

'Two currency reforms' from Soviet news (1 July 1948)

Caption: On 1 July 1948, the publication Soviet News attacks the monetary reform undertaken by the Western authorities who aim to introduce a new unit of account, the Deutschmark, into their three respective zones of occupation.

Source: Soviet news. 01.07.1948, No 1971. London: Press Department of the Soviet Embassy in London. "Two currency reforms", auteur:Melnikov, D. , p. 2.

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Situation in Germany

Two currency reforms

By D. Melnikov

From an article in "New Times":—

THE separate currency reform announced on June 18 in the Western zones of Germany was the first act of the occupation authorities of the three Western Powers following immediately on the heels of the London conference on Germany. The separate reform, carried out in defiance of the provisions of the Yalta and Potsdam Conferences, reflects in miniature the characteristic features of the London deal in general.

The currency reform in the Western zones consummates the division of Germany by erecting a wall between her Western and Eastern parts. It converts the line separating the Western zones from the Eastern zone into a State frontier.

Instead of one currency, Germany will now have two. This means that the economic relations between the populations of the Western zones and the Eastern zone will resemble the relations between the citizens of two different States rather than between the inhabitants of one and the same country. In other words, the separate currency reform in the Western zones economically isolates Western from Eastern Germany, virtually transforming the former into a separate State subjugated to British and American monopoly capital.

This is precisely the aim of the decisions of the London six-Power conference. The very character of the reform corresponds to the role assigned to the West German State which is being created by America, Great Britain and France as a European semi-colony and a military-strategical base of the American monopolies.

The Western Powers are evading conclusion of a peace treaty with Germany. They are arbitrarily protracting the occupation. The currency notes which they issued bear none of the features of an independent national currency; they are, in fact, nothing but an American occupation currency for Germany.

The notes are printed in Washington without any supervision on the part of German representatives, and are placed into circulation to any amount the American occupation authorities desire. They cannot serve as payment media even internally, between the zones, let alone with foreign countries.

The separate currency reform creates new opportunities for the American and British monopolists to enrich themselves at the expense of the German people. All revenue obtained from the issue of new money flows into the pockets of the American monopolists. The separate currency reform is being carried out at the expense of the German working population and strengthens the position of the monopolists and profiteers connected with American capital.

There can be no doubt but that the German monopolists, owners of big enterprises in the Western zones, will hasten to use their available capital and subsidies to enrich themselves and to shift the whole burden of the currency reform upon the people. The first consequence will be the mass dismissal of workers partly because, and partly with the excuse, that money for the payment of wages is short.

Separate currency reform in the Western zones compelled the Soviet military administration to introduce a currency reform in the Soviet zone and in Greater Berlin. Until the very last day the Soviet representatives had insisted that a currency reform should be carried out simultaneously throughout the country on the basis of four-Power agreement.

On the day before the publication of the law on financial reform in the Western zones — June 17 — Marshal Sokolovsky declared that "the Soviet military administration in Germany is prepared to support any measure conducive to carrying out a general German currency reform on the basis of four-Power agreement which I consider quite possible."

Violating the previously agreed upon decisions of the allied Powers, the United States and Great Britain made secret preparations for a separate reform. It appears that they began printing "German marks" as far back as November, 1947, that is before the London meeting of the Council of Foreign Ministers. The wrappers in which the packets of new notes were folded bore a stamp: "Washington, November 16, 1947."

Only after the separate currency reform in Western Germany became a fact, did the Soviet occupation authorities adopt the necessary counter-measures. The currency reform in the Soviet zone and Greater Berlin is based, as Marshal Sokolovsky's order states, "on the interests of the working people, the principles of social justice and the necessity of restoring and developing Germany's peace economy as rapidly as possible."

In general, the currency reform in the Soviet zone, by strengthening the German currency, creates favourable conditions for the economic progress and the raising of the living standards of the masses. It will facilitate the peaceful democratic development of Germany.

The two currency reforms in Germany have graphically revealed how different and antithetical are the aims and methods of the Western Powers on the one hand and of the Soviet Union on the other. The policy of partitioning Germany means the enslavement of the population of the Western zones and the utilisation of its economic potential for imperialist aggressive ends.

The policy of the Soviet Union in Germany is designed to safeguard peace and democracy, it takes account of the needs of the working people and, in accordance with the Yalta and Potsdam decisions, makes for the restoration of Germany as a peaceful democratic State.