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COUNTER INTELLIGENCE CORPS
MILAN DETACHMENT, ZONE 3
APO 512, U.S. ARMY

Ref.No. 529.

31 January 1947.

SUBJECT: General Situation Report.

TO : AFHQ, Northern Detachment,

Part I

GENERAL SECURITY.-

1. General security was maintained by the Counter Intelligence Corps, Zone 3, in its assigned area. Investigation of GIE, suspected war criminals, and various unfriendly elements were made at the request of higher headquarters, or on the initiative of the Agents in this Zone. The Italian Carabinieri, on two occasions, were informed by this detachment of the locations of secret arms caches in this area.

2. The new offices in Genoa and Turin have commenced operations, but some difficulties are being experienced administratively due to the existing transport and communications problems.

3. Liaison with the Italian police agencies is continuing, but a noticeable cool attitude has been adopted by the Italians. In Verona, Italian prison authorities are becoming more difficult to deal with, insisting upon written permission from higher headquarters before permission to arrest, place in prison, or interrogate prisoners is concerned. They base their action on orders allegedly received from the ministry of the interior.

Part II

MILITARY SECURITY.-

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Part II

Military Security.-

1. Security of Information: Nothing to report.
2. Security of personnel:
 - a. About 300 security checks were made in the provinces of Lombardy, Piedmont (Aosta and Cuneo), Liguria, Como, Varese, Sondrio, Verona, Bolzano, Trento, Brescia, and Mantova for the American and British Consulates General of Milan, Turin and Genoa. Other checks were made for various Allied intelligence agencies and other CIC Zones in Italy and Germany.
 - b. Very few arrests were made. Prisoners now held at the disposition of CIC, Zone 3, are being re-interrogated for final disposition. Many prisoners have been held for over 8 months still awaiting disposition orders from AFHQ. It is thereby requested that immediate disposal instructions be sent this office to clear the prisons of the remaining Allied prisoners.
 - c. Anticipated communist-sponsored agitations have failed to materialized.
 - d. Reports of communist armed action continue to reach this office especially from the Turin region. Many of the reports can be discounted as rightist counter propoganda activity.

Part III

General Situation in Milan:-

1. Political Situation.-

During the month of January, the political scene in Zone 3 area has been high-lighted by the following events:

 - a. De Gasperi's trip to the United States and the subsequent successes realized upon completion of his mission.
 - b. The Socialist Congress in Rome and the resulting schism in the Socialist ranks with the formation of the new Italian Workers' Socialist Party (PSLI) under SARAGAT.

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c. The internal crisis caused by De Gasperi's resignation as Prime Minister.

d. The formation of a new Tripartite government under De Gasperi with more to-the-right leanings.

1a. De Gasperi's trip to America received wide publication and support from practically all Party newspapers. The events (day by day accounts) were closely followed by the press and radio and the public responded with enthusiasm, if not pleasant surprise to the honors bestowed upon the Italian Premier. Italian public opinion gave vent to pro-American statements in all the newspapers. Even "L'Unità", Communist Party daily did not dare to make any of its usual anti-allied provocations, but confined itself to a moderate reporting of the events as they occurred. De Gasperi's trip to the USA, besides strengthening his own personal position and prestige, has also reinforced those of his Party. The Party did not waste time in commencing an offensive to stop the repression phenomenon which it has been suffering since June 1946, and which reached its climax in the 10 November 1946 elections (administrative elections in Turin, Genoa, Florence, Rome, Naples, and Palermo). It has already regained some of its lost ground. The advance is generally stronger in Southern Italy (especially in the Campania region) and Central Italy (Puglia - Abruzzo regions) than in Northern Italy where only a slight advance has been observed, especially in Liguria, Veneto, Lombardy and Piedmont regions. Italian politicians had hoped to attain far greater aims than De Gasperi actually did. The general index of the situation has undoubtedly registered a slight move towards the "right".

1b. The internal strife within the ranks of the Socialist Party culminated in a definite schism of the MENNI and SARAGAT groups during the Socialist Party Congress in Rome during the month of January. The formation of the new PSLI group under SARAGAT has long been anticipated by the public and the majority of political circles. Even before the Congress got under way, newspapers hinted at an inevitable clash between the two leaders to be followed by a definite schism. The results have been disappointing to the PDC and the "right" in general since everyone had expected SARAGAT to move into the camp of the Anti-Communists. Many newspapers accuse SARAGAT of being a British Labor government political pawn. The new PSLI has been successful in weaning away from the Socialist ranks an estimated 30 to 35 per cent of the members. Although this is disappointing to the leader

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of the new Party, a propoganda campaign is under way to gather 2 million members under its fold or about 50 deputies in the Government. If this is successful, the PSLI will be on an equal footing with the PSI. Italian conservatives are mistaken in thinking that the schism has brought about a strengthening of the "center" which will lead subsequently to a collapse of the "left" coalition. The split of the Italian Socialist Party has to be put into the general picture of the crisis that troubles all Socialist Parties in Europe, crisis which do not only originate from the present abnormal situation, but rather as a result of a fatally Socialist historical inevitable collision of the two Socialist political currents of anti-totalitarian and totalitarian. The latter is inclined to temporarily sacrifice individual liberty against the necessity of a class struggle, which is believed as the sole revolutionary instrument capable of bringing the Proletariat to power. The recent crisis in the government gave evidence of the above when SARAGAT and his followers refused to give De Gasperi their support against the Communists. SARAGAT himself announced that although his Party was anti-totalitarian, it was not anti-communist, and his Party would not be used as an instrument of the "right" to discredit Communism. SARAGAT further insisted that there actually has been no schism in the Socialist Party and that the Schism concerns only two diverse social currents which will not hinder unity of action of the "left".

Political collaborators of this office define the present situation of the PSLI as follows: Being anti-totalitarian by nature, the new Party, in its first operational stages will support Communism where the workers' welfare is concerned. A better estimate will be possible when the present tactical escapes will be exhausted and the two factions are reunited once more taking the form of a Labour Party. The latter way takes some time. The above is opposed by Nenni who will not yield to becoming the "second man" in a remodelled Socialist Party and thus pass to a stage of secondary importance, but the same fate awaits him should his fusionist Socialism be absorbed by Communism, which at the present appears unlikely. The time will certainly come when Socialists will awaken to the danger they run with the advent of political elections, where the present split will hinder the realization of the goal both political currents are striving to attain. A likely date for the next elections is foreseen as Autumn 1947. It is therefore possible that this Spring and Summer will see the struggle for a clarification and unity of the socialist idea and Party.

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10. The general opinion of the Italian politician regarding De Gasperi's resignation as Premier of Italy has been that; following his trip to the USA, the Premier pursued the advice of Capitol Hill leaders to declare the intents of his Party and break away completely from the left by establishing a strong center Party able to meet the commitments entailed resulting from the American loan and commercial resumption accords. Political circles are in agreement that the US loan was given only on the grounds that De Gasperi would insure a strong center Party favorable to America economic enterprise in Italy. This is why "L'Unità" strongly hints that De Gasperi has sold Italy to the capitalistic world of the west. It is also agreed that De Gasperi felt his position to be strong enough to cause a governmental crisis and expose the Communist Party's efforts of always hindering the tripartite government's endeavors to resolve the economic situation in the country and its reconstruction attempts. In Northern Italy, De Gasperi's resignation caught the opposition off-guard, and reaction to the event was slow in developing. Public opinion feared that if De Gasperi excluded the Communist Party from his new Government a general internal strife would develop. Rightists secretly hoped that a fratricidal conflict would develop as they believed themselves strong enough to successfully combat such a move and erase the danger of Communism for ever. The country however, is waiting for a peaceful and rapid conclusion of the crisis followed by a new government suited to govern efficiently and including representatives of all Parties who, instead of political jockeying will become conscious of the grave responsibilities entrusted in them in solving the pitiful situation of the country. The country is tired of abstract talks on politics and desires a solution of the most pressing problems especially the economic and physical reconstruction of Italy. Many are aware that that, without losing any of its political independence, the government should conduct a policy enabling it to benefit from the financial and material aids which the US is presently prepared to grant to Italy.

2. Political Parties.-

a. Demo-Christian Party (PDC):

As mentioned above, the success that De Gasperi realized in the USA has increased the prestige of his Party to an extent that the losses suffered from June 1946 to December 1946 have been recouped and the Party has even made noti-

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ceable gains. Three PDC deputies, BOSSETTI (Regio Emilia), FANFANI (Florence), and LAZZATI (Milan), continue to acquire more popularity and power. They are all important cogs in the tendency aiming to divorce the Demo-Christian Party from the compromise of the tripartite Government. The Party admits the present number of members amounts to approximately 5 and a half million, but leaders of the Party believe that this number will increase by at least another half a million before very long.

b. Uomo Qualunque Party (UQ):

On the same footing with the recovery of the PDC follows the development of the UQ which has so reinforced its position in Southern Italy, and extended its net in Central and Northern Italy as to make its presence greatly felt as an important force in Italian politics. Even if the information emanating from within the Party itself (which is of course prejudiced) which claims about 2 million members, counts on 6 to 8 million votes, is discounted, it is certainly necessary to attribute to the Party at least 800,000 to 1 million members. Giannini is hoping to gather about 4 million votes in the next national elections. It seems certain now that the Catholic Church is supporting the Party. Some clergy have already done so openly in Lombardy. A last argument proving the above is the fact that during the debate on the issue of whether the government would protect the Church (Lateran agreement) and also the agreement between the State and Church making divorce unobtainable in Italy, the Church won its point by a reduced majority provided by UQ deputies. In Milan at present there are about 12,000 official members in the UQ. The movement represents further possibilities of development, but a forecast is impossible at the present stage. The leaders' capacity and quality is improving. PATRISCI is a man of considerable value and represents the brains of the movement. Within the Party there is evidence of personal friction, but not to an extent to endanger the Party's political unity by which it is embodied. The capacity of recruiting new members appears unlimited and only slightly reduced by the Socialist schism.

c. Italian Socialist Party (PSI):

There is no doubt that the split in the Socialist ranks has been felt in political circles. Although the majority of Socialists have pledged their support to NENNI, the Party has suffered a severe set-back with SARAGAT's withdrawal. There have been three fundamental tendencies within the Socialist Party:

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1. That of the "right" led by SARAGAT and SILONE, which supports that part identified with "old reformism", ideologically closest to British Labourism.

2. That of the "center" led by NENNI and PERTINI, which supports a unity of action pact with the Communists to successfully combat the reactionary "right" of the PLI and UQ.

3. That of the "left", led by BASCO and CACCIATORE and which differs from Communism more in shape than in substance. This "left" represents the communist 5th column within the Socialist Party, trying to wean the Party into the communist ranks.

Leaders of all three tendencies deny that any real rupture has been aroused by the formation of the PSLI, claiming that Socialists are still united in the Socialist ideal to better the worker's plight. NENNI's resignation as Foreign Minister following the Socialist split was anticipated. Rightists supporters rejoiced over the event, but the Socialists gloomily anticipated loss of prestige and consequently loss of votes.

d. Italian Workers' Socialist Party (PSLI):

The formation by SARAGAT of this new political force has been attributed to British influence by Italian political circles. SARAGAT's withdrawal from the PSI does not necessarily mean a gain for the reactionary "right". SARAGAT called the split in the PSI as necessary only for policy reasons and not ideological reasons. He insists that the Party is not anti-Communist and is to be considered as being a different tendency, but still forms part of the Socialist idea in its general conception. SARAGAT secretly had hoped that the PSLI would represent the majority of the Socialist Party. In this he was disappointed for the old PSI still maintains about 65 to 70 % of the members in the Socialist Party. In Lombardy the PSI still controls 65% of the Socialist members while the PSLI about 35%. Increased support for the PSLI in Lombardy is foreseen.

e. Italian Communist Party (PCI):

The Communist Party has been rather stationary in Lombardy during the past month. It has concerned itself with reinforcing its internal structure in view of an anticipated loss of members once the government can solve the economic problems now facing the country. It relentlessly tries to improve its weapons of propaganda, but seems to have reached the limits of its possibilities. Its program

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of infiltration has succeeded to a great extent. There is hardly any municipal or state office that does not have its share of Communists. Its organization excels that of any other single Party and is one to be envied by any big industrial or commercial concern. Its authority descends like a staircase passing its propoganda slogans from one step to the other reaching prospective adherents of all social classes. TOGLIATTI is the leader, but actually SEGHNIA, GRIBCO, and LICAUZI are the controlling forces behind the scene. Under their guidance the program of agitation has been continuing, but not with very much success. In the field of unionism the CGIL and CGL (as well as the UBI and FdI) are still controlled by the Communists. On 10 January 1947 TOGLIATTI spoke at the Party's Congress in Florence, but made no unusual statements. He accused SARAGAT of being the pawn of British Labour and American capital, but he avoided contact with the Allied international policy.

Other Parties are not worth mentioning since they were very inactive during the last month.

f. Miscellaneous:

The MRP movement has not made any progress and seems to have spent its force. The same may be said of the AIL which is a monarchist controlled movement. It suffers from the mistrust of its leaders, CARNEVALE, foremost of these.

The "Cavour Groups" are still numerous in Piedmont, but the passing time has exhausted their fighting spirit and their homogeneity.

The monarchist idea is being revived and financed by the aristocracy in Northern Italy. In the political field it is represented by the "Unione Ricostruzione Nazionale" (Lawyer Luigi BAGLI OCCHI from Milan) and the "Partito Liberale Italiano" (Count JACINI from Milan).

3. Economics.-

The Italian economic situation has substantially remained unchanged: the absence of grave agitations of the working class has had favorable repercussions on the industrial resumption (main factor of the situation), but the results of said industrial rehabilitation have been held everywhere due to electricity restrictions. The industrialists' efforts to alleviate this scarcity of energy had very little results.

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The problem is to be explained as follows:
The availability of electric energy sufficient for the immediate necessities and consumption was confronted by a sudden and disorganized plan of providing power to the big industrial concerns even where it was not indispensable and necessary, thus throwing the production of electricity out of balance. The insufficiency of coal has aggravated the situation and the water reservoirs are largely below the necessary levels. The construction of new industrial plants is confronted by an invincible unwillingness of the capitalists to invest in an activity which is threatened to become nationalized (reference is made to the last statement of the PSI, not speaking of that of the PCI which is continuing to promote the studies for nationalization, to nationalize besides the hydroelectric industry also the heavy and car industries.). After all, the necessary capital is estimated as high as 500 - 600 billion lire and Italian savings cannot supply such a big amount anyway. The Italian hydroelectric industry cannot therefore do without American capital, and Dr. COSTA's trip (president of the "Confindustria") to the US had above all the aim to find such a help, to encourage the "americans on this line and thus to attain political assurance against the ever increasing threat of nationalization believed to take place in a relatively short period.

It is likely that such aid will be found in the general picture of the agreements which resulted from DR GAS-PERI's trip to the US and from the preparatory issues of Prof. MENICHELLA. There is only one complaint, that similar agreements (which apparently are exclusively of a financial character) are being prepared and settled by persons who completely lack any responsibility or political preparation.

Economic collaborators of this office complain that this might also be said for the initiative on the part of the ex-senator CINI, who has compiled and is still working on a vast plan apt to transfer to Argentina some of the Italian industrial machinery (including among other things also those of the "Gruppo Caproni" and those of artificial rubber). That the Italian industrialists have the right to look after their own interests is contested by nobody, but that they - having just passed through a period of large profits that resulted from the artificial stage of synthetic products - are about to run away like frightened mice from the boat which they themselves had helped to carry offshore and are now blinded by the dreadful idea that the same might sink at any moment, is by now not a requisite of private interest but it involves the whole of Italy.

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The recent loan had undoubtedly unsuccessful results with its 230 billion lire proceeds, of which a little more than a half is made up of fluid money. Instead of aiding the internal reconstruction of the country, the loan barely represents a so-called "bridge loan" able to remove the crisis of the Italian Treasury from the winter to next Autumn. In Autumn, therefore, one must begin to hope for a change in the extreme slowness of the big Banks in issuing credit.

The economic results of 1946 shows that Italian economy has a remarkable reactive force. At any rate it is enough to maintain a little optimism and faith in the unexhaustable Italian capacity to endure living conditions to which any other country would rebel.

Italian economists claim that the Italian economy presents a fact which is more dependent from Washington than from the Italian Ministers and the capacity of industrialists. The intention of the Americans, they claim, are still surrounded by clouds. The information concerning the US demands against the credit facilities of which Italy has absolute need and which invest a sum amounting to 830 million dollars, are above all uncertain. In fact:

The pre-established figures for the year 1947, according to which a plan has been settled by the American financiers, is as follows:

<u>GOODS</u>	<u>Amount (tons)</u>	<u>Cif Italy in dollars</u>	
a) Industry & Transport.	11.600.000	195,80	million
Coal			
Coal derivatives	12.000	1,40	"
Mineral oils	2.900.000	120,50	"
Ferrous minerals	600.000	29,20	"
Nonferrous minerals	86.000	25,70	"
Chemical goods	83.000	16,60	"
Pharmaceuticals	25.000	7,45	"
Wood and similar	3.091.000	116,20	"
Minerals	865.000	15,70	"
Non-combustible goods	265.000	12,60	"
Textile fibers	326.000	222,55	"
Rubber	33.000	19,42	"
Skins	72.000	20,65	"
Oils, seeds, fats	170.000	26,25	"
Raw foodstuffs	270.000	38,20	"
Machinery and app.	50.000	74,50	"
Miscell.	200.000	37,28	"
	<u>20.648.000</u>	<u>980,00</u>	"

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<u>Goods</u>	<u>Amount (tons)</u>	<u>Cif Italy in dollars</u>
b) Agriculture and Alimentation.		
Agricultural products	242.000	21,50 million
Alimentation	3.120.000	438,50 "
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Total	3.362.000	460,00 million
c) Miscellaneous		
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		100,00 million
Grand Total	3.362.000	1.540.000 million

In order to cover the above need of 1,540 million dollars the scheme indicates the below data:

Exp Italia in \$ million.

a) Export of industrial goods	340,00 million
b) Export of foodstuffs	80,00 "
c) Shipping expenses	110,00 "
d) Invisibile entries (tourism, emigrants, foreign interest etc.)	130,00 "
	<hr/>
Grand Total	660,00 million

in a way that the financial deficit of Italy in respect to foreign countries amounts to the above stated 660 million dollars.

The first results of De Gasperi's trip to the US are by now known and are as follows:

a) The issue of 150 million dollars in cash advanced to Italy to help her out in the expenses of occupation.

b) The issue of a loan amounting to 100 million dollars on the part of the Import-Export Bank to be given to certain sectors of industry (namely those industries which have to produce for the re-export of the finished goods).

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c) The sale against credit of another 50 ships of the "Liberty" type (and some of the type "Victory").

d) The return to the Italian merchant marine of mixed vessels for transport of goods, and the passenger ships, "Conte Biancamano", "Saturnia", and "Vulcania".

e) The authorization given to the Italian POWs to take along with them their savings in dollars.

These facilities, although considerable, are far away from the Italian necessities and the evaluation of the Italian position would be hopeless if there were not the certainty - based on information of reliable sources - that the necessary items will be made available by the Italian economy as soon as two conditions of primary importance will have taken place:

1. Stabilization of the Lira/Dollar balance at a rate of 400 lire per dollar followed by the introduction of the Bank of Italy into funds of stabilization of Bretton Woods.

2. The strengthening of the Italian Government. In other words, the foundation of a regime which would principally rely on the DC but which at the same time would place the "left" in an undeniable necessity of collaboration.

As these conditions will inevitably take place, even in connection with initial contrasts and with continuous fluctuations due to the actions of the "leftists" who do not like to see themselves cut down in number and importance, it can be said that the American financial aid will not fail to support Italy on a necessary scale. This becomes more evident when one considers both the positions taken by Italy in the American stage of politics.

How much Italy will have to pay for the American help is not possible to state at the present moment. The previously made statements on the subject of politics, applies also to the subject of economics.

After what has been stated above, it appears barely necessary to analyze each element of the Italian economic situation. The following are special points that in the first place apply for Northern Italy.

The general price situation remains quite stable. Non-retail prices of foodstuffs have marked a slight depression, especially those of eggs (owing to the season), milk products (also in part due to the season), and meat of various kinds. Retail prices have, on the contrary, witnessed no change at all and with some irregularity they have increased a man's daily expenditures of an average 100 lire, also in part due to the inefficiency of the distribution of rationed goods. Therefore the consumption is being forced to side

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the free market if not the proper black market.

Following a period of depression, raw silk is again increasing. This phenomenon is of a speculative nature. Iron is stationary, a slight decrease of non-ferrous metals. A slight but general decrease of the prices of the textiles the consumption of which remains extremely reduced. A clean cut-down of the prices of raw skins and leather.

Unemployment has not changed because the process of industrial re-employment has stopped owing to the lack of both electric power and coal. The total mass of unemployed for the area in question (North of the former Gothic line) is estimated to rise to 950,000 units, 680,000 of which belong to industry. Actually the unemployed mass is quite inferior if a distinction is made between nominal and effective unemployed. A considerable percentage of unemployed (25%), in fact, have part-time jobs and are considered unemployed solely as far as their unemployment compensation is concerned.

Among industries, the textile industry is still working full blast although with less profits than in the past (but satisfactorily). Naval industry is working at the limit of its possibilities and cannot face all demands given to it, especially by the Norwegian, Swedish, and Swiss industry (the "Ansaldo" in Genoa is actually building ships for the transport of wines). Mechanic industry in general and that of motor-cars in particular are in a stage of further rehabilitation. Chemical industries are working on a reduced scale owing to the lack of raw materials, of electric power and coal. Artisan industries, both small and medium sized, are also on a stage of progress.

Foreign trade is stationary. A considerable rehabilitation has taken place in the export of vegetables in the first place effected by the Sicilian market which, following the recent agreements of payment with England and Sweden, was granted some facilities. Port traffic is also keeping pace with the general progress and Savona offers the best ground for it. Upon comparing the output of this port with that of its directly competing port of Genoa, it can be seen that the major Italian port is being confronted by the absolute necessity to substantially revise its technical equipment and in the first place its system of unloading and the wage scales of its workers who, being no more incited by a free competition, increase the total cost of port service.

Internal trade has reached a point of stagnation as a result of recent price lowering that took place in each

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sector and of a clear decrease of the demands of consumption. This decrease has become ever more pronounced since the cost of living is absorbing the major part of each family balance.

Agriculture is in full seasonal activity. The Emilia region reported some minor damages which affected its vineyards, where the cold, 18° below zero (recorded in the Modena province), threatens to kill the grapes. As a whole, the large amount of snow-fall has considerably improved the general condition by protecting the seeds from the damages which may result from the intense cold on a bare ground.

Credits can easily be obtained but the interests to be paid still remain high. The necessity of reconstruction and that of industrial rehabilitation in fact are always far beyond of any savings possibilities. At a nominal cost of a yearly 6% corresponds to an effective cost which is at least 1%.

Stocks are passing through a critical phase. Despite the positive factors which are encouraging, speculation, which is being driven beyond reasonable points, and the inconsistency of the clients who indulge in it, by now have plunged the stocks into a chronic irregularity. This stage of uncertainty does not appear to be able to last beyond the month of February, for, within that month, a liquidation of the "open positions", both heavy and numerous, is forcibly required. As to the possibility of revaluation of the medium rate of stocks, the preceding estimate is hereby confirmed.

The alimentary situation, following the critical stage of the supplies of cereals for bread which has been overcome, remains satisfactory everywhere. Fat supplies have improved, although bread and oils constitute the most delicate items.

4. Military Situation.-

a. The behavior of American transit military personnel in Milan is excellent. There have been no instances of friction between American personnel and the native population. The favorable impression created by *Anna De Gasperi* in America has raised the pro-American feeling of the Italian populace of Milan. American popularity has risen and even surpassed "liberation days" popularity.

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b. General Erisio MARRAS has been transferred from the regional Command of Milan to Rome where he will take charge of the Italian General Staff.

c. Italian soldiers are still poorly dressed, and poorly fed. Their behavior is satisfactory. Morale is low and there are numerous cases of desertion reported.

5. Security.-

During this period no incidents or crimes of a political nature have occurred which have threatened general security. Common crimes continue, some with bloody results. Great surprise and gossip was created by the Carabinieri who located a large amount of GEM hidden by ex-partisans of the Strabino Romano (Aceta) locality. The loot is estimated at several billion lire. There have been several arrests. Police agencies have been conducting a general house-clearing program which has resulted in the dismissal of numerous auxiliary policemen of partisan origin. The CC's remain the best police body, being free of bad elements. Several arms raids have been conducted by the CC in Emilia, Liguria and Piedmont with successful results.

6. Press.-

"L'Unità" continues its anti-allied attitude, but to a lesser degree in view of the successful De Gasperi trip.

"L'Umanità" (the new daily newspaper of the PSLI) made its first appearance carrying the article "La strada e la meta" (The road and the Goal), signed by Saragat. It is an article illustrating the program by which Saragat displays the aims and purposes of the PSLI and calls the workers and the middle classes to support the Party.

7. Miscellaneous.-

In the "Camera del Lavoro" of Milan, ALBERGANTI was replaced by INVERNIZZI, but the general situation remains unchanged.

The activity of the SIP (PCI) has recently been accelerated. It seems now that the Milan Federation is responsible for all of Northern Italy. Its reports cover information in the industrial, financial, and commercial fields.

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On 11 January 1947, DALLO', personal secretary of TERRACINI (PCI), held a conference with INVERNIZZI who instructed him on a mission which he will undertake in France to confer with DUCLOS. The mission is said to have the following:

1. To agree on a plan of mass agitation and timed strikes in both France and Italy.
2. To obtain French aid for the rehabilitation of the partisan formation of the "Garibaldi Group".

On 11 January 1947, during a meeting held by the Secretariat of the sectional CdL in Monza, BARNI (PDC) challenged the tactics of defamation carried out by the PCI to discredit the PDC in the Brianza area.

The Provincial Federation, PCI, of Milan has initiated a filing system that will collect elements of informative nature on the main industrial activities existing in the region.

The elements, of which competent commissions inside the factories have been put in charge, are as follows:

- a. Prediction costs;
- b. Alive supplies;
- c. Dead supplies;
- d. Machinery (type, number, etc);
- e. Capital used by industry;
- f. Foreign capital invested by the industry;
- g. Board of council and other administrative organs;
- h. Real balances of stocks and dividends;
- i. Directive Board (curricula vitae).

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The grave consequences of electricity restrictions are very apparent but will be defining more to the extent of learning than previously. and productive machine. The major worries are how the industrialists will be able to meet the terrific losses suffered when the factory machines were forced to remain idle. DE CASPERI's successful mission to the USA. Local political circles are of the opinion that the government will be organized, providing this means the pro-government since the Chamber of Italy. aims to recruit more members for the AIL (Italian Army of Liberation) in the near future and particularly in the most industrialized areas. The aim is to have the organization spread out all over Italy in the near future and particularly in the most industrialized areas. The aim is to have the organization spread out all over Italy in the near future and particularly in the most industrialized areas.

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2. Economic Situation.

A Workers' Congress took place in Como to reach a decision on the future organization of the Chamber of Labor of the Province. The proceedings initiated on 5 Jan. 47 and included the presence of more than 300 councillors representing 62,000 workers, followed by those of the Chamber of Labor of Lecco representing other 34,000 workers. The new Executive Commission for the year 1947 was appointed and it comprises 6 Socialists, 5 Communists and 4 Demochristians.

The Provincial Textile Syndicates of Como, is organizing meetings to be held in every locality of the province to inform the workers of the present state of agitation in the textile industry. Despite the continuous pressure the following is still pending:

- (a) Payment of the Mass bonus;
- (b) Surplus allowances;
- (c) Guarantee of 40 working hours per week to make up for the lost hours due to the lack of electricity, etc.

The grave consequences that have resulted from electricity restrictions are very apparent and besides the discomfort in every home, they paralyzed the entire industrial and productive machine. The major worries are how the industrialists will be able to meet the terrific losses suffered when the factory machines were forced to remain idle.

3. Miscellaneous.

In Novara, during this month, the propaganda action carried out by Count Cesare, CARNEVALI became noticeable. It aims to recruit more members for the AIL (Italian Army of Liberation). The aim is to have the organization spread out all over Italy in the near future and particularly in the most industrialized areas.

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portant centers. It is attempting to draft ex-partisan elements, repatriates and discharged soldiers. Further the movement which is supposedly non-political in appearance, is supposed to counter act the ANPI (National Association of Italian Partisans) and the Communist Party.

The AIL is now seeking, after the propaganda campaign made by CARNEVALE, to pass over to its preparatory phase. Count CARNEVALE was not seen in Novara after this and a Captain, whose name is unknown, was placed as delegate in his stead. Said Captain is believed to be CARNEVALE's adjutant, and he forwards the directives to a Major of the Italian Air Force, one MARZARI, Oscar, residing at No. 1, Via Giotto, Novara. MARZARI is of monarchist sentiments and from Sept. 43 until April 45, he collaborated with an Italian Intelligence Service in Switzerland. Presently he is looking for premises to establish his provincial Hq of the AIL. So far it is impossible to give an approx. number of its membership.

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V GENERAL SITUATION IN GENOA, IMPERIA, SAVONA AND LA
SPEZIA PROVINCES.

1. Internal events and repercussions.-

a. General.

This past month has seen the Italian foreign policy take some unusual and unexpected developments. Following a period of optimistic hopes and aspirations of the new Republic inaugurated by De Gasperi's warm welcome by responsible Officials of the U.S.; the Italian people were suddenly confronted with an entirely new situation which promises more discouragement and more pessimism. At the height of De Gasperi's negotiations seeking the further aid in the form of loans and economic assistance which seemed to be coming to a successful conclusion, the Socialist Party broke, as a house divided, into two different parties throwing out of balance and into discord the unity of the Italian Government, so much desired and necessary for De Gasperi in his efforts to convince the United States of Italy's internal stability.

The Italian people, following the return of De Gasperi from the U.S. after seemingly completing a successful foreign mission, was suddenly stunned by the resignation of De Gasperi, unexpected in almost all quarters, which further increased the uncertainty and insecurity of the fortunes of Italy. The resulting crisis, and one of the most unusual in the history of the new republic, is yet to be resolved. Further plunging the Italian Nation into pessimism and frustration was the decision on the part of the United States to suspend all credits designed for Italy until further notice, seemingly bringing to naught the painstaking and hopeful efforts of the De Gasperi mission. The ominous interpretations of the Italian people in the light of this last turn of events involving the serious interest of the United States as to Italy's internal political party affairs is well imagined.

2. Political situation.-

a. Party Activities.

This month's observations of the local Genoa papers discloses that the majority lean toward the "left". The Mayor, Avv. Giovanni Tarello was elected by the Communist

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Party here is devoting a great deal of energy to attract the leftist faction which has split from the Socialist Party. The communist Party claims that all the Socialists of Savona, La Spezia, and Imperia will come within their influence.

The situation of Socialism in Genoa after the party schism is as follows: Many reunions and meetings of the two opposing factions have taken place in Genova and the outlying provinces. Both factions are frantically seeking to build up their political fences for the coming struggle for power. The rightist sections of the PSI have inundated their followers with leaflets to remain loyal and united in the face of the dissident threat to their existence. Each province is receiving appeals to continue to remain members of the Party despite differences of opinion leading it to believe that an unrepresented minority exists within PSI. The PSI affirms the right of this minority to have their own democratic differences and to have adequate representation in the directive organs of the provincial and sectional units of the Party freely elected by the Party Assembly. The PSI deprecates and deplures the schism as being contrary to the interest of the working classes in that it weakens the forces of labor and the political and syndicalist movements.

The PSLI, dissident Genoa faction of the old Socialist Party, is now in the process of setting up the mechanical facilities of a Party organization. On the 21 January 1947, the Provincial Genovese Federation of the Partito Socialista dei Lavoratori Italiani was officially formed. The provincial Headquarters are located at No. 4, Via Roma, where from now on new adherents will meet. Pending a nomination of a Provisional advisory directory, a provisory executive committee was elected consisting of the following: BINOTTI, VENTURINI, VICARI, RENUFFI, MONACHESI, PEGEMONTE, PERNANDA, ROCCA, and ROSSI.

In its first manifesto addressed to the adherents of the new PSLI, this provisory executive committee appealed for new party members from among the old PSIUP. This committee has now made the claim that almost the entire group of young Socialists and soldiers formerly members of the "Brigade G. MAREOTTI", have joined the PSLI. This manifesto closed with the appeal for aid on the part of all those Socialists who believe in the ideals of TURATI, PAMPOLINI, DI TREVES, CHIESA, BUZZI, "the true leaders of Italian Socialism". The manifesto was signed by the executive committee members of the PSLI: Francesco ROSSI, Giuseppe CANSPA, Cleodaldo BINOTTI, Paolo ROSSI, Mario BETTINOTTI, and Giuseppe VENTURINI. (This new movement is being closely followed by this office.

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b. Savona Province.

In addition to the usual political party propaganda activities taking place in this province, of sufficient importance to merit a word in this report is that on the 14 January, 1947, the local group of the Anarchist political party held a meeting at which senior RAMONCHO from Spain made a speech outlining the history of aggression of the Franco Government and protesting the Anglo-Saxon support still being given to France despite the formal withdrawal of diplomatic representatives from the Spanish Government. Another supporting speaker was Senior MARZOCCHI, who dealt with the Spanish Civil War and Mussolini's help to France.

Of significance and importance to the Genovese workers is the recent formal announcement that on the 8th and 9th of February at the Palazzo Ducale Genova, the Congress of the "Camera del Lavoro" will hold a convention to which are invited all the Genovese workers independent of their political affiliations for the purpose of democratically electing, for the first time since the fall of Fascism, representatives of their own choosing.

c. Pro Allied Incident.

This month an important ceremony took place which demonstrated the desire on the part of the Genovese to establish and cement good relations between the United States and Italy. Almost all the Genovese Press gave large headlines to the arrival in the Genova Port of the first Liberty ship to fly the Italian flag as a result of direct purchase by the Italian firm "Alta Italia". An indication of the newspaper publicity given to this occasion are the words printed in large headlines of Minister ALDISIO, Italian Minister of the Merchant Marine, who was quoted "From American Friendship is Reborn Our Merchant Marine". Among the personalities present at the ceremonies were: American Commodore ZIROLI, Consul General of the United States Mr. SCHWABE, the Marine Attache of the American Consulate Mr. M.F. BLACK, the UNRRA director of the Port and Navigation Mr. CROCKE, and the Director of UNRRA in Genova Mr. KOENIGSBERG.

3. Economic Situation.

a. Cost of living.

The cost of living in Genova and outlying Provinces is mounting daily. This is a source of never ending comment

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in the daily press. Newspapers are in the habit of printing weekly accounts of itemized lists of food-stuffs and their respective prices which clearly show the acute rising fluctuation of prices. Aggravating the already serious situation this past month was the period of exceptionally cold weather which suddenly overwhelmed the coast causing prices of food provisions, especially fresh vegetables, to soar. The breaking down of transportation facilities due to snow and ice, of course, added to the difficulties.

Another contributing factor to the general critical situation existing in Genoa was the recent cutting off of electricity from the hours 0700 to 1900 with consequent reduced production of industrial and commercial manufactures. The Black Market of all lighting, heating, and cooking appliances increased tremendously as could be expected.

b. University of Genova.

The lack of sufficient funds has caused the authorities here in Genova to decide to close the ATENE0 GENOVESE (University) this coming semester. This threat to the educational center of Genova has caused repercussions among the students, the political parties, and the professional classes. The situation is aggravated by the fact that ten years ago the University enrolled 2,000 students, while to-day it has an enrollment of 10,000. The faculty, on the other hand, has increased from 160 to a mere 260, which obviously shows the overcrowdedness and increasing burdens placed upon the finances of the city government. No relief appears to be in sight, at the present time, which can prevent the closing down of the University.

c. Port of Genova.

The general meeting of the autonomous Consorzio of the Port of Genova was held on 17 January, 1947. Prominent speaker was the 70 year old president of the Port Consorzio Mr. CANEPA, who replied to the numerous criticisms of the work of the port appearing in the daily press sponsored by shipbrokers, Foreign Chamber of Commerce, and other shipping interests. Mr. CANEPA defended the Port by pointing out the enormous destruction still present in the port and the extreme slow Reconstruction Program due to the fact that higher authorities cannot supply adequate materials and facilities.

Dr. MANZITTI, president of the Chamber of Commerce, another speaker at the meeting stated that all complaints were being taken into consideration. He pointed out that all

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the suggestions for the improvement of the efficiency of the Port would impose considerable radical changes in the political and economic institutions of the Port. He made clear that a monopolistic system exists in the Port consisting of many offices (viz. "L'Egis", "L'Esat", "CEM", "COOPERATIVA UNICA PER LAVORATORI") which sprang up after the liberation of Genova. This condition does not allow the responsible organs to efficiently carry out the different services of the Port.

The next speaker was ARECCO, representative of the Port workers. He stated that the deficiencies of the Port were attributable to all without exception. He emphasized that any suggested radical changes contemplated for the port should not affect the high working conditions and standards of the Port workers and that there was to be no return to the pre-war conditions in which workers reached the age of 45 ready for the scrap heap.

With reference to the thefts, contraband and other irregularities happening in the Port, the responsible authorities decided to adopt stronger measures by fencing the whole Port area, increasing the police forces, undertaking a severe control on all Port entry permits, and arresting all unlawful trespassers.

4. Integrity of the Liguria Region.-

During an Assembly of the Municipal Authorities of Genoa among the various problems treated was that of the so-called "LIGURIA REGIONAL INTEGRITY". For the past few months there have been many meetings about this important question, and while many people were extremely favorable to transfer the LA SPEZIA Province to PARMA, and IMPERIA Province to PIEMONTE, others for local reasons were opposed. The problem was taken up with the Government whose intentions were in favor of transferring the above mentioned Provinces to other zones.

The Municipal Authorities adopted the view which requires the Government to respect Regional Integrity for historical, traditional, ethical, economic, and administrative reasons.

In the meantime other meetings with contrasting points of view have taken place and there has been up to now, no progress in the matter.

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5. Strikes, Demonstrations, and Unusual Incidents.-

a. A small demonstration took place at Lavagna near Genova on the 17 January 1947. A group of ex-partisans and former soldiers protested the return to work of Mr. DANZINI, Pietro, well-known local collaborator with the German invader. The protesters demanded the removal of DANZINI in favor of an ex-partisan or former soldier. This proposal was taken into consideration and was forwarded to higher authorities.

b. On the 22 January, 1947, officials and workers of the CONSORZIO AGRARIO held a one hour strike in protest to the removal of their Chief Commissioner Mr. LEVATI, who was replaced by government official Prof. GABBIA.

c. Of enormous interest to the Genevese, as indicated by the Press publicity arising from it, is the fact that the Lottery Collectors of Genova threatened a general strike if their demands for wage and bonus increases are not accepted.

d. On the 18 January, 1947, in the Savona Province about 1600 unemployed held a meeting and demonstration before the Prefettura asking for work, supplementary food, and subsidies for the most needy families. The Prefect promised the demonstrators favorable consideration.

e. On the 20 January, 1947, the Partisans of La Spezia held a demonstration at "MONTE VERDI", and later at PIAZZA VERDI before the Questura protesting their unemployment problem and asking for immediate assistance. Threats of a general strike were made by individual partisans, but Dr. BUSCHI of the Camera del Lavoro rebuffed this threat, saying that strikes should be made spontaneously and not by imposition.

f. The strike began last November by the Carpenters of the Port of Genoa as a result of their demands for wage increases ended on the 17 January, 1947, with their request being granted.

g. About a hundred commuters protesting the poor railway service from La Spezia to Genova blocked and tied up railway lines for one hour and were finally persuaded to free the traffic tie-up when the police chief of the Genova Railway Department promised to look into the matter.

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h. A leaflet emanating from a so-called National Committee of Prison Guards whose previous existence was known to competent authorities, was distributed among the prison guards of MARASSI Jail here in Genova asking for a strike to take place on the 6th of February, 1947. It is not clear just what are the demands or the causes of dissension or even whether such a committee exists. Competent authorities are investigating.

i. La Federazione Lavoratori del Mare (Seaman's Union) is protesting unemployment among its members and claim that no measures are being taken to relieve the deperate situation. Increasing agitation and protests is to be expected from this quarter, but no strikes are envisaged as yet.

6. Special Court of Assizes Genova (Trial of War Criminals).--

a. On the 17th January, 1947, at the 2nd session of the COURT OF ASSIZES two German Collaborators PRSANO, Umberto, 49 years old (in absentia) and PASQUERO, Domenico, 22 years old, were tried. In addition to being tried on charges of collaboration with the Germans they are also accused of having committed a robbery while agents of the German SS-. The Court disposed of these subjects by convicting them, but due to the amnesty conditions the accused will not serve their sentence.

b. The first session of the COURT OF ASSIZES is now trying SANETTI, Giuseppe, former confidential informer of the Italian SS. Wanted by the Court are other collaborators of the German invader: Lt. GALLI, Lt. DANE, and Secretary of the Fascist Party of Casoglio, FERRARI.

c. Another case before the second session of the COURT OF ASSIZES of Genova is the trial of SANTALLI, Silvio, 39 years old and resident of Chiavari who among other crimes was accused of having commanded an execution squad in the death of patriots LIVRAGHI and MAFFEI. The trial is still in session.

d. The trial of the first section of the SPECIAL COURT OF ASSIZES of Genova of War Criminals Capt. MOLINAR, Min Guido and Lt. LUNGARETTI, Argeo, has been postponed due to the absence of any witnesses. Both belonged to the notorious Monterosa Division.

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