

## Note from the Soviet Government to the Governments of Great Britain, the United States and France (3 October 1948)

**Caption:** On 3 October 1948, the Soviet Government sends a note to the United States, France and the United Kingdom condemning the monetary reform undertaken by the Western Allies in the zone of Berlin under their control.

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## Reply of the Soviet Government to the Notes of Great Britain, U.S.A. and France on the Berlin situation (3 October 1948)

### I.

The Government of the U.S.S.R. has acquainted itself with the Note of the Governments of Great Britain, U.S.A. and France dated September 26 and considers it necessary to declare that the responsibility for the situation that has arisen in Berlin rests squarely with the Governments of the three Powers. The very question of the situation in Berlin did not exist until the Governments of Great Britain, U.S.A. and France proceeded to carry through a separate currency reform in the Western zones of Germany and in the three sectors of Berlin. At the same time it is well known that the above-mentioned separate currency reform was only one of the latest and particularly far-reaching measures in carrying through the policy of dismembering Germany, which placed the Western zones of Germany outside the control of the four Powers.

The Government of Great Britain, together with the Government of the U.S.A., began a policy of dismembering Germany with separate economic unification of the American and British zones of occupation of Germany in 1946, despite the agreement of the Powers of the anti-Hitlerite coalition at the Potsdam Conference on the German question. Thereby the agreement previously concluded between the U.S.S.R., Great Britain, the U.S.A. and France regarding joint control of the four Powers over occupied Germany was also grossly violated.

At that time it was sought to justify this by economic considerations and it was argued that union of the two zones did not lead either to dismemberment of Germany or to violation of the policy of demilitarisation and democratisation agreed to between the four Powers.

Actually, however, the operation of this policy of the three Powers in Western Germany, separated from the rest of Germany, is increasingly leading to a growth of influence of anti-democratic and Nazi elements who are responsible for the previous aggressive policy of German imperialism and who have not given up their strivings for revenge, which are a threat not only to neighbouring countries but also to the security of the peoples of the whole of Europe.

Latterly, particularly in connection with the realisation of the Marshall plan, a real danger has been created of a war economic potential being re-established in Western Germany, a situation that violates the Potsdam Agreement between the Powers and contradicts the interests of all peace-loving countries. Since then, the operation of this policy of Great Britain, the United States and France has gone so far that in the spring of this year there was adopted at the London Conferences of the Three Western Powers with the participation of Benelux, the plan to set up a West German State, separated from the rest of Germany and placed beyond the control of the four Powers.

The setting up of a Government for Western Germany was placed on the order of the day. This decision of the three Western Powers is leading to the consummation of the political and economic dismemberment of Germany with all its dangerous consequences.

With a view to preparing the fulfilment of the plan for the final dismemberment of Germany, in June of this year a separate currency reform was carried through in the British, American and French zones of occupation of Germany and in three sectors of Berlin, where a special currency — the Western “B” Mark — was introduced. Had there been no separate currency reform, which in respect of currency and finance dismembered not only Germany but also Berlin, which is in the centre of the Soviet zone, no question of the situation in Berlin would have existed at all, as it did not exist before June of this year, i.e., before the currency reform which was carried through separately by the three Western Powers.

Such a position compelled the Soviet Command to permit the issue of the German mark of the Soviet zone, and at the same time to introduce those transport restrictions without which, with various currencies existing in different parts of Germany and Berlin, it was impossible to safeguard the interests of the German population and to secure the normal economic life of the Soviet zone, particularly of Berlin, against

disorganisation.

This means that had there been no separate currency reform in violation of the agreement between the four Powers and creating the danger of the disorganisation of the entire economic life in the Soviet zone and in Berlin, there would also have been no need for the above-mentioned transport restrictions, which represent a defensive, protective measure of the Soviet Government against the offensive actions of the three Governments.

The Governments of the three Powers continue to speak of their rights in relation to the administration of Berlin, based on the well-known agreements of the four Powers regarding joint administration of Germany and Berlin. But the right of the four Governments to administer Berlin, which is situated in the centre of the Soviet zone of occupation, only has meaning if Germany is recognised as being a single State, and Berlin as its capital. Insofar, however, as the three Governments have separated Western Germany from Eastern Germany and are establishing a separate State there, the right to administer Berlin by these Governments loses its meaning.

By their separate actions in the Western zones of Germany and in the three sectors of Berlin, Great Britain, the United States and France have destroyed the system of quadripartite administration of both Germany and Berlin, and thereby have undermined the legal basis which ensured their right to participation in the administration of Berlin. However, the Soviet Government has not objected to the presence in Berlin of the occupation troops of the three Powers, a point that was confirmed by Premier Stalin during his meeting with the representatives of Great Britain, the United States and France on August 2. Nonetheless, when two months ago the Governments of Great Britain, the United States and France proposed that practical measures be jointly drawn up for regulating the situation in Berlin, the Government of the U.S.S.R. agreed.

The negotiations that followed in Moscow and Berlin were incorrectly reflected in the Note of the Government of the United States dated September 26, thus rendering it necessary to go into greater detail as to the factual side of the matter.

## II.

During the negotiations that began in Moscow, Premier Stalin, on August 2, made the following proposals to the representatives of Great Britain, U.S.A. and France:—

- (A) The Soviet Command shall annul the transport restrictions recently introduced between Berlin and the Western zones;
- (B) Simultaneously there shall be introduced in Berlin as the sole currency, the German mark of the Soviet zone, while the Western “B” mark shall be withdrawn from circulation in Berlin.

In addition, Premier Stalin expressed the insistent wish that the Governments of Great Britain, the U.S.A. and France should postpone fulfilment of the London decisions regarding the establishment of a Government of the Western part of Germany until representatives of the U.S.S.R., Great Britain, the United States and France could meet together to discuss the question of Germany as a whole.

This question was then repeatedly discussed during meetings between Premier Stalin and Minister of Foreign Affairs Molotov with representatives of the three Powers. As a result of the negotiations that took place with the representatives of the above-mentioned three Powers, an agreement was reached in Moscow on August 30 regarding the following directive for the four Commanders-in-Chief of occupation troops in Berlin:—

“The Governments of the United Kingdom, the United States of America, France and the Union of Soviet Socialist Republics have decided that the under-mentioned measures shall be operated simultaneously on condition that agreement is reached between the four Commanders-in-Chief in Berlin regarding their

practical fulfilment:—

“A. Restrictions on communications, transport and trade between Berlin and the Western zones, and also traffic movements to and from the Soviet zone of Germany, introduced latterly, shall be lifted;

“B. The German mark of the Soviet zone shall be introduced as the sole currency for Berlin, and the Western ‘B’ mark shall be withdrawn from circulation in Berlin.

“In connection with the above-mentioned, you are instructed to consult with your colleagues in order to carry through as soon as possible the detailed measures necessary for the implementation of these decisions, and to inform your Government not later than September 7 regarding the results of your discussions, including the exact date when the measures provided for in points A and B can be given effect. The four Commanders-in-Chief shall draw up measures connected with the introduction in Berlin of the German mark of the Soviet zone.

“Measures concerning exchange of currency and further provision and utilisation in Berlin of the German mark of the Soviet zone shall ensure:—

“(a) The absence of discrimination or of actions directed against the holders of Western marks in connection with the exchange of these Western ‘B’ marks issued in Berlin. These ‘B’ marks shall be accepted in exchange for German marks of the Soviet zone at the rate of one to one;

“(b) Equal conditions as regards currency and the provision of fully available banking and credit facilities in all sectors of Berlin. The four Commanders-in-Chief are instructed to provide sufficient guarantees with a view to averting a situation where the utilisation in Berlin of the German mark of the Soviet zone leads to disorganisation of the currency circulation or to violation of the stability of the currency in the Soviet zone of occupation;

“(c) A satisfactory basis for trade between Berlin and other countries and the Western zones of Germany. Changes in this agreed basis shall only be carried through by agreement between the four Commanders-in-Chief;

“(d) Provision of a sufficient quantity of currency for budget purposes and for occupation expenditures that have been reduced to the maximum extent, and also the balancing of the Berlin Budget. The regulation of money circulation in Berlin is to be effected by the German Emission Bank of the Soviet zone through the credit institutions of Berlin now in operation. To ensure control over the practical fulfilment of the above-mentioned financial measures connected with the introduction and circulation of a single currency in Berlin, a financial commission is set up of representatives of the four Commanders-in-Chief.”

The Note of Great Britain, the United States and France dated September 26 does not contain the text of the above-quoted agreed directive of the four Governments to the Commanders-in-Chief in Berlin.

As regards the content of this directive and the views expressed by Premier Stalin, it is given in the Note of the three Governments with considerable distortion. It will be sufficient to point to the fact that in the agreed directive of the four Governments addressed to the Commanders-in-Chief in Berlin, as can be seen from its text, a precise indication is given of the functions of control by the quadripartite financial commission in relation to the financial measures connected with the introduction and circulation of a single currency in Berlin, that is the German mark of the Soviet zone.

At the same time it is definitely stated in the directive that quadripartite financial control is to be established over the introduction and circulation of a single currency in Berlin, but there is no mention anywhere that this also refers to the emission of the above-mentioned currency, insofar as this might lead to interference of the three Powers in the regulation of currency circulation throughout the Soviet zone.

It goes without saying that responsibility for the emission of the German mark of the Soviet zone cannot be

borne by anybody other than the Soviet Command, which is responsible for the emission of this money by the German Emission Bank of the Soviet zone, since the entire economic life of the zone depends on the quantity of money in circulation, as is the case in the Western zones, where the emission of money is entirely subordinated to the control of the occupation authorities, so also in the Soviet zone the emission of money should be under the control of the Soviet Command alone.

Yet, in the negotiations in Berlin, the Commanders-in-Chief of the Western zones demanded the establishment of control by the three Powers over the emission of money throughout the Soviet zone and, thereby, the imposition of their control over the entire economic life of the Soviet zone, to which the representatives of the Soviet Union could not agree.

Despite the assertion in the Note of the three Governments, dated September 26, the text of the agreed directive to the four Commanders-in-Chief makes no provision for quadripartite control over the emission of the German mark of the Soviet zone especially for Berlin. Nor was this contained in Premier Stalin's remarks during the preliminary discussion of this directive.

The Soviet Government utterly refutes such incorrect assertions which aim at covering up the renunciation by the Governments of Great Britain, the United States and France of the directive for the Commanders-in-Chief agreed upon by the four Powers.

Further, attempts to counterpose the position of the Soviet Commander-in-Chief in Berlin to the position of the Soviet Government, as expressed in the directive agreed upon by the four Powers, were rejected by the Soviet Government in its Note as far back as September 18. The Soviet Government has strictly adhered to the agreed directive of August 30, which makes provision for simultaneous measures in the shape of the lifting of transport restrictions between Berlin and the Western zones, and the introduction of the German mark of the Soviet zone as the sole currency in Berlin, with the introduction of quadripartite control over all financial measures in Berlin, indicated in the directive.

Insofar as this directive, in respect of currency and finance, establishes an equal position and equal facilities for all four sectors of Berlin, the Soviet Government regards this directive as a satisfactory basis for agreement between the four Powers. As regards trade between Berlin and the Western zones and other countries, the Soviet Government, as is well known, has expressed its agreement with the corresponding proposals of the three Governments, and consequently no disagreements exist on this question.

There remained unsettled the question of establishing control over the transport of commercial freights and passengers along air routes between Berlin and the Western zones. In view of the existence of two different currencies in the Western and Eastern part of Germany, the need for the Soviet Command to possess guarantees that air transport would not be permitted to be used for illegal currency and trading operations is quite obvious. This was unanimously admitted when Molotov on September 18 met with the representatives of Great Britain, the United States and France, when the United States representative stated:—

“It is quite understandable that the Soviet Government wishes to have certain guarantees against the utilisation of air transport for illegal currency deals or black market operations. Satisfactory guarantees of such a kind could easily be secured.”

If the Governments of the three Powers consider this statement to be correct, then the Soviet Government considers it quite possible to regulate the given question on a mutually acceptable basis. Thus disagreements on this question can also be overcome if there exists a striving to reach an agreement that will satisfy all the four Powers.

The negotiations on the Berlin question opened up the possibility of agreement being reached between the four Powers on a mutually satisfactory basis, if the Governments of Great Britain, the United States and France did not raise such claims as are incompatible with the rights of the U.S.S.R. in the Soviet zone of

occupation of Germany. The negotiations fell through, despite the insignificance of the remaining disagreements, inasmuch as the Governments of Great Britain, the United States and France refused to fulfil the directive for the Commanders-in-Chief agreed between the four Powers.

### III.

During the negotiations between Stalin and Molotov and the representatives of the three Powers in Moscow in August, not only was the Berlin question discussed, but so also was the question of Germany as a whole. Furthermore, on August 27 agreement was reached regarding the following text of a communiqué, which was to be published after the conclusion of the negotiations:—

“The four Governments also agreed that, apart from the conference of the four Commanders-in-Chief, conferences would take place in the near future between representatives of the four Governments in the shape of the Council of Ministers of Foreign Affairs or other conferences of representatives of the four Powers to discuss:

“1. Any unsettled questions concerning Berlin, and

“2. Any other unsolved problems affecting Germany as a whole.”

Agreement, however, on the concluding part of this communiqué was not reached, which was to contain a reply of the Governments of Great Britain, the United States and France to the desire of the Soviet Government that the operation of the London decisions regarding the establishment of a Government of the Western part of Germany be postponed until the representatives of the U.S.S.R., Great Britain, the United States and France could meet together to discuss the question of Germany as a whole. The Soviet Government was given an assurance by the representatives of the three Powers that the London decisions did not rule out the possibility of an agreement between the four Governments regarding the establishment of a single Government for the whole of Germany.

All this goes to show that the Governments of the three Powers could not but admit the existence of the close connection between the question of Berlin and the question of Germany as a whole. At the same time this means that the solution of the question of Germany, including the Berlin question, has to be based on the fulfilment of the decisions agreed to between the four Powers, and first and foremost on the fulfilment of the Potsdam Agreement and the agreement between the four Powers regarding joint control over Germany.

Insofar as the Governments of Great Britain, the United States and France resorted to most serious violations of the Potsdam Agreement and the other agreements between the four Powers on the German question, it is they who bear responsibility for the situation that has arisen in Germany and in Berlin. The above-mentioned three Governments have destroyed the mechanism of quadripartite control in Germany and in Berlin. They have completely withdrawn the three Western zones of Germany from under quadripartite control, in violation of the obligations undertaken by them.

In Berlin, on the other hand, which is in the centre of the Soviet zone, the three Governments are trying to establish a privileged position for themselves, by demanding the maintenance of rights based on the quadripartite agreements which they themselves have trodden under foot and have reduced to nothing.

The false noise raised by them around the non-existing “blockade of Berlin,” and their insistence on immediate lifting of transport restrictions, can only mean that they are trying to maintain in Berlin a special currency arbitrarily introduced by them and to secure a free hand for the uncontrolled import and export of goods, as a result of which Berlin, would be transformed into a centre of currency and goods speculation, a situation that cannot but lead to the disorganisation of the entire economic life in the Soviet zone.



The agreements regarding the lifting of transport restrictions and regarding simultaneous introduction of a single currency in Berlin did not come about because of the refusal of the three Governments to come to an agreement regarding the guarantees necessary to avert the disorganisation of economic life in the Soviet zone, and now these Governments wish to wash their hands of responsibility for the negotiations falling through.

What, is more, under the excuse of defending their rights in Berlin, the Governments of Great Britain, the United States and France are trying in fact to administer the Soviet zone of occupation of Germany, too, as regards currency and financial matters, so as in this way to deprive the U.S.S.R. of its lawful rights in this part of Germany also, and, in the last analysis, to dislodge the U.S.S.R. from there.

#### IV.

Having caused the negotiations to fall through, the Governments of Great Britain, the United States and France are resorting to all sorts of unfounded and really ridiculous accusations against the U.S.S.R. With their Note of September 26, the Governments of the three Powers did everything in their power to increase the noise around the question of the so-called “blockade of Berlin,” although no “blockade of Berlin” exists in fact.

Statements about the menace of starvation and epidemics in Berlin are absolutely without foundation and are a false propaganda method. There are sufficient supplies of food products in Berlin. The Soviet Government has already taken measures to ensure that the population of Berlin is provided with all that is required. Nor are the supplies of the occupation troops in any way threatened.

The “blockade of Berlin” is the name given to the transport restrictions carried through by the Soviet Command in order to safeguard the interests of the population and to protect the economic life of the Soviet zone against disorganisation and collapse. These protective measures cannot be avoided as long as the question of the introduction of a single currency in Berlin, the need for which is also admitted by the Governments of the three Powers, is not regulated.

The noise raised around this question is needed by those, who are trying to fan to the utmost the feelings of disquiet, alarm and war hysteria, and not by those who are really trying to regulate the situation in Berlin.

The Note of the Governments of the three Powers contains unfounded allegations that the Soviet authorities in Berlin have permitted attempts by a minority of the population of Berlin forcibly to overthrow the municipal authorities of the city of Berlin. Yet the Soviet authorities in Berlin have had strict instructions from the Soviet Government, despite the dissatisfaction among the population of Berlin, with the situation that has arisen, to ensure tranquil conditions for the work of the Berlin local organs, as was confirmed by V. M. Molotov on August 30 during the meeting with the representatives of the three Governments.

The Soviet Command has invariably adhered to these instructions of the Soviet Government, whereas the disorders, that have introduced disquiet into the life in Berlin, have come from that part of Berlin that is not under the control of the Soviet Command and for which the military authorities of the three other Powers are responsible.

From all the above-mentioned it follows that the statement of the Governments of Great Britain, the United States and France, alleging that a situation has developed in Berlin which constitutes a threat to international peace and security, is without any basis whatsoever. Such statements cannot divert attention from the separate and anti-democratic policy being pursued in Western Germany, and which is transforming the latter into an obedient tool of the aggressive plans of a definite group of great Powers.

Nor can it be denied that if anybody is responsible for the present situation in Berlin, it is precisely the Governments of the three Powers which caused the negotiations on regulating the position in Berlin to fall through. At the same time, the Governments of Great Britain, the United States and France have ignored their undertakings to subject the disputed questions on Germany and Berlin to examination in the Council of

Ministers of Foreign Affairs, within whose competence, as is well known, comes the regulation of matters of that kind.

## V.

Insofar as in the Note of September 26 regarding the position in Berlin, the Governments of Great Britain, the United States and France announce that they are handing over the question of the situation in Berlin for examination by the Security Council of the United Nations, the Government of the U.S.S.R. considers it necessary to make the following statement:—

1. The question of the situation in Berlin is closely connected with the question of Germany as a whole, of the dismemberment of Germany, of the establishment of a separate Government in West Germany, and, in accordance with Article 107 of the United Nations Charter is subject to be solved by those Governments which bear responsibility for the occupation of Germany and is not subject to be transferred to the Security Council.
2. The statement of the Government of the United States that a situation has arisen that allegedly threatens international peace and security does not correspond to the real state of affairs and is nothing more than a means of exerting pressure and an attempt to utilise the United Nations Organisation for the achievement of its aggressive aims.
3. The Soviet Government proposes that the directive to the Commanders-in-Chief agreed to on August 30 be recognised as an agreement between the Governments of the U.S.S.R., Great Britain, the United States, and France, on the basis of which the situation in Berlin should be regulated.
4. The Soviet Government proposes that the Council of Ministers of Foreign Affairs be convened to examine the question of the situation in Berlin, and also the question of Germany as a whole, in accordance with the Potsdam Agreement of the four Powers.