Cabinet memorandum on the currency situation in Berlin, dated 7 December 1948

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CURRENCY SITUATION IN BERLIN

(b) The Soviet Government have taken a number of steps in Berlin which have effectively split the City Administration into two parts. In particular they have set up in the Soviet sector a stooge Magistrat which claims to be the Government of Berlin. These steps have been reported in detail to the Committee of Experts set up under the Security Council in Paris which is examining the problem of the currency in Berlin. This Committee will also have to take into account an official Task communiqué on the currency question giving Russian comments on the various documents circulated to the Security Council’s Committee. These comments, on the surface, seem to indicate some advance towards Russian acceptance of the idea of Four-Power control of Berlin’s currency on the lines for which we have been pressing, and might have been regarded as a useful working basis if they had been put forward during the Berlin discussions at the beginning of September. It may be, indeed, that they will assist the Expert Committee to find common ground between the Eastern and Western desiderata; but the fact that they have been put forward at this juncture suggests that they may mainly be designed to prolong discussion and delay separate action by the Western Powers in Berlin.

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