

ACC 10000/147/378

REP. 164 /CS

NEW DEAL FOR ITALY

FEB. 1945

10-1
24th February, 1945

ALIAS MEMOIRE FOR COMMUNICATION TO THE ITALIAN
GOVERNMENT BY THE ACTING PRESIDENT OF THE
COMMITTEES OF THE NEW DIRECTIVE ON THE
FUNCTIONS OF THE ALLIED COMMISSION.

1. In accordance with the declaration of the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain, the Allied Governments propose to relax the control of the Italian Government under the Armistice in the matter of day to day administration and only to exercise such control when Allied military interests require.
2. The Political Section of the Allied Commission is being abolished as of 1 March 1945. The Italian Ministry of Foreign Affairs will deal with the Chief Commissioner on matters of major policy, and on matters of minor policy and routine business it will address itself to whatever Section (Economic or Civil Affairs) of the Commission may be appropriate to the subject involved. Matters involving the travel of diplomatic and other public officials will hereafter be dealt with on behalf of the Commission by the Office of the Executive Commissioner.
3. The Italian Government will continue, as at present, to have direct relations with foreign diplomatic representatives accredited to the Quirinal. The Allied Commission

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Commission should be kept generally informed by the Italian Government of any negotiations in which they engage with other Governments. Facilities for the use of secret bags will be granted to the Italian Government for use in correspondence with their diplomatic representatives abroad. Undeposited cypher facilities cannot be allowed for the present.

Insofar as these negotiations have to do with economic and financial matters, the Economic Section and its Finance Sub-Commission should be kept informed of their progress.

It would be convenient if the Italian Government would furnish a periodic summary of all negotiations completed or pending with other Governments.

4. The Allied Commission will limit its dealings with respect to territory under the jurisdiction of the Italian Government to consultation with and advice to the Ministers of the Italian Government.

5. The advisory functions of the Sub-Commissions of Education, Monuments and Fine Arts, Local Government, Legal and Labour in territory under the jurisdiction of the Italian Government will be performed only when

requested by the Italian Government.

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6. It will no longer be necessary for the Italian Government to obtain the approval of the Allied Commission for decrees and other legislation enacted by the Italian Government in the territory under the jurisdiction of the Italian Government.

Nevertheless the Allied Commission should be informed of proposed decrees some time before their enactment, in order to enable the Chief Commissioner to consult with the Italian Government as to their application to territory under the jurisdiction of Allied Military Government (AMG), and to lay plans for their effective implementation in such territory when appropriate.

7. It will no longer be necessary for the Italian Government to obtain approval of the Allied Commission for Italian appointments, whether to national or local offices, in territory under the jurisdiction of the Italian Government except with regard to the attached list (Appendix "A") of positions having military significance. The Italian Government will have the right to alter appointments made previously by AMG authorities.

8. The Allied Commission officers stationed in the field in the territory under the jurisdiction of the Italian Government will be withdrawn. As a first step it is intended to abolish by April 1, 1945, the Regional Offices

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Offices of the Allied Commission for Sicilia, Sardegna, Southern and Lazio-Umbria Regions. Representatives of the Allied Commission will, however, be sent into territory under the jurisdiction of the Italian Government when necessary and certain specialist officers with economic functions will remain in such territory for a limited period.

9. It is the desire of the Allies to encourage free trade in knowledge and learning with the Italian people. Arrangements will be facilitated for the flow between Italy and the United Nations of books and other publications of a scientific, political, philosophical and artistic nature, and for the movement of scholars, artists and professional men between Italy and the United Nations.

10. The Allies welcome the decision to hold local elections in territory under the jurisdiction of the Italian Government as soon as may be.

11. The Allied Nations desire to make concessions with regard to Italian prisoners of war now or hereafter held in Italy, other than those captured since the Armistice was signed. Provided that arrangements **225?**

made for the services of such persons to continue to be made available on terms satisfactory to the Supreme Allied Commander, their status as prisoners of war will be

terminated.

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12. It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and control of consumption of local resources possible under existing conditions be secured and as a prerequisite to increased economic assistance.

13. In the joint programme of essential Italian imports, now being prepared by the Inter-Ministerial Committee for Reconstruction and the Economic Section of this Commission, there will be some supplies for which the combined United States-United Kingdom military authorities will assume responsibility for procurement (Category "A") and other supplies for which they will not assume responsibility (Category "B"). A definition of the supplies which fall into Category "A" follows:

(a) Those quantities of agreed essential supplies necessary to prevent disease and unrest prejudicial to military operations, such as, food, fuel, clothing, medical and sanitary supplies.

(b) Those supplies, the importation of which will reduce military requirements for the import of essential civilian supplies for the purposes referred to in this paragraph, such as, fertilizer,

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fertilizer, raw materials, machinery and equipment.

- (c) These materials essential for the rehabilitation of such of the Italian communication facilities, power systems and transportation facilities as will directly further the Allied military effort.

14. The programs for which the military authorities assume responsibility will be maintained for the duration of combined (United States-United Kingdom) operations in Italy. For this period, and within the limits defined in paragraph 13, Italy will be treated as a whole. The date of the termination of military responsibility will be fixed by the Allied Nations.

15. In addition to the programme of supplies for which the military assume responsibility for procurement (Category "A") the Allied Commission will assist the Italian Government in the preparation of programmes of supplies designed to rehabilitate Italian industry. Such programmes, referred to as Category "B" will be handled under procedures already notified. The purchasing of supplies in Category "B" programmes will be undertaken immediately without reference to the present difficulty of shipping position in order that the supplies so purchased may be called forward as and when shipping space becomes available.

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16. The Allies desire that industrial rehabilitation in Italy be carried out by the Italian Government to the fullest extent permitted by Italian resources and such supplies as it may be possible to import under the terms of paragraphs 13, 14 and 15 above, and subject to the limitation in paragraph 19 below. The sole exception to this principle is to be made in the case of industries involving the production or repair of munitions or other implements of war, which will be rehabilitated only to the extent required by the Supreme Allied Commander in the discharge of his military mission, and to the extent necessary to further the Allied military effort in other theatres. The priority order in which Italian industry will be rehabilitated (after the rehabilitation of industries essential for Allied military purposes) will be determined by the Italian Government, with the assistance and advice of the Allied Commission.

17. The prime responsibility for the control of inflation in Italy, including the imposition and administration of the appropriate financial controls and economic controls, and appropriate utilization of supplies, rests with the Italian Government. In this connection, as in others, the Allied Commission stands ready to advise and assist.

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18. The extent to which exports are to be stimulated and the development of machinery to handle export trade are for determination by the Italian Government. For the time being, the Italian export programme will necessarily be limited by certain shipping, military, financial and supply factors. The applicability of these factors to individual programmes will be worked out between the Italian Government and the Economic Section of the Allied Commission along the lines already discussed by the Economic Section with the Inter-Ministerial Committee for Reconstruction.

19. Nothing contained in the above should be taken as constituting a commitment by the Allied Nations with respect to shipping. Any supplies to be imported into Italy must be transported within such shipping as may be allocated from time to time by the Allied Nations.

HAROLD MACMILLAN

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APPENDIX "A".

List of Italian Government appointments requiring
prior approval by the Allied Commission

Minister of War

Minister of Marine

Minister of Air

Any other Minister of Armed Forces
who may be created

Under Secretary for Telecommunications

Director of Railroads

Director General of Pubblica Sicurezza

Commanding General, CC.RR

Chief of Staff, CC.RR

Commanding General, CC.FF.

Appointments in the Army, Navy, and Air Force
in accordance with current practice.

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SECRET

Director	
D/Director	
Chief, Lessons	
Chief, Policy	
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Asst Chief, Postal	
Censorship	
Chief Clerk	

HEADQUARTERS ALLIED COMMISSION

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APO

Office of the Chief Commissioner

19 February 1945.

Ref: 4001/EC.

SUBJECT: New CCS Directive on the Allied Commission.

TO : Allied Force Headquarters.
Attn: G-5 Section.

1. It may be of interest to you to know the action which I propose to take as a result of the receipt of PAN 487, communicated to me by the Acting President:

(a) Para 2(a). I am asking the US and British Embassies formally to nominate their representatives who, for many reasons, will require to have an office at this Headquarters. They will bear the same relation to me as POLAD and REBILIN bear to SACMED.

(b) Para 2(b).

(i) I have asked on more than one occasion whether the Italians might be allowed to use the usual cipher and code facilities to their representatives in the countries with which diplomatic relations have been resumed. I have had no answer to this request and I should be glad if this point could be cleared at once. A separate cable has been despatched on this point.

(ii) I shall request the Italian Government to advise me of negotiations with other Governments in which the Italian Government may engage themselves.

(iii) It will be to our advantage and to the advantage of the Italian Government that direct relations should be resumed as soon as possible with the French, Yugoslav and Greek Governments and I shall urge the Italian Government to take a end. It is expected that the Allied Embassies will take a similar position.

(c) Para 2(c). states "The Allied Commission shall abandon the practice of approving the decrees and other legislation enacted by the Italian Government in the territory under the jurisdiction of the Italian Government. Any new Italian Government will be requested to confirm that they will adhere to the obligations under the terms of surrender undertaken by their predecessors".

(i) I interpret the words "in the territory" to mean "affecting the territory". Certain Italian decrees may affect Allied military Government territory and since it is considered desirable to coordinate policy in territory which will be ultimately transferred, I shall cause informal consultations between the Allied Commission and the Italian Government on such decrees.

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1. Noting President:

and British Embassies formally

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(b) PAGE 2 (F).

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(1) I interpret the words "in the territory" to mean "affecting the territory". Certain Italian decrees may affect Allied Military Government territory and since it is considered desirable to coordinate policy in territory which will be ultimately transferred, I shall cause informal consultations to be continued between the Allied Commission and the Italian Government, particularly in relation to economic decrees.

(4i) I also interpret this clause, read with 1(a), to vest in Government, particularly SACED the right, when necessary, to exercise control in any decree affecting military needs and the requirements of the campaign.

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(d) Para 2(D). The transfer of territory documents (Document "A") will now have to be amended in order to enable the Italian Government to remove officials previously nominated by AMG officials without reference to the Allied Commission. This will be taken up under separate cover. All Service Sub-Commissions desire to retain the right of vetting military appointments. The technical posts of Directors of Telecommunications and Railroads will be considered as military appointments hitherto.

(e) Para 2(E).
(i) I attach draft directive which will be issued shortly in order to withdraw Allied officers of the Commission from the Islands and Southern Regions. (See Annexure "A").

(ii) It is essential that we should implement this clause to the maximum. There will be great temptation on the part of military formations and services, Italian local authorities and Allied Commission officers to regret the departure of Allied Commission officers and to retain a "small" number which will gradually grow and will lead us to fall between the two stools of (a) control, which necessitates many officers, and (b) decontrol, which should need none. It is essential that military formations and services should be instructed not to ask for the retention of Allied Commission officers but to take their share in some of the difficulties which will have to be faced by Allies and Italians alike as a result of the CCS directive. The Allied Commission will be compelled to give up responsibilities and duties which have been of value to the Allied military formations: Allied officers who have been the proper media between Allied military authorities and the Italian local governments will disappear. I would ask that a directive be issued to military formations and services on this and other matters arising out of the directive.

(iii) It may be thought necessary for the military authorities to assume responsibility for any necessary supervision of public utilities of military importance, e.g., railways, power, highways, through their own officers. This would impose an even more rigid military control than that which the present directive instructs us to remove.

(iv) Allied Military Government will continue in effect. Continue unless it is your desire that it should be removed. It would, of course, be an advantage to withdraw all officers but I assume that the local military authorities will insist on retention of AMG. AMG Courts in EMF will cease. 2245

(v) I submit for consideration the withdrawal, insofar as is possible, of HQ 204 Sub-Area from SICILY and any other Sub-Area Headquarters which are not absolutely essential.

(f) Para 2(F). The implementation of this clause depends upon the repeal or amendment of the "Trading with the Enemy Act" so far as it affects Italy.

(e) Para 2(E).

(1) I attach draft directive which will be issued shortly in order to withdraw Allied officers of the Commission from the Islands and Southern Regions. (See Annexure "I").

(ii) It is essential that we should implement this clause to the maximum. There will be great temptation on the part of military formations and services, Italian local authorities and Allied Commission officers to regret the departure of Allied Commission officers and to retain a "small" number which will gradually grow and will lead us to fall between the two stools of (a) control, which necessitates many officers, and (b) decentral, which should need none. It is essential that military formations and services should be instructed not to ask for the retention of Allied Commission officers but to take their share in some of the difficulties which will have to be faced by Allies and Italians alike as a result of the CCS directive. The Allied Commission will be compelled to give up responsibilities and duties which have been of value to the Allied military formations. Allied officers who have been the proper media between Allied military authorities and the Italian local governments will disappear. I would ask that a direction be issued to military formations and services on this and other matters arising out of the directive.

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(f) Para 2(F). The implementation of this clause depends upon the repeal or amendment of the "Trading with the Enemy Act" so far as it affects Italy.

(g) Para 2(G). This has already been done and the Italian Government have the matter in hand. It is most probable that local government elections will take place throughout the major portion of liberated Italy in the spring.

(h) Para 2(H). The status of Italian POW in Italy is the subject of a separate memorandum which will be submitted to you.

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- (i) Para 3(A). I interpret this to mean consultation between Heads of Sections and Directors of Sub-Commissions on the one hand and Ministers and Under-Secretaries on the other.
- (j) Para 3(B). This can be carried out but latitude will be necessary in respect of labour and wage matters which affect AEG territory.
- (k) Para 3(C). The process of civilisation is already in hand.
- (l) Para 3(D). My Deputy Chief Civil Affairs Officer is already located at a place other than Allied Commission Headquarters. Further separation is not feasible at the moment.
- (m) Para 4. It will be necessary to represent to the Italian Government the contents of this and other clauses in the directive. This will be done. I do not propose communicating the last sentence of this paragraph to the Italian Government, since it is not reconcilable with the spirit of the rest of the directive.
- (n) Para 5.
 (i) The Italian Inter-Ministerial Committee for Reconstruction and the Economic Section of the Allied Commission are now preparing a joint programme of essential Italian imports. The Italian Government will be informed of the three categories for which the US/UK military authorities assume responsibility.
 (ii) This clause gives a wider interpretation to Category A programme (disease and unrest) than this Commission has yet received. In order to implement it, I propose to resubmit requisitions that have already been rejected and also to submit part of the new joint programme now being worked out with the Italian Government.
- (o) Para 6. Similarly this clause has a wider interpretation of the Category B programme and will be considered at the joint discussions.
- (p) Para 7(A). This will to some extent modify the work of price control now done by the Allied Commission. It is assumed to be a partial reply to recommendations made by the Anti-Inflation Committee in June 1944.
- (q) Para 9. Has been made the subject of a separate telegram.
2. I attach memorandum (Annexure "B") which I propose to transmit to the Italian Government informing them of the terms of the "New Deal" as soon as I am instructed to make public the terms of the new directives.

ELERY W. STONE
 Rear Admiral, USNR
 Chief Commissioner

- (1) Para 3(D). My Deputy Chief Civil Affairs Officer is already located at a place other than Allied Commission Headquarters. Further separation is not feasible at the moment.
- (m) Para 4. It will be necessary to represent to the Italian Government the contents of this and other clauses in the directive. This will be done. I do not propose communicating the last sentence of this paragraph to the Italian Government, since it is not reconcilable with the spirit of the rest of the directive.
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- (q) Para 9. Has been made the subject of a separate telegram.
2. I attach memorandum (Annexure "B") which I propose to transmit to the Italian Government informing them of the terms of the "New Deal" as soon as I am instructed to make public the terms of the new directive.

Copy to: Acting President.
 The Hon. Mr. Alexander Kirk, US Ambassador.
 Sir Noel Charles, Et, KMG, British Ambassador.
 VP, Economic Section
 VP, Civil Affairs Section.
 VP, Establishment Section.
 VP, Political Section.
 Land Forces Sub-Commission
 Air Forces sub-Commission
 Navy Sub-Commission
 WAD & IPW Sub-Commission
 Communications Sub-Commission

ELERY W. STONE
 Rear Admiral, USNR
 Chief Commissioner

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ANNEXURE "A" to 4001/EC
of 19 February 1945.

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SECRET.

2nd DRAFT DIRECTIVE.

WITHDRAWAL OF ALLIED COMMISSION OFFICERS
FROM ITALIAN GOVERNMENT TERRITORY.

1. Para 2(e) of CCS telegram PAN 437 transmitting the directive on the "New Deal for Italy" directs that:

"The Allied Commission shall as soon as possible withdraw all its officers stationed in the field in the territory under the jurisdiction of the Italian Government. However, the Allied Commission should retain the right to send its representatives into territory under the jurisdiction of the Italian Government for any special tasks when Allied interests require it".

2. As a result of this the following action will be taken with regard to Allied Commission functions in SARDINIA, SICILY and SOUTHERN ITALY:
- (a) SARDINIA. All Allied officers will be withdrawn with the exception of the officers and staff of the Mining Division who will restrict their functions entirely to advice regarding the cut put of the Sardinian coalmines. This will involve the withdrawal of the Regional Commissioner and 10 officers, and the retention of 2 Mining Division Officers.

- (b) SICILY. All Allied officers will be withdrawn with the following exceptions:

- | | |
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| (i) 2 Finance Officers | } Until 1st April 1945. |
| (ii) 1 Supply Accountant | |
| (iii) 1 Property Control Officer | |
| (iv) (i), (ii) and (iii) will work under Allied Commission Liaison Officers who will be appointed: | |

- (a) In PALERMO to correlate the functions of the US 2249

Navy Base with the Italian authorities.

- (b) In CATANIA to correlate the functions of 204 Sub-Area with the Italian authorities

- (v) A Transportation Officer will be attached to the Liaison

Officer in CATANIA to regulate rail transport into REGGIO

all its officers should be withdrawn. However, the Allied Commission should retain the right to send its representatives into territory under the jurisdiction of the Italian Government for any special tasks when Allied interests require it".

2. As a result of this the following action will be taken with regard to Allied Commission functions in SARDINIA, SICILY and SOUTHERN ITALY:
- (a) SARDINIA. All Allied officers will be withdrawn with the exception of the officers and staff of the Mining Division who will restrict their functions entirely to advice regarding the output of the Sardinian coalmines. This will involve the withdrawal of the Regional Commissioner and 10 officers, and the retention of 2 Mining Division Officers.

- (b) SICILY. All Allied officers will be withdrawn with the following exceptions:

- | | |
|--|-------------------------|
| (i) 2 Finance Officers | } Until 1st April 1945. |
| (ii) 1 Supply Accountant | |
| (iii) 1 Property Control Officer | |
| (iv) (i), (ii) and (iii) will work under Allied Commission | |

Liaison Officers who will be appointed:

- (a) In PALERMO to correlate the functions of the US Navy Base with the Italian authorities.
- (b) In CATANIA to correlate the functions of 204 Sub-Area with the Italian authorities
- (v) A Transportation Officer will be attached to the Liaison Officer in CATANIA to regulate rail transport into REGGIO on the mainland.
- (vi) The Regional Mining Officer will be assigned to Headquarters, Industry Sub-Commission, and will be despatched to SICILY as occasion demands.

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(vii) The 4 Export Officers loaned by the Ministry of Food

(British) will be attached to the Commerce Sub-Commission and sent to SICILY as the occasion demands. Their numbers will be reduced if possible.

(viii) LAMPEDUSA and PANTELEERIA will remain under Allied

Military Government. CAO's will report to the AC Liaison Officer at PALERMO.

(c) SOUTHERN REGION. All officers will be withdrawn with the following exceptions:

(i) *Revolutionary* ~~Revolutionary~~ ^{Government} Commissioner and staff for Allied Military Government, NAPLES Commune (See Appendix "A"). This officer will also act as AC Liaison Officer in order to correlate the functions of No. 3 District, PBS and other military authorities with the Italian authorities in the compartmenti of CAMPANIA and CALABRIA.

(ii) There will also be established an AC Liaison Officer at BARI with the same functions in connection with the compartmenti of APULIA and LUCANIA, together with the Province of CAMPOBASSO. This Liaison Officer and his staff will work with the Sub-areas operating in this area and the 15th USAF at FOGGIA. The AC Liaison Officer will have a small staff consisting of:

(a) 5 Representatives of the Economic Section
(Transportation Sub-Commission) 3 of whom
will work in connection with truck pools and
will be withdrawn when truck pools are handed
over to the Italian Government.

(d) LAZIO-UMBRIA REGION. All officers will be withdrawn with the exception of the Provincial Staffs of PERUGIA and TERNI who will continue to administer Allied Military Government in these two

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(c) SOUTHERN REGION. All officers will be withdrawn with the following exceptions:

(i) ~~Regional~~ ^{Local} Commissioner and staff for Allied Military Government, NAPLES Commune (See Appendix "A"). This officer will also act as AC Liaison Officer in order to correlate the functions of No. 3 District, PBS and other military authorities with the Italian authorities in the compartimenti of CAMPANIA and CALABRIA.

(ii) There will also be established an AC Liaison Officer at BARI with the same functions in connection with the compartimenti of APULIA and LUCANIA, together with the Province of CAMPOBASSO. This Liaison Officer and his staff will work with the Sub-Areas operating in this area and the 15th USAF at FOGLIA. The AC Liaison Officer will have a small staff consisting of:

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(Transportation Sub-Commission) 3 of whom
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will be withdrawn when truck pools are handed
over to the Italian Government.

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(d) LAZIO-UMBRIA REGION. All officers will be withdrawn with the exception of the Provincial Staffs of PERUGIA and TERNI who will continue to administer Allied Military Government in these two Provinces under the command of the Provincial Commissioner, PERUGIA, reporting direct to the Allied Commission.

In addition an Allied Commission Liaison Section will be attached to Rome Area Allied Command consisting of the following:

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- (i) 1 Public Safety Officer
- (ii) 1 AFA Officer, ROME.
- (iii) 1 Supply Accountant.
- (iv) 1 Property Control Officer.

3 officers of the Transportation Sub-Commission and 1 officer of the Public Works & Utilities Sub-Commission now operating at the port of CIVITAVECCHIA will be retained there under the direct control of the Economic Section. They will be withdrawn before 1st June 1945.

(e) ABRUZZI-MARCHE REGION. All Allied Commission officers will be withdrawn from the Provinces of AQUILA, PESCARA and CHIETI. Regional HQ will be moved to (?) and will administer Allied Military Government in such Provinces of the compartmento which have not been handed back to the Italian Government. The Regional Commissioner will also act as Liaison Officer with the Sub-Area concerned in the Provinces administered by the Italian Government.

3. The duties of the Allied Commission Liaison Officers retained in Italian Government territory will be to watch over the inter-relation of Allied and Italian interests insofar as the Allied war effort is directly concerned and to assist the Allied military authorities in their relations with the Italian local authorities. They will give advice to the Allied military authorities on any matter pertaining to Italian civil affairs but they will no longer be concerned with the assumption of control or advice or guidance to the Italian authorities. They will be careful not to assume functions which are properly those of the military authorities and must retain their purely advisory capacity. (It may well be that functions hitherto carried out by Allied Commission officers such as supervision of railroads, highways

assumed

officer of the Public Works & Utilities Sub-Commission now operating at the port of CIVITAVECCHIA will be retained there under the direct control of the Economic Section. They will be withdrawn before 1st June 1945.

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Allied interests.

4. They will correspond direct with HQ. Allied Commission under whose authority they will work and to whom they will render regular and frequent reports on their day to day work and on the political, administrative and economic situation in the areas which they cover.
5. All withdrawals indicated above and the establishment of AC Liaison Officers will be completed by 1st March 1945.

Appendix "A".

COMPOSITION OF STAFF FOR ALLIED MILITARY
GOVERNMENT, NUPLES COMMUNE.

Provincial Commissioner	1	B
Executive Officer	1	B
Adjutant	1	A
Provincial Officer	1	B
Commander, Coy "C"	1	A

Civil Affairs Section.

Legal	3
Public Health	3
Public Safety	4

Economic Section.

Commerce	2
Food	1
Industry	2
Finance	5
PW & Utilities	2
Transportation	5
Communications	1
	22
	10

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DRAFT ONLY.

S E C R E T.

ANNEXURE "B" to 4000/EC
dated 19 February 1945.

HEADQUARTERS ALLIED COMMISSION

AFC 394

Office of the Chief Commissioner

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My Dear Mr. Prime Minister:

In order to implement the joint declaration of the President and the Prime Minister of 26 September 1944, the United States and United Kingdom Governments have agreed to relax the control of the Italian Government under the armistice and surrender instrument and only to exercise such control when Allied military interests require. The rights under the armistice and surrender instrument will be held in reserve in the matter of day to day administration, subject to overriding military needs and the requirements of the campaign in Italy.

2. In the light of this agreed US/UK policy, the Allied Commission is taking certain steps and is following certain policies concerning which it is desirable that your Government be informed. These steps are described in the paras below, together with an indication of the new procedures which it is proposed to adopt in working with your Government under the new arrangements.

3. The Political Section of the Allied Commission is being abolished as of February 1945. Your Ministry of Foreign Affairs will thus have no direct counterpart in the Commission. It will deal with the Chief Commissioner on matters of major policy, and on matters of minor policy and routine business it will address itself to the Economic Section or the Civil Affairs section of the Commission, whichever may be appropriate to the subject involved. Matters involving the travel of diplomatic and other public officials will hereafter be dealt with on behalf of the Commission by the Office of my Executive Commissioner.

9-8

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4. The Italian Government will continue, as at present, to have direct relations with foreign diplomatic representatives accredited to the Quirinal. It is necessary, however, that the Allied Commission be kept generally informed by the Italian Government of any negotiations in which they engage with other Governments.

-2-

Insofar as these negotiations have to do with economic and financial matters, this requirement will be met by keeping the Economic Section and its Finance Sub-Commission informed of the progress of such negotiations. On policy matters, this might appropriately be done through the weekly meetings held between the Economic Section and the Inter-Ministerial Committee for Reconstruction, at which the Ministry of Foreign Affairs is generally represented.

We may also wish to work out jointly an arrangement for the preparation by the Italian Government of a periodic summary of negotiations completed or pending with other Governments.

5. It will no longer be necessary for the Italian Government to obtain the approval of the Allied Commission for decrees and other legislation enacted by the Italian Government in the territory under the jurisdiction of the Italian Government.

I should, however, desire to work out with your Government a procedure for ensuring that this Commission is informed of proposed decrees some time before their enactment, in order to enable me to consult with you as to their applicability to territory under the jurisdiction of Allied Military Government (AMG), and to lay plans for their effective implementation in such territory when appropriate.

6. It will no longer be necessary for the Italian Government to obtain approval of the Allied Commission for Italian appointments, whether to national or local offices, in territory under the jurisdiction of the Italian Government, except with regard to the attached list (Appendix "A") of positions having military significance.

7. The Allied Commission officers stationed in the field in the territory under the jurisdiction of the Italian Government will be withdrawn as soon as possible. Representatives of the Allied Commission will, however, remain in the territory under the jurisdiction of the Italian Government when

29

generally represented.

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I should, however, desire to work out with your Government a procedure for ensuring that this Commission is informed of proposed decrees some time before their enactment, in order to enable me to consult with you as to their applicability to territory under the jurisdiction of Allied Military Government (MSG), and to lay plans for their effective implementation in such territory when appropriate.

6. It will no longer be necessary for the Italian Government to obtain approval of the Allied Commission for Italian appointments, whether to national or local offices, in territory under the jurisdiction of the Italian Government, except with regard to the attached list (Appendix "I") of positions having military significance.

7. The Allied Commission officers stationed in the field in the territory under the jurisdiction of the Italian Government will be withdrawn as soon as possible. Representatives of the Allied Commission will, however, be sent into territory under the jurisdiction of the Italian Government when it considers such action necessary.

In line with this policy, it is intended to abolish by 1945 the Regional Offices of the Allied Commission for Sicily, Sardinia, Southern and Lazio-Umbria Regions.

-3-

For a limited period certain specialist officers on economic functions will remain in territory under the jurisdiction of the Italian Government. A list of such specialist officers, and their functions, will be notified to you shortly.

8. It is the desire of the Allies to encourage free trade in knowledge and learning with the Italian people. As far as the exigencies of the military situation permit, arrangements will be facilitated for the flow between Italy and the United Nations of books and other publications of a scientific, political, philosophical and artistic nature, and for the movement of scholars, artists and professional men between Italy and the United Nations.

9. It is the desire of the Allies to encourage the holding of elections for local public offices in territory under the jurisdiction of the Italian Government.

10. The Allied Nations desire to make concessions with regard to Italian prisoners of war now or hereafter held in Italy, other than those captured since the Armistice was signed. Provided that the Italian Government can give an adequate assurance that the services of such persons will continue to be made available on terms satisfactory to the Supreme Allied Commander, their status as prisoners of war will be terminated.

11. The Allied Commission will limit its dealings with respect to territory under the jurisdiction of the Italian Government to consultation with and advice to the Ministers of the Italian Government.

12. It is our intention that, in respect of Italian Government territory, the advisory functions of the Education, Monuments & Fine Arts, Local Government, Legal and Labour Sub-Commissions should only be performed when requested by your Government.

13. It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and

2207

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12. It is our intention that, in respect of Italian Government territory, the advisory functions of the Education, Monuments & Fine Arts, Local Government, Legal and Labour Sub-Commissions should only be performed when requested by your Government. 227

13. It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and control of consumption or local resources possible under existing conditions be secured and as a prerequisite to increased economic assistance.

-4-

14. In the joint programme of essential Italian imports, now being prepared by the Inter-Ministerial Committee for Reconstruction and the Economic Section of this Commission, there will be some supplies for which the combined US-UK military authorities will assume responsibility for procurement (Category "A") and other supplies for which they will not assume responsibility (Category "B"). For your information a definition of the supplies which fall into Category "A" follows:

(a) Those quantities of agreed essential supplies necessary to prevent disease and unrest prejudicial to military operations, such as, food, fuel, clothing, medical and sanitary supplies.

(b) Those supplies, the importation of which will reduce military requirements for the import of essential civilian supplies for the purpose referred to in this paragraph, such as, fertiliser, raw materials, machinery and equipment. When requisitions are being prepared and considered the time when ^{combined} US-UK military

responsibility will terminate will not be known. The importation of supplies under this sub-paragraph, therefore, will not be excluded merely because the effect of such imports may not be felt during the period of combined military responsibility.

(c) Those materials essential for the rehabilitation of such of the Italian communication facilities, power systems and transportation facilities as will further the military effort against Germany and Japan.

15. The programme for which the military authorities assume responsibility will be maintained for the duration of combined (US-UK) operations in Italy.

For this period, and within the limits defined in para 14, Italy will be treated as a whole. The date of the termination of military responsibility will be fixed by the Allied Nations.

16. In addition to the programme of supplies for which the military assume responsibility for procurement (Category "A") it will be our intention to assist your Government in the preparation of programmes of supplies designed

supplies which fall into Category "A" follows:

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16. In addition to the programme of supplies for which the military assume responsibility for procurement (Category "A") it will be our intention to assist your Government in the preparation of programmes of supplies designed to rehabilitate Italian industry. Such programmes, which we refer to as Category "B", are to be handled under procedures already notified to you in my letter of . It has been agreed that the purchasing of supplies in Category "B" programmes should immediately be undertaken, without reference to the present difficult shipping position in order that the supplies

-5-

so purchased may be called forward as and when shipping space becomes available.

17. It is the desire of the Allies that industrial rehabilitation in Italy be carried out by the Italian Government to the fullest extent permitted by Italian resources and such supplies as it may be possible to import under the terms of Paras 14, 15 and 16 above, and subject to the limitation in para 20 below. The sole exception to this principle is to be made in the case of industries involving the production or repair of munitions or other implements of war, which should be rehabilitated only to the extent required by the Supreme Allied Commander in the discharge of his military mission, and to the extent necessary to further the military effort in other theatres. It is contemplated that the priority order in which Italian industry will be rehabilitated (after the rehabilitation of industries essential for Allied military purposes) will be determined by the Italian Government, with the assistance and advice of the Allied Commission.

18. It is desired to make clear that the prime responsibility for the control of inflation in Italy, including the imposition and administration of the appropriate financial controls and economic controls, and appropriate utilization of supplies, rests with the Italian Government. In this connection, as in others, the Allied Commission stands ready to advise and assist you.

19. The extent to which exports are to be stimulated and the development of machinery to handle export trade are for determination by the Italian Government. For the time being, the Italian export programme ²²²⁵ necessarily be limited by certain shipping, military, financial and supply factors which are controlled by the Allied Governments for purposes connected with the prosecution of the war. The applicability of these factors to individual programmes is to be worked out between your Government and our Economic Section, along the lines already discussed by the Economic Section with the Inter-Ministerial Committee for Reconstruction.

constituting a commitment

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20. Nothing in this letter should be taken as constituting a commitment by the Allied Nations with respect to shipping. Any supplies to be imported into Italy must be transported within such shipping as may be allocated from time to time by the Allied Nations.

WILLIAM W. STONE
Rear Admiral, USNR
Chief Commissioner

ANNEXURE "C" to 4004/EC
dated 19 February 1945.

MEMORANDUM SHOWING SOME OF THE FUNCTIONS
OF THE ALLIED COMMISSION WHICH WILL CEASE
UPON THE WITHDRAWAL OF ALLIED COMMISSION
OFFICERS FROM ITALIAN GOVERNMENT TERRITORY.

1. Civil Affairs Section.

- (a) Advice on maintenance of law and order: organisation of police: stimulation Italian Courts of Law, particularly in dealing with offences against Allied troops.
- (b) Distribution of medical supplies: assistance in organisation of civilian hospitals.
- (c) Treatment of civilian epidemics and diseases such as typhus, smallpox, diphtheria, etc., except that a team of officers stationed in NIPLES may be available to deal with typhus or malaria in an advisory capacity.
- (d) Appointment, transfer, promotion or dismissal of Italian officials.
- (e) Italian refugees and partisans.
- (f) Derequisitioning of schools, distribution of educational books.
- (g) Preservation of monuments and fine arts.
- (h) Spuration and defascistization.
- (i) Mine Clearance.
- (j) Welfare in devastated areas.

2. Economic Section.

- (a) Commerce Sub-Commission. Export trade: reprocessing of salvaged clothing and footwear: uncovering of availabilities of local resources. 2234
- (b) Industry Sub-Commission. Advice on sugar production: paper production: caustic soda and chlorine: sulphur mining: automobile spare parts: cement and bricks: requisitioning and demarcationing of factories and industries.
- (c) Public Works & Utilities Sub-Commission. All work on military and secondary highways: reconstruction and maintenance of electric power plants and transmission lines.
- (d) Food Sub-Commission. Port clearance: checking and reporting

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- (b) Distribution of medical supplies: assistance in organization of civilian hospitals.
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- (c) Public Works & Utilities Sub-Commission. All work on military and secondary highways: reconstruction and maintenance of electric power plants and transmission lines.
- (d) Food Sub-Commission. Port clearance: checking and reporting of ship unloadings: movement of supplies to the interior: prevention of pilferage: procurement and movement of local resources to devastated areas.
- (e) Labour Sub-Commission. Prevention of strikes and labour unrest: wages.
- (f) Finance Sub-Commission. Intervention where the Italian Government fail to make financial provision for essential services, many of which affect military interests.
- (g) Transportation Sub-Commission. Coordination of civilian traffic with military traffic: clearance of rail wagons: movements work.

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Communications Sec

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HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner
+++++

Ref: 4034/155/EC.

27 February 1945.

SUBJECT: New Deal for ITALY.

TO: Distribution Below.

Pending issuance of a detailed directive to members of the Commission the attached copy of an Aide-Memoire communicated to the Italian Government by the Acting President and the Chief Commissioner on 24 February 1945 is sent to you for information and guidance.

Henry W. Stone

HENRY W. STONE
Rear Admiral, USN
Chief Commissioner

Encl.

DISTRIBUTION:

S.O.A.O. Fifth Army
S.O.A.O. Eighth Army
All Regions
Sections
Sub-Commissions
Independent Sub-Commissions
(less Service Sub-Commissions).

CROSS. REFS.	
FILE	B/I wd.

Date 27 FEB 1945

Director	<u>225</u>
D/Director	
Chief Telecoms	
Chief Postal	
H. Q. Coms O.	
Asst. Chief Postal	
Censorship	
Chief Clerk	

Director	
D/Director	
Chief Telecoms	
Chief Postal	
H Q Coms O.	
Asst Chief Postal	
Censorship	
Chief Clerk	

Ref: 4001/GCS.

CLASS	
REFS.	
FILE	B/Fwd.

SECRET.
and URGENT.

Date 6 Feb 1945
HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief of Staff
+++++

5 February 1945.

SUBJECT: New Directive from CCS on
the Allied Commission.

TO : VP, CA Sec
VP, Pol Sec (2)
VP, Econ Sec
VP, Est Sec
Director, Comms Sub-Com.
" WMD & IPW Sub-Com.

- is
1. Attached/copy of the new directive from the Combined Chiefs of Staff addressed to the Supreme Allied Commander.
 2. The Chief Commissioner will discuss the implications of this directive with you at 1600 hours, Tuesday, 6 February, and directs that you should study it in the meantime.
 3. The terms of the directive are to be considered as SECRET and should not be referred to publicly in any way. The CCS are at present considering a simultaneous announcement in the United States, United Kingdom and Italy.

MB Mac
20 Feb
Brigadier,
Chief of Staff.

MSL/JG.

Copy to: Chief Commissioner.
Land Forces Sub-Com (MMA) } Not required to attend
Air Force Sub-Com meeting.
Navy Sub-Com.

COPY.

SECRET

NEW DIRECTIVE FROM COMBINED CHIEFS OF
STAFF ON THE ALLIED COMMISSION.

PAN 437.

Following is Directive from Combined Chiefs of Staff.

1. In order to implement the joint declaration of the President and the Prime Minister of 26 September, 1944, the US and UK Governments have agreed to relax the control of the Italian Government under the armistice and surrender instrument and only to exercise such control when military needs require it, thus developing in the Italian authorities a greater sense of responsibility. The rights under the armistice and surrender instrument will be held in reserve in the matter of day to day administration, subject to overriding military needs and the requirements of the campaign in Italy.

In the light of this agreed US-UK policy, you should take action as rapidly as possible in conformity with the following paragraphs:

POLITICAL SECTION.

2. (a) The Political Section of the Allied Commission will be abolished. The Allied Commission will obtain advice from the US and UK Ambassadors in Rome. There is NO intention, however, to make any change in the responsibility of the Combined Chiefs of Staff, acting through the Allied Commission; the Combined Chiefs of Staff, will, therefore, as occasion requires, continue to transmit directives in regard to the combined views of the two Governments on matters of major policy, and such other matters as are within the scope of the activities of the Allied Commission.
- (b) The Italian Government shall be permitted to have direct relations with foreign diplomatic representatives accredited to the Quirinal, provided that the Allied Commission is kept generally informed by the Italian Government of any negotiations in which they engage with other governments.
- (c) The Allied Commission shall abandon the practice of approving the decrees and other legislation enacted by the Italian Government in the territory under the jurisdiction of the Italian Government. Any new Italian Government will be requested to confirm that they will adhere to the obligations under the terms of surrender undertaken by their predecessors.

Also U.S. 3 S. 7
Communications (d)

The Allied Commission shall abandon the practice of approving any Italian appointments in territory under the jurisdiction of the Italian Government except in regard to Service Ministers and such military appointments as you may determine.

1. In order to implement the joint declaration of the President and the Prime Minister of 26 September, 1944, the US and UK Governments have agreed to relax the control of the Italian Government under the armistice and surrender instrument and only to exercise such control when military needs require it, thus developing in the Italian Authorities a greater sense of responsibility. The rights under the armistice and surrender instrument will be held in reserve in the matter of day to day administration, subject to overriding military needs and the requirements of the campaign in Italy.

In the light of this agreed US-UK policy, you should take action as rapidly as possible in conformity with the following paragraphs:

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(b) The Italian Government shall be permitted to have direct relations with foreign diplomatic representatives accredited to the Quirinal, provided that the Allied Commission is kept generally informed by the Italian Government of any negotiations in which they engage with other governments.

(c) The Allied Commission shall abandon the practice of approving the decrees and other legislation enacted by the Italian Government in the territory under the jurisdiction of the Italian Government. Any new Italian Government will be requested to confirm that they will adhere to the obligations under the terms of surrender undertaken by their predecessors.

The Allied Commission shall abandon the practice of approving any Italian appointments in territory under the jurisdiction of the Italian Government except in regard to Service Ministers and such military appointments as you may determine.

The Allied Commission shall as soon as possible withdraw all its officers stationed in the field in the territory under the jurisdiction of the Italian Government. However, the Allied Commission should retain the right to send its representatives into territory under the jurisdiction of the Italian Government for any special tasks when Allied interests require it.

Also U.S. & S. J.
Commissioners (d)
Military
business of military
business of common
business

(e)
The Allied Commission
Officers, business of
mil. business of
common business,
which is now
relaxing.

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- (f) The US and UK Governments have agreed that the Italian Government will be advised that it is the Allied desire to encourage free trade in knowledge and learning with the Italian people. As far as the exigencies of the military situation permit you will facilitate any arrangements for the flow of books and other publications of a scientific, political, philosophical and artistic nature between Italy and the United Nations and for the movement of scholars, artists and professional men between Italy and the United Nations.
- (g) The US and UK Governments have agreed that in accordance with the terms of the MOSCOW declaration it is desirable to encourage the holding of elections for local public offices in territory under the jurisdiction of the Italian Government and you should be guided accordingly.
- (h) The status of Italian Prisoners of War now or hereafter held in Italy other than those captured since the armistice was signed should be terminated by you upon adequate assurance being given by the Italian Government that their services will continue to be made available on terms satisfactory to you as Supreme Allied Commander subject to Combined Chiefs of Staff approval.

ADMINISTRATIVE SECTION

3. The internal organization of the Allied Commission is primarily your responsibility. In the reorganization of the Allied Commission it is desired that you give consideration to the following policies and objectives:

- (a) The Staff of Allied Commission Headquarters should occupy itself primarily with consultation and advice to the Italian Government at high levels.
- (b) As far as certain Sub-Commissions of the Allied Commission Headquarters are concerned such as Education, Arts and Monuments, Local Government, Labour and Legal, their advisory functions in respect of Italian Government territory should be exercised only when requested by the Italian Government. Control should not be exercised in respect of territory under the jurisdiction of the Italian Government.
- (c) The Sections and Subcommissions of the Allied Commission Headquarters should be progressively civilianised to the fullest extent which in your opinion circumstances allow, except the Service Subcommissions and except to the extent that Subcommissions exercise functions with respect to territory under Allied Military Government (AMG).
- (d) To the extent feasible, officers of Allied Commission Headquarters dealing with AMG functions should be located at places other than Allied Commission Headquarters.

ECONOMIC SECTION

It is necessary that the maximum production and effective and

(g) The US and UK Governments have agreed that in accordance with the terms of the MOSCOW declaration it is desirable to encourage the holding of elections for local public offices in territory under the jurisdiction of the Italian Government and you should be guided accordingly.

(h) The status of Italian Prisoners of War now or hereafter held in ITALY other than those captured since the armistice was signed should be terminated by you upon adequate assurance being given by the Italian Government that their services will continue to be made available on terms satisfactory to you as Supreme Allied Commander subject to Combined Chiefs of Staff approval.

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(c) The Sections and Subcommissions of the Allied Commission Headquarters should be progressively civilianised to the fullest extent which in your opinion circumstances allow, except the Service Subcommissions and except to the extent that Subcommissions exercise functions with respect to territory under Allied Military Government (AMG).

(d) To the extent feasible, officers of Allied Commission Headquarters dealing with AMG functions should be located at places other than Allied Commission Headquarters.

ECONOMIC SECTION.

4. It is necessary that the maximum production and effective and equitable distribution and control of consumption of local resources possible under existing conditions be secured. The Italian Government should be advised that to this end and as a prerequisite to increased economic assistance it must formulate and implement appropriate economic controls and take all other steps possible. In the event that these conditions are NOT met the Allied authorities will NOT hesitate to impose the necessary controls or take other appropriate measures.

5. For the duration of combined operations, the combined US-UK military authorities will be responsible for providing:

-3-

- 6-2
- (a) These quantities of food, fuel, clothing, medical, sanitary and other agreed essential supplies necessary to prevent disease and unrest prejudicial to such operations.
 - (b) These supplies such as fertilizer, raw materials, machinery and equipment, the importation of which will reduce military requirements for the import of essential civilian supplies for the purposes referred to in this paragraph. As the time when combined military responsibility will terminate will NOT be known when requisitions are being prepared and considered, the importation of supplies under this sub-paragraph will NOT be excluded merely because the effect of such imports may NOT be felt during the period of combined military responsibility.
 - (c) Those supplies necessary for the restoration of such of the Italian power systems and transportation and communication facilities as will further the military effort against GERMANY and JAPAN.

To the extent contemplated by this Paragraph 5, essential civilian supplies cannot be divorced from the military supply programme and ITALY must be treated as a whole. It is understood that the date of termination of combined military responsibility for providing supplies as set out above will be decided by the Combined Chiefs of Staff on your recommendation.

- 6. The Allied Commission shall be advised to assist the Italian Government in the preparation of programmes of supplies designed to rehabilitate Italian industry. These supplies will be in addition to those to be provided as a military responsibility. Such programmes when established by the Italian Government will NOT be subject to screening by Allied Force Headquarters, but will be reviewed and transmitted directly with appropriate comments and recommendations by the Allied Commission to the Combined Civil Affairs Committee, which will transmit the programmes to the Combined Liberated Areas Committee for action by the appropriate civilian agencies of the UNITED STATES and British Governments. The UNITED STATES and British Governments will each make available such shares as may be mutually agreed of the cost of the provision of such of these programmes as may be approved by the Combined Liberated Areas Committee. Procurement covering such programmes should immediately be put in hand without reference to the present shipping position in order that the supplies may be called forward as and when shipping space becomes available. In this connection see Paragraph 8 below.

- 7. The questions raised by you in Sub-paragraphs A, B and C of Paragraph 4 of WAF 778 are answered as follows:

- (a) The prime responsibility for the control of inflation in ITALY, including the imposition and administration of appropriate financial and economic controls and appropriate utilization of supplies, must rest with the Italian Government. Your responsibility in this connection, other than with respect to the importation of supplies, is, through the Allied Commission, to advise and assist the Italian Government.

- (c) Those supplies necessary for the restoration of such of the Italian power systems and transportation and communication facilities as will further the military effort against Germany and Japan.

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7. The questions raised by you in Sub-paragraphs A, B and C of Paragraph 4 of WAF 778 are answered as follows:

- (a) The prime responsibility for the control of inflation in ITALY, including the imposition and administration of appropriate financial and economic controls and appropriate utilization of supplies, must rest with the Italian Government. Your responsibility in this connection, other than with respect to the importation of supplies, is, through the Allied Commission, to advise and assist the Italian Government.
- (b) It is desired that industrial rehabilitation in ITALY be carried out by the Italian Government to the fullest extent permitted by the Italian resources and such supplies as you may be authorised to import, consistent with the discharge by you of your military mission, with the exception that industries for the production or repair of munitions or other implements of war shall be rehabilitated only to the extent required by you in discharge of your military mission and as will further the military effort in other theatres. Except

-4-

for these industries the rehabilitation of which is essential to the discharge of your military mission and in furtherance of the military effort in other theatres, which rehabilitation should be given first priority, industries other than those excluded by the preceding sentence will be given such precedence in rehabilitation as may be determined by the Italian Government.

(c) The extent of your responsibility with respect to the importation of supplies into ITALY is defined in Paragraphs 5 and 6 hereof. Except as is so defined, you have NO responsibility for the importation of supplies into ITALY.

(d) Within the limitation of available shipping and subject to military considerations as determined by you, the extent to which exports are to be stimulated and the development of machinery to handle export trade are for determination by the Italian Government. The appropriate civilian agencies of the British and American Governments are currently considering methods by which the Italian Government may be assisted in these respects and as soon as decisions in this connection are reached, you will be advised with respect thereto.

3. Nothing herein contained shall constitute a commitment with respect to shipping. Any supplies to be imported into ITALY must be transported within such shipping as may be allocated from time to time.

FINANCIAL SECTION.

9. The two Governments are discussing proposals for giving the Italian Government a greater measure of responsibility in financial matters; a further directive on these matters will follow.

SECRET
SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief of Staff

6 February 1945.

Ref: 7002/COS.

SUBJECT: Withdrawal of AC Officers from
SICILY, SARDINIA and S. ITALY.

TO : VP, CA Sec
VP, Est Sec
VP, Econ Sec
VP, Pol Sec (2)
Director, Communications Sub-Com.
Director, W.D & IPW Sub-Com.

1. I attach draft directive relating to para 2(e) of COS telegram RAN 487 for use as a basis for discussion at the Chief Commissioner's meeting this afternoon.

2. I should be grateful if you would be ready, so far as is possible, to make suggestions as to the formation of the staffs of the Allied Commission Liaison Officers mentioned therein, remembering that the number must be kept at a minimum.

ISL/JG.

Copy to: Chief Commissioner,
EC, Southern Region
Ex. Ofir (B).

M. L.
Brigadier,
Chief of Staff.

22.3

1680

SECRET.

DRAFT DIRECTIVE.

WITHDRAWAL OF ALLIED COMMISSION OFFICERS
FROM ITALIAN GOVERNMENT TERRITORY.

1. Para 2(e) of COS telegram TAN 487 transmitting the directive on the "New Deal for Italy" directs that:

"The Allied Commission shall as soon as possible withdraw all its officers stationed in the field in the territory under the jurisdiction of the Italian Government. However, the Allied Commission should retain the right to send its representatives into territory under the jurisdiction of the Italian Government for any special tasks when Allied interests require it".

2. As a result of this the following action will be taken with regard to Allied Commission functions in SARDINIA, SICILY and SOUTHERN ITALY:

(a) SARDINIA. All Allied officers will be withdrawn with the exception of the officers and staff of the Mining Division who will restrict their functions entirely to advice regarding the output of the Sardinian coalmines. This will involve the withdrawal of the Regional Commissioner and 10 officers, and the retention of 2 Mining Division Officers.

(b) SICILY. All Allied officers will be withdrawn with the following exceptions:

- (i) Export Officer, Western SICILY.
- (ii) Regional Mining Officer.
- (iii) CAC, LAMPEDUSA. AMG
- (iv) CAO, PANTELLERIA. AMG
- (v) 4 Export Officers loaned by the Ministry of Food (British) and attached to the Commerce Sub-Commission.

(vi) In addition, Allied Commission Liaison Officers will be appointed:

(a) In PALERMO to correlate the functions of the

22

1681

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2. As a result of this the following action will be taken with regard to Allied Commission functions in SARDINIA, SICILY and SOUTHERN ITALY:

(a) SARDINIA. All Allied officers will be withdrawn with the exception of the officers and staff of the Mining Division who will restrict their functions entirely to advice regarding the output of the Sardinian coalmines. This will involve the withdrawal of the Regional Commissioner and 10 officers, and the retention of 2 Mining Division Officers.

(b) SICILY. All Allied officers will be withdrawn with the following exceptions:

(i) Export Officer, Western SICILY.

(ii) Regional Mining Officer.

(iii) CAC, LAMPEDUSA. AMG

(iv) CAC, PALMERIA. AMG

(v) 4 Export Officers loaned by the Ministry of Food (British) and attached to the Commerce

Sub-Commission.

(vi) In addition, Allied Commission Liaison Officers will be appointed:

(a) In PALERMO to correlate the functions of the US Navy Base with the Italian authorities.

(b) In CATANIA to correlate the functions of 204

Sub-area with the Italian authorities.

-2-

2. (c) SOUTHERN REGION. All officers will be withdrawn with the following exceptions:

(i) Provincial Commissioner and staff for Allied Military Government, ^{Must be a} ~~WARLES~~ ^{Federations} ~~Commune~~ ^{Officer} (See Appendix "I"). This officer will also act as AC Liaison Officer in order to correlate the functions of No. 3 District and PHS with the Italian authorities in the compartimenti of CAMPANIA and CALABRIA.

(ii) There will also be established an AC Liaison Officer at BARI with the same functions in connection with the compartimenti of ^{Foggia} ~~APULIA~~ and ^{Avul'ia} ~~LUCAIA~~, together with the Provinces of ^{Avul'ia} ~~PERUGIA~~ and CAMPOBASSO. This Liaison Officer and his staff will work with the Sub-Areas operating in this area and the 15th USMAF at FOGGIA. The AC Liaison Officer will have a small staff consisting of:

(a) 2 Legal Officers (so long as Allied Military Courts operate in BARI). ^{Courts to be closed}

(b) 1 Public Safety Officer (so long as Allied Military Courts operate in BARI).

(c) 3 Representatives of the Economic Section.

(d) LAZIO-UMBRIA REGION. All officers will be withdrawn with the exception of the Provincial Staffs of PERUGIA and TERNI who will continue to administer Allied Military Government in these two Provinces under the command of the Provincial Commissioner, PERUGIA, reporting direct to the Allied Commission.

In addition an Allied Commission Liaison Section will be attached to Rome Area Allied Command consisting of the following:

(i) 1 Public Safety Officer

(ii)

correlate the functions of No. 3 District and PBS with the Italian authorities in the compartimenti of CAMPANIA and CALABRIA.

(ii) There will also be established an AC Liaison Officer at BARI with the same functions in connection with the compartimenti of ^{Foggia} APULIA and MUGLIA, together with the Provinces of ^{AVULIA} ~~AVULIA~~ and CANFORABASSO. This Liaison Officer and his staff will work with the Sub-Areas operating in this area and the 15th USARF at NOCI. The AC Liaison Officer will have a small staff consisting of:

- (a) 2 Legal Officers (so long as Allied Military Courts operate in BARI). *Courts to be closed*
- (b) 1 Public Safety Officer (so long as Allied Military Courts operate in BARI).

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In addition an Allied Commission Liaison Section will be attached to Rome Area Allied Command consisting of the following:

- (i) 1 Public Safety Officer

(ii)

(iii)

-3-

(e) APRUZZI-MOLISE REGION. All Allied Commission officers will be withdrawn from the Provinces of AQUILA, PESCARA and CHIETI. Regional Headquarters will be moved to (?) and will administer Allied Military Government in such Provinces of the compartmento which have not been handed back to the Italian Government. The Regional Commissioner will also act as Liaison Officer with the Sub-Area concerned in the Provinces administered by the Italian Government.

3. The duties of the Allied Commission Liaison Officers retained in Italian Government territory will be to watch over the inter-relation of Allied and Italian interests insofar as the Allied war effort is directly concerned and to assist the Allied military authorities in their relations with the Italian local authorities. They will give advice to the Allied military authorities on any matter pertaining to Italian civil affairs but they will no longer be concerned with the assumption of control or advice or guidance to the Italian authorities. They will be careful not to assume functions which are properly those of the military authorities and must retain their purely advisory capacity. It may well be that functions hitherto carried out by Allied Commission officers such as supervision of railroads on behalf of the military authorities will have to be handed over to these military authorities. They will normally confine their activities to the neighbourhood of the Headquarters in which they are located, ie, PALERMO, CATANIA, NAPLES and ROME, but in cases of necessity they will, of course, take cognizance of all matters/arising from civil affairs affecting Allied interests.

4. They will correspond direct with HQ. Allied Commission under whose authority they will work and to whom they will render regular and frequent reports on their day to day work and on the political, administrative and economic situation in the areas which they cover.

Declassified from Italian

Government.
 Officer with the Sub-Area concerned in the Provinces administered by the Italian Government.

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4. They will correspond direct with HQ. Allied Commission under whose authority they will work and to whom they will render regular and frequent reports on their day to day work and on the political, administrative and economic situation in the areas which they cover.

5. Distribution of Allied Commission staff released from Italian Government territory. Generally speaking Allied officers released in the manner described above who have not already been earmarked for other Regions

-4-

or AUSTRIA, will be re-assigned as follows:

- (a) SARDINIA and SICILY to VENEZIA GIULIA.
- (b) SOUTHERN REGION to VENEZIA.
- (c) LAZIO-UMBR. to LOMBARDIA.
- (d) ABRUZZI-MARCHE to PIEMONTE.

There will, of course, be exceptions from this rule which should, however, be followed as closely as circumstances allow.

6. All withdrawals indicated above and the establishment of AG

Liaison Officers will be completed by 1st March 1945.

Appendix "A".

COMPOSITION OF STAFF FOR ALLIED MILITARY
GOVERNMENT, NAPLES COMZONE.

Provincial Commissioner	1	3
Executive Officer	1	4
Adjutant	1	4
Provincial Officer	1	3
Commander, Coy "C"	1	4

Civil Affairs Section.

Legal	3
Public Health	3
Public Safety	2

Economic Section.

Commerce	
Food	
Industry	
Finance	
PW & Utilities	
Transportation	
Communications	

22.5

3
2
4

5-6

Director _____
 Asst. Director _____
 Chief, Telecoms _____
 Chief, Postal _____
 H. Q. Office _____
 Asst. Chief Postal _____
 Campship _____
 Chief Clerk _____

SUBJECT: Reduction of AD officers in SOUTHERN Region.

20 I DPO, GA Sec
DPO, Conn Sec
DPO, Ark Sec
DPO, Ind Sec
Director, Comms Sub-Com,

1. I attach a memorandum by HQ, Southern Region embodying proposals for the reduction of Allied officers in that Region. The policy of the Allied Commission will probably go further than the proposals made by Brigadier Denby, not only in order to implement the terms of the new directive which envisaged complete removal of Allied Commission officers as soon as possible from Italian Government territory, but in order to supplement the personnel for Northern Regions.
2. The memorandum, however, will serve as a most useful basis of discussion and the Chief Commissioner wishes you to take immediate steps, after consultation with Heads of Sub-Commissions, to comment on the memorandum and to make further proposals from the point of view of your Sections and Sub-Commissions.
3. These will be discussed at a Chief of Staff's meeting in the near future. Regional Commissioner, Southern Region will be at HQ AC for the next few days and the opportunity should be taken of discussing the memorandum with him personally.
4. Heads of Sections and Sub-Commissions should remember that the policy of the Allied Nations is to effect complete withdrawal and every endeavour must be made to release officers from work that is not essential to Allied Military Government in the North, leaving in the territory only such officers as are necessary to effect the necessary liaison between the various military authorities and the local Italian Government. If services are being rendered entirely for military formations then it may be necessary to arrange for the military formations, in agreement with the Italian Government authorities, to take over control themselves.

தமிழ்நாட்டிலுள்ள
கிராமங்களில் உள்ள கிராமங்கள்

10/20

Copy to: EC Southern Region.

COPY

RE: QUARTERS
SOUTHERN REGION, ALLIED OCCUPATION
LSC 594

2 February 1945

R/1561

SUBJECT: Planning : Reduction in Strength
Southern Region.

TO : Headquarters, Allied Commission
Attn: Chief of Staff.

I have studied the possible effects, on the work of Southern Region, of a sudden and drastic reduction in the number of Allied Officers available to staff the Region, due to the call for officers further north. I wish to submit the following points for your consideration.

2. I am aware that a policy of complete withdrawal has been studied at your Headquarters and I agree in this connection, that the Italian Governmental machinery has made considerable progress. If Southern Italy were completely emptied of Allied troops, and had no responsibility for the provision and movement of supplies to the Allies or to Northern and Central Italy, then there would be little difficulty in handing over all governmental functions to the Italian agencies concerned.

3. As a result, however, of three months experience in Southern agencies concerned, I am convinced that it is precisely in relation to the Allied Region, I am convinced that the Allied Commission performs, Forces and to Allied supplies, that the question of supply and transportation today, its most useful functions. The question of various Subcommittees at of material is one which concerns closely the various Subcommittees at Headquarters, and I propose to refer only briefly to this aspect. ² The question of inter relation between the Allied forces and the Italian Administration, which may be called the civil affairs aspect, appears to be most important, and I wish to submit the following considerations and plans.

and plans.

None of the service organizations involved in Southern Region, The Royal Navy, 3 District, P.B.S., or the R.A.F., have officers who are trained or experienced in dealing with the Italian civil administration. I believe, that the function of Allied Commission as a channel of informed communication between Allied troops and the Italian people will remain, for some months to come, a valuable contribution to the regrowth of Italy.

It must be carefully noted that the appointment, of "Civil Affairs Officers" or a G-5 Staff, to the H.Q.s of 3 District or P.B.S. would not meet the same need, for the precise reason that District, P.B.S., Navy and Air Force are continuously overlapping, and it is part of our work to try to get them coordinated.

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(1)

6. It will not be necessary to print in a large staff to carry out this "consular" function. There are four main points in Southern Region where Allied interests will be concerned for some time to come; Naples, Bari, Taranto and Reggio. Of these four, Naples and Bari are by far the most important. Taranto will, it is understood, be used as a repair dockyard by the Royal Navy for sometime after the end of the war. Reggio Calabria is only important in respect of its position as a railroad center and a point of contact with Sicily.

Foggia is another place of importance to the Allied interest as long as a large air force is stationed in the neighbourhood. I have, however, discussed the question with Lt. Col. Orwood and Lt. Col. Bright, Zone Commissioners, Bari and Foggia respectively, and they agree that, in the circumstances envisaged, the Province of Foggia could be administered from Bari. The road communication between the two towns is exceptionally good.

7. There would therefore, be four A.C. "garrisons" in Southern Region. It would be possible to abolish the offices at Lucera (Foggia Zone) and Salerno, and to move the Calibration office from Catanzaro to Reggio, thus saving overhead. I should propose a redistribution of provinces, the most important change being the attachment of Campobasso Province (Molise) to Naples. It is, in fact, easier to reach Campobasso by road from Naples than Bari. With the move of the army northwards, Campobasso should have few problems affecting Allied interests, and will need only an occasional visit from the Zone Commissioner, Naples.

8. The following is a brief recapitulation of the plan showing grouping of the four Zones, and the suggested ranks of the Zone Commissioner. A more detailed layout is given in Appendix "A".

Southern Region H.Q., Naples

Naples Zone H.Q., Naples : Provinces of Naples,
Benevento, Avellino,
Salerno and Campobasso.

Regional Commissioner
Brigadier or Colonel.

Zone Commissioner,
Colonel or Lt. Colonel.

Bari Zone H.Q., Bari : Provinces of Foggia,
Bari, Brindisi and
Lecce.

Zone Commissioner,
Lt. Colonel.

Taranto Zone H.Q., Taranto: Provinces of Taranto,
Potenza and Matera.

Zone Commissioner,
Major.

Calabria Zone H.Q., Reggio: Provinces of Cosenza,
Reggio and Catanzaro.

Zone Commissioner,
Major.

It is to be noted, that this plan differs somewhat from that already suggested in our R/1296 of 17 December.

9. Points of detail are outlined in Appendix "B". The plan envisaged, economises overhead in every way possible.

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Zone Commissioner,
Lt. Colonel.

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Bari, Brindisi and
Lecce.

Zone Commissioner,
Major.

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Potenza and Matera.

Zone Commissioner,
Major.

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It is to be noted, that this plan differs somewhat from that already suggested in our R/1296 of 17 December.

9. Points of detail are outlined in Appendix "B". The plan envisaged, economises overhead in every way possible.

10. A further point in favour of maintaining these small Zone Headquarters, has developed in the last few months. It is clear that various civilian agencies such as UNRRA, the Intergovernmental Committee for Refugees, etc, will play an ever increasing part in the post war work in Italy. Until these agencies set up their own administrative network, there are, in fact, very dependant on Allied Commission help. It is suggested that, where possible, such agencies should establish their own HQs in the Zone Headquarters building of A.C.

11. It is proposed to review briefly the possible future policy in respect of Subcommissions.

Three Subcommissions of the Civil Affairs Section :- Local Government, Monuments Fine Arts and Archives, and Displaced Persons and Repatriation, are already without representation in Southern Region. Fourth Education, is shortly to be closed down. There will then remain Legal, Public Safety and Public Health.

12. The Public Health Subcommission is already inadequately staffed to deal with the heavy work of maintaining Allied standards of health and hygiene in these Italian towns which are occupied by troops. It may, however, be argued, that no question of important principle would be involved in their withdrawal.

13. In the case of the Legal and the Public Safety Subcommissions, however, important questions of principle do arise. The Legal Division at present, operates A.M.G. Courts, at Bari and Naples. So long as these Courts are to continue, the absolute minimum of Legal Officers for Southern Region is seven; (H.Q. three, Naples two, and Bari two). If it be decided that all cases affecting Allied interests including murder of Allied personnel, may be left to the Italian Courts, then it would be possible to reduce to one Legal officer at Regional H.Q.

The Public Safety Division is, at present, so much concerned with special investigation, that it would not be practicable to give a suggestion as to the possible time of withdrawal.

14. In the case of the various Subcommissions comprised within the Economic Section, the question of reduction of staff within Southern Region must depend to a very great extent upon decisions taken by H.Q. Allied Commission, Rome. Such specialist branches such as Hemp Control, Industry, Commerce etc, carry on their work in Naples under technical instructions which are dictated by circumstances outside Southern Region.

15. In the case of the Agriculture Subdivision, it should be possible to reduce staff considerably after the present olive oil campaign.

16. The Transportation Subcommission has an extensive programme of coordination of rail, road, and sea transport which would seem to call for very desirable

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15. In the case of the Agriculture Subdivision, it should be possible to reduce staff considerably after the present olive oil campaign.

16. The Transportation Subcommission has an extensive programme of coordination of rail, road, and sea transport which would seem to call for expansion rather than reduction of staff. It would certainly appear desirable to complete the transfer of motor vehicles to Italian agencies before the reduction takes place.

(3)

17. In the case of P.W. & U., Labour and Food Sub-Commissions, slight reductions might be possible, and in these three Commissions, the replacement of officers by civilians appears specially suitable.

18. There is one final point which I should like to bring to your notice. A good deal of correspondence reaches this Headquarters from time to time calling for reports on matters, which though, perhaps important in a particular way, are not important to the general recovery of Italy. In the conditions of considerably reduced staff which I have envisaged, Sub-Commissions will please realise that it will not be possible to carry out detailed reports and execute detailed reconnaissance.

19. Considerable progress has already been made in getting ready for moves and it should be possible to put into operation the outline plan set out in paragraph 8 in a very short space of time, after receipt of your orders.

(Signed) JOHN K. DUNLOP,
Brigadier, Regional Commissioner.

SECRET

APPENDIX "A" TO R/156

APPROPRIATE OFFICER ESTABLISHMENT OF SOUTHERN REGION

BASED ON REVISED LAYOUT

REGIONAL H.Q.

To Include
Naples Zone H.Q.

Regional Commissioner 1
Executive Officer 1
Asst. Executive Officer 1
Adjutant 1
Coy "3" 1
British Detachment 1
Zone Commissioner, Naples 1
Asst " 1

CIVIL AFFAIRS SECTION (Also for Naples)

Legal 5
Public Health 2
Public Safety 5

ECONOMIC SECTION (Also for Naples)

Commerce 2 Including Civilian
Food 3
Industry (Including Hemp) 2
Finance (Including Supply A/C) 6
Labour 1
P.W. & U. 5
Transportation 2

TOTAL 39 Excluding Transport.

BAEL ZONE

Zone Commissioner 1
Provincial Officer 1
Public Safety 2
Legal 2
Transportation 2
P.W. & U. 2
Food 2

TOTAL 10 Excluding Transport.

TARANTO ZONE

Zone Commissioner 1
Public Safety 1
Provincial Officer 1

TOTAL 3

REGGIO ZONE

Zone Commissioner 1
Public Safety 1
Transportation 2
Food 1

TOTAL 3 Excluding Transport.

COMPLETE TOTAL 55 Excluding Transport.

Compared with present strength excluding
transportation

CIVIL AFFAIRS SECTION (Also for Naples)

Legal	5	
Public Health	2	
Public Safety	5	

ECONOMIC SECTION (Also for Naples)

Commerce	2	Including Civilian
Food	3	
Industry (Including Kemp)	2	
Finance (Including Supply A/C)	6	
Labour	1	
P.W. & U.	5	
Transportation	2	
TOTAL	39	Excluding Transport.

*Does this include
our 50 personnel?*

ERI ZONE

Zone Commissioner	1	
Provincial Officer	1	
Public Safety	2	
Legal	2	
Transportation	2	
P.W. & U.	2	
Food	2	
TOTAL	10	Excluding Transport.

TARANTO ZONE

Zone Commissioner	1	
Public Safety	1	
Provincial Officer	1	
TOTAL	3	

REGGIO ZONE

Zone Commissioner	1	
Public Safety	1	
Transportation	2	
Food	1	
TOTAL	5	Excluding Transport.

COMPLETE TOTAL

55 Excluding Transport.

Compared with present strength excluding
olive oil officers - but including transportation
officers - 131.

1

VARIOUS ADMINISTRATIVE DETAILS ARISING OUT OF
PLANNING: REDUCTION IN STRENGTH

1. BUILDINGS

(a) Naples - Propose that Regional Headquarters and Naples Zone should both be accommodated in the Provincia Building.

(b) Bari - Present accommodation satisfactory and to be maintained.

(c) Taranto - Present accommodation satisfactory and to be maintained.

(d) Lucera - Present accommodation to be surrendered.

(e) Campobasso - Present accommodation held in Campobasso to be released.

(f) Salerno - Present accommodation to be surrendered. Would be available for Prefect and his Staff.

(g) Catanzaro - Present accommodation to be surrendered. This would release the Prefettura for use by the Prefect.

(h) Cosenza - Present office accommodation still obtained in Cosenza to be released.

(i) Reggio - Sufficient office and mess accommodation exists at Reggio to provide for Zone Headquarters as well as transportation.

Note:- In view of the closing down of offices in Cosenza and Catanzaro, it will be necessary to arrange with 3 District, accommodation for those officers who journey to Reggio, as the journey from Naples to Reggio is too long to be driven in one day. In fact, however, plans are, at present, in hand, to use the train service for both courier and passenger traffic. Telephone communication between Naples and Reggio is good.

2. TRANSPORTATION All W.D. transport, British and American, should be earmarked for moves North, Southern Region should, in the future, depend only on civilian requisitioned vehicles. A possible exception might be made in the case of one or two load carrying vehicles. It is, however, proposed to utilise the train service between Naples-Rome, Naples-Bari and Naples-Reggio as much as possible. It will be the responsibility of Regional H.Q. to clear with H.Q. A.C. any cases where officers propose to take civilian vehicles North with them upon posting to other Regions.

3. PERSONNEL EM/OP. In order to reduce administrative detail work, it is suggested that British ORs only, be used in the outlying Zones of Bari, Taranto and Reggio.

4. CIVILIAN EMPLOYEES Officers posted to other Regions, will not be permitted to take civilian employees with them, without prior clearance from the Region to which they are posted.

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