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 CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

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1. Financial difficulties which VEB Carl Zeiss, Jena, experienced during 1952 and is still experiencing, are caused mainly by the seasonal difficulties inherent in the planning of optical production. It is inherent in the plan that sales are insufficient in the first part of the year, but that they increase in the latter part. To illustrate, sales figures for the last months of 1952 and the first of 1953 follow: 25X1

October 1952	about 11 million DM.
November 1952	" 12 " "
December 1952	" 1.5 " "
January 1953	" 5.5 " "
February 1953	" 6 " "

2. In order to meet its monthly obligations, the firm would have to achieve a monthly sales total of 9 to 10 million DM. In spite of the seasonal difficulties caused by the plan, the firm could make money on a yearly basis, were it not for additional factors which nullify any possibility of real profit. For example, the firm has to house and train 2,000 apprentices of a total work crew of 17,000. <sup>1/</sup>

3. Then, in the summer of 1952, the Zeiss budget was badly unbalanced because of the above reasons, a government commission, composed mostly of engineers, was sent to Jena to investigate. The visit was officially camouflaged as an economic investigation; it is known, however, that political motives were also behind the inspection, which was initiated by the government and the Central Committee of the SED. It is very probable that (fnu) Braune, a returnee from Russia, drew the attention of the Central Committee to what he found to be the undesirable political attitude of leading Zeiss personnel. Braune, a technician of minor importance, received political indoctrination in Russia; since his return to Germany, he has been in close touch with the Central Committee and the State Security Service. In October 1952, the investigating commission suggested the removal of Zeiss Director Hugo Schrader. At that time the seasonal pick-up in Zeiss business occurred, and Schrader was allowed to keep his position.

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4. As a result of the investigation, Zeiss was granted by the Council of Ministers a special credit (Ueberplankredit) of 40 million DME. It was stipulated that 15 million DME were to be paid back by the end of 1952. On 1 January 1953, the firm owed only 22 million DME. By 1 March 1953, however, debt had risen again to 28 million DME.



Comment. Including Zeiss Works not in Jena, the normal number of Zeiss apprentices used to be between 500 and 600.

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