

institutions will as far as possible be spared the devastations of war, has been dismissed by the Italian Press as a hypocritical and clumsy attempt to excuse in advance further deliberate acts of barbarity.

SOUTH-EASTERN EUROPE.

Political stagnation still prevailed in Hungary: all attention was fixed on the harvest. An official report prophesied an average yield of 8.5-9 quintals per hold (Hungarian acre), which would give a medium to good harvest. It added that the acres under wheat had been considerably increased this year. 8.5 is, in fact, a good average yield; but it must be admitted that the recent periodical harvest reports have uniformly described the wheat crop as thin, so that the estimate is somewhat surprising. The Minister of Supply, however, promised the population food supplies on "the normal modest scale." The supplies of industrial articles, he added, would be "even more modest."

The Swiss press has published details of Hungary's recent financial transactions with Germany. Hungary has bought back securities, &c., held by Germany to the value of 176 million pengő and also pre-1918 State and private bonds, to an unnamed amount, and is buying back shares to the value of RM. 170 million, only half of the last-named transaction having been, however, completed to date. The effect is to reduce Germany's clearing debt to Hungary.

When the Vice-Premier of Roumania, Mihai Antonescu, left Italy, it was announced that his visit had begun with a talk with Bastianini, the Italian Foreign Secretary, and a "long and cordial conversation" with Mussolini at the latter's country home. The Rome correspondent of a Swiss paper says that these talks may have concerned the possible planning by Italy of a Danubian-Balkan bloc. This theory has been dismissed by the Wilhelmstrasse as an absurd speculation of American origin, and the plan for a Balkan bloc as a British attempt to split the Tripartite Pact, an attempt which had met with dismal failure. Mihai Antonescu's visit to the Duce had been planned to take place early in the year, but was unexpectedly postponed until Marshal Antonescu had been to see Hitler. There are thus indications that the recent talks mark a further stage both in German-Italian rivalry for influence in the Balkans, and also in Mihai Antonescu's efforts to find an alternative to the Marshal's policy of full collaboration with Germany (*cf. Summary No. 185, pp. 1, 12, 13*).

The Swiss paper referred to above added that the Danube-Balkan bloc would require improved relations between Roumania and Hungary; and the Italian wireless communiqué on the recent talks indicates that such an improvement was urged on Roumania by Italy. Along with reports of increasing press hostility in both Hungary and Roumania and ever more outspoken Roumanian claims to recover Northern Transylvania, there comes a report that unofficial Roumanian-Hungarian negotiations to relieve the tension have begun.

Mihai Antonescu's return was immediately followed by a reconstruction of the Roumanian Government, involving the resignations of two of the most important Ministers (for Agriculture and Labour).

The German Reichsbank has called in all Roumanian bonds in private German ownership, in an attempt to reduce the Roumanian clearing account. The German debt is being held up to Roumanians as an "iron savings account" held for Roumania by Germany and expendable (after the war) on greatly increased imports of German goods.

Partisan forces have reasserted themselves effectively in East Bosnia. They claim to have captured all the towns of the Javor Planina district (north-east of Sarajevo). The Sarajevo press confirms this and alludes to partisans fighting near Zenica (to the west). Partisans have also reappeared at Prnjavor (in Northern Bosnia), and others have captured Slunj and Cetin Grad in Central Croatia. Meanwhile, much sabotage, especially on the railways, has taken place in Slavonia and in Slovenia and the coastland. Radio "Free Yugoslavia" has resumed its attacks on Mihaylovitch and on the Yugoslav Government for supporting him.

D.N.B. has admitted that some chetniks escaped from Montenegro into the hills of Serbia south of the Morava. Serbia has long been quiet, despite the loyalty of virtually the whole population to the dynasty. Between the 1st and 23rd June 3,000 persons are said to have been shot by the Germans. On the 28th the calm was broken by an insurgent attack on and capture of Arandjelovatz (in North Serbia). The insurgents were dislodged by German and Serbian forces and retired westwards.

Men of Krushevatz up to the age of 45 are being conscribed for labour service at Bor, to replace the 1917-21 classes from Belgrade who have done their four months.

Axis sources report the discovery of a widespread conspiracy at Skoplye, with ramifications all over Serbian Macedonia, and numerous arrests by the Bulgarians.

Further examples of the extreme weakness of the Ustasha Government in Croatia are that a decree empowers the Ministry of National Economy, from lack of officials, to order local authorities and institutions and even private persons to supervise threshing and the surrender of crops; and that the calling-up of reserve officers was apparently necessitated by the numerous desertions of officers to insurgent bands. A Croat assembly met at Otochatz (south Croatia) on the 14th June. It claimed to be the first genuine Croat National Parliament. It sent greetings to the Allied political chiefs, the partisans, and the Croats of America, called on Croats to resist the Axis Powers and elected a Council of leadership. Hadrovitch, the Ustasha prefect of Banyaluka, was murdered on the 9th July. It seems expected that the Germans will dissolve the Croat army and militarily occupy the country.

Relations within the Yugoslav Government are inharmonious. Dr. Krnyevitch (see P.I. Summary No. 196), having found that his Serbian colleagues profess to consider the Serbo-Croat Agreement of 1939 to be dead, insists on an acceptance of that instrument in the Government's proposed declaration. He also demands a statement that the future federal form of the State shall be decided not by a majority in Yugoslav Parliament, but by negotiation between the freely-elected representatives of the Serb, Croat and Slovene peoples, *i.e.*, he stands where most Croats and Slovenes stood in 1919.

According to a usually reliable informant, the area of Bulgarian occupation of Greek Macedonia has been extended to the Wardar, with the exception of Salonica city. One Bulgarian regiment has been quartered in each of the following towns: Kilkis, Nigrita and Polygyros. The gendarmerie in Macedonia has been ordered to withdraw west of the Vardar and the Greek Governor of Macedonia, Simonides, replaced by a German, Merten, Simonides remaining as his adviser.

The Turkish Military Mission which had been visiting Germany and the battle fronts, broke its journey in Sofia on its way back; and its leader, General Todyemir, said that Turkey "honoured and esteemed the Bulgarians, with whom she wished to live in permanent peace, a peace which she wished to preserve in the interests of both nations." Cordial assurances of mutual loyalty were also exchanged when the new Italian Minister, Mamelli, presented his credentials to King Boris.

There were the usual accounts of arrests of "communists" and "terrorists." One conspiracy in Macedonia was said to be on a large scale, having ramifications in every town of Macedonia. Sofia was said to be now "completely purged."

The harvest prospects were officially described as "very satisfactory."

On the 7th July Mr. Eden made a statement in the House of Commons welcoming and endorsing the recent broadcast of the King of the Hellenes (see last Summary) as providing for the constitutional evolution of Greek political institutions. The King himself has been in Syria, where he visited two Greek brigades. As a result of the trouble which occurred in the Greek units last winter, 122 officers and 116 other ranks who would not be persuaded to return to duty, have had to be interned in the Sudan.

The resignations of the Minister of Labour and of the Chief of Police, which are reported from Athens, indicate the difficulty which the puppet Government has in coping with a population whose restiveness will certainly be increased by news from Sicily. It is not surprising that in their propaganda the Axis authorities try to take credit for an increased bread ration and for certain imports of sugar and other foods, whereas in fact the scheme by which Greece has been relieved was initiated by His Majesty's Government and carried out by a Swedish Commission, under the auspices of the International Red Cross, with supplies mostly from Canada and partly from the United States, carried in Swedish ships which were chartered by the Greek exile Government.

Turkey is following closely developments on the Russian front and in Sicily. Meanwhile, a Turkish commentator expresses views about the disposal of Italian possessions, which may be significant, as he sometimes reflects official policy. He writes that Turkey will make no attempt to recover what Italy stole from her (*i.e.*, Libya and the Dodecanese). However, he says, for the sake of Turkish security, Italy must leave Albania and break her ties with the Balkans. As to the