Cabinet memorandum by the Foreign Secretary, E. Bevin, on further updates to the currency situation in Berlin, dated 9 December 1948

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2. The Cabinet had before them memoranda (C.P.(48)285 and 297) by the Foreign Secretary on the currency situation in Berlin.

*The Foreign Secretary* explained that, since the earlier of these two memoranda had been circulated, there had been further developments which were set out in his later paper. The Soviet Government had taken various steps which had effectively divided the city administration in Berlin into two parts; and it was on this account easier for us to introduce into the western sectors of the city the currency system most convenient to those sectors. He thought that it could now be decided in principle that the western mark should be introduced as the sole currency in the western sectors of the city; and he recommended that the Governments of the United States and France should be asked to join with us in instructing the three Military Governors to consider the method and timing of the change. It could be left to the Military Governors to decide, after confidential consultation with the Germans, whether course C or course D in C.P.(48)285 should be adopted.

The United States authorities wished to make an immediate announcement to the effect that the western mark would be introduced into the western sectors of the city. The Foreign Secretary said that he did not favour making such an announcement while the currency situation in Berlin was still being considered by the Committee of Experts appointed by the Security Council. From informal surroundings which he had taken he was satisfied that such an announcement would have an unfortunate effect on the other members of the Security Council. The Committee of Experts were due to present their report by 31st December; and it would take at least three weeks for the Military Governors to work out detailed arrangements for introducing the western mark into the western sectors of the city. By the time that these plans were ready, the report of the Committee of Experts should be available, and it would be possible to consider then, in the light of that report, the form which any public announcement should take. If the Cabinet endorsed his view, he would seek to dissuade the United States Government from announcing any decision: he believed that the French Government would support him in his view that no announcement should be made until the report of the Committee of Experts was available.

The Cabinet –

(1) Approved the proposals in C.P.(48)297 and invited the Foreign Secretary to seek agreement with the Governments of the United States and France that the three Military Governors should be instructed to work out plans for introducing the western mark as the sole currency in the western sectors of Berlin.

(2) Agreed that a final decision on the method of making this change and on the date of its introduction should be deferred until the Committee of Experts appointed by the Security Council had presented their report, and that no public announcement should be made in the meantime.

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[TNA, CAB 128/13/79]

Keywords: post-war Germany, great power relations