

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

This Document contains information affecting the National Defense of the United States, within the meaning of Title 18, Sections 793 and 794, of the U.S. Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law. The reproduction of this form is prohibited.

SECRET

25X1

COUNTRY Czechoslovakia

REPORT NO. [redacted]

25X1

SUBJECT State Reserve

DATE DISTR. 21 July 1953

NO. OF PAGES 2

25X1

DATE OF INFO. [redacted]

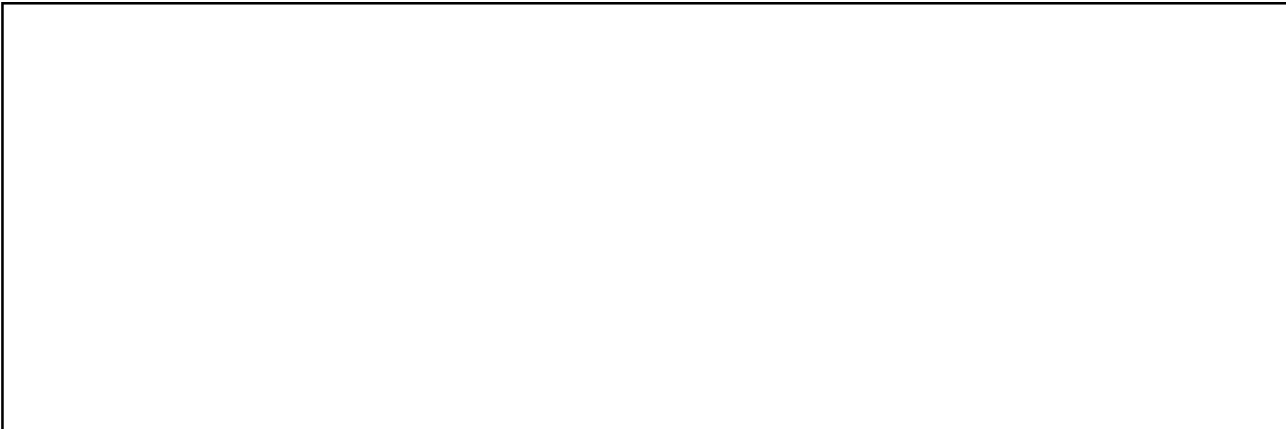
REQUIREMENT NO. [redacted]

25X1

PLACE ACQUIRED [redacted]

REFERENCES

25X1



1. The State Reserve consisted of stocked materials which the government was keeping in reserve for the use of Czechoslovak industry as a whole. The State Reserve was subordinate to the Administration of State Material Stock Reserves (Sprava statnich hmotnych rezerv), located in Prague X, Na Invalidovne. This organization was in turn subordinate to the State Planning Office (Statni urad planovaci), and the chief of this organization was the deputy to the Minister, Chief of the State Planning Office. As of March 1953, (fnu) NEMECEK was this deputy minister. The State Reserve was created in 1949. At that time the State bought raw materials, semi-finished products, and finished products stocked in individual plants and placed these stocks under the Administration of State Material Stock Reserves. For the most part, these materials remained in the individual plants, but in some cases new special warehouses were built where these materials were stored. There were only a small number of these central warehouses built [redacted]

25X1

25X1

[redacted] The individual plants were permitted to draw materials from the State Reserve only on authorization from the Administration of State Material Stock Reserves. This authorization was given in special cases. Generally speaking, a plant could ask for authorization to draw from the State Reserve when a delivery for export or for an important military order had to be fulfilled and the material needed was not available elsewhere. [redacted]

25X1

25X1

[redacted] The procedure for obtaining authorization was as follows: the plant filled out a form stating all details about the order and about the material needed from the State

SECRET

25X1

STATE	#X	ARMY	#X	NAVY	#X	AIR	#X	FBI		AEC				
-------	----	------	----	------	----	-----	----	-----	--	-----	--	--	--	--

(Note: Washington Distribution Indicated By "X"; Field Distribution By "#".)

SECRET

-2-

Reserve. This form was signed by the general manager of the plant; then presented for approval to the chief of the main administration of the ministry to which the plant was subordinate. If the chief of the main administration approved the request, he signed and stamped it and sent it to the Administration of State Material Stock Reserves. The chief of this administration decided whether and to what degree the request should be granted. After the request was approved, it was turned over to the official of the Administration of State Material Stock Reserves who was assigned to handle the material in question, and he then ordered the appropriate warehouse to deliver the material to the plant. The plant was obliged to procure, as soon as possible, through normal channels, the same type, quantity, and quality of material and to send it to the State Reserve.

25X1  
25X1  
2.

[redacted] conductive materials, bearings, and tools from the State Reserve stocks were assigned many times to this plant. Some of the bearings came from State Reserve stocks which were located at the MEZ Zidenice plant; the conductive materials and tools were from State Reserve stocks located in other plants. (Fnu) LISKA was the chief official for bearings in the Administration of State Material Stock Reserves. His office was in Prague, Vaclavske namesti 52, second floor. The central distribution office for bearings was also located in that building. The value of the bearings stored in the State Reserve amounted to some few hundred million Czechoslovak crowns. [redacted] about 86,000,000 crowns worth of enamel copper wire, 2.1 mm. in diameter, was also stored in the State Reserve.

25X1  
25X1  
3.

With time it became a practice for a plant where stocks of State Reserve were located to exchange material of poor quality obtained through normal channels for material of good quality from the State Reserve stock at the plant. This procedure was kept secret and was carried out by collusion between a few officials concerned, such as the stock-keeper and purchaser. [redacted] of all the bearings stocked in State Reserve only some 30% were of good quality. The remaining 70% were scrap bearings and bearings of poor quality which had been stocked illegally in exchange for the original bearings.

SECRET