

ACC

AC/192/TW4

10000/148/2269

PR00  
OCT. 1944-

4 10000/14P/2269

PROGRAMME FOR THE  
OCT. 1944-JAN. 1946 REHABILITATION OF  
ITALIAN RAILWAYS

Ship. &amp; Tr. Sec (Attn. Col. Buchanan)

192/3

Tel. 255

HEADQUARTERS ALLIED COMMISSION  
APO 394  
ECONOMIC SECTION  
Requisition Branch

VC/ab

Ref. ID: 445.4 / 1

30 January 1945

SUBJECT : VT Program.

|                       |                      |                        |
|-----------------------|----------------------|------------------------|
| TO :                  | Ind. & Utilities S/C | (Attn.: Col. Parker)   |
| "                     | "                    | " Lt. Spencer          |
| "                     | "                    | " Mr. Farmer           |
| "                     | "                    | " Dr. Manian           |
| "                     | "                    | " Mr. Dorkovich        |
| "                     | "                    | " Mr. Gentilli         |
| "                     | "                    | " Dr. Rembert          |
| Food & Agric. S/C     |                      |                        |
| "                     | "                    | (Attn.: Col. Latt)     |
|                       |                      | " Mr. Dickerman        |
| Shipping & Trans. S/C |                      |                        |
|                       |                      | (Attn.: Col. Buchanan) |
|                       |                      | " Mr. Franklin         |

1. This Office now has in its possession copies of VT Requisitions 1 to 200 which were drawn up by the Italian Division of PEA in conjunction with the Italian Technical Mission. These indicate how the bulk of the Troop Pay Dollar Fund is to be spent.

2. Inasmuch as the major portion of the goods under this program have not yet entered into procurement, you are requested to review those requisitions applying to your jurisdiction and indicate; (a) those covering goods no longer needed; (b) those covering goods which might better be produced locally if raw materials can be made available. For this last you are requested to coordinate your answer with the appropriate party in A.C. responsible for the manufacture of the end product on requisition.

3. Your reply is requested prior to noon of February 4. A list of the requisitions affecting your jurisdiction is attached. Copies of each of the requisitions has been sent to the affected sub-commissions and a master file is available for your use in this Office.

SUBJECT: YT Program.

TO : Ind. & Utilities S/C (Attn.: Col. Parker)  
 " " " " ( " Lt. Spencer)  
 " " " " ( " Mr. Turner)  
 " " " " ( " Dr. Manian)  
 " " " " ( " Mr. Dorkovich)  
 " " " " ( " Mr. Gentilli)  
 " " " " ( " Dr. Rembert)

Food & Agric. S/C (Attn.: Col. LAGE)  
 " " " " ( " Mr. Dickernan)

Shipping & Trans. S/C (Attn.: Col. Buchanan)  
 " " " " ( " Mr. Franklin)

1. This Office now has in its possession copies of YT Requisitions 1 to 200 which were drawn up by the Italian Division of FEA in connection with the Italian Technical Mission. These indicate how the bulk of the Troop Pay Dollar Fund is to be spent.

2. Inasmuch as the major portion of the goods under this program have not yet entered into procurement, you are requested to review those requisitions applying to your jurisdiction and indicate; (a) those covering goods no longer needed; (b) those covering goods which might better be produced locally if raw materials can be made available. For this last you are requested to coordinate your answer with the appropriate party in A.C. responsible for the manufacture of the end product on requisition.

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Copy to:  
 Dr. Console, Troop. Coord. Br.

EDWARD S. LYNCH  
 Chief,  
 Requisition Branch.

Incl.: (4)

6134

2 Col. Buchanan  
2 Fr. Buchanan

YT REQUISITIONS AFFECTING THE RAILWAYS

| YT<br>Reqn.No.               | Commodity                                        | Estim.<br>Weight<br>LBS.              | Estim.<br>Value<br>/\$          | Receipts<br>LBS. |
|------------------------------|--------------------------------------------------|---------------------------------------|---------------------------------|------------------|
| 123<br>126-128-149-90<br>142 | Railway ties<br>Rail & accessories<br>Pitch-pine | 4.800.000<br>191.103.360<br>8.960.000 | 625.000<br>4.501.175<br>575.000 | 17.532.480       |

192/2  
AC/ic

TRANSPORTATION SUB-COMMISSION, AC  
(RAIL DIVISION)  
c/o Transportation (br) Main  
C.M.F.

Tel. 843238  
Ref. AC/192/Tn 4

20 August 45

SUBJECT : Passenger coaches.

TO : Ing. di Raimondo  
I.S.R.

1. We have passenger coaches available for the extension of the Bari-Pescara service to Ancona, and for the conversion of the slow train between Reggio and Naples into passenger stock, also for extension of the latter into Rome.
2. Please submit detailed timings by return, the Reggio-Rome slow train to include a parcels van for station to station movement of small merci varie.

*Clifford May*  
for Director

Copy to: DDMRS  
Movements (Rail)  
AFHQ Liaison Officer c/o MRS  
G4 Mov & Tn .

6152

COPY

31st October, 1944

Ref: 4001/10/005

SUBJECT: "The New Deal for Italy".

TO : DCOE, Economic Section.

1. I attach herewith minutes of a conference held in Rome on 26 October at which you were present, copy of Mr. Macmillan's paper entitled "The New Deal for Italy", minutes of the meeting held at the Resident Minister's Office on October 23, and copy of telegram which it was proposed should be sent by SACMED to the COE.

2. The A/CO directs that immediate action should be taken on the lines of 3(a) of the minutes of 26 October as amplified by the discussion recorded at the meeting on 23 October.

3. Section II(A) of Mr. Macmillan's paper indicates the form which the programme should take and you should take immediate steps to prepare (a) requisitions under the disease and unrest formula, and (b) a general programme for industrial first aid. This latter programme should be drawn up as rapidly as possible in consultation with the Italian Government. It will be impossible to conceal from them the figure of 200 million dollars indicated as available but this should be proposed to them merely as a target figure and no commitment of any kind should be made that the sum will be forthcoming.

4. The A/CO will be glad to know how you propose to set about this programme at the first opportunity.

/s/ M. S. LUSH  
Brigadier,  
Chief of Staff

MSL/JG.

0 5 3 3  
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2. The A/CC directs that immediate action should be taken on the lines of 3(a) of the minutes of 26 October as amplified by the discussion recorded at the meeting on 23 October.

3. Section II(A) of Mr. Macmillan's paper indicates the form which the programme should take and you should take immediate steps to prepare (a) requisitions under the disease and unrest formula, and (b) a general programme for industrial first aid. This latter programme should be drawn up as rapidly as possible in consultation with the Italian Government. It will be impossible to conceal from them the figure of 200 million dollars indicated as available but this should be proposed to them merely as a target figure and no commitment of any kind should be made that the sum will be forthcoming.

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MSL/JG.

/s/ M. S. LUSH  
Brigadier,  
Chief of Staff

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DISTRIBUTION:

CAC

British Res Min

US Political Adviser

ACC

G-5 AFHQ

COPY

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ALLIED FORCE HEADQUARTERS

G-5 SECTION

APO 512

CEL-H/ahs

October 27 1944

ECONOMIC AND SUPPLY PROBLEMS IN ITALYMINUTES OF A CONFERENCE HELD IN ROME ON 26 OCTOBER 1944.1. Present:

Rt. Hon. Harold Macmillan  
 Sir Anthony Rumbold  
 Hon. Alexander Kirk  
 Mr. Offie

Gen. G. Clark, GAO, AFHQ  
 Colonel Lewin-Harris, G-5  
 Lt. Col. Goodbody, AFHQ

Commodore Store )  
 Brigadier Lush ) ACC  
 Mr. Antolini )

## 2. The meeting had before them:

- (a) Minutes of a meeting held at the Resident Minister's office at Caserta on 23rd of October,
- (b) some papers drafted by Mr. Mitchell and Mr. Warris, for the Resident Minister,
- (c) a paper entitled "The New Deal for Italy" (Civil Supplies), by Mr. Macmillan,
- (d) a draft telegram prepared by Mr. Macmillan for despatch by SACMED to the Combined Chiefs of Staff, after discussion with Mr. Macmillan.

3. After some discussion, during which Mr. Macmillan stressed the importance of having a plan in readiness should the policy recommended by SACMED be approved, it was agreed that the following recommendations should be made to SACMED:

- (a) That he should issue to G-5 AFHQ and to ACC a directive on the lines of the Resident Minister's draft paper on "The New Deal for Italy", with instructions that they should work these out in the closest co-operation (See 2c above).
- (b) That the Resident Minister should discuss with SACMED the despatch of a personal telegram on the lines of the Resident

6100

Minister's draft (see 2c above)

0535

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Rt. Hon. Harold Macmillan Gen. G. Clark, GAO, AFHQ  
 Sir Anthony Rumbold Colonel Lewin-Harris, G-5  
 Hon. Alexander Kirk Lt. Col. Goodbody, AFHQ  
 Mr. Offie

Commodore Stora )  
 Brigadier Iush ) ACC  
 Mr. Antolini )

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- (a) That he should issue to G-5 AFHQ and to ACC a directive on the lines of the Resident Minister's draft paper on "The New Deal for Italy", with instructions that they should work these out in the closest co-operation (see 2c above).
- (b) That the Resident Minister should discuss with SACMED the despatch of a personal telegram on the lines of the Resident Minister's draft (see 2d above).
- (c) That the last sentence of para 1(a) of the Resident Minister's paper (see 2c above) should be amended to read "This arrangement will continue so long as Italy is a Theatre of, or Base for, military operations, and for a period of six (6) months thereafter".
- (d) That an amendment to the same effect as 3c above be made to para 3 of the draft telegram (see 2d above).
- 4. That in the meantime, the ACC should prepare without delay a programme on the lines of the Resident Minister's paper (see 2c above).

(Sgd) C.E. EDWIN-HARRIS, Colonel  
 Deputy Asst. Chief of Staff,  
 G-5

COPY

S E C R E T

THE NEW DEAL FOR ITALY:  
CIVIL SUPPLIES.

Section I.

SAC has received no instructions from the Combined Chiefs of Staff. But he proposes to make the following assumptions, based upon a reasonable interpretation of the declarations of the President and the Prime Minister.

(a) Imports for civilian needs of consumption goods and certain durable and capital goods will continue to be provided and financed as heretofore, by the military authorities. The "disease and unrest" formula will still apply; but it will be interpreted more generously so as to provide for the proper needs of the population. These will include a uniform bread ration of 300 grams, essential clothing, trucks, mobile power units and many miscellaneous items.

This arrangement will continue so long as Italy is a Theatre of, or Base for, military operations, and for a period of six months thereafter.

(b) In addition to supplies requisitioned under (a), there will be a further programme of "industrial first-aid". For planning purposes this programme will be regarded as of the order of 200-250 million dollars to be spent over a period of twelve months in presently liberated Italy.

Section II:

In order to make as rapid progress as possible, SAC will direct as follows:-

A. (i) G-5 will forward to C.C.S. any requisitions from A.C. received since August 1st but not already forwarded to Washington. These should be modified as little as possible. The generous interpretation of the "disease and unrest" formula mentioned in I(a) will be observed.

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(4) G-5 will forward all requisitions received since August 1st

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I(a) will be observed.

(ii) G-5 will review all requisitions received since August 1st which have already been forwarded to C.C.S. and, in the light of the new interpretation, supplementary requisitions if necessary will be despatched.

(iii) A.C. will examine all the requisitions which they have sent to G-5 A.F.H.Q. before August 1st. Should any of these not have been forwarded in full by A.F.H.Q. immediate consideration should be given as to whether supplementary requisitions should not be filed in the light of I(a).

B. (i) In accordance with Section I(b), SAC will instruct A.C. to

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draw up a definite programme of industrial first-aid. He understands that a tentative programme has already been compiled. In drawing up this programme it is important to aim at a balance between power and industrial facilities. A calculation can now be made of the amount of indigenous power likely to come into operation during the next six months out of the repair of existing Italian plants. Machine tools and industrial supplies generally should be ordered which can be operated with this source of power. The remainder of the programme should include both hydro-electric generating equipment and industrial supplies to be used by that equipment when ready. It is a matter for study in what proportion the expenditure on these two items should be. The Programme will naturally have to be modified from time to time in accordance with the world supply situation.

(ii) A.C. will consult as they think fit the appropriate Italian authorities and secure Italian co-operation in preparing the programme, particularly with regard to priorities. Care should be taken to explain to the Italians the preliminary character of the planning and that there is no guarantee either as regards the provision of supplies or of finance. The figure of 250,000,000 dollars should not be mentioned to the Italians and should only be taken by A.C. as giving a general guide to the size of the programme.

C. Experience has shown that "progress officers" are required to ensure the placing and filling of requisitions, whether placed under A or B above. A.F.H.Q. will therefore arrange with A.C. to send an appropriate small team to Washington for this purpose. It would be a great advantage if one or more of them were familiar not only with the civilian requirements of Italy but with the working of the supply organizations at Washington. The latter could perhaps be found in Washington and attached to the team.

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D. A telegram will be sent to the Combined Chiefs of Staff informing them of the action which SAC has taken - draft attached.

Office of the Resident Minister,  
Central Mediterranean.

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25th October 1944

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COPY

Minutes of a meeting held in the Resident  
Minister's Office at Caserta at 10:15 A.M.  
on October 23rd 1944.

## Present:

Rt. Hon. Harold Macmillan  
Mr. Harris  
Sir Anthony Rumbold  
Mr. Hardman  
Hon. Alexander Kirk  
Mr. Mitchell  
Mr. Offie  
Mr. Jackson

Mr. MACMILLAN invited Mr. MITCHELL to describe his visit to the ACC at Rome.

Mr. MITCHELL said he felt that the visit which he and Mr. JACKSON, MR. HARRIS AND MR. HARDMAN had paid to Rome had been of real value and would greatly assist in the understanding in Washington and London of the problems of the ACC. On arrival in Rome, Mr. MITCHELL said that they had found that the ACC had not prepared, as Departments in Washington and London had understood that the ACC had been doing, a comprehensive 13 months import programme from September 1st 1944 to October 31st 1945, covering the estimated Italian civilian needs for the supplies falling within the existing "disease and unrest" directives, together with a list of the elementary needs of the Italian economy for some industrial supplies of a sort not covered by this directive. The ACC had confined themselves to putting forward their requisitions periodically in accordance with normal practice and in accordance with the instructions which they had received.

After some discussion of the matter with Commodore STONE and Brig. LUSH, the head of the Political Section and the Acting head of the Economic Section, it had been agreed that during Mr. MITCHELL and Mr. HARRIS's visit to ACC, the ACC would attempt to prepare a 12 months programme for such industrial supplies up to an arbitrary figure of dollars 250,000,000. Mr. MITCHELL said that an attempt, and a very good attempt, to prepare such a programme had been made, but in the short time available it had not been possible for the Economic Section of the ACC to do much more than to indicate in general terms the type of supplies on which, in the opinion of the Economic Section, it was desirable to spend such a sum. It had not been possible to draw up detailed requisitions which would be necessary if procurement was to be proceeded with. Commodore STONE had agreed, however, to proceed with this necessary task, and meanwhile had suggested that copies of the general statement should be forwarded by the ACC to AFHQ with the object, if the approval of AFHQ were obtained, of copies of this document being taken back to Washington and London by himself and Mr. HARRIS as an indication of the sort of supplies, beyond those covered by the "disease and unrest standard", which the ACC would like to see.

Mr. Macmillan invited Mr. Mitchell to describe his visit to the ACC at Rome.

Mr. Mitchell said he felt that the visit which he and Mr. Jackson, Mr. Harris and Mr. Hardman had paid to Rome had been of real value and would greatly assist in the understanding in Washington and London of the problems of the ACC. On arrival in Rome, Mr. Mitchell said that they had found that the ACC had not prepared, as Departments in Washington and London had understood that the ACC had been doing, a comprehensive 13 months import programme from September 1st 1944 to October 31st 1945, covering the estimated Italian civilian needs for the supplies falling within the existing "disease and unrest" directives, together with a list of the elementary needs of the Italian economy for some industrial supplies of a sort not covered by this directive. The ACC had confined themselves to putting forward their requisitions periodically in accordance with normal practice and in accordance with the instructions which they had received.

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Mr. Mitchell added that whilst the work of compiling this general statement was being done by the ACC, Commodore Stone had received from Mr. Kirk, a paraphrase of a telegram dated October 18th from the Department of State in which it was stated that "the date on which the U. S. Army will relinquish its responsibility for procurement" had not yet been decided upon, and in which it was further indicated that there was a possibility that procurement by the U. S. Army of "basic commodities" might continue "for some months". The same telegram went on to indicate, however, that there was also in contemplation by the U. S. Government a method of financing supplies supplementary to those to be furnished by the U. S. Army and for which the U. S. Army would have no financial responsibility. Mr. Harris said that in view of the fact that this telegram appeared to cast doubt on the length of time for which the U. S. Army would continue to finance the U. S. share of the basic supplies to be provided, Commodore Stone had felt it

immediately necessary to request Mr. Kirk to telegraph to the State Department to ask them to enquire of the Combine Chiefs of Staff and for the latter to inform AFHQ for how long the U. S. War Department would continue to finance such items, and to point out that the absence of certainty on this point made it impossible for the ACC to know how and when to plan to use, for the purpose of requiring supplementary supplies, the funds released by the President in his statement of October 10th.

Mr. KIRK said that a telegram making these points had been sent by the U. S. Embassy to the State Department.

Some discussion of the nature of the general statement submitted by the ACC to AFHQ for transmission to Washington and London by Messrs. MITCHELL and HARRIS then followed. Mr. MITCHELL pointed out that whilst this statement was useful in that it indicated the type of industrial supplies which the ACC considered it needed, it was defective in one respect in that it did not relate what was required in the way of supplementary supplies to the existing power capacity of South and Central Italy and the capacity likely to become available in that area in the first three months of 1945 as a result of the extensive repair work now being done by the Italians, if a true import programme of supplementary industrial supplies was to be prepared it must be related both to the power that would shortly become available, and must also take into account the possibility of the need to expend some part of the theoretical dollars 250,000,000 on the purchase of additional hydro-electric generating capacity.

Some further general discussion then followed and it was agreed that in the absence of instructions from the CCS as to the manner in which the joint statement of September 26th and the President's statement of October 10th should be interpreted, the position urgently required that planning should, nevertheless, proceed, because (a) it was impossible for General Wilson to carry out his responsibility as Supreme Allied Commander-in-Chief Mediterranean and as President of the ACC unless he could count upon the receipt of the civilian supplies necessary for the conduct of military operations in Italy, (b) because it was equally impossible for ACC to plan the use, for the purchase of supplementary supplies of the funds to be released to the Italian Government by the President's statement of October 10th.

IT WAS THEREFORE AGREED, and Mr. MACMILLAN asked, that there be prepared for discussion with General SPOTTWOOD on his return:

- a) Draft instructions from General Wilson to the G-5 Branch of AFHQ as to the manner in which the existing disease and unrest directive of the CCS should be interpreted in the light of the joint statement of September 26th.
- b) Complimentary instructions to the ACC on the lines of (a) above, and also instructions to prepare a supplementary programme.
- c) A draft telegram from General Wilson to the CCS informing them

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- a) Draft instructions from General Wilson to the G-5 Branch of AFHQ as to the manner in which the existing disease and unrest directive of the CCS should be interpreted in the light of **AFHQ** joint statement of September 26th.
- b) Complimentary instructions to the ACC on the lines of (a) above, and also instructions to prepare a supplementary programme.
- c) A draft telegram from General Wilson to the CCS informing them:

(i) of the difficulties in which AFHQ and ACC found themselves in the absence of instructions about the statement of the President and the Prime Minister.

(ii) of the action he was taking under (a) and (b) above,

and

(iii) stating that he desired immediate assurance from the Combined Chiefs of Staff that so long as Italy should remain a base of military operations and for a few months thereafter, the basic supply items required by the civilian population of Italy would be forthcoming.

There is attached to this record a recital of the action to be taken.

24th October 1944

SECRET COPY  
DRAFT TELEGRAM

From: General Wilson  
To : Combined Chiefs of Staff  
Subject: Civilian Supplies for Italy.

In view of the public statements of the President and of the Prime Minister, I am proposing to take the following steps:

(1) I am arranging for all current requisitions for civilian supplies to be reviewed on two assumptions; first, that they will be provided and financed as heretofore by the military authorities; secondly, that they would be framed upon a more generous interpretation of the "disease and unrest" formula.

(2) In conformity with the joint statement of September 26th and the President's statement of October 10th, I have instructed the Allied Commission to draw up a programme of industrial first-aid. This will be forwarded to you as soon as possible.

(3) I am assuming that the necessary finance for (1) will be provided so long as Italy is a theatre of military operations and for a period of six months thereafter.

(4) For planning purposes for (2) I am assuming an expenditure commensurate with the sources of new finance outside military responsibility mentioned in the President's statement, to be spent over a period of twelve months.

(5) In order to facilitate placing and filling of requisitions of both programmes, I am proposing to send a small number of progress officers to be permanently stationed in Washington.

I make a strong personal plea for your approval of my action.

0 5 4 5

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(5) In order to facilitate placing and filling of requisitions of both programmes, I am proposing to send a small number <sup>8100</sup> of progress officers to be permanently stationed in Washington.

I make a strong personal plea for your approval of my action. Official statements by the Heads of the United States and British Government have raised high hopes in Italy. As the officer charged with the conduct of military operations in that country and responsible for securing the utmost cooperation of its inhabitants, I felt that I could take no other course.

0546