

**CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT**

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1. According to a decision by the East German Council of Ministers made after 17 June 1953, the East German Economic Plan was to be changed in such a way that all industries producing consumer goods were to be greatly developed at the expense of heavy industry. In particular, the enterprises belonging to the light industry sector were to be favored. This decision concerned the Production Plan as well as the Research and Development Plan. The decision of the Council of Ministers was carried out thoroughly with respect to the Production Plan, mainly by cutting down the funds allocated for investments.
2. The carrying out of this decision, however, met with a number of difficulties as far as the Research and Development Plan was concerned. The main difficulties experienced in the Zentralamt fuer Forschung und Technik (Central Office for Research and Technology - ZAFT) were:
 - a. Only Fachgebiet Feinmechanik und Optik (Precision Instruments and Optics), Fachgebiet Fahrzeugbau (Vehicle Construction), and Fachgebiet Chemische Industrie (Chemical Industry) had enough personnel and materials for the immediate start of new research and development projects in line with the decision of the Council of Ministers. As a result, new projects concerning the development of photographic devices, motor scooters, and synthetic fibers were formulated and provided with sufficient funds. However, the number of persons available for research and development in the light industry sector proper, such as the textile, leather, wood, paper, and polygraphic industries, was not sufficient to begin new research and development.
 - b. In addition, most of the equipment of the light industry enterprises was so old that the starting of new projects and new production methods would have to have been preceded by large investments for repairing the equipment. These funds were not made available by the Government.

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3. Under these conditions, only a very few new research and development projects in the light industry sector were initiated after 17 June 1953. Among them were:
- a. Experiments concerning the processing of new synthetic fibers, mainly Trelon.
 - b. Development of Porocrepp with a natural rubber and Buna base.
 - c. Production of new metal and wooden toys.
 - d. Development of a collapsible boat with outboard motor.
 - e. Coating of Perlon screen with rubber after the model of Klepper coats.
 - f. Development of methods for the stamping of textiles.
4. In the fall of 1953, a conference took place in Karlshorst at which the Soviets were represented by Makayeyev (fnu), and ZAFT by its director, Prof. Werner Lange. Lange was accompanied by a number of scientific experts from the Main Departments I and II of ZAFT. At this conference, Makayeyev still stressed the necessity for an expansion of the light industry sector and reproached the ZAFT representatives for insufficient activity in the research and development field. Lange pointed out that the reasons for this lack of activity were the shortages of personnel, material and funds for the renewal of the old equipment of the light industry enterprises. At this conference, Makayeyev pointed out that the expansion of the light industry sector should not result in a regression of machine construction and production for the heavy chemical industry.
5. Although in public speeches and also at ZAFT conferences, the necessity of a further development of the light industry sector continued to be stressed, the 1954 Research and Development Plan continued to provide most of its funds for machine construction and the heavy chemical industry. A similar situation exists for the Production Plan and the Investment Plan. Large research and development funds, which were initially proposed for light industry projects in 1954, were later considerably reduced, although the Central Committee of the SED, the State Planning Commission and the Finance Ministry had originally given their approval for these funds, as an immediate result of the 17 June 1953 events, as mentioned above. Examples of the cuts follow:
- a. Research and development funds of 3 million DME, which were proposed and originally approved for the Institut fuer Holz-Technologie und Faserbaustoffe, Dresden (Institute for Wood Technology and Fiber Substances), were finally reduced in the 1954 Research and Development Plan to 380,000 DME;
 - b. Research and development funds of 4,800,000 DME, which were proposed and originally approved for the Institut fuer Textiltechnologie, Karl-Marx-Stadt (Institute for Textile Technology), were finally reduced to 2 million DME.

On the other hand, the 1954 Research and Development Plan provided for large funds for heavy industrial enterprises. Large funds are allowed, for instance, for the research and development work to be carried out in 1954 at those enterprises which were SAG enterprises until 31 December 1953. These plants mostly belong to Heavy Machine Construction and to the Chemical Industry.

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