Mr. Secretary of State:

1. The Soviet Government has familiarised itself
with the note of the Government of the United States
of America of July 6, 1948 in which the situation which
has been created at the present time in Berlin is
described as a result of measures taken by the Soviet
side. The Soviet Government cannot agree with this
statement of the Government of the United States and
considers that the situation which has been created in
Berlin has arisen as a result of violation by the
Governments of the United States of America, Great
Britain, and France of agreed decisions taken by the
four powers in regard to Germany and Berlin which
(violation) has found its expression in the introduction
of separate surrender for the western sectors of
Berlin and in the policy of the dismemberment of Germany.

The Soviet Government has more than once warned the
Governments of the United States of America, Great Britain,
and France in regard to the responsibility which they
would take upon themselves in following along the path
of the violation of agreed decisions previously adopted by the four powers in regard to Germany. The decisions adopted at the Yalta and Potsdam Conferences and also the agreement of the four powers concerning the control mechanism in Germany as their aim the demilitarization and democratization of Germany, the removal of the base itself of German militarism and the prevention of the revival of Germany as an aggressive power and thereby the transformation of Germany into a peace-loving and democratic state. These agreements envisage the obligation of Germany to pay reparations and thereby to make at least partial compensation of the damage to those countries which suffered from German aggression. In accordance with these agreements the governments of the four powers took upon themselves the responsibility for the administration of Germany and bound themselves jointly to draw up a statute for Germany or for any areas including Berlin which were part of German territory and to conclude with Germany a peace treaty which would be signed by a government of a democratic Germany adequate for that purpose.
These most important agreements of the four powers in regard to Germany have been violated by the Governments of the United States of America, Great Britain, and France. Measures for the demilitarization of Germany have not been completed and such a very important center of German military industry as the Ruhr district has been taken out from under the control of the four powers. The execution of decisions concerning reparations from the western zones of occupation of Germany has been interrupted by the Governments of the U.S.A., the U.K., and France.

By the separate actions of the Governments of the U.S.A., Great Britain, and France the four power control mechanism in Germany has been destroyed and the Control Council as a result thereof has ceased its activity.

After the London meeting of the three powers with the participation of Benelux, measures were undertaken by the Governments of the U.S.A., Great Britain, and France directed towards the division and dismemberment of Germany including preparations which are now in progress for the designation of a separate Government for the western zones of Germany and the separate currency.
reform for the western zones of occupation introduced on June 20th of this year.

In as much as the situation created in Berlin as well as in all Germany is the direct result of the systematic violation by the Governments of the U.S.A., Great Britain, and France of the decisions of the Potsdam Conference and also of the agreement of the four powers concerning the control mechanisms in Germany, the Soviet Government must reject as completely unfounded the statement of the Government of the U.S. to the effect that the measures for the restriction of transport communications between Berlin and the western zones of occupation of Germany introduced by the Soviet command for the defence of the economy of the Soviet zones against its disorganization are allegedly in violation of the existing agreements concerning the administration of Berlin.

2. The Government of the U.S. declares that it is occupying its sector in Berlin by right arising out of the defeat and capitulation of Germany referring in this connection to agreements between the four powers in regard to Germany and Berlin. This merely confirms
the fact that the exercise of the above mentioned right in regard to Berlin is linked to the obligatory execution by the powers occupying Germany of the four party agreements concluded among themselves in regard to Germany as a whole. In conformity with these agreements Berlin was envisaged as the seat of the supreme authority of the four powers occupying Germany in which connection the agreement concerning the administration under the direction of the Control Council of "Greater Berlin" was reached.

Thus the Agreement concerning the four power administration of Berlin is an inseparable component part of the agreement for the four power administration of Germany as a whole. After the U.S.A., Great Britain, and France by their separate action in the western zones of Germany destroyed the system of four power administration of Germany and had begun to set up a capital for a government for Western Germany in Frankfurt-am-Main, they thereby undermined as well the legal basis which assured their right to participation in the administration of Berlin.
The Government of the United States in its note points out that its right to be in Berlin is based also on the fact that the United States withdrew its forces from certain regions of the Soviet zone of occupation into which they had penetrated during the period of hostilities in Germany and that if it (the United States Government) had foreseen the situation, which has been created in Berlin, it would not have withdrawn its forces from these regions. However, the Government of the United States well knows that in removing its troops to the boundaries of the American zone established by agreement of the four powers concerning zones of occupation in Germany it was only carrying out an obligation which it had taken upon itself and the execution of which could alone accord the right of the entry of the army of the U.S. into Berlin. An examination of the letter referred to in the note of the Government of the U.S.A. of President Truman to Premier Stalin of June 14, 1948
and the letter in reply of Premier Stalin of June 16, 1945 confirms the fact that thanks to the agreement then reached the forces of the U.S.A., Great Britain, and France were given the opportunity to enter not only the capital of Germany, Berlin, but also the capital of Austria, Vienna, which as is known were taken only by the forces of the Soviet Army. In addition, it is known that the agreements referred to concerning the question of Berlin and also of Vienna were only a part of the agreements concerning Germany and Austria for the fulfillment of which the Soviet Government continues to insist.
3. The Government of the United States declares that the temporary measures put into effect by the Soviet Command for the restriction of transport communications between Berlin and the western zones have created difficulties in supplying the Berlin population of the western sectors. It is impossible however to deny the fact that these difficulties were occasioned by the actions of the Governments of the U.S.A., Great Britain and France, and primarily by their separate actions in the introduction of new currency in the western zones of Germany and special currency in the western sectors of Berlin.

Berlin lies in the center of the Soviet zone and is a part of that zone. The interests of the Berlin population do not permit a situation in which in Berlin or only in the western sectors of Berlin there shall be introduced special currency which has no validity in the Soviet zone. Moreover, the introduction of a separate monetary reform in the western zones of Germany has placed Berlin and the whole Soviet zone of occupation...
as well in a situation that the entire mass of currency
notes which were cancelled in the western zones threatened
to pour into Berlin and the Soviet zone of occupation
of Germany. The Soviet Command has been forced therefore
to adopt certain urgent measures for the protection of
the interests of the German population and also of the
economy of the Soviet zone of occupation and the area
of "greater Berlin". The danger of the disruption of
the normal economic activity of the Soviet zone and
of Berlin has not been eliminated even at the present
time in as much as the United States, Great Britain
and France continue to maintain in Berlin their special
currency. Furthermore, the Soviet Command has consistently
displayed and is displaying concern for the well being
of the Berlin population and for assuring to them
normal supply in all essentials and is striving for the
speediest elimination of the difficulties which have
arisen recently in this matter. In this connection,
if the situation requires, the Soviet Government would
not object to assuring by its own means adequate supply
for all "greater Berlin".
With reference to the statement of the Government of the United States that it will not be compelled by threats, pressure or other actions to renounce its right to participation in the occupation of Berlin, the Soviet Government does not intend to enter into discussion of this statement since it has no need for a policy of pressure since by violation of the agreed decisions concerning the administration of Berlin the abovementioned Governments themselves are reducing to naught their right to participation in the occupation of Berlin.

4. The Government of the United States in its note of July 6 expresses the readiness to begin negotiations between the four Allied occupying authorities for consideration of the situation created in Berlin but passes by in silence the question of Germany as a whole.

The Soviet Government while not objecting to negotiations, considers, however, it necessary to state that it cannot link the inauguration of these negotiations with the carrying out of any preliminary conditions whatever and that in the second place four-power
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Conversations could be effective only in the event that they were not limited to the question of the administration of Berlin since that question cannot be severed from the general question of four-power control in regard to Germany.

Accept Mr. Secretary of State the assurances of my highest consideration.

A. Panchukhin