

Statement by Marshal Sokolovsky (June 1948)

Caption: In June 1948, Marshal Vassili Sokolovski, commander-in-chief of the Soviet zone of occupation in Germany, condemns the monetary reform introduced by the Western Allies in their zone of occupation and announces a series of restrictive measures with regard to the new Deutschmark.

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Marshal Sokolovsky's message to the German people (June 1948)

Marshal Sokolovsky's message to the German people in connection with the currency reform in Western Germany is reported by Moscow radio as follows:—

A SEPARATE currency reform has been announced in the Western occupation zones of Germany. The uniform German currency, that is the Reichsmark, is being removed from circulation there by order of the American, British and French occupation authorities and a separate form of currency is being introduced. There will now be no uniform State currency or uniform currency circulation in Germany. And this is being done in defiance of the will and interests of the German people.

In Interests of Monopolies

The currency reform is being carried out separately, in the interests of the American, British and French monopolies, which are dismembering Germany and trying to weaken her by subordinating her economy to themselves.

Another serious blow has been dealt to the State unity of Germany. The agreement on control machinery and the Potsdam Agreement, which stipulate that Germany must be treated as one unit and unity of currency circulation must be preserved, have been violated. The financial reform which is being carried out in the three Western occupation zones of Germany completes the splitting of Germany.

Afraid of the responsibility and the indignation of the German people, the organisers of the separate currency reform are trying to justify it with a fabrication about the apparent impossibility of carrying out a uniform currency reform for the whole of Germany. The purpose of this fabrication is to deceive public opinion. A uniform all-German currency reform based on a four-Power agreement was entirely possible and necessary.

U.S.S.R. Sought Agreement

As every one knows, the Soviet military administration in Germany, acting in line with instructions from the Soviet Government, has always insisted on the preservation of Germany's political and economic unity. It has always opposed all separatist actions aimed at the dismemberment of Germany. In the bodies of the Control Council, the representatives of the Soviet Union have used every opportunity to seek agreement on the carrying out of a uniform currency reform for the whole of Germany.

At the same time, the representatives of the Soviet Union insisted on the immediate creation of an all-German finance department and a central German bank of issue, so that the Germans themselves could take part in carrying out a reform and ensuring a stable currency for the economic revival of their country.

The Soviet representatives in the Control Council proposed that the preparation of a separate financial reform in individual zones of Germany should be condemned. Four-Power agreement was even reached on the principles to be followed in carrying out an all-German currency reform. Nevertheless, an all-German currency reform was disrupted.

It is now clear that the American, British and French representatives, while formally conducting discussions in the Control Council about an all-German currency reform, used these discussions for the secret preparation of a separate currency reform.

Attempts to justify the separate currency reform are being made by reference to the necessity of bringing order into the circulation of currency in the Western German zones of occupation, ruined by National Socialism.

But during the past three years the occupation authorities in the Western zones of Germany have virtually sabotaged measures to regulate currency circulation. The disorganised currency circulation was used to

subordinate the economy of Germany to the American, British and French monopolies.

Huge sums of money have remained in the Western Zones, entirely in the hands of big capitalists and profiteers, money which they had made from war deliveries and speculation. German banking and industrial monopolies have remained in the Western zones and many of them have as good as been transformed into branches of Wall Street, that is branches of American banks and industrial monopolies.

Strengthens Reaction

Pursuing a policy of splitting Germany, the American, British and French monopolies are relying, in the Western German zones of occupation, on the representatives of big German capital and Junkerdom, who brought fascism to power and prepared and launched the Second World War. The separatist currency reform strengthens the political and economic position of these reactionary circles, to the detriment of the interests of the working people.

The bizonal and trizonal bodies in the Western zones, which call themselves representatives of the German people, are puppets, as the facts show, in the hands of British, American and French monopolies.

The separate currency reform does serious damage to the economic recovery of Germany. Instead of a uniform German currency there will be two currencies, instead of uniform prices there will be two standards of prices. Trade relations inside the country will be disrupted. In actual fact, inter-zonal trade is becoming trade between different States, in so far as there are different currencies.

The currency of Western Germany will fall under the control of the American dollar — which is what the American monopolies want. The prerequisites of free movement of population and goods between the occupation zones of Germany will be disrupted.

The financial reform in the Western occupation zones of Germany leads to the rupture of economic relations between the various parts of Germany, relations which have developed over a period of centuries. It will have an adverse effect on the economic situation of all regions of Germany including the Western zones, the economy of which has always been indissolubly linked with the Eastern regions of Germany. It signifies the culmination of the splitting of Germany.

This is why the attempt to justify the separate currency reform with a hullabaloo about bringing order into money circulation in the interests of German economy is false.

Soviet Administration's Announcement

Seeking to make secure the development of Germany's peace economy on the basis of the Potsdam decisions and in the interests of the German people, the Soviet military administration in Germany tries to get a currency reform for the whole of Germany.

The Soviet military administration condemns the action of the American, British and French occupation authorities in carrying out a separate currency reform, and holds them completely responsible for the consequences of this action.

In view of the situation which has developed, the Soviet military administration announces the following:—

1. The banknotes issued in the Western occupation zones of Germany will not be permitted to circulate in the Soviet zone of Germany or in the area of Greater Berlin which is located in the Soviet zone and constitutes an economic part of that zone.
2. The Soviet military administration informs the population of Germany that it is forbidden to import into the Soviet occupation zone or into the area of Greater Berlin the new banknotes issued in the Western

occupation zones or Reichsmarks, Rentenmarks and Marks of the Allied Military Command of the Western zones of Germany.

3. The import of the new banknotes to the Eastern zone of Germany or of Reichsmarks, Rentenmarks and Marks of the Allied Military Command of the Western zones as well as acceptance of the new banknotes as payment in the Soviet zone of Germany and in the area of Greater Berlin will be regarded as actions aimed at undermining the economy and the proper punishment will be meted out to the culprits. These rulings have the powers of the law.

For the purpose of protecting the interests of the population of the Soviet zone of occupation of Germany and of the Greater Berlin area and of preventing economic dislocation through the separate actions of the Western Powers, the Soviet military administration in Germany will also adopt other necessary measures arising out of the present situation.

The Soviet military administration in Germany feels certain that the German population will support its measures and will take the necessary steps to overcome difficulties, to raise the level of economy and strengthen currency circulation in the Soviet occupation zone of Germany.