. Walcott; Jay Le Ferro; and Aid Simpson. The members will be accompanied by William Y. Elliott, Committee Consultant; Marion B. Falson, Committee Director; and James J. Farries, State Department Representative.

3. According to the present planned itinerary the committee will be in ROME for a period of two days in the latter part of September or early October. Should their proposed visit to RUSSIA not materialize, they will be in ROME approximately the same time, but for a period of five days.

4. It is requested that Allied Commission make necessary arrangements for any conference that may be required.

For the Assistant Chief of Staff, G-5:

/s/ R. C. Carlson
R. C. CARLSON
Major, G.S.C.
Economics & Supply Division

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HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

COPY

21 August 1945

Ref: ADEA/41/NC

SUBJECT: Special Committee on Postwar Economic Policy and Planning.

TO : Economic Section

Chief Commissioner has seen your ES/3.20 of 18 Aug 45 and letter attached, C-59, C-5 AFHQ of 14 Aug 45. I suggest that your section and sub-commissions be prepared to furnish their monthly reports to the committee, and to meet them in conference, and that meetings with the relevant Ministers of the Italian Government be arranged.

/s/ HSL
Brigadier,
Executive Commissioner.

HSL/JO

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