TOP SECRET

(rough draft)

THE BERLIN CRISIS

Research Project No. 171

Foreign Policy Studies Branch
Division of Historical Policy Research
Department of State
TOP SECRET

Origin of the Crisis

The military forces of the United States occupied a sector of the city of Berlin in 1945 under arrangements concluded among the Allied Powers in the European Advisory Commission before the end of the hostilities in Europe. At the time of Germany's capitulation, letters were exchanged between Marshal Stalin and President Truman, in compliance with which the actual occupation of Berlin was carried out. United States forces which had advanced into territory assigned to the Soviet Zone in Germany were withdrawn into the American Zone previously agreed upon, or moved into the American sector of Berlin. Because Berlin was entirely surrounded by territory of the Soviet Zone of Germany, it was necessary to arrange for the supply of the American garrison in Berlin from the American Zone of Germany, and for other Berlin-Western Zone communications. The initial arrangements to this end, tentatively agreed upon in conferences among the military representatives of the United States, the United Kingdom, and the Soviet Union, provided that American and British forces were to have the use of one railway and one highway from Magdeburg to Berlin. Subsequent agreements reached in the Allied Control Council established the use of two additional railroads and two highways.
established an air corridor to Berlin twenty miles wide, to be open to flights by American and British planes. They also defined the amount of rail traffic to Berlin necessary to support the military and civilian needs of the Western Powers. These various arrangements, together with the Truman-Stalin

1. Docs. 1 and 2.
2. Doc. 21.
3. Doc. 8.
4. Docs. 3 and 4.

TOP SECRET

exchange already mentioned, formed the legal basis for the American right of free access by land, air and water to Berlin.

In early 1948, however, Soviet authorities began to disrupt the flow of traffic over the agreed road and rail routes. At first the hindrances were not formal or extensive, but they had considerable nuisance value. On March 31, 1948, the Deputy Chief of the Soviet Military Administration in Germany notified the American authorities of certain "Supplementary Provisions" of the control regime which were to be put into effect the next day. Under the new regime, identification papers and proof of affiliation with an American military agency were to be demanded of all civilian and military personnel seeking to enter or leave Berlin by surface transport. Freight being sent out of Berlin would be cleared only on the presentation of a permit issued by the Soviet Commandant of Berlin, while freight from the Western Zones entering the Soviet Zone would be...
from the Western Zones entering the Soviet Zone would be cleared on the basis of accompanying documents. All belongings of individuals would be subject to inspection at Soviet control points. The American military authorities replied that these restrictions were inconsistent with the agreement under which United States forces occupied their sector of Berlin. They would be willing to provide the Soviet Military Administration with passenger lists of trains, and cargo manifests for freight trains, but would not permit American military trains to be inspected by Soviet authorities, although the Soviet right to

1. For a chronology of the restrictive measures see Doc. 5.
2. Doc. 6.

check the identification of persons traveling by automobile was admitted. Certain other restrictions were also imposed, including the closing of the aid station on the Berlin-Helmstedt highway and the removal of the U.S. Signal Corps personnel employed in the maintenance of the telephone repeater station at Weimar.

On April 3, 1948, a further Soviet communication denied the right of the United States to "Free and unrestricted use of the established corridors", suggested that the control measures would preserve peace and order, and stated that such control measures were merely "an internal matter which concerns the occupation authorities of the Soviet Zone." The American reply restated the basis of the United States occupation and the legality of the Soviet demand, and announced that the United States would not agree to the demand unless the Soviet Government agreed to an inspection of American trains and to the maintenance of the telephone repeater station at Weimar.

TOP SECRET

- 3 -

check the identification of persons traveling by automobile was admitted. Certain other restrictions were also imposed, including the closing of the aid station on the Berlin-Helmstedt highway and the removal of the U.S. Signal Corps personnel employed in the maintenance of the telephone repeater station at Weimar.

On April 3, 1948, a further Soviet communication denied the right of the United States to "Free and unrestricted use of the established corridors", suggested that the control measures would preserve peace and order, and stated that such control measures were merely "an internal matter which concerns the occupation authorities of the Soviet Zone." The American reply restated the basis of the United States occupation and the legality of the Soviet demand, and announced that the United States would not agree to the demand unless the Soviet Government agreed to an inspection of American trains and to the maintenance of the telephone repeater station at Weimar.
occupation and included a suggestion of retaliation or "counter-measures". During the following weeks the Soviet blockade measures were sufficiently effective to diminish east-west traffic seriously and to eliminate military passenger traffic. An "airlift" was therefore started to supplement the supply of essential foods and materials for the military and civilian population of Berlin.

On June 18, the American Commander-in-Chief, General Clay, informed Marshal Sokolovsky, his Soviet colleague on the Four-Power Control Council which governed Germany, that on June 20 a currency reform would be carried out by the Three Powers occupying the Western Zones of Germany, but that the reform measures would not be applied to the western sectors of Berlin. The Soviet reaction to this currency reform was the suspension of inter-zonal passenger traffic and of incoming traffic on all roads. Marshal Sokolovsky's reply protested the currency reform on the ground that the arrangements for the Four-Power control of Germany, including currency control, had been jointly drawn up and could not be amended except by quadripartite action. He expressed satisfaction that the reform would not be extended to Berlin.

On June 21, General Clay in a letter to Marshal Sokolovsky admitted that the introduction of currency measures in the Four-Power Zones on June 20 had been a mistake and that arrangements had been under way for a new currency system which would be introduced at an appropriate time. He expressed confidence that the appropriate time would be reached within a week or two.

1. Doc. 7.
2. Doc. 9.
3. Doc. 10.
4. Doc. 11.
5. Doc. 11a.
admitted that the introduction of another currency into Berlin would cause "economic problems". He therefore offered to have the economic experts of his staff meet with those of the Soviet Military Administration to discuss the currency situation and trade relations.

Marshal Sokolovsky reported on June 22 that a currency reform for the Soviet Zone and Greater Berlin would be carried out. On the same day, a Four-Power meeting of financial and economic advisers was held at which it became evident that the Soviet plan was that the sole currency for all Berlin should be the same as that in the Soviet Zone. The Western Powers took the position that no currency would be satisfactory which did not have the sanction of all Four Powers, and offered to compromise on a separate currency controlled by the Kommandatura for the Berlin area.

Since the Soviets would not agree to such an arrangement, General Clay indicated that he had no choice but to introduce

1. Doc. 12.
4. Doc. 15.
5. Doc. 15a.
6. Doc. 16.

---

in Berlin the reformed currency of the Western Zones. The Soviet Administration thereupon suspended traffic on the Berlin-Helmstedt railway and barge traffic to and from Berlin. In his reply to a British protest, the Soviet
Commander insisted that the reason for the earlier suspension of Autobahn traffic was the desire to protect the economy of the Eastern Zone, but that the suspension of rail traffic was of a technical nature, and would be temporary. In a further protest against the Western Powers' currency reform, the Soviet representative refused to continue to meet with his colleagues in the Berlin Kommandatura.

By the end of June, it was apparent that the blockade of Berlin had assumed menacing proportions. The Department of State and the National Military Establishment in Washington therefore considered alternative policies for the United States in Berlin including: (1) withdrawing from Berlin at a definite time; (2) remaining in Berlin at any cost; and (3) maintaining a firm stand in Berlin, postponing the decision whether to withdraw until it became necessary to make it. It was decided to remain in Berlin, to "utilize to the utmost" the "present propaganda advantage of our position", to "supply the city by air", and, if the restrictions continued, to protest to the Soviets and keep the "Berlin situation before world attention".

The position of the United States was supported by an opinion of the Legal Adviser of the Department of State to

1. Doc. 17.
2. Doc. 18.
3. Doc. 22.
4. Doc. 23.

TOP-SECRET

TOP-SECRET

the effect that the United States was an occupying power in Berlin as of right. The right derived from an exchange
of communications between President Truman and Marshal Stalin in June 1945 in which the President specified that the forces of the United States would occupy Berlin with "free access by air, road, and rail from Frankfurt and Bremen to Berlin" as part of a plan of operations which was accepted in general terms by Marshal Stalin. It was therefore the Legal Adviser's opinion that action which interfered with such free access was a "direct violation of an international agreement." General Robertson, acting for the British Government but with the knowledge of the other Western commanders in Berlin, asked on July 3 to be informed regarding the date upon which the end of the technical difficulties on the Berlin-Helmstedt rail line might be expected. He also requested that Autobahn traffic between the two cities be opened, since there was no real economic threat to the Soviet Zone. He offered to negotiate concerning the opening of communications.

On the same day representatives of the three Western Powers met with Marshal Sokolovsky. During their discussion the Marshal indicated that the restrictions on traffic had been imposed to alleviate economic disorders in the Soviet Zone. He asserted that "these economic disorders had been created by the London Conference at which he was not a party." 

Since such broad questions had been raised by the Soviet Commander in Berlin, the Western Powers determined to approach

1. Doc. 21.
3. Doc. 25.
the Soviet Union on a governmental level. Among the Western Powers at this point arose a question as to whether to suggest the possibility of a meeting of the Council of Foreign Ministers to discuss the whole German problem. The United States opposed such a course since it would have been impossible to reverse the decisions of the London Conference with respect to the formation of a West German Government - a course which the Soviet Union would certainly demand. The United States did desire, however, to mention the possibility of referring the Berlin dispute to the United Nations, since failure to do so would have given the note the character of an ultimatum.

The argument of the note sent on July 6 by the United States to the Soviet Union was predicated on the legal right of the United States to share in the administration of Berlin - a right which it derived from the Truman-Stalin correspondence of June 1945 - and the usage which had been followed in the years from 1945 to 1948. The note declared that the United States would "not be induced by threats, pressures or other actions to abandon these rights". It stated that any disagreements which might exist should be settled by "negotiation or by any of the other peaceful methods provided for in Article 33 of the [United Nations] Charter". Finally, the United States was willing to negotiate concerning Berlin in that city, but only after the blockade had been lifted. The Soviet reply of July 14 charged that the United States, Great Britain, and France had

2. Doc. 28. Parallel notes were sent by France and the United Kingdom. Notes in this exchange between July 6 and September 22 were prepared by the three powers jointly, or in the case of parallel notes their contents were carefully discussed in advance.
violated Four-Power agreements in that "Measures for the
demilitarization of Germany have not been completed and ...
the Ruhr district has been taken out from under the control
of the four powers ... the four power control mechanism has
been destroyed and the Control Council as a result thereof
has ceased its activity." It noted that "Following the London
meeting of the three powers with the participation of Benelux,
measures have been undertaken ... directed towards the
division and dismemberment of Germany". In discussing the
right of the United States to participate in the occupation
of Berlin, the Soviet note asserted that this right arose
from an agreement which "is an inseparable component part
of the agreement for the four power administration of Germany
as a whole." Thus, since the three Western Powers "by their
separate actions in the Western zones of Germany destroyed
the system of four power administration of Germany", the
legal basis for the Berlin occupation had been destroyed.
The note asserted that the restrictions had been imposed as
a protective measure when the Western Powers had introduced
the new currency into their zones of Germany. "Berlin", it
asserted, "is in the center of the Soviet zone and is a
part of that zone." Therefore the interests of the popula-
tion did not permit the introduction of currency which had
no validity in the Soviet Zone. Furthermore, if the people
of Berlin were suffering as a result of the blockade, the
Soviet Union would undertake to supply them. In conclusion,
Soviet union would undertake to supply them. In conclusion, the note stated that the Soviet Government was not unwilling to negotiate the issues but would accept no condition precedent to the initiation of a discussion which would

TOP SECRET

consider the problem of Berlin as a part of the problem of Four Power control on Germany. ¹

The Moscow Agreement

The next step decided upon was a direct approach to Stalin. This approach was to include a restatement of the position taken in the United States note of July 6 and a direct assurance to Stalin that the Western Powers would not tolerate coercive measures such as the blockade. If Stalin should indicate that the difficulties in Berlin were caused either by genuine technical problems or by a desire to force quadripartite discussions, the Western Powers might be prepared to suggest negotiations, provided the blockade were first lifted. The policy of the United States would be to remain in Berlin, regardless of coercion or threats. ²

On July 30, aide-mémoires were left at the Soviet Foreign Office by representatives of the three Western Powers. ³ They rejected the Soviet contention that the Western Powers had sacrificed their right to participate in the administration of Berlin, reemphasized the gravity of the situation in Berlin, and requested that arrangements be made for the representatives of the three Western Powers to meet with Stalin and Molotov. ⁴
Stalin and Molotov. Meantime the economic situation in the Western sectors of Berlin was becoming serious, as was indicated by the deterioration in the food supply and the supply of essential raw materials for the industries. In addition, Soviet currency had tended to displace that of the West in Berlin so that the economy was becoming tied to the Soviet

1. Doc. 29.
2. Doc. 30.
3. Doc. 31.
4. Doc. 32.

Zone economy, and the Soviet authorities were attempting to make the democratically elected government of Berlin unworkable.\(^1\)

The meeting with Stalin and Molotov which the Western Powers had requested occurred on August 2, 1948. The American Ambassador, Walter Bedell Smith, speaking for the three Western Powers, read a statement which had been previously agreed upon. The Three Powers, he said, occupied Berlin legally and did not propose to be forced to leave. Since they desired to prevent further deterioration of the situation, they wished to make it clear that if the restrictions in Berlin arose from technical difficulties, they would be willing to assist in remedying them; if the restrictions were to protect the East Zone economy, or if they were intended to force discussions, they were unnecessary, since the Western Powers were quite willing to negotiate if there
were no duress. Free negotiations could occur, however, only if the restrictions were removed.

During the discussions, Stalin restated the Soviet contentions, but insisted that there was no intention to drive the other occupying powers out of Berlin. In essence, his counterproposal was that the restrictions in Berlin be lifted if the special West Zone "B" mark currency were abolished simultaneously, and if the implementation of the London decisions were suspended until the Four Powers could meet and try to agree on fundamental questions concerning Germany as a whole.\(^2\) Marshal Stalin also outlined the

1. Doc. 33.
2. Doc. 34. Includes also Ambassador Smith's comments.

\textbf{TOP SECRET}

\begin{flushright}
TOP SECRET
\end{flushright}

\begin{flushright}
- 11 -
\end{flushright}

questions which the Soviet Union would like to have discussed if a Four Power meeting could be held. These included reparations, demilitarization, formation of a German government, a peace treaty, and control of the Ruhr. After further discussion, Stalin suggested the following solution to the problem: (1) The Soviet Zone mark would be introduced in all Berlin simultaneously with the removal of all transport restrictions, and (2) Stalin "would no longer ask as a condition the deferment of the implementation of the London decisions, though he wished this to be recorded as the insistent wish of the Soviet Government".\(^1\) The United States was willing to cooperate where appropriate.
was willing to agree to the proposed substitution of the Soviet Zone mark, but only if its availability and use were subject to quadripartite control. The United States was also willing to hold a Four Power meeting.² Representatives of the three Western Powers met with Molotov on August 6 to consider a draft agreement which they had prepared. Molotov's chief concern seemed to be that the proposed draft contained nothing with regard to Stalin's "insistent wish" that the implementation of the London Conference decisions be deferred. He further objected that the draft did not provide for simultaneous action to lift the blockade and adopt the Soviet mark in all Berlin. The Soviet Union could permit the other Powers to have no part in the control of the Berlin currency once it had been issued. Molotov considered that the proper authorities to discuss "wider German questions" were the Foreign Ministers.³

1. Doc. 35.
2. Doc. 36.
3. Doc. 37.

TOP SECRET

On August 9, a further meeting was held at which Molotov submitted his draft of a "joint communiqué".¹ This draft stated that the restrictions to be removed would be those imposed after the date of the announcement of currency reform in the Western Zones. It also stated that the governments of the Western Powers did "not propose for the time being to deal with" the question of the
the time being to deal with the question of the formation of a government for western Germany". The control of the currency in Berlin should be exercised by the German Bank of Emission of the Soviet Zone.²

The Molotov draft was unacceptable to the United States. It implied acceptance of the Soviet thesis that Four Power control of Germany had lapsed, for the draft agreement was to constitute the complete authority for the Berlin régime. The United States also could not accept the implication that the Soviet traffic restrictions had been imposed after and as a result of the currency reform in the Western Zones. Molotov's proposals with regard to the supervision of the currency were also considered inadequate. While the Western Powers did not wish to control "the total issuance of Soviet Zone currency" they did "desire agreement on quadripartite regulation of the use of Soviet Zone currency within Berlin and in trade". Similar considerations applied to control of the trade of the Western sectors.³

A further meeting was held with Molotov on August 12, 1948. Before the meeting, the representatives of the United States, the United Kingdom, and France had agreed on a draft statement commenting upon Molotov's draft. This statement

1. Doc. 38.
2. Doc. 39.
3. Doc. 40.

TOP SECRET

TOP SECRET

- 13 -

took issue with the Soviet contention that the currency reform in the West had necessitated the blockage, etc.
Reform in the West had necessitated the blockade, as the four commanders in Berlin could easily have eliminated any threat to the Soviet Zone economy by making arrangements to prevent black-market currency operations. The Western Powers could not, furthermore, accept the implication that the agreement under discussion would supersede all other agreements on Berlin, or derogate from existing rights. The Western Powers would not accept any communiqué which mentioned that negotiations had taken place with regard to postponing the establishment of the West German Government. Oral statements had been made in the meeting with Stalin, but the postponement of the establishment of the Government was not an agreed "condition precedent" to the lifting of the blockade. The Western Powers would not accept the contention that Berlin was a part of the Soviet Zone, and thus would insist that they have some part in controlling the currency used in the city. While they did not insist on controlling all the Soviet Zone currency, they would insist that they have a part in controlling its use in Berlin. Finally, the three powers rejected a Soviet contention that the city of Berlin should be exempted from bearing its part of the occupation costs. At this meeting Mr. Molotov seemed to be more interested in fixing a date for the introduction of the Soviet currency in Berlin and lifting the blockade than in any juridical question. Ambassador Smith insisted that if such a date were fixed, some terms of reference must be

1. Doc. 42.
prepared for the respective commanders in Berlin so that they could make the necessary arrangements for the changeover. Ambassador Smith was of the opinion that Molotov's reaction to the Western statement was much milder than might have been expected.

In preparation for a meeting on August 16 the Western Powers again prepared a draft communiqué which again provided for lifting the blockade and for a meeting of the Council of Foreign Ministers. The communiqué placed responsibility for the preparations in Berlin on the Military Governors, and provided that the Council of Foreign Ministers or other representatives should meet to discuss "(A) Any question which may be outstanding as regards Berlin and (b) any other outstanding problems affecting Germany as a whole". The Soviet Zone mark was to be employed in Berlin provided however that the Military Governors "shall have worked out arrangements for continued issue and use in Berlin under quadripartite authority" of that currency. Molotov objected to the draft on the ground that abandonment of the blockade and introduction of the Soviet Zone currency would not be simultaneous, since the lifting of the blockade and the negotiations on the currency issue would begin the same day. After considerable discussion, particularly of the introduction of the Soviet currency in all of Berlin, Molotov proposed a draft directive to the Military Governors in which the introduction of the Soviet Zone currency and the lifting of the blockade would be simultaneous and unconditional, after the four Military
Governors had worked out the details of the procedure. Later in the discussion, it became obvious that the problem of quadripartite control in Berlin was fundamental to the whole discussion and that Molotov was unwilling or unable to make concessions to allow Four Power control of currency or trade. ¹

Since Molotov's attitude was adamant, it was agreed among the Western Powers that a final meeting should be sought with Stalin so that the fundamental issues might again be considered. The agreed statement to be read to Stalin reduced the argument to the issue of control of the currency in Berlin, which the Three Powers insisted should be quadripartite. Stalin, however, opened the meeting by presenting a new draft communiqué. This draft provided that the restrictions imposed by both sides on traffic in and out of Berlin be removed simultaneously with the acceptance of the Soviet mark in all Berlin. A quadripartite financial commission, however, would control "the practical implementation of financial arrangements involved in the introduction of a single currency in Berlin". Berlin was to be exempted from payment of occupation costs. ³ During the part of the discussion at which Stalin was present he explained that the function of the financial commission would be to control that part of the activity of the Soviet
Bank of Emission which was concerned with the regulation of currency in Berlin. Stalin also wished to secure some sort of a statement, which need not be published, with regard to the London agreements. 4

---
1. Doc. 44.
2. Doc. 45.
3. Doc. 47.
4. Doc. 46.

---

After Stalin had withdrawn from the meeting, the Soviet and Western drafts were considered with Molotov, who was most interested in preserving the stability of the Soviet Zone currency. He thought that occupation costs paid by Berlin would cause a heavy and perhaps inflationary drain on the East Zone currency. For that reason, the budget of Berlin should be balanced. Molotov also did not wish the word "quadripartite" to be used, since it implied the legal right of the three Western Powers to be in Berlin. He would only agree to the phrase "the basis agreed between the four Military Governors" to describe the control function. Thus, even though agreement was reached on other sections of the communiqué, the draft which emerged from this meeting was not satisfactory to the United States since it did not recognize the right of the United States and the other Western Powers to be in Berlin. The draft directive to the Military Governors which emerged from the meeting was not satisfactory either, and numerous amendments were suggested by the United States. 2
A further meeting with Molotov and Vyshinsky was held on August 27, during which the texts of both a communiqué to the public and a directive to the Military Governors were worked out. The communiqué provided for the simultaneous lifting of the blockade and acceptance of the East Zone mark as the sole currency for Berlin. Further, a meeting of the Council of Foreign Ministers was to be held to discuss problems concerning Berlin and Germany as a whole. The

1. Doc. 47.
2. Docs. 48, 49, and 50.
3. Doc. 52.

The directive to the Military Governors instructed them to make the detailed arrangements necessary for carrying into effect the provisions of the communiqué and to report the earliest date upon which they could be carried out. The provision regarding the financial commission was retained. This last provision was separate from the "arrangements relating to the currency changeover" which the Military Governors were required to work out. Further discussion of the London plan brought no further agreement.

During the final meeting of the series on August 30, Molotov and Vyshinsky would not agree to the issuance of any communiqué until the Berlin negotiations were completed, unless the Western Powers agreed to postpone the implementation of the London agreements - a condition which the Western Powers refused to consider.
Western Powers were unable to accept. Accordingly, no
communiqué was released, but agreement was reached on the
directive to the Military Governors.  

On August 31, 1948 the four Military Governors in
Berlin began discussions in accordance with the directive
agreed upon at Moscow. A deadlock arose when it became
evident that Sokolovsky's position with regard to the powers
of the proposed financial commission was incompatible with the
Moscow decisions. In effect, the issue was again the
control of the city of Berlin. Similarly during the
discussion of the control of trade Sokolovsky took a
position which would have given the Soviets control of
the trade to and from Berlin if it had been agreed to.

1. Doc. 51.
2. Docs. 53 and 54.
3. Doc. 59.
4. Doc. 58.

At the conclusion of a week of technical discussions,
the conferees could not even agree on a joint report to
their governments. The three major points of difference
were: (1) The function of the finance commission, (2)
Soviet insistence on Soviet control of the trade of Berlin,
and (3) a Soviet proposal to introduce restrictions on air
transport. On each of these issues the Soviet representa-
tive made claims which the United States would not accept.
In trade, for example, he asserted that the Soviet Union
had always controlled the export and import of goods for

officers controlled the export and import of goods for Berlin. This contention was untrue, but the United States was willing to grant that the introduction of Soviet currency would make necessary some agreements on trade control.  

2 The report on the finance problem forwarded to the United States by Ambassador Murphy reemphasized the refusal of the Soviet authorities to allow the Finance Commission the control functions assigned to it in the Moscow agreements with Stalin. In their view, the Soviet Military Administration would actually control the emission and circulation of the currency, while the Finance Commission would act merely as an "observer" to report on evidences of discrimination."  

3 As for lifting the traffic restrictions, the Soviets were unwilling to give up all the controls which they had imposed, and wished to allow the use of only one rail route, without alternate routes to be available in case of "technical difficulties". Sokolovsky also attempted to restrict air transport to and from Berlin to military

1 Docs. 55 and 57.
2 Doc. 58.
3 Doc. 59.
4 Doc. 61.

---

planes for the transport and supply of military personnel only in accordance with the Soviet interpretation of a Control Council discussion of November 30, 1945.  

Since the Military Governors had reached no general agreement as to the role of the Military Government.
agreement at the end of the time allotted in the Moscow directive, the only course remaining was to refer the problem again to the Four Governments. It appeared desirable to the United States to reemphasize that none of its rights had been suspended or altered in the course of the discussions in Moscow or Berlin, inasmuch as the action of the Soviet Government appeared to be part of a plan to nullify the juridical rights of the United States in Berlin.

In an aide-mémoire presented to Molotov in Moscow on September 14, 1948, the United States recounted the facts of the Berlin discussions, pointing out that Sokolovsky took positions during the talks which were not in accordance with the Moscow agreement, and insisted that only if the Soviet Commander in Berlin were instructed to continue the discussions on the basis of the Moscow agreement could the discussions in Berlin continue.

During the discussion of this aide-mémoire, Soviet officials expressed their desire to have a report prepared by the four Military Governors which would represent an agreed statement on behalf of all of them. Ambassador Smith and his colleagues, on the other hand, wanted only an assurance from Molotov that the Soviet representative would be instructed to return to the agreed basis of the discussion.

1. Doc. 60.
2. Doc. 62.
3. Docs. 63 and 64.

TOP SECRET

TOP SECRET
It was Ambassador Smith's impression that the Soviet Government was playing for time and that it wanted to prolong the discussions, and to shift the onus of a possible break to the Western Powers.

The Soviet reply to the aide-mémoire of the Three Powers was handed to their representatives on September 18. The reply denied that the Soviet Commandant had misinterpreted the intent of the directive given to him. It maintained that the Soviets were justified in insisting on their interpretation of the November 30, 1945 agreement on air traffic, and that the Soviet offer during the Berlin discussion would have lifted the blockade in compliance with the directive. Respecting the Finance Commission, the Soviets insisted that its functions should be limited to those listed in points "A" to "D" of the directive, and denied that the Commission should have control functions over the "whole activity of the German Bank in Berlin". They also maintained that there had not been adequate agreement on the matter of trade, and suggested that further instructions be sent to the Military Governors.

In the discussion which followed the presentation of the aide-mémoire, both sides restated and clarified their positions, the point of view of the three Western Powers being stated by Ambassador Smith. In essence he said that the Three Powers were willing to accept Soviet currency in Berlin, but would consent to no arrangement which would derogate from their rights in Berlin. The functions of the Finance Commission should be

---

1. Doc. 65.
2. Doc. 67.
planned to reflect genuine Four Power control. The dis-
cussion did not bring the dispute any closer to solution.

A further aide-mémoire was submitted to the Soviet
Government on September 22. It restated the position of
the United States on the three issues of air traffic, the
Finance Commission, and trade. It indicated "that the
difficulties that have arisen ... derive not from technical
matters but from a fundamental difference of views between
the Governments". The question was therefore unequivocally
put to the Soviet Government as to whether it was willing
to remove the "blockade measures" in Berlin in order to
"create conditions which would permit a continuance of
discussions."

The Soviet reply of September 25 attempted to place
blame for the whole Berlin situation on the action of the
Western Powers in "carrying out of a separate currency
reform, and the introduction of a separate currency in the
Western Zones of Germany and in the western sectors of Berlin,
which constituted an extreme and far reaching measure in the
execution of the policy of partitioning Germany". It further
stated that the Moscow Agreement of August 30 stipulated a
simultaneous lifting of the blockade and introduction of the
Soviet mark, and insisted that a settlement be reached only
on those terms. The Soviet position on the three disputed
issues was also stated: The added regulation of air traffic
was necessary because it would facilitate control over
currency circulation; the Finance Commission must be
established in compliance with the August 30 directive; in the matter of the control of trade, the Soviet Government was willing to concede Four Power control over import trade between Berlin, third countries, and the Western Zones of Germany which it had already agreed to place under the control of the Finance Commission.

Since the preliminary attempts to settle the Berlin problem by the peaceful means of discussion and compromise had so far failed to produce a settlement, consideration was given to submitting the dispute either to the General Assembly of the United Nations, which was then about to meet in Paris, or to the Security Council. Such a move was important for the United States, not only in order to fulfill its obligations under the Charter, but also to indicate to Russia that its intentions were unmistakably peaceable. Open consideration of the issue would serve to make plain to the world that the Soviets were "using coercion and force" as their policy and would center world public opinion on the dispute to the disadvantage of the Soviet Union. The consideration of the issues in the United Nations would provide more time "without paying for it by appeasement."

The United States preferred to submit the dispute to the Security Council because it would more quickly lead
to the Security Council because that was the appropriate organ to consider a threat to the peace. Furthermore, it offered flexibility of procedure, with the possibility of later submission to the General Assembly. In the Security Council there would also be less chance of abstentions and negative votes, other than those of the Soviet Union and its satellites.

**Submission of the Dispute to the United Nations**

Since the exchange of views of September 22-25 with the Soviets had produced no further agreement, the Foreign Ministers of the United States, the United Kingdom, and France, who were meeting in Paris, issued a communiqué on September 26, 1948 in which they characterized the Soviet note of September 25 as "unsatisfactory" and reported that they were submitting the whole dispute to the United Nations. On the same day there was delivered to the Soviet Ambassador at Washington a note which, after reciting the history of the dispute, discussed the Soviet note of September 25. This it rejected as unsatisfactory, since "it also seeks to impose restrictions on transport and communications between Berlin and the Western zones which would place the maintenance of the forces of occupation of the three Western occupying powers and the whole life of the Berlin population within..."
the arbitrary power of the Soviet command, thus enabling the
Soviet military authorities to reimpose the blockade at any
moment in the future if they so desired." The note then
stated that the difficulties were not of a technical nature
to be adjusted by mere negotiation, but were more fundamental,
and that in fact the Soviets were attempting to secure by
evasion that which they could not secure legally. Since
the Soviets had thus created a situation in which the means

1. Doc. 66.
2. Doc. 71.

TO SECRET

of peaceful settlement envisaged by the United Nations
Charter were no longer workable, the Three Powers "while
reserving to themselves full rights to take such measures
as may be necessary to maintain in these circumstances
their position in Berlin, find themselves obliged to
refer the action of the Soviet Government to the Security
Council of the United Nations."

On September 29 Ambassador Austin for the United
States submitted a note to the Secretary General of the
United Nations in which he drew attention to the "serious
situation which has arisen as a result of the unilateral
imposition by the Government of the Union of Soviet Socialist
Republics of restrictions on transport and communications
between the Western zones of Occupation in Germany and
Berlin". The note charged that the action was a threat to
the peace union Charter VIE of the Charter.
the peace under Chapter VII of the Charter and made it clear
that the United States regarded the Soviet action as a
pressure device to secure political objectives. The United
States took the position that it had exhausted the possible
means of peaceful settlement as required by Article 33 of
the Charter.

The Soviet reply to the United States note of
September 26 was forwarded to the American Embassy at
Moscow on October 3. The note began with a restatement
of the agreed directive to the Military Governors. It
stated that this directive had provided "that a quadripartite
finance control must be set up for the introduction
and circulation of a single currency in Berlin, but

nowhere is it stated that this concerns also the issuing
of the above mentioned currency, inasmuch as this might
lead to the interference of the Three Powers in the regula-
tion of the monetary circulation in the whole Soviet Zone."
The note maintained that at Berlin the Western representatives
had demanded control over the issuance of the currency and
thus over the whole economic life of the Soviet Zone. The
Soviet Government expressed its willingness to adhere to
the provisions of the directive of August 30. The Soviets
appeared to believe that the Western Powers had agreed
during the Berlin discussions to a form of control over
air traffic into Berlin and in general expressed the belief that the differences between the Powers had been too small to justify the breaking off of discussions, an action which it attributed to the Western Powers. The Soviets restated their position that the questions of Berlin and of Germany as a whole were closely related, as appeared plainly from various agreements previously entered into. The Western Powers, by their London agreements, allegedly had violated the Potsdam agreement and were thus at fault for the situation as it existed in Germany; they therefore could not expect to be the recipients of any rights in Berlin as a result of that prior agreement with the Soviets. The note denied that the food situation in Berlin was serious, since the Soviet forces were willing and able to supply the city. The restrictive measures were said to be necessary to insure the economic stability of the Soviet Zone. Furthermore, it was claimed that the charges of the Western Powers that the Soviets were fomenting disorder in the Berlin government were

**TOP SECRET**

not true. The note further alleged that the Three Powers had themselves "ignored their obligations to refer disputed questions on Germany and Berlin to the Council of Foreign Ministers, whose competence, as is known, includes the regulation of such matters."

In a declaration at the end of the note, the Soviet Government developed the argument that the situation in Berlin was only part of a more general issue. The Soviets claimed that the Potsdam agreements did not properly foresee the possibility of Berlin being divided in the East, and that the Soviets were only acting in self-defense against the actions of the Western Powers.
government developed the argument that the situation in Berlin should be settled by the Powers concerned, since Article 107 of the Charter so provided. It defined the action of the Three Powers in submitting the question to the Security Council as a "means of pressure." The proposals of the Soviet Union were: (1) "to recognize the agreed directive of August 30 to the military commanders as an agreement ... on the basis of which the situation in Berlin must be regulated," and (2) to call a meeting of the Council of Foreign Ministers in order to review both the situation in Berlin and the problems of Germany as a whole "in accordance with the Potsdam agreement of the four powers." 1

The same point of view was stressed by Mr. Vyshinsky in the discussions of the problem in the Security Council of the United Nations. He reiterated the position that the measures taken by the Soviets in their Zone of occupation were defensive in nature, since the other occupying Powers had violated the Potsdam and other agreements, and the contention that the duty of the Four Powers to settle disputes on Germany among themselves was clear. He further elaborated the idea that there was actually no blockade of Berlin, and thus there could be no real threat to the peace. 2

1. Doc. 74.
2. Doc. 75.
agenda by the Western Powers should be placed on the agenda of the Security Council. Mr. Jessup, speaking for the United States, insisted that the situation had not changed and that there still existed a real threat to the peace. Since the obligation of Members of the United Nations to submit such situations to the United Nations was clear, the United States had submitted the threat created by the Berlin blockade; it did not wish to discuss all problems concerned with Germany in the Security Council. The drafting history of Article 107 provided no indication that it was meant to apply to the action of a great Power within the territory of a defeated Power.

When the vote was taken on the issue of including the Berlin blockade problem on the agenda, the result was nine to two in favor of considering the problem, but the Soviet representative announced his unwillingness to participate in any such discussion.

On October 6, 1948, Mr. Jessup, in the Security Council, delivered an address in which he outlined the substantive case of the United States. The actual threat to the peace, he said, was created in the attempt of the Soviet Union to blockade Berlin and secure the political allegiance of the people by promise of food. Furthermore the Soviet Union fomented and encouraged disturbances which threatened the stability of the city government of Berlin. Mr. Jessup reviewed the legal grounds upon which the United States

1. Doc. 76.
2. Doc. 77.

TOP SECRET
shared in the occupation; he traced the imposition of various restrictions in Berlin, and the shifting series of excuses given by the Soviets for their actions. He described a series of measures taken by the Soviets to disrupt the government of Berlin, and the efforts of the United States by discussion and otherwise to solve the problems of Berlin. He again expressed the willingness of the United States to participate in a meeting of the Council of Foreign Ministers if the blockade were lifted.

Since the Soviet Union refused even to discuss the matter, a stalemate had obviously occurred. In these circumstances the President of the Security Council, Juan Bramuglia, sought to conciliate the dispute. In this effort, he directed to the disputants a series of seven questions with which he attempted to draw out any fresh ideas which either side might offer. The United States, the United Kingdom, and France chose to embody their replies in a joint memorandum. They assured Dr. Bramuglia that they were ready now as before to discuss all German problems in the Council of Foreign Ministers as soon as the blockade was lifted. They wished to emphasize that it was the blockade which held up the discussions, and suggested to the Council that it might "call upon" the Four Powers to remove their separate restrictions, and to arrange for discussions of the German problem. After receiving the reply of the Western Powers, Dr. Bramuglia approached Mr. Vyshinsky with the idea that a lifting of the blockade and a simultaneous meeting of the Council of Foreign

1. Doc. 78.
2. Doc. 79.
Ministers might be arranged.\footnote{1} The Soviet reply to the informal questionnaire maintained that the Security Council should remove the Berlin problem from its agenda and insisted that the lifting of the blockade and the introduction of the Soviet Zone currency should be simultaneous and that there should be a meeting of the Council of Foreign Ministers in which the whole problem of Germany ought to be resolved "in conformity with the Potsdam agreement".\footnote{2}

On October 22, 1948, the six members of the Security Council not directly concerned in the Berlin dispute - Argentina, Belgium, Canada, China, Colombia and Syria - submitted to the Council a draft resolution intended to alleviate the situation in Berlin. This resolution "called upon" the four occupying powers to "prevent any incident which would be of a nature to aggravate the present situation in Berlin", and simultaneously to discontinue all blockade measures. The four Military Governors were to meet as soon as possible to arrange for the unification of the currency of Berlin on the basis of the German mark of the Soviet Zone. The Military Governors were to fix the conditions for the use of the currency and the quadripartite Finance Commission was to carry out those conditions. A meeting of the Council of Foreign Ministers, to reopen negotiations on Germany as a whole, was to be scheduled within ten days of the completion of these actions.\footnote{3} Mr. Jessup, speaking for the United States, accepted the resolution, since it emphasized "that Berlin as a whole was a component part of Germany, and that the situation in Berlin should not be separated from that of the remainder of Germany or the zone."
States, accepted the resolution, since it required reciprocal concessions of the sort previously urged by the United States.¹

Speaking for the Soviet Union, Mr. Vyshinsky pointed out that whereas the joint directive of August 30 had provided that the introduction of the Soviet mark in Berlin should be simultaneous with the lifting of the blockade, the resolution under consideration provided only that the Military Governors would meet to arrange for the unification of the currency simultaneously with the lifting of the blockade. Thus even though the resolution fixed a date of November 20 for the completion of the action contemplated with regard to the currency, Mr. Vyshinsky did not consider the arrangement satisfactory, and vetoed the resolution.²

Mr. Jessup, in his rebuttal to the Soviet statements, noted that the directive of August 30 had provided that the Soviet currency be introduced and the blockade lifted "subject to agreement being reached among the Four Military Governors in Berlin for their practical implementation". Since the Soviet Union had not permitted this agreement to be reached, the question was not a technical one, but rather a question whether the Soviet Union could secure its objectives by force. In fact, he said, the Soviet Union could secure all it desired without the use of force, but the three Western Powers would never agree to unilaterally impose the currency.³
After the Soviet veto of the resolution, Mr. Herbert Evatt, in his capacity as President of the General Assembly, joined with Secretary-General Trygve Lie in addressing a communication to the four disputant Powers. They referred to a resolution of the General Assembly urging the Great Powers to "compose their differences, and establish a lasting peace" and urged the Powers to undertake conversations which would contribute to a solution of the Berlin question so that a peace treaty for Germany could be concluded.

President Truman's reply assured the two officials that it was still the desire of the United States to settle the Berlin question and that the United States would have been willing to settle the question on the basis of the resolution which the Soviet Union had vetoed. It then restated the positions taken by the United States: (1) that it was ready to negotiate once the blockade was lifted, and (2) that the purpose of the blockade was to secure political objectives to which the Soviet Union was not legally entitled.

The reply of the Soviet Union likewise restated its position that it would settle the dispute on the basis of the directive of August 30, provided that the Council of Foreign Ministers be convened to consider all problems in connection with Germany as a whole.
Continuing his efforts to resolve the conflict over Berlin, Dr. Bramuglia, representing the six sponsors of the vetoed resolution, forwarded to the disputants in early December a further questionnaire concerning the exercise of the quadripartite control of financial arrangements in Berlin. The answers to this questionnaire brought out clearly the point at issue in the Berlin currency problem. Assuming that the currency to be adopted for Berlin was the Soviet Zone mark, how could the Three Powers control the Soviet currency used in their sectors of Berlin without interfering with the Soviet right to control the currency in the Soviet Zone? The Soviet position was that the degree of control over the German Bank of Emission, the source of

\begin{enumerate}
\item Doc. 86.
\item Doc. 87.
\item Doc. 88.
\end{enumerate}

\textbf{TOP SECRET}

\begin{center}
- 32 -
\end{center}

the Soviet currency envisaged by the Western powers would be so great as to prevent the Soviet Administration's exercise of its legitimate control in its own zone. The reply of the three Western Powers denied that they desired to interfere with the finances of the Soviet Zone, but asserted that the Western Powers could not agree that the Soviets should exercise "sole and unrestricted control over the currency and finances of Berlin". The reply pointed out that after the problem of issuing the currency had been solved, there would remain the problem of controlling the amount of currency and credit available in Berlin, and that of insuring non-discrimination in the provision of currency and credit to the four sectors. The whole
solution would be complicated by the split in the city of Berlin. Specifically, in answer to Dr. Bramuglia's questions, the reply said that the Financial Commission should exercise control of finance and credit as well as trade, but only within Berlin.

Since the replies only restated the disagreements which the parties encountered the previous summer in Berlin, Dr. Bramuglia decided to appoint a technical committee to consider and make recommendations to the President of the Security Council ... for the agreement among the occupying powers relating to introduction, circulation, and continued use of a single currency for Berlin, under adequate Four Power supervision and import and export regulations in connection with outside trade of Berlin. 2 The three Western

1. Doc. 89.
2. Doc. 93.

Powers welcomed the action of Dr. Bramuglia, but reserved their right "to take such measures as may be necessary to maintain in these circumstances their position in Berlin." The Soviet Government likewise agreed to submit information to the Committee and in its reply expanded its answers to the five questions previously posed by Dr. Bramuglia.

On December 5 the three Western Powers addressed a further communication to Dr. Bramuglia, describing the action taken by the Soviets in their sector of Berlin on
November 30. This action consisted of "arbitrary dismissal of city councillors", "threatening official Soviet Letters", creation of an independent Social Democratic Party, and threatening of the personal safety of Berlin officials. The Soviets had officially declared that they would not permit elections to be held in the Soviet sector as scheduled. They had altered the system of electric power distribution and disturbed the city transport system. They had introduced a new identification system.

On November 29, 1948, Marshal Sokolovsky had sent to General Clay a protest against "dangerous acts which are taking place in the Western sectors of Berlin for the disorganization and splitting of German municipal administrative agencies." He protested the fact that separate Western sector elections had been arranged, since that action would disrupt the city-wide Magistrat. The Soviet command would not encourage the splitting of the Magistrat, but would

1. Doc. 94.
2. Doc. 95.
3. Doc. 96.
4. Docs. 91 and 90.

COOPERATE IN PRESERVING THE UNITY OF THE CITY.

General Clay's reply stated that the Commandants of the three Western Powers had no objection to the elections scheduled for December 5. It placed the blame for the division of the city on the Soviet occupation authorities, and asked whether the recent illegal election of officers to the
Magistrat from the Soviet sector had been countenanced by the Soviet Commandant. General Clay insisted that he desired that the Berlin constitution be adhered to.

By December 5, however, when the three Western currency experts submitted the report mentioned above to the President of the Security Council, the splitting of the city of Berlin had been accomplished since the Soviet authorities had on November 30 "countenanced, and indeed encouraged" a movement to exclude the legal city administration from the Soviet sector. The existence of the separate city government in the Soviet sector had created a de facto split in the city which would make the establishment of a single currency extremely difficult. The communication of the Western Powers related the history of the establishment and operation of the city government in Berlin, showing how the tactics of the Soviets had been to disrupt it whenever possible. The Soviets had refused, in effect, to permit the holding of the 1948 elections, as required by the temporary constitution of the city. The report stated that in spite of all difficulties, the elections would be held on December 5 in the Western sectors of the city.

1. Doc. 92.
2. Doc. 92a.
3. Doc. 96.

TOP SECRET

TOP SECRET

- 35 -

On December 23, 1948, the Technical Committee on Berlin
On November 15, 1949, the Technical Committee on Berlin Currency and Trade made a progress report and submitted a set of draft recommendations which it felt would be workable even with a divided government in Berlin. The draft recommendations provided a detailed set of operational guides for the Four Power Finance Commission, the Berlin branch of the German Bank of Emission, and the Berlin banking institutions. Rules with regard to the provision of currency and credit and for control of trade were drafted with the idea of providing for the maintenance of a fixed relationship between the amount of currency issued in Berlin and the amount issued in the Soviet Zone.

Both parties to the dispute submitted comments on these draft recommendations. The Soviet reply stressed the necessity for tying the operation of the economic structure of Berlin to that of the Soviet Zone in all respects. It insisted that the Berlin budget should be balanced immediately. Goods which were to pass through the Soviet Zone were to be licensed by the Soviet Military Administration and a control upon air transport was to be established. The reply of the United States reemphasized the necessity for any solution to take into account the de facto split in the city of Berlin. It opposed any arrangement which would require unanimous decisions by any quadripartite body, since the veto power would tend to stifle activity. In essence it suggested that a scheme to be viable in Berlin would have to be based on control of the currency by each of the Powers in

1. Doc. 97.
2. Doc. 98.
its own sector. Thus the plan suggested by the United States expert as a *modus vivendi* provided that the Western Stadtkontor be designated the central bank for Western Berlin, with the German Bank of Emission (Soviet sector) furnishing Soviet Zone currency for all of Berlin under a special arrangement. When the replies had been exchanged, the Soviet expert pointed out that while the Committee's draft had been based essentially on the formula of the directive of August 30, the reply of the United States expert had not, and he therefore rejected the comments of the United States expert.  

In later papers, the United Kingdom and France supported the position taken by the expert of the United States. Both sides submitted further information with regard to the situation in Berlin at the request of the Committee.

The report of the Technical Committee on Berlin Currency and Trade was submitted to the President of the Security Council on February 11, 1949. It summarized the discussions and papers in some detail, concluding that "the present positions of the experts of the Four Occupying Powers are so far apart in this matter that further work by the Committee, at this stage, does not appear useful." The Committee therefore made no recommendation, but submitted the material it had collected to the President of the Security Council.

At this point the United States released to the press a review of the controversy, stating that the failure to agree
arose from the unwillingness of the Soviet authorities to implement the basic principles of the August 30 directive, and later from the situation created by the Soviet action to split the administration of the city of Berlin. It emphasized that the Western Powers were still prepared "to consider any equitable solution of Berlin currency and trade matters which will adequately safeguard legitimate interests of both western and eastern sectors of the city."1

The Jessup-Malik Conversations

Shortly before the Currency Committee submitted its report Kingsbury Smith, an American correspondent interviewed Marshal Stalin by telegraph. One of his questions with the answer which Stalin sent was as follows:

"Question: 'If the Governments of the United States of America, the United Kingdom and France agreed to postpone establishment of a separate western German state pending a meeting of the Council of Foreign Ministers to consider the German problem as a whole, would the Government of the USSR be prepared to remove the restrictions which Soviet authorities have imposed on communications between Berlin and the western zones of Germany?'"

"Answer: 'Provided the United States of America, Great Britain and France observe the conditions set forth in the third question, the Soviet Government sees no obstacles to lifting the transport restrictions on the understanding, however, that transport and trade restrictions introduced by the three powers should be lifted simultaneously.'"

At his press conference on February 2, Secretary Acheson reviewed the conflict over Berlin in relation to this interview, showing how the Soviet justification of the traffic restrictions had shifted during the period from their imposition to that date. He observed that the
Western German Government had not yet been formed, and that the agreements in regard to Western Germany did not preclude agreement on Germany as a whole. He suggested that all the normal channels were open for diplomatic negotiation, if the Soviets wished to consider the issues.

On February 15, 1949, Ambassador Jessup in conversation with Yakov Malik, representative of the USSR to the United Nations at Lake Success, remarked that the answer of Stalin as given above made no reference to the currency problem in the Berlin matter. When Mr. Jessup asked whether the omission had any significance, Mr. Malik replied that he did not know but that he would inquire. On March 15, Mr. Malik reported that the omission was "not accidental". The problem of currency could be discussed by the Council of Foreign Ministers in relation to the rest of the German problem.

In the later discussion Mr. Jessup observed that it was not necessary to urge the postponement of the establishment of the West German Government as a "condition precedent to a Council of Foreign Ministers since as a matter of fact that government did not now exist." Further conversation developed the attitude of the two representatives with regard to the issue of reciprocity; both considered that a mutual and simultaneous lifting of blockade measures would be necessary. 2

On March 21 Mr. Malik revealed that the Soviet Union would consent to a reciprocal lifting of the Berlin blockade if agreement were reached as to a date for a meeting of the

1. Doc. 108.
Council of Foreign Ministers. The date for lifting the blockade would not necessarily coincide with that of the meeting of the Foreign Ministers. Some misunderstanding arose at this meeting as to whether Mr. Jessup had ever promised to "call off" the formation of a West German Government if a meeting of the Council of Foreign Ministers were arranged. Ambassador Jessup insisted that he had never made such a promise, but had said that if the Council were to meet at the time of the discussion, it would meet in the absence of a West German Government.  

On April 5 Mr. Jessup again called upon Mr. Malik, and read to him a prepared statement in which the position of the United States was set forth. The understanding of the United States was that the Soviet Government was willing to remove all restrictions on communications, transportation, and trade between Berlin and the Western Zones imposed since March 1, 1948, on condition that the Western Powers would remove their restrictions on transportation to and from the Eastern Zone. Subsequent to the removal, a meeting of the Council of Foreign Ministers would be held to consider "matters arising out of the situation in Berlin, and matters affecting Germany as a whole". The statement noted that "the question of the establishment of a Western German Government does not arise in the consideration of arranging a meeting of the Council of Foreign Ministers in the reasonably near future." The discussion on April 5 was in large part a clarification of the mutual understandings,
especially with regard to the issue of the postponement of a West German Government. 3

1. Doc. 112.
2. Doc. 114.

TOP SECRET

- 40 -

At the opening of their next conversation on April 11, Mr. Malik read a statement to the effect that Vyshinsky agreed to the conditions already discussed, except that he understood that no West German Government would be established during the meeting of the Council of Foreign Ministers. After considerable discussion of this point, on which no definite agreement was reached, Malik suggested that since agreement had been reached that a mutual lifting of restrictions could occur, "no obstacles existed to entering into conversations to fix the details." 1

On April 27, Mr. Jessup again called upon Malik and read to him a prepared statement which included certain details necessary to be understood if the talks were to continue, among them the date March 1, 1948 as the date from which the imposition of the blockade was to be calculated. The position of the United States with regard to the initiation of a West German Government was that preparations were being made for such a government, and would continue, though the London decisions did not preclude an agreement among the Four Powers. The United States wished to suggest a date for the meeting of the Council of Foreign Ministers early enough so that the
Foreign Ministers could return to their duties at least by the second week of June. For his part, Malik had received an amplification of Vyshinsky's previous statement regarding the mutual lifting of blockade measures. He now used March 30, however, as the date of the initiation of such measures. It was decided to seek

1. Doc. 115.
2. Doc. 117.

Further instructions on this point, since Jessup argued that the United States wished to assure itself that all restrictions would be removed. After further clarification of the currency issue and the problem of the establishment of the West German Government, the discussion turned to details for concluding the negotiation.

At the next meeting, on April 29, Mr. Malik began by asking about a communique to announce the details of the agreement, thus implying that the Soviet Government considered that agreement had been reached at the previous meeting. Mr. Malik then stated that the Soviet Government wished to have the meeting of the Council of Foreign Ministers held at Paris between the tenth and fourteenth of June, 1949. The blockade could be lifted one week earlier. The meeting could consider the question of currency among others. Mr. Malik then proposed the text of a communique to be issued to record the agreement. The
details of the proposed communiqué were discussed, with particular emphasis upon the date mentioned as that upon which restrictions were first imposed by the Soviet Government, and the date mentioned for the beginning of the Council of Foreign Ministers meeting. Mr. Malik agreed that the next meeting in the series could be a meeting of representatives of the Four Powers, so that a communiqué could be agreed upon.

On May 2, Mr. Jessup commented upon Mr. Malik's latest proposals in writing. Speaking for the representatives of France and the United Kingdom, as well as for the United States, he agreed that the place of the meeting of the Council of Foreign Ministers should be Paris, but suggested that the date for the meeting should be May 23, and the date for the lifting of the blockade should be May 9. The date from which the blockade measures were to be calculated should be March 1, 1948. Mr. Jessup then proposed a revised text for the communiqué to be issued by the Four Powers.

In Mr. Malik's reply of May 3, he agreed to the date for the meeting of the Council of Foreign Ministers and the date from which the blockade measures to be removed would be calculated, but wished to suggest the date of May 12 as the date for lifting the blockade. He also suggested

\[\text{TOP SECRET}\]

2. Doc. 118.
as the date for lifting the blockade. He also made some
suggestions for further amendments to the communiqué which
were subsequently accepted. 2

The first point decided in a Four Power meeting on
May 4 was the date for the lifting of the blockade measures.
Mr. Malik insisted that May 12 was the earliest possible
date, since it would be necessary to make arrangements for
the lifting after the communiqué was issued. This date was
finally agreed upon. The wording of the communiqué was
further considered. It was agreed, for instance, that
the use of the term "all restrictions" did not mean that
the currency problem in Berlin would be considered a
restriction; it would therefore not delay the lifting of
the blockade. The technical problem of preparing the
communiqué was discussed, and the details of its release
were agreed upon. 3

1. Doc. 119.
2. Doc. 120.
3. Doc. 121.

TOP SECRET

TOP SECRET

- 43 -

The communiqué itself, released May 4, 1949, stated
that all restrictions which had been imposed by any govern-
ment on traffic to and from Berlin, after March 1, 1948,
would be lifted on May 12, 1949. On May 23, 1949, a meeting
of the Council of Foreign Ministers was to be held in Paris
"to consider questions relating to Germany, and problems
arising out of the situation in Berlin, including also the
question of currency in Berlin." 1 The Security Council was
notified of this agreement on the same day. No request was made at the time, however, to remove the Berlin question from the Council's agenda, and in view of subsequent developments this question has remained on the agenda of the Security Council, although no action has been taken on it.

1. Doc. 122.
2. Doc. 123.