

ACC

AC 117/TN.4

10000/H8/2211

CENTRAL
DEC-1943-J

13000/HB/2211

CENTRAL ECONOMICS COMMITTEE
DEC. 1943 - JAN. 1944 ITALIAN MAINLAND

ADJED

THIRD MEETING
OF

CENTRAL ECONOMIC COMMITTEE

To be held in the Conference Room at AFIC
Advanced Administrative Echelon at 1000 hours
on 20 January 1944

1. Consideration of the minutes of the previous meeting.
2. Report from the Chief Executive.
3. Report on the general food supply situation.
4. Consideration of a proposed ration scale for the Italian mainland.
5. Consideration of the proposed increase in crop prices in A.M.L.C.
6. Consideration of the proposed 100% increase in freight rates.
7. Consideration of proposed prices for residual fuel oil.
8. Consideration of a report on resumption of operations by the glass plants at Salerno.
9. Consideration of a report on railway labor rates.
10. Other business.

L.S. SUMNER
Capt., A.M.C.
Central Economic Committee

Distribution:

- 1 - DCAO
- 2 - DDCAC
- 3 - DQQA (10)
- 4 - Deputy Vice-President, Economic and Administrative Section, ACC.
- 5 - ASG 15th Army Group (attn: Brig. M. G. Lueh)
- 6 - Chief, Internal Transportation Sub-Committee, ACC.
- 7 - Chief Executive, CEC
- 8 - Asst. Executive, CEC

Supporting data on the following items is appended:

- Item 4 -- Letter from Brigadier Lueh and attached memorandum.
- Item 5 -- Summary of discussion held at AFIC on 19 January 1944.

3784

3. Report on the general food supply situation.
4. Consideration of a proposed ration scale for the Italian mainland.
5. Consideration of the proposed increase in food prices in Albania.
6. Consideration of the proposed 100% increase in freight rates.
7. Consideration of proposed prices for residual fuel oil.
8. Consideration of a report on resumption of operations by the glass plant at Salarno.
9. Consideration of a report on railway labor rates.
10. Other business.

I.S. MURPHY
Capt., AUS
Central Economic Committee

Distribution:

- 1 - DCAO
- 2 - DDCAG
- 3 - DQAG (4)
- 4 - Deputy Vice-President, Economic and Administrative Section, ACO.
- 5 - AAS 15th Army Group (attn: Brig. W. C. Lush)
- 6 - Chief, Internal Transportation Sub-Committee, ACO.
- 7 - Chief Executive, CEC
- 8 - Asst. Executive, CEC

Supporting data on the following items is appended:

- Item 4 -- Letter from Brigadier Lush and attached memorandum.
- Item 5 -- Summary memorandum including recommendations of Lt. Grady and Lt. Col. Lush.
- Item 6 -- Letter to Mr. Grady from Col. S. A. Fitch and memorandum from Lt. Grady with his recommendations.
- Item 7 -- Letter from Lt. Col. Grady, Chief of Petroleum Section, AF, Div. 10, Ech. 1, recommending establishment of retail prices for residual fuel oil.
- Item 8 -- Letter from Col. Evans to the Economic Directorate, ACO, asking authority to initiate a program for the resumption of operations and a memorandum prepared by Major W. C. Brewster, Industry & Commerce Sub-Committee, on the plant.
- Item 9 -- Letter from Captain D. A. Morse with recommendations.

3704

Item 4.

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
1. AREA OFFICE

18 Jan. 44.

SUBJECT : Food supplies. (Reference: ASI/101)

TO : Central Economic Committee.

1. The present rationing scheme in Region III which includes Naples City is insufficient for the maintenance of life. If we do not increase it, the usual results of unidentifiable will appear, as will appear rapidly via disorder, disease, starvation. Moreover, we shall be justly accused of failure to live up to the promises made on several occasions by the leaders of the United Nations.

2. I recommend that, strongly that the ration should be raised to approximately to that level (though not necessarily distributed) by the Italian Government. I attach details.

3. Region IV and VIII Army Areas are in the ration. In our planning for these areas this ration should be applied.

4. The total daily rations for Region III on this ration will amount to 750 tons, for 1944.

1/14 14.00 LUNCH
Brigadier, A.S.C.
C.C.C.O.

REQUIREMENTS FOR FOOD REQUIREMENTS REGION 3 INCLUDING CAMPES

POPULATION

NAPLES CITY	523,000
PROVENCE	1,400,000
BENEFITARIO	66,000
AVELLINO	420,000
SALERNO	740,000

NORMAL

BRIT at 150 gms.	465 tons
FRAN at 70 gms	272 tons

Total ration estimated
at 400,000 gms.
at additional 100 40 tons

THE : CANTWILL EUGENIE'S CAR INTERESTS

[illegible]

MATERIAL FOR YOUR REQUIREMENTS
 PAPER • ENVELOPES • CARDS

<u>POPULATION</u>		
MANILA CITY	• • • • •	323,000
PROVINCIAL	• • • • •	1,400,000
GENEROUS	• • • • •	300,000
AVELING	• • • • •	400,000
SAVING	• • • • •	743,000
<u>NORON</u>		
EMERGENCY at 100 gms.	• • • • •	168 tons
EMERGENCY at 70 gms	• • • • •	272 tons
Extra ration estimated		
at 400,000 pop.		
at additional 100	• • • • •	40 tons
TOTAL	• • • • •	780 tons

There is considerable influx of population to Naples City reflected in ration cards. Part of this may be accounted for by trucks.

Item 5

proposed to increase the price of wheat in the King's provinces from 2.80 lire to 4.00 lire per kilo.

The price of wheat in Naples was raised on Dec. 29. In accordance with traditional procedure the base price was raised from 2.20 lire to 2.60 lire per kilo to offset the increase in wheat prices. The increase in bread prices was to become effective 10 January 1944 but it was not published by the Italian Government. Now the Italian Government desires to raise the price an additional 0.40 lire to a total of 4.00 lire per kilo to cover increased baking costs.

The price of bread prevailing generally in Regions I, II, III, and IV is 3.60 lire per kilo. This price is based on a price for flour to the baker of 3.10 lire per kilo. The increase in wheat prices of December 29 has brought the price of flour to the baker up to 3.57 lire per kilo according to the Italian Government figures.

The position of ACC/ADM on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the legal price for bread through out areas under our control will for the time being be 3.60 lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 lire a kilo.....In any locality where production and transportation costs make it impossible for a baker to sell bread profitably at 3.60 lire if he pays 3.10 lire for flour, a proportionate financial

3783

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The position of AGC/ABX on this point is summarized as follows in their Memorandum of 2 January 1944 on price policy:

"It is intended that as long as wheat and flour are to be imported, the local price for bread through the mills under our control will for the time being be 3.60 Lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 Lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 Lire a kilo.....In any factory where production and transportation costs make it impossible for a baker to sell bread fitably at 3.60 Lire if he pays 3.10 Lire for flour, appropriate financial assistance will be given by the local government authority."

Mr. Grady concurs in the recommendation of Mr. Col. Lutz that the maximum price for bread be maintained at 3.60 Lire per kilo with no deviation in other than exceptional circumstances and that the price in Naples be permitted to rise to 5.60 Lire per kilo.

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Internal Transportation Sub-Commission, ACC...

c/o Gov & Co.

APRA Advanced Administrative Echelon,
C.A.F.

Our reference: ACC Ref/30/53

Date: 16 Jan 44.

TO: Mr. Henry Gray (for Mr. Belmont),
H.Q., IACSUBJECT: Proposed 100% increase in Railway freight rates.

1. Reference this Sub-Commission letter ACC Ref/20/47 dated 18 Jan 44, and enclosed application from Italian Undersecretary of State for Railways and Highways, dated 26 Dec 43, which Mr. Belmont left with this Sub-Commission on 13 Jan 44 together with attached proposed memorandum to Mr. Gray, dated 10 Jan 44, the following comments are submitted.

2. From the standpoint of those responsible for the financial position of the Italian Railways, the data contained in the application of 28 Dec 43 is considered to justify substantially the Italian Railway authorities case for an increase in freight rates. There is no doubt that expenditure has risen considerably and that sources of revenue have decreased appreciably. It should be recognized that owing to the disorganization caused by war conditions it is not possible for the Italian Administration to present anything like complete statistics in support of their application.

3. From the national viewpoint, however, it is not considered desirable that freight rates should be increased at this time, for the two chief reasons given below:-

(i) Any authorized increase in freight rates would tend to encourage similar applications from public utility undertakings, and in a measure justify them.

(ii) The strong probability that even if the freight rates were increased 100% the effort would still be very large because the overwhelming majority of the traffic has been cut is likely to continue to be for the Allied Forces, free of tariff charges.

/s/ S.A. Fitch, Colonel,
Chief of Internal Transportation Sub-Commission, ACC.

Copy to:-

H.Q., IAC

H.Q., ACC, (for Capt. Stone).

SUBJECT : Proposed 100% increase in railway freight rate.

Memorandum for Central Economic Committee

16 January 1944

1. Recommendation that freight rates be increased by 100% is made in a report transmitted to Captain E. A. Stone, Vice President in charge of the Communications Section of the ACC by letter of 30 Dec 43, from General G. Di Naimondi, Under Secretary of State for the Italian Ministry of Communications, and referred to you by Captain Stone for the consideration of the Central Economic Committee.

2. Although the report contains some interesting data, it is hardly adequate as a complete presentation of a case for a rate increase. The essential arguments advanced in support of the proposal are:

- a. That it is necessary on account of railway operating deficits, which otherwise must be met by state subsidies.
- b. That it would have a negligible effect upon the cost of living; two examples (vegetables and oil) are cited.
- c. That rates have not been increased for four years, during which time prices and wages have been raised.
- d. That the ACC has approved rate increases, running up to 400%, in the Naples area (the funicular railway and the secondary railways exploited by the 'Societa Strade Ferrate Secondarie Meridionali').

3. The decision of the Algiers price conference was that concerted effort should continue to be made to retard price increases, but that decisions on specific increases should be made in the field. The Italian proposal seems to refer, and in practice would refer, to the mainland territory under Allied control as a whole. The subject appears therefore to be appropriate for the consideration of the CEC.

4. Approval of the proposal would constitute an exception to general policy of retarding price increases as a restraint against price inflation; the increase, if imposed, would undoubtedly stimulate demands for increases in other utility rates, in wages, and prices; it would further serve as a precedent for comparable increases in freight rates in other parts of Italy as these come under Allied control.

5. The Italian report provides no indication of the extent to which railway operating deficits would be reduced by the proposed in-

Thru 47/1. Saw-Led H. L. (H. L. H. L.)
re letter to say it from L. H. L.
stating approval NOT granted for L. H. L.
to be increased. He mentioned the letter
to me & will advise a communication
to Capt Stone & send me copy for information.
H. L. L.

SUBJECT: Proposed 100% increase in railway freight rates.

Memorandum for Central Economic Committee

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5. The Italian report provides no indication of the extent to which railway operating deficits would be reduced by the proposed increase, other than the statement that a 400% increase would be required to meet the financial requirements, but that this would "for political and economical reasons" be impossible.

-2-

Since most traffic at present is for Allied operational requirements, it does not seem likely that the small proportion of traffic for civilian requirements to which the proposed rate increase would apply would provide any very substantial basis for financial improvement.

6. Moreover, question may be raised as to whether, under existing conditions, an increase in rates is actually preferable to government subsidy as a means of meeting operating deficits, in view of the pyramiding effect of rate increases on prices, and their consequent stimulus to inflation. The answer to this depends upon an analysis of inflationary factors in the existing situation which cannot be adequately dealt with here.

7. In any event, however, since approval of the rate increase for the limited area now under Allied control would involve far reaching implications with respect to later action in other areas, and to other rate, wage, and price increase proposals, approval of this proposal would appear premature unless a much more substantiated case of urgent need and effective benefit is made.

RECOMMENDATION

It appears therefore that the most appropriate action to be taken in the matter at this time would be to inform the Italian Government, through the appropriate channels, that it is not considered desirable to approve the proposed rate increases at this time, but that consideration will be given to any further data that Government may wish to submit in the matter, particularly as the measure in which the railway operating deficits would actually be relieved by the action proposed, and as to the effect of the proposed increases in rates on the cost of living, including a more representative series of specific examples.

HENRY F. GRAY
Deputy Vice President

Item 7

AFHS ADV. MEM. ECHTELON
Petroleum Section

4/2 PS
17 January 1944

SUBJECT: Establishment of Petroleum Prices
Residual Fuel Oil.

TO : Central Economic Committee.

1. Receipt of your letter 14 January 1944, above subject, concerning establishment of prices on certain petroleum products, is acknowledged.
2. Prior to the meeting 12 January 1944 of the Central Economic Committee, data were insufficient to include a price proposal for residual fuel oil. Such data now being at hand, a retail price of 10 lire per kilogram (1000 lir per metric ton) is suggested for motor use and 8 lire per kilo for furnace or boiler use.
3. The calculation is based on an estimated C.I.F. cost of 4.50 lire, distributing cost of from 3 to 3.50 lire, and taxes of 2.36 lire. When sold for burning under boilers, the buyer is entitled to a tax exemption under Italian law of approximately 2.25 lire, making this retail price approximately 2 lire lower for such consumers.
4. Though very little volume of this product is anticipated to be consumed in the civilian market, it is requested that the above prices be published at once effective as of January 15, 1944, to round out the schedule already approved in Minute No. 9 of the C.E.C.

H.R. Carruthers
Lt. Col.,
Chief of Section

2701

Item 8

(COPY)

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
INDUSTRY & COMMERCE SUB-COMMISSION
ABC 394

JSMF/job

AMG/5063/IC

16 January 1944

SUBJECT: Glass Factory at Salerno

TO : Economic Directorate

1. Authority is sought from the Economic Directorate for the Industry and Commerce Sub-Commission to initiate a program for the resumption of production at the above named factory.

2. A condensed report is attached to this letter giving a summary of the main problems involved.

3. There are at present no stocks of window glass available for essential civilian needs as all stocks have been requisitioned and removed by the Military.

4. It is submitted that it is desirable that one unit of glass production be restarted in occupied Italy and its products, if necessary, stockpiled against future civilian needs.

5. When the factory begins production, it is suggested that all stocks be frozen for essential civilian needs or emergency military requirements.

6. The AMG has already allocated 800 tons of coal at the rate of 400 per month for January and February to glass production, but so far no other steps have been taken to obtain other essential raw materials.

7. It is considered possible that this factory might be enabled to commence production in April and it is suggested that it would be desirable to permit it to continue production for a continuous run day and night of say three months, when an adequate stockpile of window glass should have been accumulated.

1 Incl.

W. P. EVANS
Colonel
Director, Industry &
Commerce Sub-Commission

Inspection of V.M.B.C.S.A.
DATED 10-1-44

Inspection of VETTERIA, MECCANICA-RICCOLAUDI & C. S.p.A. on the 7th & 8th Jan.

GENERAL.

1. The above mentioned company is a small glass works manufacturing clear window glass (about 1-1/2 meters wide and anywhere between 1 to 7 m/m thick) by the continuous flat sheet process. There is only one kiln and once started, the process is continuous for a period, under normal conditions, of say 5 to 6 months, day and night.
2. It takes approximately three weeks to heat up the kiln and contents from cold and the Manager states that they have already tried and failed to find means of reducing the output below 100,000 square meters per month.
3. The Manager stated that they neither reduce the size of the kiln by bricking, nor the rate of feeding in the raw materials.
4. RAW MATERIALS. Principal raw materials required are: 700 tons of long flame steam coal (known as splint) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trepani, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Rossignone Marittimo, near Pisa. (The above are all monthly requirements).
5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.
6. Other materials required, all of which are available or could be obtained by V.M.R.C.S.A. themselves, are: 70 tons of calcium carbonate (Li_2CO_3 -stone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Berletta. (all of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 14x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.
7. PREMISES. The structure of the building is only slightly damaged and repairs are already in progress, the only materials which they cannot obtain being cement. Given materials, completion could be effected in three weeks.
8. POWER SUPPLY. The factory is electrically operated and requires some 60 H.P. by day and 20 H.P. by night. Their own plant is in good order and needs only minor connections, but the availability of 60 H.P. at 150/260/450 volts should be confirmed as it is understood that other factories in the valley are being rationed and required to work full capacity at night only. There is a waste heat steam engine and a 12/15 H.P. Diesel Plant capable of keeping the factory running for short emergency periods but they cannot supply their full requirements, consumes 1 ton Nafta per month.

- cess is continuous for a period, under normal day and night.
2. It takes approximately three weeks to heat up the kiln and contents from cold and the Manager states that they have already tried and failed to find means of reducing the output below 100,000 square meters per month.
 3. The Manager stated that they neither reduce the size of the kiln by bricking, nor the rate of feeding in the raw materials.
 4. RAW MATERIALS. Principal raw materials required are: 750 tons of long flame steam coal (known as splint) which formerly came from Newcastle or Germany; 500 to 600 tons of sand which formerly came from Grosseto and which is now understood to be available at Trepont, Sicily; 150 tons of sodium carbonate Na_2CO_3 which formerly came from Bessingham Maritima, near Pisa. (The above are all monthly requirements).
 5. The Manager stated that he knew of no source of supply of soda other than England or America and doubted if it could be obtained elsewhere, and the same applied to the coal, as they could not use more than 10% Sardinian coal and ordinary Welsh steam coal was not suitable.
 6. Other materials required, all of which are available or could be obtained by V.H.R.C.S.A. themselves, are: 70 tons of calcium carbonate (limestone) CaCO_3 obtainable from their own mine at Salerno; 70 tons of magnesium carbonate (dolomite) MgCO_3 , also obtainable from Salerno; 25 tons of sodium sulphate Na_2SO_4 obtainable from Barletta. (All of the above monthly requirements). In addition they require about 4500 wooden packing crates per month for which they have the materials, including packing, but would need round wire nails sizes 16x45, 16x60, 18x80 in proportion of 4:2:1 which he did not think were available in Italy.
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 9. LABOUR. It is not anticipated that there would be difficulty in obtaining the 300 labourers required.

- 2 -

10. STOCKS. There are no stocks of raw materials and their former stocks of finished product have been requisitioned and removed by the Military. No attempt has been made by the Military to operate the factory.

11. ACCESS. There is railway station on the main Salerno-Naples line near the factory with adequate siding facilities, but V.M.R.C.S.A. have no trucks. They formerly imported coal from England and understand that wharf facilities are still available at Salerno (but under Naval control). They have sufficient storage for three to four months supply of raw materials and the necessary maintenance of the factory is already laid on.

12. RECOMMENDATION. Since glass making is a process which, when once started cannot be stopped economically under a run of several months and only then with damage and difficulties, and the plant under review does not lend itself to operation below full capacity, it is recommended that it should not be started unless a supply of glass of not more than 100,000 square metres is considered essential, and a regular monthly supply of 700 tons special coal and 150 tons soda from the U.S. or U.K., and 500 tons sand from Trepani, together with the necessary electricity supply, can be guaranteed.

It should further be noted that, whilst there is no reason to believe that this factory is below average efficiency, the manufacture of glass is a process requiring very large supplies of heat, quite apart from requiring a special coal. It requires 250 tons of coal and 3 weeks to bring the kiln and contents to the initial operating temperature, in addition to 700 tons per month for operation.

ASE/jfl

10 Jan. 44

Major A. S. BURETON,
Industry & Commerce

Thurs. 27/1. Saw last Adm. (148.916)
re letter to my (from Gen. Sec. to at
Military not approved. Explained
direction to them. Not done by the
Gen. Sec. He said that letter
will get up how early of circulation
as done for information. 1944

Item 9

ALLIED FORCE HEADQUARTERS
ADVANCE ADMINISTRATIVE SECTION
CENTRAL ECONOMIC COMMITTEE

18 January 1944

SUBJECT: Railway labor.

TO : Chief Executive, Central Economic Committee

1. The following is submitted in accordance with your memorandum dated 30 December 1943. The memorandum requests that:
a. wage rates for railway workers be made uniform throughout occupied portions of the Italian mainland;
b. war indemnities be eliminated in those areas where conditions no longer warrant their payment, and that this be considered in establishing uniform wage rates.
c. The necessary investigation be made and directives prepared to implement the foregoing.

2. Reference 1 (a) above. Investigation disclosed that the question of railway workers' wages was raised initially by Sig. S. di Raimondo, Undersecretary of State for Communications, in a memorandum to General Gray dated 11 December 1943. The Secretary asked specifically that the wage increase approved by the Italian Government for all workers in Apulia be extended to the railway employees of Naples, Reggio, Calabria and Sardinia. The request that the increase be extended to the areas mentioned has already been met. (No information is available re Sardinia.) Uniform percentage increases have been granted to all government employees and authorized for all private employees in Regions I, II, III and IV, and Apulia. The same increases will be uniformly directed and authorized in forward areas as occupied.

3. Reference 1 (b) above. War indemnities should not be eliminated without at the same time making an equitable adjustment in wage structure. Present indemnities should be continued until such time as the entire Italian wage structure can be examined and revised. Such a project will require revision not only of railway wages, but of wages of all State employees since they all depend upon the same basic legislation. Revision can be accomplished without substantial change in the total amount of wages paid, but there are certain practical problems which must be considered before proceeding. Italian civilian specialists and the Italian Ministry of Labor should be utilized, and information procured as to whether or not any basic wage structure revisions have been effected in unoccupied Italy; and at least 2 to 3 months must be set aside for the job. Since the Italian Government and Allied Control Commission contemplate joint basic wage revision study, it is suggested that C.I.C. meet with the Italian Government at once, but leave the long

3759

13 January 1944

785021

SUBJECT: Railway labor.

TO : Chief Executive, Central Economic Committee

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 - a. Wage rates for railway workers be made uniform throughout occupied portions of the Italian mainland;
 - b. War indemnities be eliminated in those areas where conditions no longer warrant their payment, and that this be considered in establishing uniform wage rates.
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4. In view of the foregoing, and the recent C.E.C. Directive to ACC that wage changes should not be made without prior approval by C.E.C., it is recommended that no further action be taken at this time regarding the questions raised above.

DAM/tbw

DAVID A. MORSE,
Capt., A.C.,
Labor

3759

ANATPHSA.
MESSAGE CENTER

RESTRICTED

INCOMING MESSAGE

JJRT

FILED 261652B

AFSC N 564/26
261920B
abc

ROUTINE

FROM: AGC SARDINIA SIGNED WEBSTER
TO : FREEDOM FOR COAL SECTION
REF NO THIS MSG: F 500, 26 June 44

Price of imported coal FOB CAGLIARI is requested for
accounting purposes by Allied Control Commission in sales to
authorized civilian SARDINIA consumers.

ACTION: QM

INFORMATION: PSTC
M & TN
WNT
G-5
VSA
CINC MED
USN
HAJEM
AG RECORDS

M

MC IN 17183 27 June 44 07093 REF NO: F 500 v/E/GS

3758

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AFSC N 651/20
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ROUTINE

FROM : AGWAR FROM MCART
TO : FREEDOM FOR SASSEVILLE WSA
REF NO THIS MESSAGE : W-53267, 20 June 1944

WSNA 831.

Your 443 for use Military or other interests in constructing landed costs on coal delivered French and Italian interests in NORTH AFRICA including CASABLANCA and ITALY.

Have agreed with British to rates of 14 dollars, equivalent 70 shillings, per long ton from HAMPTON ROADS and 16 dollars, equivalent 80 shillings, from AFRICA and INDIA. Berth terms FIO to vessel no despatch demurrage or charter commissions and no additional freight for 2 ports discharge.

In this connection note USWD propose add 1 dollar to cost of procurement to cover trimming charges at UNITED STATES Port discharging costs borne by them. Rates do not include cargo insurance. Coke rate double coal, other conditions same. Have notified British that when conditions opportune we reserve right to insist on normal charter terms which would, of course, affect freight rate.

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ACTION: WSA

INFORMATION: MATN PSTO QM CIRC MED USW Q MAINT DST G-5 HAJEM
AG RECORDS

PC IN 12911 20 June 44 1752

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CENTRAL ECONOMIC COMMITTEE

APO 400

16 January 1944

Minutes of Second Meeting of the Committee Held at 1000 hours on 12 January 1944, Conference Room, AFHQ Advanced Administrative Echelon.

Members in Attendance:

1. Brigadier General A. L. Hamblen, D/DCAG (in the chair).
2. The Honorable Henry Grady, AMB/ACC.
3. Brigadier M. S. Lush, AMB 15th Army Group.
4. Col. S. A. Fitch, Chairman of the Internal Transportation Sub-Commission.
5. Lt. Col. Alexander I. Henderson, Chief Executive.
6. Lt. Col. C. R. Merrill, Assistant Executive.

The following were also present:

Lord Stansgate, AMB/ACC.
Lt. Col. W. J. Legg, CEC Staff

1. Minutes of the previous meeting held 27 December 1944 were approved.

2. Unfinished Business.

a. The Chairman stated that instructions regarding procedure for the committee had been issued by G. branch. He added that it had been agreed that the committee would be kept small, that no experts would attend meetings except on request of the entire committee, and that members could bring alternates to meetings in order to keep them informed as to the proceedings.

3. Report of the Chief Executive.

a. The Chief Executive reported that at the Algiers price meeting it had been recommended under the heading of Import Price Policy that all goods imported for civilian or Italian government use should be charged to the Italian Government at a price considered to be equivalent to landed cost. In general, they should be sold on not less than a landed cost basis, but may be sold at a loss if a price based on landed cost is so high as materially to disturb the general price structure. The subsidy on such latter commodities will be for the account of the Italian Government. Even though legal retail prices are not fixed Allied authorities will watch and if necessary control the retail price of imported goods consulting with Italian authorities where appropriate.

b. The Chief Executive also reported that the Algiers meeting had recommended under the heading of Domestic Price Control that price increases in Italy are in general to be resisted in view of the inflationary trend which has already shown itself, and that to this end prices of certain important commodities should for the time being be held at low subsidized levels. Control and the fixing of controlled prices must of necessity be made in the field, each case being dealt with on its merits within the framework of the general policy. The Chief Executive made

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4. Col. S. A. Fitch, Chairman of the Internal Transportation Sub-Commission.
5. Lt. Col. Alexander I. Henderson, Chief Executive.
6. Lt. Col. C. R. Merrill, Assistant Executive.

The following were also present:

Lord Stansgate, AGS/ACC.
 Lt. Col. W. J. Logan, OEC Staff

1. Minutes of the previous meeting held 27 December 1944 were approved.

2. Unfinished Business.

a. The Chairman stated that instructions regarding procedure for the committee had been issued by 5 Branch. He added that it had been agreed that the committee would be kept small, that no experts would attend meetings except on request of the entire committee, and that members could bring alternates to meetings in order to keep them informed as to the proceedings.

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b. The Chief Executive also reported that the Algiers meeting had recommended under the heading of Domestic Price Control that price increases in Italy are in general to be resisted in view of the inflationary trend which has already shown itself, and that to this end prices of certain important commodities should for the time being be held at low subsidized levels. Control and the fixing of controlled prices must of necessity be made in the field, each case being dealt with on its merits within the framework of the general policy. The Chief Executive made the point that field proposals designed to establish uniform or standard prices for essential commodities or services must be referred to the Central Economic Committee

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for approval prior to their issuance.

c. The Chairman pointed out that AGC alone deals with the Italian Government and that action by CEC would be transmitted to the Italian Government by AGC.

d. The Chief Executive stated that he had been informed in Algiers of a proposal to provide up to 1,200 trucks (half American and half British) to be operated by Italian personnel for internal distribution of civilian goods. It was agreed that allocation of such trucks should be handled by CEC.

e. The Chief Executive stated that three directives have been issued by the CEC:

(1) Directing that all proposals designed to establish uniform or standard prices for essential commodities or services be referred to the Committee for approval prior to their issuance.

(2) Directing that orders designed to establish uniform or standard wage scales be referred to the Committee for approval before issuance.

(3) Directing that all requisitions for civilian supplies for areas on the mainland be forwarded through the Committee.

f. Brigadier Lush proposed that CEC allocate supplies between AMG/AGC and AMG 15th Army Group with these two agencies making sub-allocations to regions. It was agreed that this does not relieve CEC of responsibility for determining to which ports ships should be sent.

g. There was some discussion of the position of Lt. Col. Merrill. It was agreed that Lt. Col. Merrill could not operate on the CEC staff as a representative of AMG 15th Army Group but that he could be Brigadier Lush's channel for doing business with CEC. This is to be tried and if it does not work out in practice adjustments will be made.

4. Report on the General Food Supply Situation.

a. A report was presented on the food situation indicating that Region II has 22 days supply of wheat or flour; Region III, 32 days; and Apulia, 16 days.

b. Brigadier Lush stated that Region III is short on food with the bread ration in Naples city being only 125 grams a day for normal consumers, whereas it should be raised to 150 grams of bread and 70 grams of pasta. Distribution now amounts to 214 tons a day but it should be 719 tons including extra rations for expectant mothers, light workers and heavy workers. There was some discussion of the circumstances surrounding the diversion of two ships carrying food which were diverted away from Naples. It was agreed that a combination of factors were responsible including port congestion, lack of personnel, and lack of warehouse space. The Chairman stated that he was prepared to deal with these factors if more detailed and definite information were provided. Brigadier Lush agreed to present a paper on the matter.

d. The Chief Executive stated that he had been informed in Algiers of a proposal to provide up to 1,200 trucks (half American and half British) to be operated by Italian personnel for internal distribution of civilian goods. It was agreed that allocation of such trucks should be handled by CEC.

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(2) Directing that orders designed to establish uniform or standard wage scales be referred to the Committee for approval before issuance.

(3) Directing that all regulations for civilian supplies for areas on the mainland be forwarded through the Committee.

f. Brigadier Lush proposed that CEC allocate supplies between AMG/ACC and AMG 15th Army Group with the two agencies making sub-allocations to regions. It was agreed that this does not relieve CEC of responsibility for determining to which ports ships should be sent.

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b. Brigadier Lush stated that Region III is short on food with the bread ration in Naples city being only 125 grams a day for normal consumers, whereas it should be raised to 150 grams of bread and 76 grams of pasta. Distribution now amounts to 214 tons a day but it should be 718 tons including extra rations for expectant mothers, light workers and heavy workers. There was some discussion of the circumstances surrounding the diversion of two ships carrying food which were diverted away from Naples. It was agreed that a combination of factors were responsible including port congestion, lack of personnel, and lack of warehouse space. The Chairman stated that he was prepared to deal with these factors if more detailed and definite information were provided. Brigadier Lush agreed to present a paper on the ration situation in Region III at the next committee meeting.

5. Consideration of Action Taken by the Italian Government in Fixing Oil Prices.

a. The Chairman reviewed the correspondence with ACC on action by the Italian Government in raising olive oil prices a maximum of 2500 Liro per quintal. There was a discussion of the inflationary effects inherent in this price increase and of the political effect of directing the Italian Government to make either a flat reduction or to adopt some compromise measure. The Chairman pointed out that ACC has been asked to inform the Italian Government not to change prices without

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obtaining prior approval of CEC.

b. It was agreed:

1. The maximum price for olive oil shall be 2200 lire per quintal throughout the mainland. The Italian Government is to be directed to reduce its maximum prices from 2500 to 2200 lire per quintal for the 1st category (acidity up to 0.8 per quintal) and other prices are to be reduced proportionately.

2. Maximum prices for the various categories in use in Apulia are appended in Appendix A. Maximum prices for the various categories in use in Regions II, III, and IV are appended in Appendix B.

6. Consideration of the proposal to establish a Central Medical Supply Depot in Naples Under the Direction of the Central Economic Committee.

a. Communications on this subject from Brigadier Lush and Brigadier Parkinson were discussed.

b. It was agreed:

1. A Central Medical Supply Depot will be established. Operation of the depot will be under the Public Health Sub-Commission while control of the depot and allocation of medical supplies will be under the Central Economic Committee.

7. Consideration of a General Report on the Hemp Situation Including Seed and Fertilizer Requirements.

a. There was a general discussion of the report. The Chief Executive stated that it was necessary for the DCA to direct the services not to contract for manufacture of rope except at agreed prices. He added that he had conferred with Lt. Comdr. Schlee, Lt. Col. Herrmann, and Mr. Backhouse, Ministry of Supply representative, attached to the CEC staff, regarding a list of prices which were jointly presented. These prices were about 65% above those now in effect. The Chief Executive also conferred with those gentlemen on amassing of the balance of 1942 and 1943 crops and allocation by CEC of hemp to manufacturers.

b. It was agreed:

1. Instructions shall be issued by the proper authorities to purchasing agents that they will comply with prices set by CEC in buying rope.

2. Amasso prices for balance of the 1942 and 1943 hemp crops are established at the prices shown on the list submitted to the meeting and included in Appendix C.

3. Region III in conjunction with Mr. Backhouse of the CEC staff will handle problems relating to seed, fertilizer, amassing, and manufacturing.

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3. Region III in conjunction with Mr. Backhouse of the CEC staff will handle problems relating to seed, fertilizer, amassing, and manufacturing.

8. Consideration of a Retroactive Price Increase for the 1943 Wheat Crop ³⁷⁵⁴

a. There was a general discussion of the undertaking in Regions III and IV to pay farmers more retroactively than the official price of 300 Lire per quintal for 1943 crop wheat purchased in recent months.

b. It was agreed:

1. the basic price in Regions II, III, and IV for the 1943 crop is

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- 300 Lire per quintal.
2. Deliveries made on or before 31 December 1943 are entitled to a bonus of 150 Lire per quintal in Regions III and IV, making an aggregate price of 450 Lire.
 3. Deliveries completed from 1 January 1944 through 10 January 1944 in Regions II, III, and IV are entitled to a bonus of 115 Lire per quintal making an aggregate price of 415 Lire.
 4. Deliveries completed from 11 January 1944 through 20 January 1944 in Regions II, III, and IV are entitled to a bonus of 100 Lire per quintal making an aggregate price of 400 Lire.
 5. Deliveries completed from 21 January 1944 through 31 January 1944 in Regions II, III, and IV are entitled to a bonus of 75 Lire per quintal making an aggregate price of 375 Lire.
 6. Ordinance # 16 issued by the Italian Government on 28 December 1944 is approved. Changes in bread prices are not authorized.

9. Consideration of the Proposed Increase in Petroleum Prices.

a. There was a general discussion of the report on the consideration of petroleum prices at the Algiers meeting and of studies made of the situation by ACC and the Petroleum Section.

b. It was agreed that the retail prices on petroleum products on the mainland be established as follows:

- | | |
|---|--------------------|
| 1. Gasoline (petrol)----- | 16 Lire per litre. |
| 2. Kerosene----- | 14 Lire per litre. |
| 3. Gasoil----- | 14 Lire per litre. |
| 4. Automotive lubricant oil----- | 50 Lire per litre. |
| 5. The usual differentials for agricultural and fishing purposes due to lower taxes and imposts will prevail. | |

10. Consideration of Coal Prices.

a. The Chairman stated that the proposal is to charge the Italian Government landed cost of around 2500 to 3000 Lire per metric ton for coal imported from the United States or the British Empire with the Italian Government reselling such coal to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports. As for Sardinian coal, the proposal was to establish a base price of 550 Lire per metric ton CIF Italian ports with usual differentials for various grades. The Chief Executive stated that a resale price of 1,200 Lire CIF Italian ports was recommended by ACC. Brigadier Norman Smith (AMHQ) is to supply a schedule of differentials based on various grades of Sardinian coal.

b. It was agreed:

1. Imported coal not including Sardinian coal shall be charged to the Italian Government at landed cost.
2. Such coal shall be sold to essential civilian users at a price of

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in Regions II, III, and IV are entitled to a bonus of 115 Lire per quintal making an aggregate price of 415 Lire.

4. Deliveries completed from 11 January 1944 through 20 January 1944 in Regions II, III, and IV are entitled to a bonus of 100 Lire per quintal making an aggregate price of 430 Lire.

5. Deliveries completed from 21 January 1944 through 31 January 1944 in Regions II, III, and IV are entitled to a bonus of 75 Lire per quintal making an aggregate price of 375 Lire.

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- b. It was agreed that the retail prices on petroleum products on the mainland be established as follows:

1. Gasoline (petrol)-----	16 Lire per litre.
2. Kerosene-----	14 Lire per litre.
3. Gasoil-----	14 Lire per litre.
4. Automotive lubricant oil-----	50 Lire per litre.
5. The usual differentials for agricultural and fishing purposes due to lower taxes and imposts will prevail.	

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b. It was agreed:

1. Imported coal not including Sardinian coal shall be charged to the Italian Government at landed cost.
2. Such coal shall be sold to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports.
3. Newly imported Sardinian coal shall be sold to essential civilian users at a base price of 550 Lire per metric ton CIF Italian ports.

c. There was a general discussion of prices to be charged for German and Sardinian coal in privately owned stockpiles in the Naples area. The Chairman pointed out that there is a relatively small amount of coal in these stockpiles and that much has been stolen. It was also brought out that records are lacking in most cases as to prices paid by the owners for such coal, the time that it has

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been held, storage charges, handling costs, quality etc. It was agreed that it would be a very difficult if not impossible administrative task to develop detailed data for each stockpile on these points. Much of this coal will be requisitioned directly for military uses.

d. It was agreed:

1. German coal in private stockpiles be allocated for sale at a price of 1280 Lire per metric ton at stockpile.
2. Sardinian coal in private stockpiles be allocated for sale at a base price of 550 Lire at stockpile.

11. Consideration of the Proposed 100% Increase in Passenger Tariffs on the Italian State Railways.

a. The Chief Executive stated that no further evidence supporting the Italian Government's request for the increase had been received.

b. The Honorable Grady stated that he would like to have the matter investigated further and asked that no action be taken at this meeting. This was agreed.

12. Status of Plans for Distribution of Imported Food Items.

a. There was a general discussion of the above subject including transfer of bulk wheat unloading facilities from Naples to Bari; the study of internal motor truck transportation facilities by two officers from the Internal Transportation Sub-commission; the AFHQ proposal to provide 1,200 military trucks for distribution of civilian goods; the agreed schedule of trains; and the proposal for a "food fleet" to tranship food from Sicilian and Sardinian ports.

b. The Chairman stated that instructions had been issued by NATOUSA to speed up action on movement of food supplies and that he would put all the time he could on the matter, particularly with regard to getting aid from the military aids.

13. Other Matters.

a. The next meeting of the Committee is to be held at 1000 hours on Thursday, 20 January 1944.

DISTRIBUTION:

Copy No. 1--DCAO

No. 2--D/DCAO

No. 3-5 --The Hon. Henry

Grady, AMG/ACC

No. 6--DCCAO, AMG 15th Army Group

No. 7--DGMG (M)

No. 8--AMG/ACC Internal Transportation Sub-Com.

LEIGH S. FLUMMER

Capt., A.U.S.,

Secretary,

Central Economic Committee

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1. German coal in private stockpiles be allocated for sale at a price of 1200 Lire per metric ton at stockpile.
2. Sardinian coal in private stockpiles be allocated for sale at a base price of 550 Lire at stockpile.

11. Consideration of the Proposed 100% Increase in Passenger Tariffs on the Italian State Railways.

- a. The Chief Executive stated that no further evidence supporting the Italian Government's request for the increase had been received.
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- b. The Chairman stated that instructions had been issued by NATOUSA to speed up action on movement of food supplies and that he would, at all the time he could on the matter, particularly with regard to getting aid from the military side.

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Copy No. 1--DCAO
 No. 2--D/DCAO
 No. 3-5 --The Hon. Henry Grady, AMG/ACC
 No. 6--DCCAC, AMG 15th Army Group
 No. 7--DQMG (M)
 No. 8--AMG/ACC Internal Transportation Sub-Com.
 Attn: Col. S. A. Fitch.
 No. 9--Chief Executive, CEC.
 No. 10--Assistant Executive, CEC.
 No. 11--AGMG (1)
 No. 12-14--DCCAO, AMG
 No. 15-17--MGS, AFHQ
 No. 18-20--AFTRB (Italian)
 No. 21--PET. Sec.
 No. 22--Coal Sec.
 No. 23--File
 No. 24-30--Spares

LEIGH S. FLUMMER

Capt., A.U.S.

Secretary,

Central Economic Committee

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APPENDIX A

(Minute 5, b. 2.)

Prices for olive oil to the producer at the Amnassi in Apulia are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.2 per quintal	L. 2200
" " 2nd " " 1.5 " "	L. 2155
" " 3rd " " 2.0 " "	L. 2110
" " 4th " " 3.5 " "	L. 2075
" " 5th " " 5.0 " "	L. 2040
" " clear oil with acidity base 5 degrees	L. 1865

Washed oil, heated and inferior in grade, with 5 degrees of acidity, water tolerance and impurities 0.50%, net FOB railroad loading point

L. 1830

Sulphurous oil, acidity base 20 degrees (maximum 30 degrees), water tolerance and impurities 3%, net FOB railroad loading point

L. 1465

Sulphurous oil, high acidity, water and impurities tolerance 3%, FOB railroad loading point, net

L. 1230

Paste for rectification and cleins of clean oil and sulphur for 100 kilos of contents of greasy matter, FOB railroad point

L. 1230

Virgin olive pulp industrial delivery based on 7 kilos of oil per 100 kilos pulp 20 degrees acidity, FOB extraction plant

L. 75

APPENDIX B

(Minute 5, b. 2.)

Prices for olive oil to the producer at the Amnassi in Regions II, III and IV are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 degrees per quintal	L. 2200
" " 2nd " " 1.5 " "	L. 2155
" " 3rd " " 2.5 " "	L. 2110
" " 4th " " 3.50 " "	L. 2075
" " 5th " " 5.0 " "	L. 2040
" " 6th " " 7.0 " "	L. 1990
"Olio Lampante" with an acidity basis of 5	L. 1865

"Olio Levato" with an acidity basis of 5

L. 1930

"Olio al Sulfuro" (extracted from husks through agency of sulphuric acid, and with an acidity basis of 20)

L. 1465

APPENDIX C

(Minute 7. b. 2.)

Prices for hemp to the producer at the Anagni for the balance of 1942 and 1943 hemp crops are established effective 14 January 1944 as follows:

Prezzi lordi in corrispondenza

Spago Superiore Paesano	3340
" Chiaro Paesano	3275
Extrissimo "	3150
Exsta "	2905
Spago mezzo col. paesano	3110
Extrissimo "	2905
Exstra "	2655
Spago scolorato	2655
Extrissimo scel. paesano	2515
Exstra "	2365
Spago chiaro forestiero	3125
Extrissimo "	2910
Exstra "	2765
Spago mezzo col. forestiero	2930
Extrissimo "	2765
Exstra "	2530
Spago scolorato forestiero	2575
Extrissimo "	2425
Exstra "	2285
Scarti Chieri	2080
" scolorati	1895
Canapone 1	2245
" 2	2120
" 3	1940
Scarti canapone	1670
Cinaglie canapone	1690
" canapone	1360
Stoppe 1 chiara	1145
" " scolorata	1030
" 2 chiara	1055
" " scolorata	930
" 3 chiara	1060
" " scolorata	975
Teina Chiara	785
" scolorata	695

Spago Superiore paesano	3275
" Chiara paesano	3150
Exstrissino "	2905
Exstra "	
Spago mezzo col. paesano	3110
Exstrissino "	2985
Exstra "	2655
Spago scolorato	2655
Exstrissino scol. paesano	2915
Exstra "	2965
Spago chiara forestiero	3105
Exstrissino "	3010
Exstra "	2765
Spago mezzo col. forestiero	2930
Exstrissino "	2765
Exstra "	2530
Spago scolorato forestiero	2575
Exstrissino "	2195
Exstra "	2285
Scarti Chiari	2086
" scolorati	1995
Canapone 1	2245
" 2	2120
" 3	1910
Scarti canapone	1670
Cinaglia canapone	1690
" canapone	1360
Stompe 1 chiara	1165
" " scolorata	1090
" 2 chiara	1055
" " scolorata	950
" 3 chiara	1000
" " scolorata	875
Peina Chiara	785
" scolorata	685

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CEC

Submitted at Naples, 11 Jan

41/7

Item #10: Status of plans for distribution of imported food items.

While detailed plans for distribution of imported food have not been completed, preliminary work is well along. The following steps have been taken or information received:

1. Captain Curran has prepared a plan based on estimated tonnages of food, petroleum, and coal to be imported in each month through June showing (a) the distribution point; (b) the preferable point of importation; (c) alternative ports of importation; (d) rail, schooner, or truck route from port to point of distribution including alternative routes if a port other than the preferable one is used to land the supplies; (e) the report also contains a section showing estimated movement imported food, coal, petroleum, and a number of domestically produced products between provinces for each month through June. (This latter section may prove to be somewhat unrealistic because of the many assumptions which had to be made in preparing it.)

2. DDW, Fiambo is conducting an investigation of facilities for handling bulk wheat at Naples and Bari. Target figure of 1,000 tons daily at Naples and 500 tons daily at Bari from 1 April 1944 has been given DDW. Transfer of equipment from Naples to Bari is necessary but is believed feasible.

3. Survey of civilian motor transportation on occupied mainland has been made by Major J. E. Bordass and Major A. J. J. Lecchi. Their report is awaited.

4. The agreed schedule of trains is now largely in operation.

5. Study of the AFHQ proposal to establish a "food fleet" to tranship supplies from Sicily and Sardinia in schooners, thus relieving congestion in mainland ports equipped to handle deep draft ships, has been started.

6. Major Smallwood and Captain Curran have started study of the proposal to provide 1,200 military trucks to be operated by 10 Italian Transport Companies in distributing civilian supplies on the mainland.

*Noted for Anderson
to arrange for Hqs
Amsterdam, AFHQ
to be opened with Hqs
London, AFHQ, Naples
(after meeting 11/1)*

mmh

CENTRAL ECONOMIC COMMITTEE
AGC-400

*Don't let
any of these
affairs and
in hand*

9 January 1944

SUBJECT: Agenda for Second Meeting of Central Economic Committee

TO : Members of Central Economic Committee:

1. Agenda previously distributed is amended by inclusion of the following item for consideration by the Committee:

X #10--Status of plans for distribution of imported food items.
(Previous Item 10 on Agenda becomes Item 11)

2. Supporting data for Items 3, 4, 5, 6, and 8 is attached.

*1735 hrs 7/1
Armed Right Plummer
for supporting data
item 8*

L. S. Plummer
L. S. PLUMMER,
Capt. A. U. S.,
Secretary,
Central Economic Committee.

DISTRIBUTION:

- 1.--DCAO
- 2.--D/CAO
- 3.--DAG (H)
- 4.--Asst. Deputy President, AGC (Provincia)
- 5.--AGC HQ. (Attn: Col. C. M. Spofford)
- 6.--AGC 15th Army Group (Attn: Brig. S. S. Rush)

SECOND MEETING
OF
CENTRAL ECONOMIC COMMITTEE
To be held in the Conference Room at AFHQ
Advanced Administrative Echelon, at 1000 hrs.

12 January 1944

1. Report from the Chief Executive.
2. Report on the general food supply situation
- X 3. Consideration of the action taken by the Italian Government in fixing olive oil prices.
- X 4. Consideration of the proposal to establish a central medical supply depot in Naples under the direction of the Central Economic Committee.
- X 5. Consideration of a general report on the hemp situation including seed and fertilizer requirements. (2:30 hrs. further being moved)
- X 6. Consideration of a retroactive price increase for the 1943 wheat crop.
7. Consideration of the proposed increase in petroleum prices.
- X 8. Consideration of coal prices.
9. Consideration of the proposed 100% increase in passenger tariffs on the Italian State Railways.
- X 10. Any other matters.

X supporting data attached.

L. S. Plummer
L. S. PLUMMER,
Capt., A.U.S.
Secretary
Central Economic Committee

DISTRIBUTION:

- 1.--DCAO
- 2.--D/CAO
- 3.--DQMC (4)
- 4.--Asst. Deputy President, ACC
- 5.--AMG HQ (Attn: Col. C. M. Spofford)
- 6.--AMG 15th Army Group (Attn: Brig. M. S. Lush)
- 7.--Asst. Executive, CEC.

3747

Item #3 -- Consideration of the action taken by the Italian Government in fixing olive oil prices.

Prices now being paid producers of olive oil range as follows:

Apulia -----	2500 Lire per quintal
Salerno province-----	2400 Lire per quintal
8th Army AMG -----	1900 Lire per quintal
Region IV (Foggia)-----	1900 Lire per quintal
Region III-----	1900 Lire per quintal
Region II-----	1850 Lire per quintal

This diversity developed as follows:

At a meeting held in Naples on 23 November 1943 attended by representative of all regions, 15th Army Group, and Apulia it was decided that the maximum price to producers should be 1900 Lire per quintal. Apulia price was then 1720 Lire and the Italian Government was not prepared at that time to revise its price upward.

Around December 15 Italian officials in Salerno, without notice to AGO, raised price to 2400 Lire. At a later but as yet unascertained date the Italian Government in Apulia raised its price to 2500 Lire.

Since then 8th Army AMG has asked permission to raise its price to 2400 Lire since producers in that area refuse to sell at 1900 Lire while farmers in Apulia are getting 2500 Lire. Region IV (Foggia) has also asked permission to raise to 2500 Lire.

On 1 January 1944 message was sent to AGO by Brig. Gen. Hamblen stating that reports had been received that the Italian government was considering a change in olive oil and grain prices, and requesting that the Italian government be advised that no change in price be made without obtaining prior approval from GEC.

On January 5 message was received from Major General Joyce stating that the Italian Government had been notified as requested.

On January 6 message was sent to AGO by Brig. General Hamblen stating that it was understood that Italian government had increased price to 2500 Lire and requesting an explanation. No answer has thus far been received.

Being unrecorded:
 27 lines SAH & 170 to Naples. Comd? 30/13
 62 lines TAAH/TB to Naples. = =

89

Side to Comd. 13 Jan

235 lines from 8 stations in
 Bari - San Litta area to
 Naples

Item IV

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 594
Public Health Sub-Commission

9 January 1944

ACC/AMG/15

SUBJECT: - Medical Supplies for Occupied Areas.

TO: - The Central Economic Committee, Adv. AFHQ.
(Through Administrative Directorate)

1. Attached herewith is copy of approved list of medical supplies to be imported from American sources for use in Occupied Areas. It is desired to point out that listed with these medical supplies are two (2) CAD Sanitation Units, one of which is shipped to this area with markings xxxx QM-TOG-4, as this is known in the U.S.A. as the QM Sanitary Unit; the other is marked xxxx EMG-TOG-4, and this unit is known in the U.S.A. as EMG Sanitary Unit. Other units are marked xxxx Med-TOG-4.

2. Because of this marking QM marked supplies are shipped to a PBS, QM warehouse and likewise those with markings EMG go to a PBS, EMG warehouse. Supplies which have a marking of MED-TOG are sent to the Central AMG Medical Warehouse since the PBS, MED warehouse will not warehouse any AMG supplies.

3. At a recent conference called by the Typhus Commission, the above facts were determined. Arrangements were made informally that, pending a decision of higher authority the PBS, QM would send all requests for insecticide powder from AMG units to this Office for clearance since the PBS, QM office is not in a position to determine which area under AMG should receive this item. The Typhus Commission has requested that all stocks of DDT louse powder arriving in this theater be frozen for use of the Typhus Commission. It is the opinion of this Office that this request is justified and this Office will not honor any requests for DDT powder from any AMG unit until a sufficient supply is available for the Typhus Commission.

4. It has been further ascertained, from the PBS, QM representative that their office, being a military office, had no knowledge of the existence of the CAD Medical Lists, has no basis on which to make issue, and has in the past issued these supplies to any official from any AMG unit in any quantity requested, if available. It is therefore necessary that some reviewing or coordinating unit pass on all AMG requests for any items listed in the CAD Medical list in order that there will be an equitable distribution of these supplies which are to be used by Public Health personnel of ACC/AMG and AMG 15th Army Group.

5. It is requested that consideration be given to the proposal for a Central AMG Medical Warehouse and a Central Coordination unit in or attached to Central Economic Committee for all supplies listed in the attached CAD Medical List as proposed by Brig. Lash HQ, AMG, 15 Army Group. The Medical Warehouse AMG located in Naples is sufficiently large to accomplish this task, it is now being repaired. Personnel and transport is inadequate to accomplish this mission either for present supplies and anticipated arrivals.

G. S. PARADISE, Brig.
Director of Public Health Sub-Commission.

ACC/AMG/15

1. Inclosure Copy of Medical Supplies
for Occupied Areas.

Item 4--Consideration of the proposal to establish a central medical supply depot in Naples and creation of a medical supply section in the Central Economic Committee staff.

Two letters bearing on this subject are appended: (1) a letter to the Chairman of the CEC from Brig. Lash dated 24 December 1943, and (2) a letter to the Chief of Staff, HQ. AMG from Brig. C. S. Parkinson dated 4 January 1944.

COPY

SUBJECT: Medical Supply Section - Central Economic Committee

HQ AMG
15 ARMY Group
CMF

AMG/137/42
24 Dec 43

Chairman,
Central Economic Committee.
AFHQ Adv. Adm. Ech.

1. The position of the supply of medical equipment and drugs, dressings, biologicals, sanitary supplies, etc., has not in the past been completely satisfactory.
2. The need for medical supplies arises immediately a town or district is liberated and these requirements must be met if ordinary humane consideration is to be given to the plight of wounded and sick civilians.
3. The army medical services, in view of their primary commitments, cannot be expected to help much other than in the most serious emergencies. Stockpiles of essential drugs, dressings from AMG resources have therefore to be maintained in forward positions to be ready to meet these emergencies.
4. Following a discussion between the Director of Public Health, 15 Army Group, Colonel Griffin, of AMG/ACC, US Military Authorities in Naples and others, it was decided to recommend that all demands for medical requirements should be prepared centrally, preferably at Naples. Such estimates of requirements, prepared as they are practically wholly on a population basis, present no difficulties and should form part of the normal planning.
5. It is further recommended that the medical store depot at Naples should become the central depot for the whole of the mainland of Italy and that stockpiles for regional needs be forwarded there for distribution as required on the liberation of a part or the whole of a region.
6. The establishment of such a central depot as this will involve the creation of an adequate office and clerical establishment with the requisite amount of transport for the staff and for transporting equipment to make the depot practically an independent unit.

7. The logical office for the co-ordination of all demands for medical requirements, submission of these demands to AFHQ, control of all imported and local civil medical supplies and issue of all medical supplies for civil use, is a Medical Supply Section of the Central Economic Committee. It is recommended that Colonel Griffin of AMG/ACC be appointed Director of Civil Medical Supplies for mainland Italy to be chief of this section.

8. I approve of turning over the AMG Region 3 medical stores depot at Naples to the control of Colonel Griffin for the establishment of a Central Civil Medical Stores Depot for mainland Italy.

9. It is understood that the DMSG, AFHQ, and Nevacon are in agreement in principle with these recommendations, which are now submitted for consideration.

(Signed) W. S. Lush

Brigadier,
DCCAQ

FCC/SLP/med.

COPY
HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394
Public Health Sub-Commission

1 January 1944

AMG/3006/III

SUBJECT: Medical Supply Personnel

THRU : The Administrative Directorate

TO : The Chief of Staff, HQ. AMG

1. Under date of 27 November 1943 request was submitted for Medical Supply personnel by letter to the Chief of Staff, Hq., AMG., "Subject: Request for Medical Supply Personnel." Copies of this correspondence are attached. To date this office has no official knowledge of the status of this request.

2. As a result of a conference between the DPH, 15 Army Group and the Medical Supply Office, this Sub-Commission a letter has been written to the Central Economic Committee by the DCCAQ, Hq., AMG, 15 Army Group requesting that the Medical Supply Officer this Sub-Commission be responsible for all Medical Supplies for 15 Army Group, AMG, in addition to ACC/AMG. This same letter also recommended the establishment in Naples of a Central Medical Depot for AMG supplies since at the present time, and for some time in the future, Medical supplies for Regions II, III and IV will arrive at Naples.

3. Inspection trip through part of Region II shows a complete absence of proper accounting records with a resultant failure to obtain proper payment for Medical Supplies. In Region III the Region Warehouse was operated by the SASHO, at Naples City, who could not devote sufficient time to have an inventory taken or to establish a proper accounting and warehousing system. Lt. Light (AM) of this Sub-Commission was loaned to Region III on the verbal request of DPE, 15 Army Group AMG and NDH Region III to put this warehouse in some semblance of order and accomplish an inventory in order that supplies held which belong to Regions II and IV might be released to the proper authorities. Trained personnel for Region II and IV are not now available.

4. To date the Finance Sub-Commission is unable to furnish this Sub-Commission with an approved formula for a price list. It is understood as a result of a conference that such an approved formula will be available after the Algiers conference.

5. The Finance Sub-Commission, Accounting Division, has approved the system of obtaining payment for AMG Medical Supplies and recognizes the absolute necessity for the Medical Supply personnel requested in the previous letter referred to in paragraph 1.

6. As a result of an informal conversation with representatives of the Medical Section Naples, it is known that trained personnel is available in this theater due to changes in T/O of Medical Supply Depots.

7. If and when the authorization to establish a Central Medical Depot AMG for Italy is received there will be a further requirement for a Medical Depot Company (USA) less part of the enlisted personnel, but including all equipment and transport.

8. It is again requested that favorable consideration be given the request for personnel and that this request be forwarded to AFHQ. If this request is not given favorable consideration this Sub-Commission and the Finance Sub-Commission can assume no responsibility for payment for Allied Medical Supplies turned over to the Italian Government, and this Sub-Commission can assume no responsibility for the proper distribution of these supplies to the Regions and Provinces. Col. Crowshaw of the Finance Sub-Commission concurs in this decision, and has agreed to assist in obtaining an accounting officer for use in this Sub-Commission.

C. S. PARKINSON, Brig.
Director, Public Health
Sub-Commission.

Item 5 -- Consideration of a general report on the hemp situation including seed and fertilizer requirements.

Following is a summary of an extensive report on the hemp situation prepared by Lt. Col. O. W. Herrmann, including his recommendations in Paragraph 6 with regard to the 1942 and 1943 crops; in Paragraph 7, seed for the 1944 crop; and in Paragraph 8, fertilizer requirements for the 1944 crop.

OWH/r1

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Economic Directorate
APO 521

5 January 1944

SUBJECT: Summary - Hemp Report

TO : Agriculture Sub-Commission

1. There are now 470 short tons 1942 hemp fibre available in Ammasso warehoused for manufacture or export. In addition there are 297 tons of 1942 hemp fibre and 220 tons of Stoppe rattini (waste too low for military use) in the warehouses of manufacturers. The status of stocks in manufacturers warehouses is uncertain because mob violence has prevented an accurate census.

2. The 1943 crop in Naples area is estimated at 18,700 tons. However 30% not reittedant fall will not come into commercial channels until after July 1944. Thus available fibre prior to July 1944 will not exceed 13,000 tons for all uses. No ammassing of hemp fibre to date because growers say price too low and because of bad treatment in past by Ammasso. Status of available stocks of 1943 crop therefore uncertain.

Of 13,000 tons of 1943 hemp fibre to come to market prior to July 1944 roughly 44% or 5,760 tons will fall in the Scolorato Tansano class or above; another 45% or 5,630 tons will be classified as in the grades of Extra Scolorato Forestiera to Spargo Chiaro Forestiera inclusive. The remainder will be 75 tons of Sotto Prodotto (sub products) and 915 tons of Stoppe (waste).

3. Cannot quote prices because present demoralized condition of market. Black Market prices 60 to 100% above AMG legal prices.

4. Military needs not stated but assume military can take entire crop above fishing and essential civilian needs. In past 50% hemp crop exported, 25% used for military and 25% for essential civilian use. Fishing needs released and shipped at once. Further information required on military and essential civilian needs.

5. Sufficient rope making facilities available to absorb most of 1943 crop. Power needed. Rope now being made by hand process for British Navy and for the Air Corps. Some socks being made for British Army. Prices paid for these products out of line with legal price of hemp.

3741

6. Recommendations with regard to the 1942 and 1943 crops:

- (a) Raise average Ammasso price from 1500 Lire per quintal to 2250 Lire per quintal of raw hemp.
- (b) Order the assessing of the 1942 and 1943 hemp crops and be prepared to enforce the order by the use of troops if necessary.
- (c) That Mr. Backhouse be made Hemp Controller. In that capacity he requested to review existing hemp manufacturing contracts and be directed to make recommendations to the Central Economic Committee with respect to future manufacturers margins and prices. It is further suggested that Mr. Backhouse be given authority to allocate such existing stocks of hemp to manufacturers to fill military contracts and other authorized needs as are submitted to his office.

7. Plans for 1944 crop must be determined at once. Need 2000 quintals seed of rata or Uniack variety to be imported from Turkey by Feb. 25. Italian importer in past has been Dottore Onofrio firm of Naples. Turkish exporter Tiya Yacel, Istanbul, Turkey. Bahce Kapu alamat San. 12, Cable address; Nitki-Istanbul.

8. Normal requirements conservatively 5,000 tons superphosphate, 2,000 tons ammonium sulphate and 1,000 tons ammonium nitrate to prevent crop or 7,000 tons production on same acreage as last year. Urgency of need should determine whether available fertilizer should be used on hemp or on food crops. Quality of crop will also suffer if no fertilizer received.

C. F. HENNING
Lt. Col., AUS
Economic Directorate

Fertilizers being moved:

900 tons Portland to destination contd 28/12
in 4000 packages

600 tons Portland to Polignac contd 28/12

600 tons Portland to Avellino 28/12

2100

To consider 13/1 for movement contd 28/12

200 tons Portland to SCARFATI

200 tons Portland to NOCERA

200 tons Portland to CAVA DEI
(cont. tables)

600

1700 tons Sulphate of Ammonia CROTON to Naples, road or canal

3700

6

Item #6--Consideration of a retroactive price increase for the 1943 wheat crop
(Regions III and IV)

Prices being paid for wheat are as follows:

Region I 500 Lire per quintal

Region II 300 Lire per quintal

(There have been complaints that Region II price are under Reg.I)

Region III official price 300 Lire but verbal promise has been made that more
will be paid retroactively.

Region IV Same as Region III

The verbal promises of Regions III and IV to pay more than 300 Lire (no figure
was given the farmers as to the amount of the promised increase) were necessitated
in order to get the wheat in.

It appears that there is at least a moral obligation to pay the promised in-
crease. Furthermore, reversion now to the 300 Lire price after promising to pay
more would probably have a very detrimental effect so far as getting in the 1944
crop.

Lt. Col. Merral estimates that the share of the 1943 crop involved in Regions
III and IV amounts to around 50,000 tons or 5000,000 quintals. On this basis the
total price to be paid would be between 275,000,000 and 300,000,000 Lire (based
on an increase of 250 to 300 Lire).

#.#

Item 25: Consideration of coal prices.

There are two principal problems: 1. Determination of prices at which coal in stockpiles owned by private companies in the Naples area shall be sold to the army for use in plants producing materials for military use, to AMG/ACG for use by hospitals, bakeries, and other essential civilian users and to private Italian companies.

2. Prices at which imported coal shall be sold to essential civilian users such as hospitals, bakeries, and gas plants.

1. PRICES OF COAL IN THE POSSESSION OF PRIVATE OWNERS IN THE NAPLES AREA

There are at present some 23,000 tons of coal (part good German coal and part Cardinian coal) owned by approximately 12 private firms in the Naples area. This coal is subject to allocation by the Coal Section. At present 2,000 tons have been allocated to AMG for use in hospitals, bakeries, etc., 500 tons from the live plant at Torre Annunziata for the gas works at Castellammare, and 400 tons a month for the next three months to the Director of Works, AFM, Adv. Adm. Sch.

It appears that the German portion of this coal was purchased by the present owners at prices of 300 to 400 lire per ton. These prices reflected (a) an exchange value for the lire well above the present level of 100 to the dollar and 400 to the pound, and (b) an unknown but substantial subsidy by the Italian Government through the coal monopoly operated by the Italian State Railroads system.

It was decided as a matter of policy at the Algiers price conference that all imported products should be charged to the Italian government at landed cost. Exceptions are to be made in cases of basic products which have a material effect on costs of living. It was considered that coal is such a product and should be subsidized by the Italian government so that it might be sold at a lower price to consumers. No prices were set at Algiers but the general discussion favored 1200 for high grade imported coal.

The following possible solutions to the problem of pricing privately owned coal are suggested:

a. The private owners sell their German coal at the current CIF cost of imported coal or 2500 to 3000 lire per ton. This would result in windfall profits for the present owners.

b. The present owners sell at the lire price they paid of 300 to 400 lire per ton. Because of the devaluation of the lire and the general rise of prices this would impose a severe penalty on the owners.

c. Assuming an arbitrary pre-war value for the lire of 4 cents, multiply the price paid (500 lire) by this figure to arrive at an equivalent price in terms of the present lire of 1200 lire. This is the price proposed by ANS/ACC for coal not being imported.

d. A continuation of solutions a and c with the private owners selling to the Italian government, the Director of Works, or ANS at a price determined as in (a) above and these buyers selling to non-subsidized users at the price of imported coal of equivalent grade (2500 to 3000 lire per ton) or to subsidized users at the price of 1200 lire per ton.

e. Sale of Sardinian coal from stockpiles at the prices proposed by ANS/ACC for the imports of such coal—namely, 550 and 650 lire per metric ton, CIF mainland ports.

For any given stockpile of coal, the Coal Section should make a determination as to whether it is German or Sardinian coal and the grade thereof. This being done, the criteria decided upon to determine the price could then be applied without further reference to the Central Economic Committee.

2. PRICES OF IMPORTED AND SARDINIAN COAL NOW BEING SUBSIDIZED.

The Economic Directorate of ANS/ACC has recommended that imported coal be sold on behalf of the Italian Government at a price of 1200 lire per metric ton CIF Italian ports. Landed cost of such coal is 2500 to 3000 lire. Therefore, the subsidy borne by the Italian government on coal for essential civilian needs (primarily civilian hospitals and barracks) would be 1300 to 1800 lire. Sardinian coal would be sold on the mainland at prices of 550 to 650 lire CIF Italian ports, depending on the grade.

Importations of coal have been scheduled by the Coal Section as follows:

January, 64,500 tons; February, 77,500 tons; March, 85,600 tons; and April 77,900 tons. The following breakdown of January imports indicates the proportion subject to the subsidy: Military needs (including military trains, hospitals, and industrial plants manufacturing goods for the army) will account for all but 10,000 to 12,000 tons of the 64,500 tons to be imported in January. Civilian needs (10,000 to 12,000 tons) will include 7,500 tons allocated to ANS and 2,500 to 4,000 tons required to operate civilian trains. (The State Railroads are now preparing a report for the Coal Section breaking down use of railroad coal as between military and civilian trains.)

The 7,500 tons allocated to ANS will be divided as follows:

Civilian hospitals, 1,500 tons and gas plants, 6,000 tons. However, only about 1,000 tons of the 7,500 allocated to ANS will be good British or American coal (landed cost 2500 to 3000 lire) and thus subject to the subsidy.

The subsidy apparently will apply, therefore, to 1,000 tons of imported British or American coal allocated to ANS plus that portion of British or American coal required to operate civilian trains. Since the subsidy will range from 1300 to 1800 lire per ton it may be assumed to average 1550 lire per ton. On this basis the subsidy will amount in January for ANS coal (excluding as yet undetermined amount for operation of civilian trains) to 1,000 X 1550 lire or 1,550,000 lire or \$77,500.

Extract from Minutes of First Meeting
Central Economic Committee 1st 27 Dec 43

1. Organisation and Composition of the Committee.

The following organisation of the Committee was agreed upon:

- a. Chairman: Major General Sir Brian H. Robertson, DCAO.
- b. Deputy Chairman: Brigadier General A.L. Hamblen, D/DCAO.
- c. Chief Executive: Lt.Col. A.I. Henderson, Food Controller.
- d. Col. C.M. Spofford stated that he would serve temporarily as the AMG/ACC representative pending appointment of a permanent representative.
- e. With reference to a representative of AMG 15th. Army Group, the Chairman stated that he proposed replying to a letter he had received from Brigadier Lush on this subject, suggesting that the representative from 15th. Army Group be Lt. Col. Gerry.
- f. It was decided that it would be desirable to have a transportation representative on the Committee and Brigadier R.W.L. Fellowes, Chairman of Flambo Transportation Committee, was designated, with Col. S.A. Fitch, Chairman of the Internal Transportation Sub-Commission as alternate.
- g. Lt.Col. C.R. Merrall: Chief, Economics and Supply Division, AMG 15th. Army Group.
- h. Col. Spofford suggested that a representative of the Finance Sub-Commission be on the Committee, but it was decided that any technical financial advice should be obtained on specific proposals before being considered by the Committee.
- i. The Chairman stated that he proposed to take up the revision of Administrative Memorandum No.92 to accomplish necessary changes to effectuate these decisions and that he believed they would be acceptable.

Mr. Spofford to the Chairman. Suggested to attend regularly with him to get continuity. He agreed.

5. Consideration of wages and tariff matters of the Italian State Railways.

The Deputy Chairman referred to correspondence received from the Italian Undersecretary of State for Railways and Highways recommending an increase in wages of Italian railway workers and also an increase of 100% in passenger tariffs. It was determined that wage rates for railway workers should be made uniform throughout occupied portions of the Italian mainland. It was further determined that indemnities relating to bombing and the war situation should be eliminated in those areas where conditions no longer warrant their payment, and that this policy should be considered in establishing uniform wage rates. The Chief Executive was directed to make the necessary investigations and prepare the directives required to implement this policy.

Consideration of the proposed increase of passenger tariffs was postponed until the next Committee Meeting because of inadequacy of information produced in support of the proposal.

All officers to see & submit to me please 3/1
Exhibit for 3/1
 COPY NO. 8
41/5 3/1
CENTRAL ECONOMIC COMMITTEE

Minutes of First Meeting Held at 1100 Hours on 27 December 1943
 Conference Room, AFHQ Advanced Administrative Echelon

Agenda

1. Organization and composition of the Committee.
2. Consideration of procedure and staff.
3. Relations with Allied Force Local Resources (Italian) Board
4. Consideration of prices of imported petroleum products.
5. Consideration of wage and tariff matters of the Italian State Railways.
6. Report on the general supply situation.
7. Other matters.

Officers In Attendance

1. Major General Sir Brian H. Robertson, DCAO
2. Brig. General A. L. Hamblen, D/DCAO
3. Col. C. A. Spofford, Headquarters AMG.
4. Lt. Col. A. I. Henderson, Food Controller.
5. Lt. Col. C. R. Merrill, AMG 15th Army Group.
6. Lt. Col. D. Logan-Gray, AMG 15th Army Group.
7. Lt. Col. Bernard Bernstein, AMG Finance Sub-Commission.
8. Major J. A. Todd, AMG Advance.

1. Organization and Composition of the Committee.

The following organization of the Committee was agreed upon.

- a. Chairman: Major General Sir Brian H. Robertson, DCAO
- b. Deputy Chairman: Brigadier General A. L. Hamblen, D/DCAO
- c. Chief Executive: Lt. Col. A. I. Henderson, Food Controller.
- d. Col. C. A. Spofford stated that he would serve temporarily as the AMG/ACC representative pending appointment of a permanent representative.

e. With reference to a representative of AMG 15th Army Group, the Chairman stated that he proposed replying to a letter he had received from Brigadier Lush on this subject, suggesting that the representative from AMG 15th Army Group be Lt. Col. Gerry.

f. It was decided that it would be desirable to have a transportation representative on the Committee and Brigadier R. W. B. Fellowes, Chairman of Flambo Transportation Committee, was designated, with Col. S. A. Fitch, Chairman of the Internal Transportation Sub Commission as alternate.

g. Lt. Col. C. R. Merrill: Chief, Economics and Supply Division, AMG 15th Army Group.

h. Col. Spofford suggested that a representative of the Finance Sub-Commission be on the Committee, but it was decided that any technical financial advice should be obtained on specific proposals before being considered by the Committee.

1. The Chairman stated that he proposed to take up the revision of administrative Memorandum No. 92 to accomplish necessary changes to effectuate these decisions and that he believed they would be acceptable.

2. Consideration of procedures and Staff.

The Committee will initially be composed of the following sections:

- a. Supply;
- b. Distribution;
- c. Transportation (including shipping) and warehousing;
- d. Finance;
- e. Financial Section, to deal with prices, wages and black market; and
- f. Statistics.

The following points regarding procedure were agreed upon:

a. The Chairman stated that an instruction would go out from his headquarters stating the functions and methods of procedure of the Committee.

b. Directives of the Committee may properly be signed by the Chief Executive on behalf of the committee.

c. It was noted that the Committee was authorized to communicate directly with all regions and areas, but it was decided that such direct communication would be used only in those cases where communication through channels was not considered satisfactory. In all cases of direct communication, all intermediate headquarters will be kept fully informed.

d. The Committee will meet fortnightly. The second meeting will be held in approximately ten days. Date to be fixed by the Chairman.

e. The Chairman directed that a paragraph be inserted in the administrative Instructions stating that requirements for vehicles, office equipment and personnel be met by MGS 15th Army Group, MGS headquarters and ACC. Expendable office supplies, furniture and accommodations will be provided for the Committee by the Army Commandant, MGS (adv) adm sch. MGS (adv) will requisition the above.

f. The Chairman stated that the Committee should, if possible, be given its own Table of Organization.

3. Relations with Allied Force Local Resources (Italian) Board.

The Chairman stated that liaison between the Central Economic Committee and the Allied Force Local Resources (Italian) Board is assured by the fact that, while the activities and purpose of the two bodies are distinct, they both have the same Chairman and Deputy Chairman and the Chief Executive also attends the meetings of the Board in his capacity as representative of MGS (Adv).

4. Consideration of Prices of Imported Petroleum Products.

It was decided that, pending determination of a basic price policy, prices would remain those given in the Flambo memo.

graphed on 20 December 1943 to ACC-Apulia, AMG 15th Army Group, AMG-Rear and repeated to AFHQ and Pet Sec-Flanbo. Those prices are: Petrol- -11 Lire per litre; Kerosene, 10 Lire per litre; Gasoil - -9.25 Lire per litre, effective 1 January 1944.

5. Consideration of wage and tariff matters of the Italian State Railways.

The Deputy Chairman referred to correspondence received from the Italian Under Secretary of State for Railways and Highways recommending an increase in wages of Italian railway workers and also an increase of 100% in passenger tariffs. It was determined that wage rates for railway workers should be made uniform throughout specified portions of the Italian peninsula. It was further determined that indemnities relating to transportation of the war situation should be eliminated in those areas where they are no longer warranted their payment, and that this policy should be considered in establishing uniform wage rates. The Chief Executive was directed to make the necessary investigations and prepare the directives required to implement these policies.

Consideration of the proposed increase of passenger tariffs was postponed until the next Committee Meeting because of the quantity of other business in support of the proposal.

6. Report on the General Supply Situation.

The War (AW) representative presented a report on the general supply situation as of 27 December 1943. No action was found necessary. A similar report is to be presented at each Meeting of the Committee.

7. Other Matters.

The Deputy Chairman cited a request made by a representative of Region III to PBS for flour for issues in the civilian area and expressed the opinion that requests of this kind should be transmitted through the Committee. It was decided that in the future all emergency requests for military stocks should be submitted to the Committee.

8. The meeting adjourned at 1400 hours.

Naples, 30 December 1943.

L. S. Pearson

L. S. PEARSON 372
Captain, A.D.C.
Secretary,
Central Secretariat, Naples

DISTRIBUTION:

- Copy No. 1 -- DCAO
2 -- D/DSAG
3 -- AMG HQ (Attn: Col. Spofford)
4 -- IKMG (H)
5 -- AMG 15th Army Group (Attn: Lt. Col. Curry)
6 -- AMG 15th Army Group (Attn: Lt. Col. Merrill)
7 -- AGO/AMG Finance Sub-Commission (Attn: Lt. Col. Bernard Bernstein)
8 -- AMG/AMG Internal Transportation Sub-Commission (Attn: Lt. Col. A. P. Smith)
9 -- AMG (Attn: Lt. Col. E. Logan Gray)
10 -- AFHQ
11 -- AF
12 -- Local Resources Board (Italian)
13 -- See PLANEC
14 -- File
15 -- 30 Spares

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ALLIED FORCE HEADQUARTERS
APO 512

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: Initials :
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24 December 1943

ADMINISTRATIVE MEMORANDUM

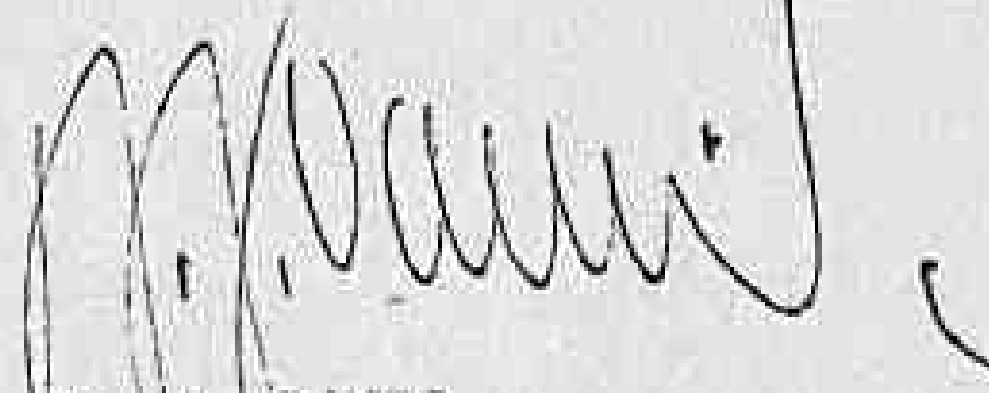
NUMBER 94)

CIVIL FOOD CONTROLLER (ITALIAN MAINLAND)

1. Paragraph 3 of Section II, Administrative Memorandum Number 92, this headquarters, cs, is rescinded.

2. Lieutenant Colonel Alexander I. Henderson, AUS, is appointed additional Vice-Chairman for food control and Civil Food Controller for the mainland of Italy, vice Colonel E. B. Hume, GSC, relieved.
(AG 322-1 (Central Economic Committee) MCS-ACM)

By command of General EISENHOWER:



T. J. DAVIS
Brigadier General, United States Army
Adjutant General

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Major Glenville LSN
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Major Walker LSN
Major Moore LSN

3733

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Internal Transportation Sub-Commission, ACC.
C/o Mov & Tr.,
AFHQ Advanced Administrative Echelon,
C.M.F.

Our reference : ACC Tn/41/3

Date : 24 December 43.

TO : HQ., ACC .
(For Capt. Stone).

SUBJECT: Establishment of Central Economic Committee (Italian Mainland).

1. Reference AFHQ Administrative Memorandum 92 dated 19 Dec 43, one copy of which has been sent to me.

2. The above Administrative Memorandum makes reference to matters affecting this Sub-Commission and attention is directed in particular to para 3 (g).

This Sub-Commission has not yet been consulted about, or advised of the intentions of those responsible for the Memorandum, and it is not possible therefore, to give you any further information at present.

Whatever the arrangements may be it is hoped that they will facilitate the operation of the organisation set up by Advanced Administrative Echelon AFHQ Administrative Instruction No. 14 dated 6 Dec 43 and thereby insure that ACC and AMG secure movements to meet essential civil requirements.

MS
Colonel,
Internal Transportation Sub-Commission, ACC.

Copy for:-
HQ. ANG. (Naples Province)

3722

U.S. SECRET EQUALS BRITISH SECRET

61 ALLIED FORCE HEADQUARTERS
APO 512

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: SECRET :
: Auth: CINC, AF :
: Initials: *W/W* :
: 19 December 43 :
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*Recd.
15 Dec 43*

ADMINISTRATIVE MEMORANDUM)

19 December 1943

NUMBER 92)

Establishment of the Central Economic Committee (Italian Mainland) I
Civil Food Controller (Italian Mainland) II

I - ESTABLISHMENT OF CENTRAL ECONOMIC COMMITTEE (ITALIAN MAINLAND) X

1. To insure the necessary coordination and control of civilian supply and economic matters in occupied or controlled territory of the Italian mainland, there will be established in NAPLES a Central Economic Committee under the Chairmanship of the Deputy Chief Administrative Officer or his Deputy, responsible direct to this headquarters. In addition to the chairman, there will be one senior representative of AMG 15th Army Group and one senior representative to be designated jointly by the Allied Control Commission and AMG Headquarters. The representative of ACC/AMG will be the executive vice-chairman. The vice-chairman and the representative of AMG 15th Army Group will devote their full time to the work of the committee.

2. Such other personnel as may be required will be made available by the Allied Control Commission, AMG Headquarters and AMG 15th Army Group upon the request of the committee. Necessary vehicles and other equipment will also be provided by these three headquarters as requested by the committee.

3. The functions of the Central Economic Committee will be as follows:

- a. To determine the essential requirements of the civilian population.
- b. To control and allocate local resources of essential civilian supplies in coordination with the Local Resources (Italian) Board, and particularly to control the collection and distribution of wheat and olive oil.
- c. To coordinate the work of the ACC/AMG representatives on committees and sub-committees of the Allied Force Local Resources (Italian) Board.
- d. To make necessary arrangements for the receipt, warehousing and distribution of supplies imported for the civilian population.
- e. To establish the prices at which supplies imported for the civilian population will be sold, and to establish uniform or standard prices for such other essential commodities or services as may be considered necessary.

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AFHQ ADM MEMO No. 92
(cont'd)

f. To establish such uniform or standard wage scales for civilian employment as may be considered necessary.

g. To coordinate requests for transportation of civilian supplies by facilities under the control of the allied military services. The internal transportation sub-commission will exercise such functions as may be delegated to it by the Central Economic Committee and shall be subject to its authority insofar as matters outside the jurisdiction of the ACC are concerned.

h. To coordinate the use of motor and sea transportation under control of ACC/AMG in the transportation of civilian supplies, including the requisitioning and pooling of civilian motor transport if this should be necessary.

i. To undertake such additional functions as may be recommended by the committee and approved by this headquarters, or as assigned to it from time to time by this headquarters.

4. To facilitate the formulation of a comprehensive program for the distribution of essential civilian supplies, copies of all outstanding requisitions for each area or region will be forwarded immediately by the responsible higher headquarters to the committee at FLAMEO. All future requisitions will be forwarded through the committee for concurrence or comment.

5. In the discharge of its responsibilities, the committee will make the maximum use of Italian governmental agencies, the existing machinery of ACC/AMG, and the facilities of the Allied Force Local Resources (Italian) Board. At an appropriate date to be determined by this headquarters, the functions of the Central Economic Committee will pass to the Allied Control Commission.

6. The representatives designated by ACC/AMG and AMG 15th Army Group will report to the chairman of the committee in NAPLES as soon as possible and not later than 20 December 1943. Accommodations for the committee and attached personnel will be given priority over all other ACC/AMG personnel except those of Allied Military Government Region III.

7. Direct communication between the committee and ACC/AMG areas and regions on the mainland is authorized, but arrangements for such direct communication will be coordinated with the appropriate higher Headquarters. Within the scope of its assigned functions, the decisions of the committee will be binding upon all ACC/AMG organizations on the mainland and its orders will be enforced by them.

8. Movement matters will be dealt with through local movement channels or coordinated with Movements, FLAMEO, as directed by the chairman.

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AFHC ADM MEMO No. 92
(cont'd)

II -- CIVIL FOOD CONTROLLER (ITALIAN MAINLAND)

1. The situation in regard to supply and distribution of food for the Italian civil population is grave, and is liable, if unremedied, to have an adverse effect on our ability to conduct operations. It may be desirable in certain cases to accept some diversion of military transport and/or supplies in order to alleviate situations which would result in internal security commitments, rather than to allow such internal security commitments to arise. The primary interest of this headquarters, in meeting the minimum food requirements in ITALY is to avoid interference with military operations. It is an over-riding military consideration that the civil population be fed. In emergencies where this consideration involves direct interference with military build-up and maintenance, the decision of the General Officer Commanding-in-Chief, 15th Army Group, will govern. Machinery for dealing with such matters is, therefore, being established immediately.

2. The machinery for the execution of this policy will be that of the Central Economic Committee established by Section I, above, under the Chairmanship of the Deputy Chief Administrative Officer, AFHC Advanced Administrative Echelon (FLAMBO).

3. Colonel E. E. Hume, GSC, United States Army, is hereby appointed additional Vice-Chairman for food control and Civil Food Controller for the mainland of ITALY.

4. The duties of the Civil Food Controller for the mainland of ITALY are:

a. To coordinate the requirements for foodstuffs for the civilian population and insure that these requirements are placed upon this headquarters through the approved channels.

b. To keep under constant supervision the food situation in the occupied portions of the mainland of ITALY.

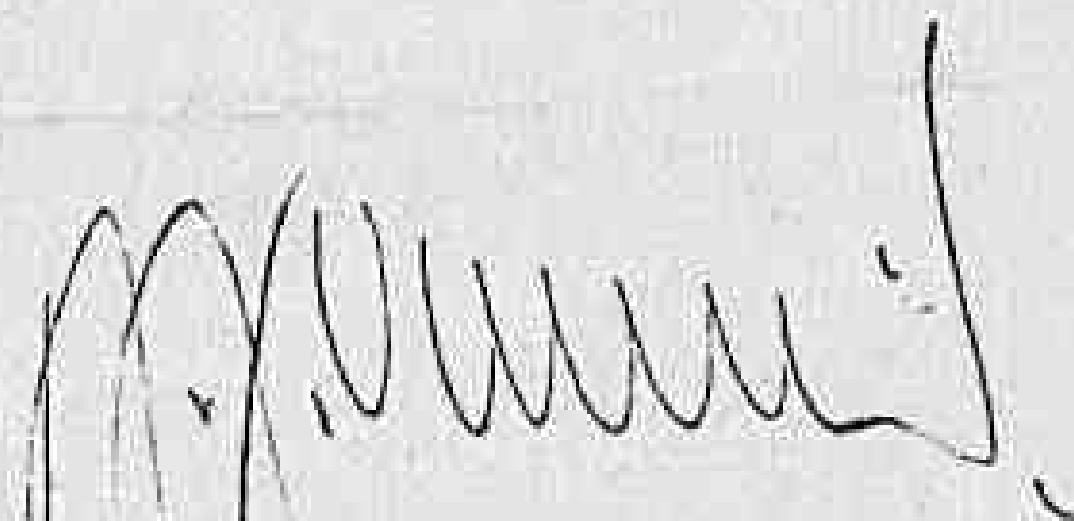
c. To keep under constant supervision the status of the distributing agencies available for the distribution of the food stocks to civilian consumers.

d. To bring to the notice of the Deputy Chief Administrative Officer at the earliest possible moment any situation which is likely to create a civilian food crisis which might be prejudicial to the conduct of military operations.

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(cont'd)

5. The Civil Food Controller shall consult with the Deputy Chief Administrative Officer and a representative of the General Officer Commanding-in-Chief, 15th Army Group, on all cases brought to notice under 4 d. above. If, as a result of this contact, it is considered that the situation brought to notice by the Civil Food Controller is in fact such as may prejudice military operations, then this situation will be brought to the notice of the General Officer Commanding-in-Chief, 15th Army Group, and his directions obtained. The Deputy Chief Administrative Officer, AFHQ Advanced Administrative Echelon is hereby authorized to divert, under direction of the General Officer Commanding-in-Chief, 15th Army Group, the minimum army resources for the minimum time necessary to correct the situation under discussion. General Officer Commanding-in-Chief, 15th Army Group, is authorized in his discretion to limit military operations for this period to such an extent as shall be deemed necessary by him to compensate for the diversion of the military resources in question.

By command of General EISENHOWER:

T. J. DAVIS,
Brigadier General, United States Army,
Adjutant General.DISTRIBUTION:
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Establishment of a Central Economic Committee

A.F.H.Q.

One Senior representative
A.M.G. 15 Army Group (full time)

by Chief Admin Officer + Deputy
(Chairman)

One
from
Exp.

add: Vice Chairman
for Food Control & Civil Food Control

Central Economic Committee

Such other personnel as may be required,
will be made available by A.C.C., A.M.G. H.Q.
& A.M.G. 15 Army Group. upon request of
Committee.

- (g) To coordinate requests for Transportation & Civilian Supply by family
but: The Sub Com. will exercise such functions as may be deleg
to it by the Central Economic Committee, and shall be sub
to its authority also for as matters outside the jurisdiction
the A.C.C. are concerned.

2725

- (a) To determine the essential requirements of the Civilian Population Functions
(b) To control & allocate Local Resources (Italian) Board,
and particularly to control the collection & distribution
of wheat & olive oil
(c) To coordinate the work of A.C.C./A.M.G. representatives
in Committees & sub Committees of the Allied Force
Local Resources (Italian) Board.

- (d) to make n
for receipt, ut
of supplies
(e) To establish
inhabits for
will be sold
standards
commodities
considered

Establishment of a Central Economic Committee (main card)

A.F.H.Q.

statute
group (full time)by Chief Admin Officer + Deputy
(Chairman)One Senior Rep to be designated
jointly by AEC/AMG H. &
Executive Vice Chairman
(full time)add: Vice Chairman
for Food Control & Civil Food Control

Central Economic Committee

Such other personnel as may be required,
will be made available by AEC, AMG HP
& AMG 15 Army Group upon request of
Committee.

- g) To coordinate requests for Transportation & Civilian Supply by facilities under control of the Allied Military Service.
Sub: The Sub Com. will exercise such functions as may be delegated
to it by the Central Economic Committee, and shall be subject
to its authority insofar as matters outside the jurisdiction of
the AEC are concerned.

to essential requirements of the Civilian Population. Functions
Local Local Resources (Italian) Board,
likely to control the collection & distribution
of oil
the work of AEC/AMG representatives
as a sub-committee of the Allied Force
(Italian) Board.

- (d) to make necessary arrangements
for receipt, warehousing & distribution
of supplies imported for the Civilian Population
(e) To establish the prices at which supplies
imported for the Civilian Population
will be sold, & to establish uniform or
standard prices for such other essential
commodities or services as may be
considered necessary.

Establishment of a Central Economic Committee (mainland)

A.F.H.Q.

By Chief Admin Officer + Deputy
(Chairman)

one Senior Rep to be designated
jointly by AEC/AMG H. &
Executive Vice Chairman
(full time)

add: Vice Chairman
for Food Control & Civil Food Control

Central Economic Committee

Such other personnel as may be required,
will be made available by AEC, AMG HP
& AMG 15 Army Group. upon request of
Committee.

Coordinate requests for Transportation & civilian supplies by facilities under control of the Allied Military Service
The Sub Com will exercise such functions as may be delegated
it by the Central Economic Committee, and shall be subject
its authority also for as matters outside the jurisdiction of
the AEC are concerned.

Initial requirements of the Civil Population Functions
Local Resources (Italian) Board,
to control the collection & distribution
of AEC/AMG representatives
sub committees of the Allied Force
(Italian) Board.

- (a) to make necessary arrangements
for receipt, warehousing & distribution
of supplies imported for the Civil population
- (b) To establish the prices at which supplies
imported for the Civilian population
will be sold, & to establish uniform or
standard prices for such other essential
commodities or services as may be
considered necessary.

Functions

- (h) to coordinate the use of Motor & Sea Transportation under control of transportation of Civil Supplies, including requisitioning & pooling if this should be necessary.
- (i) to undertake such additional functions as may be recommended and approved by this H.Q., or as assigned to it from time to time.
- Para (7) Within the scope of its assigned functions, the decisions of the Com upon all acc/AMG organisations in the mainland and its orders & movement matters will be dealt with through local Movement with Movements, Flambo, as directed by the chairman.

Functions

use of Motor & Sea Transportation under control of ACC/AMC in the
Civil Supplies, including requisitioning & pooling of civilian motor transport
as necessary.

such additional functions as may be recommended by the Committee
by this H.Q., or as assigned to it from time to time by this H.Q.

scope of its assigned functions, the decisions of the Committee will be binding
on ACC/AMC organizations in the mainland and its orders will be enforced by them.
matters will be dealt with through local Movement Channels or Civilian
movements, Flambo, as directed by the chairman.

1844