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 E.O. 11652, Sec. 3(E) and 5(D)
 DEPT. OF STATE LTR. 1-18-73
 BY NLT, NARS Date 2-12-73

TO: THE PRESIDENT OF THE UNITED STATES
 ABOARD PRESIDENTIAL SPECIAL

NR : WHITE ONE ZERO SEVEN

DTG: 270010 Z

7:40 PM. E.S.T. Sept. 26.

State Department delivered to Soviet Ambassador here

6:30 p.m. Eastern Standard Time reply to the Soviet note received yesterday. Lovett says this note and "white paper" prepared by the Department covering the Moscow negotiations and including text of the Soviet note yesterday, are being released to the press at midnight.

Am sending you copy of the white paper to you in pouch leaving here tonight. Text of the reply delivered to the Soviet Embassy tonight follows:

His Excellency

Alexander S. Payushkin,

Ambassador of the Union of Soviet

Socialist Republics.

The Acting Secretary of State presents his compliments to His Excellency, the Ambassador of the Union of Soviet Socialist Republics, and has the honor to transmit the following communication:

1. The Governments of the United States, France and the United Kingdom, conscious of their obligations under the charter of the United Nations to settle disputes by peaceful means, took the initiative on July 30, 1948, in approaching the Soviet Government for informal discussions in Moscow in order to explore every possibility of adjusting a dangerous situation which had arisen by reason of measures taken by the Soviet Government directly challenging the rights of the other occupying powers in Berlin. These measures, persistently pursued, amounted to a blockade of land and water transport and communication between the Western Zones of Germany and Berlin which not only endangered the maintenance of the forces of occupation of

the United States, France and the United Kingdom in that city but also jeopardized the discharge by those governments of their duties as occupying powers through the threat of starvation, disease and economic ruin for the population of Berlin.

2. The Governments of the United States, France and the United Kingdom have explicitly maintained the position that they could accept no arrangement which would deny or impair the rights in Berlin acquired by them through the defeat and unconditional surrender of Germany and by four-power agreement, but they were, however, willing to work out in good faith any practical arrangements, consistent with their rights and duties, for restoring to normal the situation in Berlin, including the problems presented by the existence of two currencies in that city.

3. After long and patient discussion, agreement was arrived at in Moscow on a directive to the four military governors under which the restrictive measures placed by the Soviet Military Government upon transport and communications between the Western Zones and Berlin would be lifted simultaneously with the introduction of the German mark of the Soviet Zone as the sole currency for Berlin under four-power control of its issue and continued use in Berlin.

4. In connection with the lifting of restrictions and the maintenance of freedom of communication and the transport of persons and goods between Berlin and the Western Zones, the agreed directive provided that restrictions recently imposed should be lifted. Generalissimo Stalin during the discussions personally confirmed that this meant the removal also of any restrictions imposed prior to June 18, 1948.

In connection with the currency situation in Berlin, the Soviet authorities insisted that the German mark of the Soviet zone be accepted as the sole currency for Berlin. The three Western occupying powers declared that they were ready to withdraw from circulation in Berlin the western mark "B" issued in that city and to accept the German mark of the Soviet zone subject to the four-power control over its issuance, circulation and continued use in Berlin, (i.e. in Berlin only and not in the Soviet zone). After long discussions, Generalissimo Stalin, on August 23, 1948, personally agreed to this four-power control and himself proposed the establishment of a four-power financial commission which would control the practical implementation of the financial arrangements involved if the introduction and continued circulation of a single currency in Berlin and which, Generalissimo Stalin specifically stated, would have the power to control the German bank of emission of the Soviet Zone insofar as its operations with respect to Berlin were concerned.

5. It was with these understandings, personally confirmed by Generalissimo Stalin, that the agreed directive was sent to the four military governors in Berlin to work out the technical arrangements necessary to put it into effect.

6. Despite these clear understandings, the Soviet military governor soon made it plain in the discussions held by the four military governors that he was not prepared to abide by the agreed directive. Although the directive called for the unqualified lifting of the restrictions on transport and communications between the Western Zones and Berlin, the Soviet military governor failed to comply. What is more, he demanded that restrictions should be imposed on air traffic. He endeavored to support his demand by a false interpretation of a decision

of the Control Council of November 30, 1945, actually during the discussions leading up to the decision of the Control Council of November, 1945, to establish air corridors, the Soviet military authorities in Berlin had suggested that the traffic in the corridors should be limited to the needs of the military force. Neither the Control Council, however, nor any other four-power body accepted this proposal and the traffic in the corridors has since been subject only to those safety regulations which were agreed on a four-power basis. Other than these agreed safety regulations, no restrictions whatsoever have been or are in existence on the use by aircraft of the occupying powers of air communications in the corridors between Berlin and the Western Zones of Germany.

In regard to four-power control of the German mark of the Soviet Zone in Berlin, the Soviet military governor refused to admit, despite an agreement in Moscow, that the financial commission should exercise control over the operations with respect to Berlin of the German bank of emission of the Soviet Zone.

Furthermore, with respect to the question of the control of the trade of Berlin, the position of the Soviet military governor amounted to a claim for exclusive Soviet authority over the trade of Berlin with the Western Zones of occupation and with foreign countries. This claim was a contradiction of the clear meaning of the agreed directive to the four military governors.

7. Even while discussions were in progress, the Soviet authorities in Berlin tolerated attempts on the part of minority groups sympathetic to their political aims forcibly to overthrow the legal government of the city of Berlin, constituted by democratic elections held under four-power supervision. On August 30, the representatives of the three western occupying powers in Moscow had drawn Mr. Molotov's attention to the disturbed situation in Berlin. They suggested that instructions be sent to the four military governors that they should do

all in their power to preserve a favorable atmosphere in Berlin, but Mr. Molotov claimed that such instructions to the Soviet Military Governor were unnecessary. Nevertheless, after that date these attempts to overthrow the City Government increased in violence.

8. On September 14, 1948, the representatives of the Governments of the United States, France and the United Kingdom, acting on specific instructions, called the attention of the Soviet Government to the Soviet military Governor's disregard of the agreements reached during the Moscow discussions and requested that he be instructed to give effect to them.

9. The Soviet Government's reply of September 18, however, upheld the Soviet Military Governor's position. The Soviet Government further confirmed its intention to disregard its commitment to lift the restrictions imposed on transport and communication by seeking to impose restrictions which had not before been in effect.

With respect to trade, the Soviet requirement that the licensing of trade with Berlin be placed in the hands of the Soviet Military Authorities made plain the Soviet Government's intention to obtain exclusive control over the trade of Berlin.

As regards the powers the Four-Power Financial Commission, the Soviet reply asserted that the western occupying powers desired to establish control over all operations of the German Bank of Emission. In fact the United States, the United Kingdom and French Military Governors sought only to secure the Soviet Military Governor's acceptance of the agreed principal that the Four-Power Financial Commission should control the operations of the bank with respect to the financial arrangements relating to the currency change-over and to the continued provision and use of the German mark of the Soviet Zone in the City of Berlin. (I. E. in Berlin only and not in the Soviet Zone). In the light of Mr. Molotov's statements during the discussion of the Soviet reply, it became clear that no assurance was given that the Soviet Military Governor would be prepared to proceed on the previously agreed basis. This in this matter, as in others, the intention of the Soviet Government was manifestly to impose conditions nullifying the authority of the Western Occupying Powers and to acquire complete control over the City of Berlin.

10. For the Governments of the United States, France and the United

Kingdom to continue discussions when fundamental agreements previously reached had been disregarded by the Soviet Government would have been futile. It would have been equally fruitless to continue such discussions in the face of the unmistakable intention of the Soviet Government to undermine, and indeed to destroy the rights of the three governments as Occupying Powers in Berlin as a price for lifting the blockade, illegally imposed in the first instance and still unlawfully maintained. The three Governments therefore dispatched identical notes on September 22nd to the Soviet Government. In those notes after restating their position on the specific points at issue they asked the Soviet Government whether it was prepared to remove the blockade measures which it had imposed and thereby to establish conditions which would permit a continuation of discussions.

11. The reply of the Soviet Government in its notes to the three Governments of September 25, 1948 is unsatisfactory.

As regards the introduction and continued circulation and use in Berlin of the German mark of the Soviet Zone, the Soviet Government misrepresents the position of the three Western Occupying Powers. The latter have made it clear from the outset that they do not desire to exercise any control over the financial arrangements in the Soviet Zone of Occupation, but are insisting on those conditions only which would provide adequate Four-Power control over the financial arrangements for the introduction and continued circulation and use of the German mark of the Soviet Zone as the sole currency in Berlin.

As regards control of the trade of Berlin the Soviet Government contrary to its previous attitude now states its willingness to agree to the establishment of four-power control over the issuance of licenses for the import and export of goods provided that agreement is reached on all other questions. It is clear, after more than six weeks of discussions from the Soviet Government's persistent refusal to remove the blockade measures and its continued insistence on other conditions which would enable it to destroy the authority and rights of the United States, France and the United Kingdom as occupying powers in Berlin that this conditional concession is illusory.

As regards air traffic between Berlin and the Western

Zones of Occupation, the Soviet Government, while neither affirming nor withdrawing the demand for the particular restrictions put forward by the Soviet Military Governor during the discussions in Berlin and confirmed in its reply of September 18, introduces another requirement to the effect that transport by air of commercial freight and passengers must be placed under the control of the Soviet Command.

The Soviet Government's note of September 24, therefore, not only ignores the request of the three Governments that the blockade measures should be removed in order that conditions may be established which would permit the continuation of discussions; it also seeks to impose restrictions of 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.

12. Accordingly, it is apparent that the Soviet Government had no intention of carrying out the undertakings to which it had subscribed during the Moscow discussions in August. In the face of the expressed readiness of the Governments of the United States, France and the United Kingdom to negotiate with the Soviet Government all outstanding questions regarding Berlin and Germany as a whole in an atmosphere free from duress, the Soviet Government has, in fact, persisted in using duress. It has resorted to acts of force rather than to the processes of peaceful settlement. It has imposed and maintained illegal restrictions amounting to a blockade of Berlin. It has failed to work out in good faith Four-Power arrangements for the control of the currency of that City. Even while the Western Occupying Powers were seeking agreement for measures to implement the understandings reached in Moscow the Soviet Military authorities condoned and encouraged attempts to overthrow the legally constituted municipal government of Berlin. These actions are plainly attempts to nullify unilaterally the rights of the Western Occupying Powers in Berlin, which are co-equal with those of the Soviet Union and like them are derived from the defeat and unconditional surrender of Germany and from Four-Power agreements to which the

Soviet Government is a party. Moreover, the use of coercive pressure against the Western Occupying Powers is a clear violation of the principles of the charter of the United Nations.

13. The issue between the Soviet Government and the Western Occupying Powers is therefore not that of technical difficulties in communications nor that of reaching agreement upon the conditions for the regulation of the currency for Berlin. The issue is that the Soviet Government has clearly shown by its actions that it is attempting by illegal and coercive measures in disregard of its obligations to secure political objectives to which it is not entitled and which it could not achieve by peaceful means. It has resorted to blockade measures; it has threatened the Berlin population with starvation, disease and economic ruin; it has tolerated disorders and attempted to overthrow the duly elected Municipal Government of Berlin. The attitude and conduct of the Soviet Government reveal sharply its purpose to continue its illegal and coercive blockade and its unlawful actions designed to reduce the status of the United States, France and the United Kingdom as occupying powers in Berlin to one of complete subordination to Soviet rule, and thus to obtain absolute authority over the economic, political and social life of the people of Berlin, and to incorporate the city in the Soviet Zone.

14. The Soviet Government has thereby taken upon itself sole responsibility for creating a situation which further recourse to the means of settlement prescribed in article 33 of the Charter of the United Nations is not, in existing circumstances, possible, and which constitutes a threat to international peace and security. In order that international peace and security may not be further endangered the Governments of the United States, France and the United Kingdom, therefore, 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.

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