

changed (Sres. Luis Alberto Cuevas, G. Picó Canas, R. Juliet Gomez and A. Rios Valdivia). The new Ministers are:—

Economy: Luis Bossay.  
Defence: J. Hernandez.  
Public Works: Ernesto Merino.  
Land: Humberto Aguirre.  
Agriculture: Pedro Castel Blanco.  
Health: Manuel Sambuesa.  
Justice: Humberto Correa.  
Labour: Juan Pradenas.

(All these are Radicals except the last-named who is non-party.)

#### Paraguay

The civil war is now almost two months old. On several occasions General Morínigo and his Government have announced complete victory. He has not announced that the air force flew over to the rebels in the middle of March, and little prominence has been given to the fact that

the navy has declared itself neutral: both Paraguay's gunboats are under repair in Buenos Aires, but naval forces have established a neutral zone in Asunción. On March 18th General Morínigo proclaimed a "state of war," but as this was followed by the closure of the Argentine frontier and suspension of Argentine steamer services, the order was withdrawn after four days.

In Uruguay there is strong propaganda against the Morínigo dictatorship, which has led the Asunción propagandists to urge the Uruguayan people to overthrow their Government, a gesture so ridiculous as to suggest despair. However, press reports now say that Argentina has agreed to supply wheat to Asunción, where bread had become extremely scarce, and also to clear the Argentine frontier of Paraguayan exiles, mainly opponents of the Morínigo régime.

#### UNITED NATIONS

##### Security Council

##### U.S. aid to Greece and Turkey

On the 28th March the United States representative informed the Security Council of his Government's proposals for economic and financial assistance to Greece and Turkey. He also suggested that the Balkan Commission should leave a "rearguard" in Greece to observe and report whilst the Commission was writing its report in Geneva. In the debate on this twofold subject, which opened on the 7th April and continued on the 10th, 14th and 18th, Russia and her friends took the line that Greece was in a state of civil war and that in consequence help by one State to the Greek Government became intervention. Greece needed help, they admitted, but the help must be strictly economic, and administered by a United Nations' Commission. Military aid, in any form, must be banned. Help from one source only, they argued, ignored the principle of co-operation and undermined the authority of the United Nations. It was a curiously disingenuous argument, considering the

nature of the assistance, that Russia had supplied to Yugoslavia and Poland, without giving any information on the subject to the United Nations. It was a somewhat unreal debate, with the "Slavs" professing not to know what external dangers threatened Greece, and the U.S. refraining from saying what those dangers were. Finally a Russian resolution to set up a Commission to supervise U.S. aid to Greece was defeated by 4 votes to 2 with 5 abstentions. The U.S. proposal for a rearguard was carried by 9 votes, with Russia and Poland abstaining, and the rearguard, composed of a representative of each of the members of the Commission, will be in Greece "pending a new decision of the Security Council." An interesting feature of the whole discussion was the way in which the Slavs, and especially Yugoslavia's representative, came to recognise the right of one sovereign State to give help to another. The Yugoslav representative objected to the U.S. attempt to link this legitimate act of sovereignty with the United Nations.

#### THE MOSCOW CONFERENCE

The Foreign Ministers discussed the Report of the Coal Experts on Tuesday and Wednesday the 15th and 16th April. Nothing was agreed. Mr. Molotov urged an increase in German coal production, and in the percentage devoted to exports, sug-

gesting that half of these exports should be devoted to reparations. He proposed that the Four Powers should jointly control all Germany's coal output, with a special Four-Power body in charge of the Ruhr fields. Mr. Bevin replied that coal was

only one item in Germany's economy, and that "until Germany was treated as economically one, and the British and American Zone had become self-supporting, to devote Ruhr coal to reparations would mean that reparations were being paid by the British themselves. Mr. Marshall supported him.

Discussion on the Austrian Treaty began on the 16th April, in an atmosphere of friendliness and several of the less important clauses were agreed upon. There was, however, up to the 22nd April, no sign of compromise on German assets in Austria or on Yugoslav territorial and financial claims; and without agreement on these basic questions there can be no treaty. (See under "Austria" for a detailed account of the proceedings.)

On Monday and Tuesday the 21st and 22nd, the Ministers took the Report on the Finances of Trieste. Mr. Molotov, at

#### THE EUROPEAN COAL POSITION

(This survey of the coal supply situation in present-day Europe has been prepared for this Weekly P.T. Summary by a member of the Economic Intelligence Department.)

The main factors responsible for the present solid fuel deficiency in Western Europe including Scandinavian countries are the low level of output of Germany's western coalfields—particularly the Ruhr—and the lack of supplementary supplies normally available from outside sources.

Some idea of the overall deficiency may be gauged from the fact that the Ruhr coalfields which before the war contributed as much as 125 million tons of hard coal a year to Europe's fuel supplies are still operating at little more than half the pre-war level. Furthermore, U.K. exports to Western Europe, which amounted to over 25 million tons before the war, did not exceed 3½ million tons in 1946, while, despite the acquisition by Poland of additional coal resources in the shape of the ex-German Silesian coalfields, the Polish coal contribution to the needs of Western Europe is still considerably below the pre-war level, namely, under 4½ million tons in 1946, as compared with more than double this figure in 1938. A redeeming feature of the situation, however, is the development of an export trade to Europe by the U.S.A. from which Europe benefited in 1946 to the extent of some 16 million tons. There is the prospect of a considerable increase over this figure during 1947 since U.S. exports are now running at the annual rate of over 25 million tons. American supplies, however, apart from uncertainties of the labour

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first suspicious of Mr. Bevin's suggestion that the Free territory should apply to the United Nations for any financial help that it needed in the immediate future, eventually came round, and the four Ministers were thus able to register agreement as follows: The Security Council should be asked to put a sum not exceeding five million dollars at the disposal of the Free Territory, if it receives a request from the Governor and the Provisional Council for help to meet financial emergencies during the months of July, August and September. It was also agreed that goods of Italian and Yugoslav origin should enter the Free Territory duty-free, until three months after the Governor has been appointed, by which time the Territory's own customs régime should have been set up. The agreement depends on Free Territory goods obtaining similar treatment by Italy and Yugoslavia.

outlook in the American coal mining industry, cannot be regarded as other than a temporary expedient to meet a state of emergency, since they are not likely to be forthcoming on a scale sufficient entirely to fill the gap, while the adverse factors of transport and currency involved in their purchase (apart from inferior quality) will naturally influence European importing countries in favour of more convenient and cheaper and better quality sources of supply as and when these become available.

On a rough estimate it seems likely that out of a normal requirement of between 400 and 500 tons the current annual solid fuel deficiency of Western Europe is as high as 140 million tons. Even when scaled down in conformity with the reduced fuel consumption of those countries whose industries are operating at well below the pre-war level this still leaves a very large gap, the continued existence of which cannot but operate as a serious handicap to the general economic recovery of Europe.

So far as Eastern European countries are concerned, the dominant factor is the Polish production which can easily satisfy their more modest fuel requirements and is in most cases already contributing helpful supplies. Poland is also supplying Sweden, Finland, Denmark, Norway, Switzerland and France with varying and irregular deliveries of coal.