

11. The financial picture is substantially as I stated it in my Progress Report No. 1 to the Allied Commission, dated 26 June 1945. The seized Italian assets amount to around \$7½ million, and the troop pay conversion would amount to about \$10 million. Satisfaction of Canadian claims against Italy (not counting the cost of military relief, which is assumed to be a dead loss) might use up the whole of this amount, but it is quite possible they wouldn't; therefore, without prejudice to the claims it might be possible to make available to Italy for current purchases of supplies some part of the troop pay equivalent. I explained in some detail the way in which our troop pay account was set up and administered, and if it is agreed to make some funds available in this way, the Canadian system would probably be analogous to ours. One thing is clear; if they do release the funds, the Canadian Government has no objection to doing the actual procurement on behalf of the Italians—they have the Canadian Export Board which is set up to do just that sort of procurement, and they are already doing it for several other European countries (I take it the procedure is comparable to our cash Lend-Lease transactions).

12. In addition to the conversations with the Canadian Government people, I have discussed these questions with Col. Bankhead, Mr. North, and Mr. Homer Fox, of the U.S. Embassy; Mr. Fox (whom I had met before in Rome as a member of the Culbertson Mission to the Mediterranean area)²¹⁶ sat in on most of the meetings with the External Affairs and Trade & Commerce Departments. I also spent a couple of hours with the Ambassador, Mr. Ray Atherton, going over the whole Italian picture—with which he was at one time very much concerned as Chief of the State Department's European Division.

Sincerely yours,

HARLAN CLEVELAND

1279.

DEA/8799-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELETYPE EX-3461

Ottawa, September 28, 1945

SECRET. Following for Ritchie from Pierce, Begins: Reference Harlan Cleveland's report on his discussions in Ottawa on subject of Italian Basic Supplies Programme.

The Department of Trade and Commerce examined the Category 'B' Programme and there are a number of items amounting to some two and one-half million dollars which Canada could supply. However, none of them gives

²¹⁶La mission Culbertson était la Mission économique spéciale des États-Unis en Afrique du Nord sous la direction de l'ambassadeur W. S. Culbertson, d'août 1944 à mars 1945.

The Culbertson Mission was the Special Economic Mission of the United States to North Africa headed by Ambassador W. S. Culbertson, August 1944 to March 1945.