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AIR POUCH

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FOREIGN SERVICE DESPATCH

Despatch 529

From: U. S. Mission Berlin

May 16, 1958

To: The Department of State, WASHINGTON

Ref:

Subject: SOVIET ZONE OF GERMANY: Reference Copies of Basic Law and Major Ordinances Providing for a Reorganization of the Government of the German Democratic Republic

For the convenience of the Department and of other U. S. official agencies interested in developments in the Soviet Zone of Germany, there are enclosed (reproducible mat) a translation of the basic law of January 23, 1958, providing for a comprehensive reorganization of the East German Government, and three copies each (fotofax) of a translation of the 6 major ordinances, dated February 13, 1958, implementing the basic law. A detailed identification list of the enclosures, for convenient reference, appears below. A full set of the enclosures has been forwarded to Embassy Bonn. The original German language texts appeared in the East German Gesetzblatt Part I of February 19 (no. 11) and February 27 (no. 13), 1958.

PROCESSING COPY

FOR THE ASSISTANT CHIEF OF MISSION:

*Howard Trivers*  
Howard Trivers  
Chief

Eastern Affairs Section

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Enclosures:

1. Law Concerning the Perfection and Simplification of the Work of the State Organs in the German Democratic Republic.
2. Ordinance Concerning the Tasks of the (GDR) State.
3. Ordinance Concerning the Management and Distribution of Material Supplies.
4. Ordinance Concerning the Tasks of the Ministry of Finance.
5. Ordinance Concerning the Tasks of the District and County Economic Councils.
6. Ordinance Concerning the Organization of the Building Industry.
7. Ordinance Concerning the Unions of State Owned Enterprises.

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LAW CONCERNING THE PERFECTION AND SIMPLIFICATION OF THE WORK OF

THE STATE ORGANS IN THE GERMAN DEMOCRATIC REPUBLIC

In the German Democratic Republic, the first German workers' and farmers' state, considerable success has been achieved in all fields of social and economic life. This success is due to the deprivation of the monopolists and agricultural magnates of their power in the political and economic domains, it is the result of the far-reaching revolutionary transformation of the society carried out under the leadership of the workers' class. In the German Democratic Republic, the workers' class, in alliance with the working farmers and in close cooperation with all other spheres of the working people, has eradicated German imperialism and militarism and, by establishing the system of the people's democracy, created the basis for a peaceful and democratic development in all Germany. By taking the governmental power into their own hands and turning it into an instrument for the socialist build-up the workers and farmers have consciously formed their own lives. This has brought to light the creative talents of the working people and awakened and promoted their initiative and activity. In the daily hard struggle for the solution of the complicated tasks facing them in the transformation of the society, the workers and farmers have learned and continue to learn how to direct the state and economy, how to form their new socialist consciousness and adopted a new attitude toward their state as well as a new socialist concept of work.

In the development process of the new social order there has arisen the fundamental task of establishing and firmly entrenching the rule of the workers' class in cooperation with the working farmers and other spheres of the working people. For the first

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time in the history of Germany the conscious guidance of social developments is assured by the rule of the workers' class. The consolidation of the workers' and farmers' state makes it necessary that still closer relations be established between the governmental organs and the population, that the new social democracy be developed further, and that its efficiency in the fight against its imperialist enemies and for the protection of the socialist achievements be increased. The working people in the German Democratic Republic look at the people's power as at their state by which the build-up of socialism is being realized and their own prosperity developed. The growing socialist consciousness of the workers' class enables the masses to move forward on the road toward socialist achievements and to carry into effect the planful development of the political economy.

The great economic and cultural progress achieved in the German Democratic Republic demonstrates the superiority of the socialist social order over the capitalist one, as well as its tremendous power and firmness which are based on the increase in socialized property and on the consolidation of the socialist economic system as the economic basis of the state. In the German Democratic Republic 88.8 percent of the industrial gross production are produced by socialist enterprises and 92.7 percent of the transport achievements of the traffic system are accounted for by state-owned enterprises. With the socialized sector of the agriculture already amounting to 33.7 percent of all farmland, the superiority of socialist production methods becomes more and more evident also in the agricultural field, as is shown by the consolidation of the existing and the formation of new agricultural production cooperatives.

The continued socialist transformation of the society confronts the organs of the workers' and farmers' state with still greater tasks and calls for a continuous development and perfection of the state organs, their organization and working methods. Therefore, the present stage reached in the political and economic development in the German Democratic Republic and the tasks of the continued socialist build-up demand a thorough and comprehensive improvement and simplification of the work of the state organs. The increasing demands facing the state organs require a high degree of consciousness and improved working methods on the part of all their members as well as the creation of socialist methods in the guidance of the people and their political and ideological education by the state. The organs of the workers' and farmers' state led by the workers' class and cooperating with the social organizations, are faced with the great task of carrying on the struggle for the abolition of the old bourgeois-capitalist relations and the

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development of the new socialist relations between men.

By perfecting and simplifying the work of the state organs the unity of a rigidly centralized system of planning and directing the state and economy and of the participation on the largest possible scale of the working people in directing the state and economy will have to be carried into effect with even greater consistency. The quality of planning must be improved decisively and the strict implementation of the uniform state plan insured. The trade unions, mass organizations and the committees of the National Front of the Democratic Germany must be accorded more elbow room in order that they may be able to cooperate to an even greater extent in the preparation and implementation of the plans. They are incited to seize this opportunity. The trade unions, as the organizations of the workers' class, are requested to organize the participation of the working people in the steering of production. Better prerequisites will have to be created for having the local representative bodies and their councils measure up in full to the great responsibility, entrusted to them by the law concerning the local state organs, in the build-up of socialism within their local scope of competence. It has become necessary in all state organs to apply the teachings of Marxism-Leninism in accordance with the existing conditions of the social build-up. The members of these organs will have to acquire a superior political education and a thorough technical knowledge in their respective fields of work. The scientific team work of the research workers, scientists and production activists is to be advanced further. At the institutes of higher learning and technical schools the uniform political and scientific direction is to be enforced. In all state organs the methods of mere administrative activities and their confinement to the respective fields of duty will have to be eliminated, as the work of the state organs must be based on firm connections with the working people at the places of production.

The perfection and simplification of the work of the state organs will result in a continuous increase in production and the strengthening of the workers' and farmers' power in the German Democratic Republic. This is in line with the interests of the entire socialist camp and will help to meet the great obligations assumed by the German Democratic Republic as a member of the community of the socialist countries.

The consolidation of the system of the people's democracy on German soil, the growing superiority of the workers' and farmers' state over the imperialist regime in West Germany will increase the certainty of the victory in all Germany of the great ideals of peace, democracy and socialism already realized in the German Democratic Republic.

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To this end the People's Chamber has decided as follows:

## I.

## Article 1

The proposals concerning the perfection and simplification of the work of the state organs submitted by the Central Committee of the Socialist Unity Party of Germany and by the Council of Ministers of the German Democratic Republic are approved.

## Article 2

- (1) To insure the fulfilment of the increasing tasks arising from the build-up of socialism, the work of the leading organs of the entire administration shall be improved as follows:
1. The principle of democratic centralism shall be applied to the activities of all state organs, especially in the field of the planning and direction of the political economy. The planning within the individual branches and spheres of the political economy shall be effected as a whole and on a local basis.
  2. The right of every working individual to conscious and creative cooperation in the production and direction of the economy shall be guaranteed. The planning organs and managing boards in the economy shall bring about a close cooperation with the trade union organs.
  3. In their activities the organs of the state administration shall concentrate on the decision of basic questions and insure the control of their implementation.
  4. Pursuant to the law of January 17, 1957, concerning the local state organs (Official Gazette I, p. 65), these organs shall be fully responsible for the administrative and economic functions within their range of competence.
  5. The operative management of the industrial, building and agricultural enterprises shall be effected on a more basic level. The operative and economic independence of the enterprises within the state planning system shall be strengthened and the responsibility of the factory executives increased.
  6. In the fields of research and teaching a closer connection shall be established between scientific work and the practice of socialist build-up. The scientific and technical experience gained shall be applied more quickly to the efforts aimed at increasing work productivity.

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- (2) The perfection of the work of the state organs shall be combined with the simplification of the structure and working methods of all organs of the state administration. The simplification of the work of the state organs and the change in the working methods are supposed to result in the saving of financial means and manpower.

## II.

## Article 3

(1) The State Planning Commission is the central organ of the Council of Ministers for the planning and direction of the political economy as well as for the control of the implementation of the plans.

(2) The State Planning Commission shall prepare the drafts of the prospective and annual plans concerning the development of the political economy. It shall be responsible also for the proportional development of the political economy and for the coordination, as a whole and on a regional basis, of the more important tasks of the political economy. It shall insure the strict implementation of the economy plans.

(3) With the assistance of the economic councils of the districts, the State Planning Commission shall insure the carrying out of the centrally administered economic tasks by the enterprises supervised by the local state organs.

(4) The sections of the State Planning Commission shall be responsible for the planning, direction and control of the economic activities of the associations of state-owned enterprises. They shall decide on the fundamental questions of the implementation of the plans, as far as these questions cannot be solved by the associations of state-owned enterprises themselves.

(5) The State Planning Commission shall be responsible for the planning of scientific and technical developments. In drafting its plans and applying the research and development results to the production it shall enlist the permanent cooperation of the Advisory Council for Research and Developments in the Field of Natural Science (Research Council of the GDR).

(6) As an organ of the Council of Ministers, the State Planning Commission shall organize international cooperation in the fields of technical science and economy.

## Article 4

The deputy chairman of the State Planning Commission and the chiefs of sections of the State Planning Commission may be appointed as ministers.

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## Article 5

The Economic Council with the Council of Ministers shall be dissolved.

## Article 6

(1) Associations of state-owned enterprises (VVB) shall be established in the various branches of the economy to serve as the leading economic organs for the centrally administered state-owned enterprises.

(2) The associations of state-owned enterprises shall, as a rule, be under the supervision of the section of the State Planning Commission competent for the branch of economy concerned.

(3) The associations of state-owned enterprises shall be responsible for the independent operative management of the enterprises and institutions under their supervision. The own responsibility of the factory managers is to be maintained.

(4) The State Planning Commission may entrust the associations of state-owned enterprises with certain coordinating functions concerning the entire branch of industry concerned, especially as regards the supply of material.

(5) The functions exercised so far by the ministries referred to in article 7, paragraph 1, in the fields of research and engineering shall be conferred upon to the associations of state-owned enterprises or the councils of the districts, respectively.

(6) The associations of state-owned enterprises are, as a rule, supplemented by supervisory institutes for research and development work. The supervisory institute furnishes the research and development divisions of the enterprises affiliated with the associations of state-owned enterprises with directives concerning the planning and carrying out of the research and development work and the application of its results to the production. The supervisory institute shall be responsible for the establishment of connections with research and development agencies outside the associations of state-owned enterprises which solve research and development problems for the branch of industry directed by the association of state-owned enterprises or are consulted for their advice.

## Article 7

(1) The Ministry for Mining and Metallurgy,  
The Ministry for the Chemical Industry,  
The Ministry for Coal and Energy,  
The Ministry for Heavy Machine Construction,

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The Ministry for General Machine Construction,  
The Ministry for the Light Industry,  
The Ministry for the Food Industry,  
The Ministry of Labor and Vocational Training,  
The State Secretariat for the Local Economy and  
The Advisory Board for the Building Industry with the  
Council of Ministers

shall be abolished.

(2) The functions of these organs which are not conferred upon the associations of state-owned enterprises, the economic councils of the districts or other state organs shall become the responsibility of the State Planning Commission, unless they concern fundamental problems to be solved on a central basis.

#### Article 8

(1) The Ministry of Agriculture and Forestry shall concentrate its efforts on the fundamental problems of the planning and direction of the agriculture and forestry, more particularly on the further socialist transformation of the agriculture and the increase in the agricultural gross and market production.

(2) The operative direction of the agriculture by the local state organs shall be insured.

#### Article 9

(1) The Ministry for Reconstruction shall be converted into a Ministry for the Building Industry which shall be responsible for the fundamental tasks concerning that industry.

(2) The Chief Administrations shall be abolished. As regards the construction material enterprises, there shall be established associations of state-owned enterprises to be supervised by the Ministry for the Building Industry.

(3) The local state organs shall be responsible for the carrying out of their own building projects. To insure the fulfilment of these tasks, construction boards shall be established with the councils of the counties, districts and larger cities.

#### Article 10

(1) There shall be established with the Council of Ministers a Committee on Labor and Wages which shall be responsible for the fundamental questions concerning work productivity, manpower, the protection of labor, wage policy and labor laws.

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(2) The Chairman of the Committee on Labor and Wages shall be a member of the Council of Ministers.

(3) The associations of state-owned enterprises, the councils of the counties and districts shall deal with questions relating to work productivity, manpower, vocational training and the protection of labor.

(4) The control of the protection of labor at the factories shall be the responsibility of the trade unions.

#### Article 11

All state-operated enterprises and institutions whose management by the central state organs is not required shall become the responsibility of the local state organs.

#### Article 12

(1) For the uniform direction of the political economy, economic councils shall be established with the district councils. The economic councils are organs both of the districts' councils and of the State Planning Commission serving the planning and control of the tasks relating to the political economy in the district concerned.

(2) The economic councils shall prepare the drafts of the prospective and annual plans concerning the development of the political economy within the range of competence of the state organs of the districts. They shall insure the strict implementation of the plans by all economic organs of the district. They shall be responsible also for the management of the associations of state-owned enterprises, individual enterprises and institutions under their supervision.

(3) The economic councils shall direct and control the work of the planning commissions of the county councils.

(4) The economic councils shall coordinate the development of the centrally administered economy with the development of the economy administered by the district and local organs. They may be entrusted with certain rights of decision and control regarding the centrally administered economic organs and enterprises in their district.

(5) The chairman of the economic council shall be the deputy chairman of the district council. The appointment and dismissal of the chairman of the economic council and of his deputy must be confirmed by the State Planning Commission.

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Article 13

(1) The tasks of the planning commissions established at the county councils shall be extended. To be able to carry out their tasks the planning commissions shall be given more qualified personnel. As organs of the county councils the planning commissions shall be responsible for the entire development planning within the county and for the control and implementation of the plans. They shall be responsible especially for the planning and direction of the county-administered industry, transportation, the municipal economy as well as for the planning of manpower distribution and vocational training in all fields of the locally administered economy. They shall be charged also with the planning of the supply of material and the allocation of the quotas to all enterprises and other institutions requiring material within the area under their jurisdiction.

(2) The planning commissions of the counties are under the supervision also of the economic councils of the districts.

(3) The chairman of the county planning commission shall be the deputy chairman of the county council.

Article 14

(1) For the enterprises in the same branch of economy managed by the district councils there may be established associations of state-owned enterprises or supervisory agencies which shall be under the supervision of the economic council or the competent technical organ of the district council.

(2) To promote the operating capacity of the enterprises in the same branch of the local economy there may be established in the counties supervisory agencies which are to be supervised by the competent technical organ of the county council.

Article 15

To improve the work at the places of production and at the local state and economic organs through the work simplification measures, additional personnel shall be made available to the enterprises, while the staff of the local state and economic supervisory offices shall be increased by experienced members.

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III.

Article 16

The Council of Ministers shall be charged with taking all measures required for the implementation of this law and, in accordance with article 3 of the Law of November 17, 1954, concerning the Council of Ministers of the German Democratic Republic, with deciding on the structural changes in the organs of the state administration having become necessary.

Article 17

This law shall become effective on February 15, 1958.

Reporting official: Representative Professor Dr. Polak

Berlin, January 23, 1958

/s/ Jallmann  
Chairman  
of the Legal Committee

/s/ Dr. Thürmer  
Second Deputy Chairman  
of the Economic Committee

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ORDINANCE

concerning the Organization of the Planning of the Political  
Economy

Dated February 13, 1958

In carrying out the law of February 11, 1958, concerning the  
perfection and simplification of the work of the state organs in the  
German Democratic Republic (Official Gazette I, p. 117) by which the  
People's Chamber approved the proposals presented to it by the Central  
Committee of the Socialist Unity Party of Germany and the Councils of  
Ministers of the German Democratic Republic, the following is decreed  
pursuant to article 16 of said law:

I.

Tasks of the State Planning Commission

The State Planning Commission is the central organ of the Council  
of Ministers of the German Democratic Republic for the planning and  
direction of the political economy as well as for the control of the  
implementation of the plans. On the basis of the laws and decisions  
approved by the People's Chamber, of the ordinances and decisions  
issued and taken by the Councils of Ministers and after evaluation  
of the proposals by the ministries, the councils of the districts and  
the unions of state-owned enterprises (VVE) and other central state and

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economic organs, it shall elaborate the drafts of the long-term and annual plans and submit them to the Council of Ministers for decision. The People's Chamber shall decide on the plans for the economic development of the German Democratic Republic.

The State Planning Commission shall be responsible for the proportional development of the political economy and for the overall and regional coordination of the most important tasks of the political economy. Within the framework of the approved plans it shall determine the state tasks of the state and economic organs responsible for the direction of the individual branches of the political economy.

On behalf of the Council of Ministers and on its own initiative the State Planning Commission shall take important measures aimed at assuring the implementation of the political economy plans and, in all questions concerning the planning and direction of the political economy, have the right to issue directives to the central state and economic organs and to the economic councils existing at the councils of the districts.

The State Planning Commission shall control the carrying out of the state tasks and submit analyses concerning the implementation of the state plans to the Council of Ministers.

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The State Planning Commission shall organize the international cooperation in the technical, scientific and economic fields, coordinate its plans with those of the other socialist countries and represent the government of the German Democratic Republic in the Council for Mutual Economic Assistance and its organs.

In directing the economy, the divisions of the State Planning Commission, more particularly, the divisions for industrial planning, the division for the balancing and distribution of the production media and the division for the coordination of the plans of the districts, shall also solve certain operative tasks relating to the basic questions of the fulfilment of the plan.

All state and economic organs shall contribute to the advancement of the build-up of the unions of state-owned enterprises and of the economic councils of the district councils so as to enable them fully to solve all tasks entrusted to them in the fields of planning and operative management at the earliest possible date.

In elaborating and carrying out the plans, the State Planning Commission and all other state and economic organs shall cooperate closely with the competent trade union organs (Central Executive Board of the Federation of Free German Trade Unions, the district and county

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executive boards of the Federation of Free German Trade Unions and the industrial trade unions' and in a common effort determine the best way of fulfilling the economic tasks at the largest possible profit to the economy.

The State Planning Commission shall consist of its chairman, his deputy chairmen and further members.

The members of the State Planning Commission shall include also the following persons:

The Minister of Foreign and Domestic Trade,  
 The Minister of Finance,  
 The Chairman of the Committee on Labor and Wages,  
 The chief of the Central State Administration of Statistics and  
 a member of the Secretariat of the Central Executive Board of the Federation of Free Trade Unions.

In the planning and direction of the centrally administered industry, the State Planning Commission shall be assisted by the following state and economic organizations:

- a) in the planning and direction of the centrally administered industry, by the unions of state-owned enterprises,
- b) in the planning of the branches not directly supervised by the State Planning Commission, by the central organs of the state administration and the economic councils of the district councils competent for these branches,

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- c) in the planning of the district-administered and local economy as well as in the coordination of the regional development of the political economy, by the economic councils at the district councils,
- d) in the planning of research and technical development, by the activities of the Research Council of the German Democratic Republic and its Central Office for Research and Engineering,
- e) in the analysis of the stage reached in the economic development, by the Central State Administration for Statistics,
- f) by scientific institutes and other institutions.

In elaborating the plans and in controlling their implementation the State Planning Commission shall cooperate closely with the Ministry of Finance and the Committee on Labor and Wages.

In addition to the wage fund and flat cost reduction key figures, the State Planning Commission shall determine also the key figures relating to the production of commodities.

## II.

The tasks of the ministries, state secretariats and other central organs of the state administration in the field of planning:

1. The ministries, state secretariats and other central organs of the state administration shall be responsible for the planning and direction

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of the branches under their supervision.

These central organs of the state administration shall elaborate the plans for their respective branches on the basis of the directives furnished them by the State Planning Commission and submit them to the State Planning Commission for coordination and confirmation.

They shall prepare the directives for the elaboration of the plans for their respective branches by districts and submit them to the State Planning Commission for approval. The State Planning Commission shall forward these directives to the district councils.

After having been approved the plans shall be forwarded by the State Planning Commission to the district councils; no plans shall be forwarded to the special organs of the district councils by the ministries, state secretariats and other central organs of the state administration.

In all questions concerning the elaboration and implementation of the plans these central organs of the state administration shall cooperate directly with the special organs of the district councils.

As regards the financial planning of these central organs of the state administration, the State Planning Commission shall, in cooperation with the Ministry of Finance, determine the key figures relating to

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the production of commodities and wage funds as well as the development of the flat costs. The Ministry of Finance shall be responsible for the financial planning.

2. The Ministry of Finance shall be responsible for the elaboration of the national budget plan and of the long and short-termed credit plans as well as for the control of their implementation.

The economy plan and the national budget plan shall be elaborated simultaneously and jointly by the State Planning Commission and the Ministry of Finance.

The results of the discussion of these plans by the State Planning Commission shall be binding on both organs.

At all stages of the elaboration of the economy plan, the State Planning Commission and the Ministry of Finance shall, separately from one another, present the following balance statements:

- a) The State Planning Commission:

The balances of the total social product and of the national income,  
the balance of the national revenue and expenditure and  
the balance of the income and expenditure of the population.

- b) The Ministry of Finance:

The balance of the distribution of the national income.



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the national budget plan,

the credit plan and

the balance of the income and expenditure of the population.

In reviewing the plan proposals by the central unions of state-owned enterprises the Ministry of Finance shall cooperate closely with the special divisions of the State Planning Commission.

Any arising differences shall be settled by the State Planning Commission and be binding for the elaboration of the economy and the national budget plan.

The Ministry of Finance shall be responsible for the financial planning in all other branches of the state-owned industry and for the planning of the income and expenditure in the fields of national consumption and for the state administration.

3. The main task of the governmental commission on prices with the Council of Ministers consists of the expeditious formation of uniformly fixed prices. The chairman of the governmental commission shall supervise the Price Office comprising the existing Central Price Formation Division for the various branches of the industry (formerly affiliated with the industrial ministries). The Central Price Formation Division

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shall be responsible for the fixing of retail prices.

Most of the work in the field of price formation formerly done by industrial ministries shall be entrusted to the unions of state-owned enterprises. In these activities the unions of state-owned enterprises shall avail themselves of the existing work communities.

The unions of state-owned enterprises shall defend the price regulations established by them in the governmental commission on prices.

The chiefs of the divisions and sectors for industrial planning at the State Planning Commission shall participate in the discussion on price regulations and other basic decisions concerning their respective branches of the industry as representatives with voting rights. At the economic councils of the district councils there shall be established price commissions whose activities will be coordinated by the governmental commission on prices.

### III.

#### Tasks of the economic councils at the district councils in the field of planning

The economic councils established at the district councils are organs both of the district councils and of the State Planning Commission for

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the planning and control of the economic tasks on the district level. On the basis of the decisions taken by the district councils, of the instructions furnished by the State Planning Commission and after evaluation of the proposals by the planning commissions at the district councils and by the district-administered unions of state-owned enterprises and by the enterprises, they shall elaborate the drafts of the long-range and annual plans for the development of the district and submit these plans to the district council for approval. The representative body of the district shall decide on the plans for the economic development of the district. The district councils shall forward the approved plans to the county councils. No plans shall be forwarded to the special organs of the county councils by the special organs of the district councils.

The economic councils of the district councils shall control the implementation of the district plans and furnish the district council and the State Planning Commission with analyses concerning the stage of the economic development of the district.

The district councils shall be co-responsible for the implementation of the plans of the enterprises and institutions operating under the supervision of the central unions of state-owned enterprises or of the central state organs. They discharge these functions by vesting

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in the economic councils of the district councils the right and duty to examine the economic activities of these enterprises and to forward any objections or proposals to the State Planning Commission.

In the planning and management of the district-administered and local economy the economic councils established at the district councils shall have the following special functions:

- a) the planning and management of the enterprises or unions of state-owned enterprises of the industry, transportation and water economy;
- b) the planning of the supply of material and distribution of the quotas to all enterprises requiring material and to the county councils;
- c) the planning of the export business of the district-administered and local enterprises and assistance to these enterprises in the exploitation of additional export possibilities;
- d) the coordination of the plans of the district-administered and local economy operating under the supervision of special technical organs of the district councils. The plans concerning these branches of the economy are a part of the uniform political economy plans of the districts and counties;

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- e) the planning of manpower, wages and vocational training in all fields of the district-administered and local economy and the distribution of manpower throughout the district;
- f) the coordination of the plans for the state-owned industry, communal economy and transportation operating under the supervision of the district councils and of the cultural, health, social welfare and popular education institutions as well as the fixing of the tasks of the private industry and handicrafts;
- g) The direction and control of the planning commission established at the <sup>county</sup> ~~district~~ councils.

The economic councils of the district councils shall, on behalf of the council and in accordance with the instructions furnished them by the State Planning Commission and under observance of the overall interests of the state, coordinate the development of the centrally administered economy with that of the districts. To this end they shall be furnished by the State Planning Commission with the main key figures of the plan for the centrally administered economy, with the exception of those for certain special projects.

The economic councils of the district councils shall have the right and the duty

to check on the implementation of the production plans and the

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profitableness of unsound enterprises in their district and to control

the raw materials inventory,

to check the investments of the centrally administered economy and

submit the proposals or objections resulting from these checks to the

State Planning Commission,

to determine the measures aimed at insuring the carrying out of the

investment building projects of state-wide importance;

to take measures aimed at insuring the distribution of manpower in

their area as required from the economy point of view,

to control the realization of the export obligations of all enterprises

in their area and to initiate measures aimed at insuring the fulfilment

of the export plans,

in cooperation with the trade organs to take measures aimed at in-

creasing the production of consumer goods of the enterprises managed

by the central unions of state-owned enterprises and of the

district-administered and local enterprises of the district,

to render expert opinions on the main key figures of the draft plans

for the centrally administered enterprises and institutions concerning

the long-term and annual plans.

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IV.

The tasks of the planning commissions at the county councils in  
the field of planning

The planning commissions existing at the county councils are under the supervision also of the economic councils at the district councils. They shall be responsible to the ~~district~~ county ~~councils~~ for the entire planning of the development of the county. On the basis of the decisions taken by the district councils and of the directives furnished by the economic councils at the district councils or by the finance divisions of the county ~~district~~ councils, the planning commissions at the county councils and the finance divisions of the county councils shall jointly elaborate the economy plan and the budget plan of the county. Both plans shall be submitted to the county councils for approval.

Furthermore, the planning commissions at the county councils shall elaborate the county plan, i.e. a plan comprising the most important tasks of the economy plan and of the budget plan of the county. These tasks shall be discussed in close cooperation with the committees of the National Front, the Federation of Free German Trade Unions and the other mass organizations. The county plan shall also be submitted to the county councils for approval. All spheres of the working population are to be mobilized for the solution of the economic tasks within the county.

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the county representative body shall decide on the plans for the economic development of the county.

The planning commissions at the county councils shall control the implementation of the economy plan as well as the account rendered on the county plan and furnish the county councils and the economic councils at the district councils with analyses on the status of the economic development of the county.

They shall be responsible for the planning, direction and control of the county-administered industry, transportation and communal economy.

They shall plan the development of the cultural, public health, social welfare and popular education institutions. The planning commissions at the county councils shall coordinate the plans of the locally operated enterprises for the planning and management of which special technical organs of the county councils have been established. The plan proposals for these branches of the economy are part of the uniform plan proposal of the county submitted to the district councils by the county councils.

The planning commissions at the county councils shall be responsible for the planning of manpower allocation and wages as well as for the vocational training in all spheres of the local economy and for the distribution of manpower throughout the county. They shall be responsible for the planning of the supply of material and the allocation of the



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quotas to all enterprises and other agencies requiring material within the area under their jurisdiction.

v.

The tasks of the unions of state-owned enterprises in the field of planning

The unions of state-owned enterprises are central economic organs concerned with the planning and management of the enterprises and institutions under their jurisdiction. Moreover, they may be charged with certain coordinating functions entrusted to them by the State Planning Commission and referring to the entire branch of the industry.

The unions of state-owned enterprises have the task of furnishing the state-owned enterprises with directives and the assistance required for the elaboration of the operational plans. The unions of state-owned enterprises shall examine and coordinate the draft plans of the enterprises and forward the comprised draft plan to the State Planning Commission.

The unions of state-owned enterprises shall approve the state tasks for the enterprises under their jurisdiction on the basis of the long-term and annual plans. They shall control the carrying out of the plans and take those measures for their implementation which cannot be taken by the enterprises themselves.

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The establishment of the unions of state-owned enterprises is not supposed to result in a restriction of the responsibility of the factory managers of the state-owned enterprises. The unions of state-owned enterprises shall promote and insure the independent supervision of the plan fulfilment by the factory managers of the enterprises and institutions under their jurisdiction. They shall see to it in particular that the cooperation between the enterprises under their jurisdiction and those under the jurisdiction of other unions of state-owned enterprises and the enterprises of the district-administered and local economy is, as a rule, achieved by enterprises independently by the conclusion of long-term cooperation agreements. They shall insure also that the enterprises under their jurisdiction coordinate the questions of the long-range development of the enterprise in due time with the economic councils at the district councils. This applies in particular to questions of capacity expansion, building projects, re-allocation of manpower and to questions of regional importance.

#### VI.

##### The tasks of the state-owned enterprises in the field of planning

The state-owned enterprises shall, on the basis of the state tasks, elaborate the concrete operational plans and independently decide

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on the measures to be taken by them with a view to bringing about a maximal increase in, and improvement of, the production, the development of technical methods and the most economical exploitation of material and financial resources. They shall elaborate proposals concerning the long-term and annual plans and submit them to the competent state and economic organs. They shall be responsible for the carrying out of the state tasks and take measures for their fulfilment.

The factory managers shall see to it that the elaboration, control and determination of the plan fulfilment measures are effected in continuous cooperation with the trade union board at the factory. They shall be responsible for the organization of the participation of the workers and technical intelligentsia in the discussion of the economic tasks of the enterprise and of the measures aimed at a successful implementation of the plans and their distribution over the various sections, brigades etc.

VII.

The tasks of the Statistical Office

The Central State Bureau of Statistics shall, by uniform, objective and timely reports, insure the control of the development of the

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economy, point out to the reserves in the economy and furnish the statistical data required for the elaboration of the long-term and annual plans. Considering these tasks, the Central State Bureau of Statistics shall be maintained as a central organ with district and county branch offices under its direct supervision.

The district and county branch offices of the Central State Bureau of Statistics shall, by uniform, objective and timely reports, insure the control of the economic development in the district or county, point out to available reserves and furnish the statistical data required for the elaboration of the long-term and annual plans in the districts or counties.

The chiefs of the district branch offices of the Central State Bureau of Statistics shall participate in the meetings of the economic councils at the district councils in an advisory capacity; the chiefs of the county branch offices of the Central State Bureau of Statistics shall participate in the meetings of the planning commissions at the county councils.

The chairmen of the economic councils at the district councils and the chairmen of the planning commissions at the county councils shall have the right and the duty to control the activities of the district and county branch offices of statistics and to assist them

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in the fulfillment of their duties.

The reporting by state organs as an instrument of the direction of the economy shall be improved and simplified. The technical inquiries effected so far in the various spheres of the political economy shall be restricted to the largest possible extent and organized on a uniform basis by the Central State Bureau of Statistics.

To substantially reduce the work load in the field of reporting and to eliminate any double work, the Central State Bureau of Statistics shall be responsible for all reporting work. To exercise a control over all reporting work, the obligation to obtain authorization from a central office shall be reintroduced.

#### VIII.

##### The supervision of other organs and institutions by the State Planning Commission

The following institutions shall be supervised by the divisions of

the State Planning Commission:

The Standardization Bureau,

The Bureau of Inventions and Patent Affairs,

The German Office for Measures and Weights in the German Democratic Republic

The German Economic Institute

The German Materials and Woods Testing Office

The State Geological Commission

The Institute for the Communal Economy.

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2. The scientific institutes, projecting offices and other institutions shall, as a rule, be supervised by the unions of state-owned enterprises or remain under the supervision of the still existing ministries, state secretariats or other central organs of the state administration. Institutes, projecting offices and other institutions of the industrial branch of the economy whose tasks greatly exceed the scope of activities of a union of state-owned enterprises shall be under the supervision of the State Planning Commission.

IX.

Effective date

This ordinance shall become effective on February 15, 1958.

Berlin, February 13, 1958

The Council of Ministers  
of the German Democratic Republic.

Stoph  
Deputy Chairman  
of the Council of Ministers

Leuschner  
Chairman of the  
State Planning Commission

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[REDACTED] Dr. Lorenz

STAT

## ORDINANCE

concerning the improvement of the work of the Ministry of Finance  
and other finance organs

Dated February 13, 1958

In carrying out the law of February 11, 1958, concerning the  
perfection and simplification of the work of the state organs in the  
German Democratic Republic (Official Gazette I, p. 117) by which the  
People's Charter approved the proposals concerning the improvement  
of the work of the Ministry of Finance and other finance organs  
presented to it by the Central Committee of the Socialist Unity  
Party of Germany and by the Council of Ministers of the German Democratic  
Republic, the following is decreed pursuant to article 16 of said law:

## I.

The principal tasks of the Ministry of Finance

The Ministry of Finance is the central organ of the Council of  
Ministers of the German Democratic Republic for the enforcement of the  
socialist finance policy and for the direction and steering of the  
economy in accordance with the plans.

The task of the uniform finance system, concentrated in the hands  
of the workers' and farmers' state, is to insure the financing accord-  
ing to plans of the development of the economy, of the cultural and  
social tasks and of the state organs and of creating funds for the  
improvement of the living conditions of the population. To this

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and it shall accumulate and allocate the required financial means,

while at the same time improving the financial controls over the

observance of the economy regime and the business accounting methods

throughout the economy.

To this end the Ministry of Finance shall, on the basis of the laws

and ordinances by the People's Chamber, of the ordinance and decisions

by the Council of Ministers and of the key figures of the economy plan

and after evaluating the proposals by the Ministries, credit institutes

and district councils, prepare the drafts of the national budget plan,

of the plans concerning the short and long-term credit system and the

plan relating to the income and expenses of the population. After

having been approved by the State Planning Commission, the drafts

will be submitted to the Council of Ministers by the Ministry of Finance.

The Council of Ministers shall then forward the drafts to the People's

Chamber.

The methods of the budget, finance and credit planning shall be

determined by the Ministry of Finance and approved by the State

Planning Commission.

In carrying out these principal functions the Ministry of Finance

shall:



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1. coordinate the credit system and the money circulation,
2. mobilize the free resources, inclusive of the savings deposits of the population,
3. control the cooperative credit institutes,
4. control prices,
5. determine the accounting system to be employed at the enterprises of the state-owned economy, of the central and local state organs and of the state institutions,
6. control the private and cooperative economy by means of the taxes,
7. control the printing of money bills and coins as well as of securities and blank forms,
8. control the precious metal funds of the German Democratic Republic,
9. elaborate the overall foreign exchange plan on the basis of the approved balance of trade, confirm the foreign exchange plan within the framework of this balance of trade, control the implementation of the overall foreign exchange plan,
10. develop the principles of the registration, administration and balancing of the national property and deal with the pertinent questions of the assets and liabilities of the national budget and control the observance of these principles.

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The Minister of Finance shall have the right to issue directives in budget affairs.

He shall furnish the State Planning Commission with his opinion on the long-term and economy plans. The Minister of Finance shall be a member of the State Planning Commission.

The State Planning Commission may take decisions relating to the budget, finance and credit plans only with the consent of the Minister of Finance. Any arising differences of opinion shall be submitted to the Council of Ministers for decision.

The Ministry of Finance shall take measures to the effect that in the compilation and implementation of the budget and finance plans the system of business accounting is steadily improved, the profitability of the state-owned enterprises continuously increased and that economical use is made of the material and financial means made available to the economy, cultural institutions and state organs. It shall also determine the principles of the financing of investments in agreement with the State Planning Commission.

The Ministry of Finance shall control the implementation of the budget, finance and credit plans, organize the financial reporting and submit analyses concerning the fulfilment of these plans to the Council of Ministers. It shall, on behalf of the Council of Ministers, and on its

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own initiative, take measures to insure the fulfilment of the plans.

To this end the finance organs shall carry out finance controls and audits in all spheres of the economy.

II.

Previous deficiencies in economic and financial planning

A further purpose of the principal tasks set to the State Planning Commission and the Ministry of Finance is the elimination of the deficiencies having led to divergences between the economy plan and the national budget plan and, hence, between the material and financial planning in the state-owned economy.

These deficiencies consisted above all of the following:

1. Up to now the production of goods by the state-owned economy was neither laid down as a state task in the economy plan nor settled in the accounts. The subject of the economy plan was the gross production at prices determined by the plan. The goods production and the turnover figures and the stocks of the state-owned economy were computed merely in the finance plans of the state-owned economy and their financing reflected by the plans of the finance system. The volume of goods offered to the population was computed from individual quantity figures at average prices. There was, to some

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extent, no coordination of the goods offered to the population with the production of the industry, agriculture etc. at actual prices.

The increase in work productivity was ascertained as a per-capita achievement on the basis of the gross production at prices provided by the plan, with the manpower plan being established and the required wage fund being provided accordingly.

These deficiencies in planning resulted in divergences between the material and financial plans causing difficulties to the enterprises. For instance, the enterprises are greatly interested in a production requiring a great outlay of material which tends to increase the gross production. On the other hand, the enterprises are encouraged to increase their cooperation as much as possible and even where this is not required.

3. The reduction of production costs provided by the economy plan was determined at the State Planning Commission on the basis of the coefficient (cost rate) method. At the enterprises the reduction of production costs to be planned was computed by the costs per production item. This resulted in divergences in the finance plans of the enterprise due to changes in assortments which in turn led to further deviations from the key figures concerning the reduction of production

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costs, wage and material funds.

The deficiencies still existing in the differentiation of the reduction of production costs have an adverse effect on the proper assortment of the products turned out by the enterprises.

There continue to exist deficiencies in the elaboration of the balance of the total social product and of the national income.

Here it was still found necessary to operate with co-efficients to a larger extent. This applies especially to the determination of the proportion of the replacement funds to the net production and to the computation of the gross production at actual prices. Furthermore, the records available on the actual disposition of the production were insufficient. What is required is a balance of the income and the distribution of the total social product which will insure a still better coordination of the material and the financial funds.

A further deficiency was that the stock development plans in the economy merely referred to weights, measures and units of the various items in the material balances. There was no comprehensive indication of the value in the stock development planning of the state-owned industry. No data on the value were required by the state organs

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the impact on the stock level and within the framework of the economy plan.

Furthermore, the price changes coming into effect at the beginning of the plan year were included in the finance plans from the outset, although their final effects, inclusive of the revaluation of the existing stock, could not yet be foreseen.

In the formation of fixed prices the cost records compiled by the enterprises frequently were insufficient because of the divergences between the computation by production unit cost and the calculation regulations. The demand, determined by law, for the establishment of uniform directives concerning the calculation within the branches of a section of the industry had not yet been met sufficiently or the directives for various branches had not been given due attention.

### III.

#### The improvement of the working methods of the Ministry of Finance

~~The improvement of the working methods of the Ministry of Finance~~

4. The improvement of the working method in the compilation of the finance plans for the elaboration of the factory plan.  
(Plan concerning the technical development, production plan, finance plan).

1. The State Planning Commission and the Ministry of Finance shall cooperate closely in the elaboration of the economy plan in order

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that the economy plan and the national budget plan may be established jointly and simultaneously. The results of the deliberations on these plans at the State Planning Commission shall be binding on both organs.

In the process of elaborating the economy plan and already in the first directives issued, the State Planning Commission and the Ministry of Finance shall present the following separately prepared balances:

a) The State Planning Commission:

the balances of the total social product and of the national income, the balance of the state revenue and expenditure, the balance of the income and expenses of the population.

b) The Ministry of Finance:

the balance of the distribution of the national income, the national budget plan, the credit and the balance of the income and expenses of the population.

The Ministry of Finance shall base its activities in this field on the key figures of the economy plan and on its experience in the financial control of the fulfilment of the plans for the past and the current year and on the balances of the financial system.

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2. In the coordination of the plan between the State Planning Commission and the Ministry of Finance, the comparability of the costs is to be insured by keeping the cost components unchanged over a protracted period of time.
3. The State Planning Commission shall forward the key figures relating to the economy plan, including also the finance key figures and the basic and methodical directives concerning the financial planning, to the unions of state-owned enterprises. The enterprises shall receive these data from their respective union of state-owned enterprises.
4. On this basis the enterprises shall elaborate their factory plan which is to contain also the goods production, the yields of the enterprise, the production tax, the development of stocks and the available floating capital.
5. In consultations with the enterprises the unions of state-owned enterprises shall check and correct these plan proposals, compile the overall plan of the unions of state-owned enterprises and submit their plan proposal to the division of the State Planning Commission competent for their field of activities. A copy shall be furnished to the Ministry of Finance.



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Together with the Ministry of Finance and utilizing the results of the controls effected by the German Note Bank, the competent division of the State Planning Commission shall study the plan proposal of the union of state-owned enterprises.

The divisions of the State Planning Commission shall comprise the plan proposals by the unions of state-owned enterprises rechecked in this way into a draft finance plan for the branch of industry concerned. This draft plan shall be re-examined jointly by the finance and price divisions of the State Planning Commission and of the Ministry of Finance, with the pertinent divisions of the State Planning Commission having to be consulted. The purpose of these discussions is the improvement of the economic operation and profitableness of the industrial branch and of the enterprises. Efforts are to be made with a view to establishing finance plans based on the principle of utmost economy and revealing the material and financial resources of the enterprises.

In cases of differences of opinion the final decision shall rest with the State Planning Commission.

The figures and aims thus established shall be binding both on the economy plan and the national budget plan.

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- in addition to the key figures regarding the wage funds and the reduction of production costs, already contained in the economy plan, the State Planning Commission shall determine also the key figure relating to the production of goods.
8. With consideration to be given to the rights of the local organs, the principles set forth under figures 3) to 7) shall be applied accordingly also to the planning involving the economic councils at the district councils.
9. The Ministry of Finance shall include the finance plans with the production taxes, profit transfers, the floating capital additions and transfers, subsidies and capital investments into the draft of the national budget plan and the development of the material and financial stocks into the credit plan.
10. The economy plan and the national budget plan shall be submitted to the Council of Ministers and the People's Chamber simultaneously.
11. By the joint establishment of plans the Ministry of Finance shall bring to bear its active influence on the economy plan.
12. In elaborating the economy plan and the national budget plan in the fields not under the direct jurisdiction of the State Planning Commission, the State Planning Commission and the Ministry of

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In addition to the key figures regarding the wage funds and the reduction of production costs, already contained in the economy plan, the State Planning Commission shall determine also the key figure relating to the production of goods.

8. With consideration to be given to the rights of the local organs, the principles set forth under figures 3) to 7) shall be applied accordingly also to the planning involving the economic councils at the district councils.

9. The Ministry of Finance shall include the finance plans with the production taxes, profit transfers, the floating capital additions and transfers, subsidies and capital investments into the draft of the national budget plan and the development of the material and financial stocks into the credit plan.

10. The economy plan and the national budget plan shall be submitted to the Council of Ministers and the People's Chamber simultaneously.

11. By the joint establishment of plans the Ministry of Finance shall bring to bear its active influence on the economy plan.

12. In elaborating the economy plan and the national budget plan in the fields not under the direct jurisdiction of the State Planning Commission, the State Planning Commission and the Ministry of

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Finance shall resort to the central organs of the state administration competent for these fields and to the economic councils at the district councils and to the finance sections of the district councils.

B. The tasks of the Ministry of Finance concerning the improvement of the financial controls of the state-owned economy

The struggle for the increase in the profitableness of the state-owned enterprises calls for a definite improvement of the financial controls by the Ministry of Finance.

To this end the following is required:

1. The Ministry of Finance shall regularly evaluate the financial reports, audit statements and other investigation results and analyse the financial activities and the fulfilment of the budget obligations of the enterprises and of the union of state-owned enterprises. This also requires estimates by the Ministry of Finance on the effect of the finance policy measures on the economic activities of the enterprises.

On the basis of these analyses and estimates the Ministry of Finance shall, on its own initiative, take measures aimed at insuring the fulfilment of the plans or submit to the State Planning Commission

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and to the Council of Ministers proposals for the carrying out of measures aimed at improving the economical operation and financial activities of the enterprises.

2. The Ministry of Finance shall evaluate the records concerning the establishment of fixed prices, the determination of the production costs per item or group and the results of the comparisons of factories and costs. Furthermore, it shall urge the unions of state-owned enterprises and economic councils at the district councils to entrust the production and allocate the investments to those enterprises which are able to produce the individual item most economically and at the lowest production costs.
3. In questions concerning the improvement of the financial activities of the enterprises and the fulfilment control of the transfers to the national budget by the enterprises and the organization of the accounting system, the chiefs of the industrial management/section of the union of state-owned enterprises shall receive pertinent directives from the Ministry of Finance.

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2. Improvement of the work of the auditing departments

1. At the ministries, state secretariats and other central organs of the state administration not under the direct supervision of the State Planning Commission the financial auditing shall be carried out as heretofore by the auditing departments of these organs (Own auditing). To insure the uniform guidance of the auditing organs, the Ministry of Finance shall, as heretofore, approve the auditing plans, evaluate the reports furnished it by the auditing departments and issue auditing directives in cooperation with the organs referred to above.
2. As regards the auditing in the enterprises and institutions of the branches of the economy under the supervision of the State Planning Commission, the Minister of Finance shall, in close cooperation with the competent divisions of the State Planning Commission, draft auditing directives and assist the auditing organs in their work.
3. The financial auditing in the district-administered and local enterprises and institutions as well as in the towns and communities shall be carried out as heretofore by the district and county inspection offices of the finance auditing division of the Ministry of Finance.  
The auditing tasks to be assigned to district and county inspection offices, ~~respectively~~ shall be determined by the chairman of the district or county council, respectively.

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4. The Ministry of Finance shall improve the coordination and adjustment in the field of financial auditing, insure a uniform finance discipline and, on the basis of the results of the activities of the finance auditing division, work out proposals concerning the enforcement of the economy regime in all branches of the economy.
5. The current controls resulting from the special functions of the individual finance and banking organs shall be carried out by these institutions as heretofore.

IV:

The tasks of the unions of state-owned enterprises in the field of  
finance

1. The unions of state-owned enterprises shall guide the enterprises under their jurisdiction in the elaboration of the factory plan on the basis of the key figures of the economy plan and of the fundamental and methodical directives furnished by the divisions of the State Planning Commission. They shall insure the conformity of the material and financial parts of the plan and, with consideration to be given to the suggestions offered by the workers at the enterprises, the profitable utilization of all reserves for the increase in economic achievements.

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2. After uniform fixed prices as well as uniform production taxes have been established to an increasing extent for large parts of the economy, the actual economic profitableness is now being reflected by the profit and loss accounts of the enterprises. This confronts the unions of state-owned enterprises with the task of working out a technical progress program for the enterprises lagging behind or temporarily falling short of standards with a view to bringing them up to the profitableness level.
3. The unions of state-owned enterprises shall examine the finance plan proposals of the enterprises. On the basis of the evaluation of the finance control results and of the analyses and own calculations, the union of state-owned enterprises shall correct these plans after consulting the enterprises.
4. The unions of state-owned enterprises shall comprise the checked finance plan proposals of the enterprises into a whole and submit their own finance plan proposal to the divisions of the State Planning Commission and to the Ministry of Finance.
5. After the section of the State Planning Commission has taken a decision in the economy plan and the national budget plan and confirmed the plan union of the state-owned enterprise, the latter shall assign the state tasks to the enterprises.



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6. The unions of state-owned enterprises shall be responsible for the implementation of the plans and the achievements of the production goals, the payment of the production tax and the fulfilment of the budget obligations by the enterprises.
7. The transfers from the enterprises to the national budget provided by the plans and the planned subventions from the national budget are not supposed to result in financial transactions by the unions of state-owned enterprises. In this respect the enterprises shall contact the local finance organs directly. No re-distribution of profits and floating capital shall be effected by the unions of state-owned enterprises.
8. The amortization shall, as a rule, be the full responsibility of the enterprises to enable them to finance the basic means maintenance plan. If, in exceptional cases, a re-distribution of amortization items from one enterprise to another is to be effected within the union of state-owned enterprises, the pertinent decision shall rest with the latter. If, in exceptional cases, a re-distribution of amortization items is to be effected from one union of state-owned enterprises to another union of state-owned enterprises which belong to a division of the State Planning Commission, the pertinent decision shall rest with this division.

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The German Investment Bank shall control the re-distribution of amortizations between the unions of state-owned enterprises.

Amortizations not used during the plan year may be carried forward by the enterprises and unions of state-owned enterprises to the following year. The amortization fund carried forward may be used in the following year in accordance with the approved plans.

9. The unions of state-owned enterprises have the further task of steering the extended production in their respective field of work, by an extra careful examination of the applications for investments and the control of the carrying out of investment projects which have been approved.
10. The unions of state-owned enterprises shall receive a share not to exceed 10 percent of the surplus profits of their enterprises to serve as a special fund for the granting of premiums for outstanding production achievements, for the financing of supra-enterprise contests and the financing of small-scale rationalization measures.
11. All other funds available at the ministries and chief administrations up to now shall be liquidated.

Temporary insolvencies of enterprises shall be bridged over by short-termed, interest-bearing loans by the German Note Bank. The banking

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- unions shall thereby have influence on the unions of state-owned enterprises or the individual enterprises as regards the improvement of their economic and, especially, their financial activities.
12. Upon approval of the state finance tasks by the divisions of the State Planning Commission, the union of state-owned enterprises shall furnish the Ministry of Finance with the finance plan and the plan concerning the financing of the enterprises (transfers to and subventions from the national budget) broken up by local areas (counties).
13. The unions of state-owned enterprises shall establish plans concerning their receipts and expenses which must be approved by the Ministry of Finance. The required contributions shall be raised from the enterprises by assessment. These contributions raised by assessment are part of the production costs of the enterprises. Transitory regulations shall be provided for the year 1958.
14. The financial duties of the unions of state-owned enterprises shall be carried out by the business economy and finance control department. Its most essential tasks are: the carrying out of interfactory comparisons, cost analyses, profitableness comparisons, controls concerning the fulfilment of the finance plans, organization and simplification of the accounting system, finance reporting.

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The chief of the business economy and finance control department shall at the same time discharge the functions of a chief accountant.

V.

The tasks of the state-owned enterprises in the field of finance

1. The enterprises shall establish their finance plan within the framework of the factory plan on the basis of the key figures for the economy plan and of the directives by the supervisory organs concerning the financial planning. They shall submit this plan to the union of state-owned enterprises after it has been explained to the workers, foremen and engineers at the factory divisions and workshops and corrected in accordance with the proposals by the working people.
2. It is the duty of the factory managers and chief accountants by means of a business accounting system to apply the principles of the strictest economy and of financial concern so that the accumulation provided by the factory plans will be reached and exceeded and the obligations towards the national budget and the banking organs fulfilled.
3. The regulations concerning the application of the business accounting system with regard to the utilization of the profits of the enterprises for the establishment of the factory premium fund, the

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cultural and social funds, the financing of the planned and approved increase in floating capital, the financing of the plan concerning the increase in basic means (investments) and the amortization of rationalization credits shall remain in effect.

4. The profit still available after these allocations is due to the national budget and shall be transferred to the local finance organ by the enterprises directly.
5. The production tax and the surplus floating capital stock shall also be transferred to the local finance organ by the enterprises. Regulations may provide that in cases in which marketing organs are established by the unions of state-owned enterprises the production tax shall not be levied on the enterprises but transferred to the local finance organs by the unions of state-owned enterprises. For this purpose a special agreement with the Ministry of Finance shall be required in each case.
6. The percentage of profit or production tax to be transferred to the county or district shall be determined in the annual budget plans.
7. The floating capital allocations and financial aid provided by the plans and to be furnished in accordance with the production achievement shall be paid to the enterprises by the local finance organs.

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2. Capital investment means to be made available from the national budget in accordance with the plans shall be furnished to the enterprises by the German Investment Bank.

VI.

The tasks of the ministries and district councils and of the finance divisions of the district and county councils in the field of financing

1. The tasks of the ministries and district councils:

On the basis of the key figures of the economy plan and of the directives concerning the establishment of the national budget plan, the ministries and other central organs of the state administration and the district councils shall work out proposals concerning the budget plans and finance plans of the enterprises and state institutions under their jurisdiction and forward them to the Ministry of Finance for examination and inclusion in the national budget plan.

They shall be responsible for the transmission to the supervised unions of state-owned enterprises, enterprises and institutions of the plans decided upon by the People's Chamber. They shall be responsible also for the carrying out of these plans and for the pertinent reports to the Ministry of Finance.

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2. The tasks and the status of the finance divisions of the district and county councils:

a) The finance division is a technical organ of the council of the district or county, respectively, for the implementation of the socialist finance policy.

The chief of the finance division is a member of the economic council at the district council or of the planning commission at the county council, respectively.

At the economic council existing at the district council or at the planning commission existing at the county council, decisions concerning the budget, finance and credit plans may be taken only with the consent of the chief of the finance division of the district or county council. In the case of differences of opinion the decision shall rest with the council of the district or county, respectively.

b) The finance division of the district or county council is supervised by two agencies and, on the basis of the decision taken by the representative bodies of the district or county, or by the district or county council and of the directives furnished by the Minister of Finance, prepares the drafts of the budget plan of the district or council and submits them to the economic council at the

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district council or to the planning commission at the county council for approval and further submission to the representative body of the district or county, respectively.

c) Being charged with the collection of the profits due to the national budget of the Republic, of the production taxes and surplus floating capital stock, with the allocation of financial aid and floating capital to the centrally administered enterprises, with the collection of the taxes levied on the private economy and the carrying out of price controls, the finance division of the district and county council exercise a strict financial control over the financial activities not only of the district-administered and local economy but also of the centrally administered economy.

d) The council of the district or of the county, respectively, shall issue a directive for the compilation of the budget plan which will be binding on all organs of the council and on the enterprises and institutions under its jurisdiction as well as on the councils of the counties and those of the towns and communities. This directive shall be discussed at the economic council at the district council or the planning commission at the county council.

In elaborating the economy and budget plans, the economic council



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at the district council and the planning commission at the county council, respectively, shall cooperate closely with the finance division of the district council on the one hand or of the county council on the other with a view to preparing the economy plan and the budget plan jointly and simultaneously. The results thus obtained shall be binding on both organs.

Before being passed on to the council of the district or of the county, respectively, both plans shall be discussed jointly at the economic council at the ~~the~~ district council or at the planning commission at the county council.

- e) The finance division of the district or county council, respectively, shall take measures to the effect that in the compilation and implementation of the budget and finance plans the economy principle is enforced, the business accounting system applied and the profitability of the state-owned enterprises steadily increased and the state revenue transferred to the national budget completely and in time.
- f) The finance division of the district council or county council, respectively, shall control and analyse the carrying out of budget and finance plans, organize the reporting system and furnish

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the competent local councils with regular reports concerning the fulfilment of the plans. In this it will propose to the local councils measures aimed at insuring the fulfilment of the budget and finance requirements.

Prior to being discussed at the district or county council, respectively, the reports by the finance division of the local councils shall be presented to, and discussed by the economic council at the district council or the planning commission at the county council.

g. The chief of the finance division of the district council shall supervise and control the chiefs of the finance divisions of the county councils. The chief of the finance division of the county council shall have corresponding rights and duties with regard to the finance organs of the towns and communities under his jurisdiction.

3. Compilation of the finance plans of the district and locally administered enterprises for the elaboration of the factory plan.

a) The economic council at the district council shall furnish the unions of state-owned enterprises and independent enterprises under its jurisdiction with the key figures for the elaboration of the factory plan.

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The technical organs of the district council and the county councils shall receive the key figures of the economy plan for the enterprises under their jurisdiction from the economic council at the district council.

The enterprises not under the jurisdiction of the economic council at the district council shall receive their key figures for the factory plan from the competent technical organ of the district council. The county councils shall be assigned the state tasks for the enterprises under their jurisdiction after their coordination between the economic council at the district council and the finance division of the district council and after a decision has been taken by the district council.

- b) On the basis of the key figures furnished them and of the systematic and methodical directives concerning the financial planning, the enterprises shall establish their factory plan which shall contain also the production volume, the profit of the enterprise, the production tax, the development of stocks and the available capital stock. They shall submit this plan to their supervisory organs.
- c) The technical organs of the district or county councils, respectively, the divisions or technical branches, respectively, of the economic council at the district council or of the planning

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commission at the county council and the district-administered unions of state-owned enterprises shall check and correct these draft plans in discussions with the enterprises, establish the overall plan in their field of activities and submit this draft plan to the economic council at the district council or to the planning commission at the county council, respectively. A copy thereof shall be furnished to the competent finance division of the local councils.

- d) The economic council at the district council or the planning commission at the county council, respectively, shall examine the draft plans in the various economic fields jointly with the finance division of the local councils, with consideration to be given to the experience gained by the credit institutes, and decide on the proposals.
- e) The financial key figures of these plans shall be included in the budget plan of the district or county, respectively, by the finance division of the local councils.
- f) The proposals concerning the economy plan and the budget plan offered by the county councils shall be examined by the economic council at

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- the district council and the finance division of the district council and improved by consultation with representatives of the county councils.
- g) The planning within the fields of social consumption and of the state administration (as well as that not concerning the economic council at the district council or the planning commission at the county council) shall be effected in close cooperation between the economic council at the district council or the planning commission at the county council, respectively, and the finance division of the local councils.
- h) The economy and budget plans of the districts and counties shall in each case be presented to the competent local councils and representative bodies jointly.
- i) After having taken their decision, the divisions or technical branches of the economic council at the district council or of the planning commission at the county council, respectively, and the remaining technical organs of the district or county council shall assign the state tasks to the unions of state-owned enterprises and enterprises and institutions under their jurisdiction. The unions of state-owned enterprises and

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enterprises shall be responsible for the carrying out of these tasks and be under the obligation to submit financial reports to the finance division of the local councils.

VII.

The formation of financial advisory boards at the councils of the districts and counties

It will be necessary for all local finance organs to coordinate their activities with a view to avoiding the confinement of their activities strictly to their special field of work. To this end the following changes shall be effected in the working methods:

1. All leading officials in the field of finance in the district and county, inclusive of the chief of the German Note Bank, shall be comprised in a financial advisory board under the chairmanship of the chief of the finance division of the district or county council, respectively.
2. At the financial advisory board of the county council there shall be discussed every month above all the economic results achieved by the local state-owned enterprises and the cooperative and private enterprises in a sequence to be determined either by the county council or by the chief of the finance division of the county council.

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3. At the financial advisory board of the district council there shall be discussed every month above all the economic results achieved by the district-administered, state-owned enterprises and the fulfilment of the budget plans of the individual counties as well as, according to their importance, the economic results of the centrally administered, state-owned enterprises in a sequence to be determined either by the district council or by the chief of the finance division of the district council.
4. Furthermore, the financial advisory board shall discuss also the economic and financial development of the private economy located in the district or county, respectively.

VIII.

The improvement of the methods of the guidance of the local organs by the Ministry of Finance

To eliminate the guidance according to sections presently effected through the central finance and banking organs and the individual divisions of the Ministry of Finance, guidance shall be provided by joint brigades of the central finance organs. This form of guidance must extend primarily to the financial advisory boards and the joint guidance of all banking and finance organs with a view to enabling them to carry out the same forms of guidance with regard to the corresponding organs in the counties.

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IX.

The limitation of the tasks of the banking organs

To increase the influence of the banks on the economies of the branches of industry, a limitation of the tasks of the individual banking organs in line with current conditions has become necessary.

- a) Up to now the German Note Bank and the German Investment Bank have carried out the financing and financial control of the entire state-owned agriculture and forestry. These tasks shall henceforth be carried out by the German Farmers' Bank.
- b) The financing of the entire housing construction and the administration of all loans made available for housing construction from the means of credit institutes or the budget - unless relations were established with agricultural enterprises - shall be concentrated at the savings banks.
- c) In some districts the individual investment projects shall be re-examined as to their usefulness by special commissions prior to being made part of the plan in order to ascertain the possible availability of sufficient exploitable capacities elsewhere in the economy. Starting from these positive experiences, the



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German Investment Bank shall improve and reconsider its activities and supplement this method by consultations at the enterprises.

Furthermore, the controls by the German Investment Bank aimed at a substantial decrease of the steadily growing volume of the incomplete investments and at the undelayed application of the complete investments shall be intensified and the method of the comparison of costs developed in the case of investments of every kind.

X.

Effective Date

This ordinance shall become effective on February 15, 1958.

Berlin, February 13, 1958

The Council of Ministers  
of the German Democratic Republic

Steph  
Deputy Chairman  
of the Council of Ministers

Rumpf  
Minister of Finance

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## ORDINANCE

concerning the establishment of economic councils at the district councils and the tasks and structure of the planning commissions at the county councils

Dated February 13, 1958

In carrying out the Law of February 11, 1958, concerning the perfection and simplification of the work of the state organs in the German Democratic Republic (Official Gazette I, p. 117) by which the People's Chamber approved the proposals concerning the establishment of economic councils at the district councils and the tasks and structure of the planning commissions at the county councils presented to it by the Central Committee of the Socialist Unity Party of Germany and the Council of Ministers of the German Democratic Republic, the following is decreed pursuant to article 16 of said law:

By the Law of January 17, 1957, concerning the local organs of the state administration (Official Gazette I, p. 65) these organs were accorded extended rights in the direction of the socialist build-up within their sphere of jurisdiction. Within the framework of their rights and duties these organs shall direct the political, economic and cultural build-up in their field of activities on the basis of the laws and decisions enacted by the

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People's Chamber, the ordinances and decisions by the Council of Ministers and other regulating acts. The solution of the tasks of the second Five Year plan requires the insurance by the district and county representative bodies of the overall development of the economy in their field of activities and a greater assistance to be rendered to the lower representative bodies in the solution of their tasks.

Therefore, the district and county representative bodies shall be developed into real political supervisory organs of the socialist state and see to it that the working people in the German Democratic Republic ~~will~~ participate still more directly in the administration of the state than heretofore.

The law concerning the perfection and simplification of the work of the state organs in the German Democratic Republic will enable the district and county representative bodies to improve the administration of the socialist build-up in the district and counties and to bring about an even more active cooperation of the working people in the carrying out of governmental functions and the improvement of their own living conditions.

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A.

The establishment of economic councils at the district councils

I.

The tasks and status of the economic councils at the district councils

The economic council at the council of the district is an organ both of the district council and of the State Planning Commission.

Its principal functions shall be as follows:

1. The elaboration of the long-term and annual draft plans for the development of the district on the basis of the legal provisions and directives furnished by the State Planning Commission, of the decisions taken by the district representative bodies and district councils and after evaluation of the proposals furnished by the planning commissions at the county councils as well as by the district-administered unions of state-owned enterprises and state-owned enterprises.  
Submission of plans to the district council for approval and forwarding them to the district representative body, for decision.
2. The insurance of the continuous increase and perfection of the socialist production;  
the organization of the exploitation of all local reserves;  
the introduction according to plans of progressive technical methods;  
the organization of production;

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the proper specialization and continuous perfection of cooperation in the industry and the cooperation of all branches of the industry in the better exploitation of the production capacities;

the influence on the continual increase in work productivity and the insurance of the priority to be accorded to it as compared with the development of the wages;

the influence on the introduction of progressive technical and scientific key figures;

the influence on as large as possible a decrease in the production and distribution costs;

the promotion of socialist contests to be organized by the trade unions.

2. The organization of a large-scale movement aimed at the participation of the working people in the elaboration and implementation of the plans in cooperation with the trade unions; the close cooperation with the social organizations, especially the trade unions, ~~in~~ the committees of the National Front of the Democratic Germany, with the workers, employees and intelligentsia at the enterprises and institutions. The

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experience gained and the suggestions and criticism offered in this field shall be evaluated and given consideration in the solution of the tasks to be fulfilled. As regards the assistance to be rendered to the permanent commissions of the district representative body in the fulfilment of their tasks the economic council shall follow the provisions of the law concerning the local organs of the state administration.

4. The direction of the technical organs affiliated with the economic council and of the unions of state-owned enterprises, enterprises  
/and institutions supervised by the latter;

the setting of the detailed plan tasks for all fields of

activities comprised in the economic council;

the transmission of the plans to the unions of state-owned enterprises, enterprises and institutions;

the preparation of proposals to be submitted to the district council concerning the establishment of unions of state-owned enterprises and the designation of enterprises as leading enterprises within the scope of activities of the economic council.

The decision by the district council concerning the establishment of unions of state-owned enterprises shall be subject to approval by the State Planning Commission.

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Pursuant to the ordinance of February 13, 1958, concerning the statutes of the unions of state-owned enterprises within the State Planning Commission (Official Gazette I, p. 149), statutes for the unions of state-owned enterprises shall be issued by the district councils.

5. The organization of the implementation of the plans in the fields of activities covered by the economic council and the regular evaluation of the stage reached in the plan fulfilment; the preparation of analyses to be submitted to the district council.

6. The planning of the supply of materials and the allocation of the quotas to all enterprises requiring materials and to the county councils; directives concerning the most appropriate and most economical utilization of the materials.

7. The planning of manpower allocation and of wages as well as of vocational training; the organization of the distribution of manpower in accordance with the requirements of the economy; the assurance of the observance of the industrial safety regulations and the organization of technical controls;

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the assurance of transportation facilities for the workers  
to and from work;

close cooperation with the trade unions, especially with the  
district executive board of the Federation of Free German Trade  
Unions, in all questions relating to working conditions, the  
distribution of manpower, wage planning, the observance of the  
industrial safety regulations, the conclusion and carrying out  
of collective factory agreements, the transportation facilities  
for workers to and from work etc.

8. The integration of the private economy into the socialist  
build-up, especially by means of the formation of production  
cooperatives of the handicraft enterprises and the state  
partnership in private capitalist enterprises;  
the direction and control of the district directorates of the  
Chamber of Commerce and Industry and of the District Chamber  
of Handicrafts.

9. The cooperation with the centrally administered state-owned  
enterprises and with the ~~enterprises~~ centrally administered  
enterprises/unions of state-owned  
competent for the latter  
enterprises/especially in the following fields:

the coordination of the development of the centrally admin-  
istered state-owned economy with that of the district;



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- the exploitation of all possibilities for the starting,  
increase in or change of the additional production of consumer  
goods;
- the assistance to unprofitable enterprises;
- the preparation of opinions to be rendered by the district  
council on project plans and the approval of the sites;
- the preparation of the opinions to be rendered by the district  
council on the changes in the centrally administered/<sup>state-owned</sup>enterprises  
and institutions which have an influence on the economic develop-  
ment of the district (as, for instance, the closing down and  
combination of centrally administered enterprises etc.);
- the determination of measures aimed at the carrying out of  
investments of nation-wide significance.
10. The direction and control of the planning commissions at the  
county councils.

## II.

### The composition and structure of the economic councils at the district councils

1. The economic council shall consist of:

the chairman of the economic council (deputy chairman of the  
district council);

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the deputy chairman of the economic council (chief of the planning division);

the chiefs of the most important technical organs of the economic council, upon decision by the district council;

the chief of the finance division;

the chief of the district Construction Office; ✓

the deputy chairman of the district council competent for agricultural and forestry affairs or the chief of the agricultural and forestry division;

the deputy chairman of the district council competent for trade and supply or the chief of the trade and supply division;

the chairman of the district executive board of the Federation of Free German Trade Unions;

specialists in accordance with the economic structure of the district, upon decision by the district council.

The chief of the district office for statistics shall participate in the meetings of the economic council in an advisory capacity.

The chief of the State Contract Court in the district and the district commissioner of the Central Commission on State Controls are authorized to participate in the deliberation of the economic council.

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The chiefs of other institutions may be invited to attend the meetings of the economic council.

The economic council shall not consist of more than 17 members.

The chairman and the members of the economic council are appointed and dismissed by the district council.

The appointment and dismissal of the chairman and deputy chairman of the economic council must be approved by the State Planning Commission.

One member of the economic council shall be responsible for export affairs.

2. The rights and duties of the chairman of the economic council:

The chairman of the economic council shall supervise the work of the economic council and insure the assistance to be rendered by the representative body and its permanent commissions as well as the cooperation with the social organizations and the population in the solution of the tasks.

The chairman of the economic council shall be bound by the decisions of the district representative body and the district council as well as by the directions furnished by the State Planning Commission. The chairman of the economic council shall be responsible and liable to render accounts to the

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district council and the State Planning Commission for the work of the technical organs, the unions of state-owned enterprises, enterprises and institutions covered by the economic council.

The chairman of the economic council shall be authorized to give directives to the chiefs of the technical organs forming part of the economic council, the chiefs of the unions of state-owned enterprises, enterprises and institutions and the chairman of the planning commissions at the county councils.

The proposals made by the economic council and subject to confirmation or decision by the district council shall be submitted to the district council by the chairman of the economic council.

3. The scope of activities of the economic council comprises

the following technical organs:

Planning;

Supply of materials;

Labor;

Food industry;

Electric energy supply, inclusive of the electric energy commissioner;

Transportation;

Water economy;

Handicrafts, private industry and local economy.

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In accordance with the economic structure of the district concerned the district councils may, upon decision by the district council, establish further technical organs coming under the jurisdiction of the economic council, as, for instance, for machine construction (engineering); the light industry; the textile industry.

In the case of a larger number of district-administered enterprises of a branch of industry, unions of state-owned enterprises may be established in the place of technical organs.

Upon decision by the district council there may be established a section of the district-administered industry, if the small number of enterprises makes it unsuitable to establish a special technical organ or a union of state-owned enterprises for their supervision. The supervision of the enterprises by the technical organs may be carried out with the assistance of the leading enterprises.

The technical organs and unions of state-owned enterprises under the jurisdiction of the economic council shall be

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responsible for the control of the branch of the industry entrusted to them.

They shall discuss important measures with the working people on a wide basis, give consideration to their proposals and suggestions and mobilize the working people for the fulfilment and overfulfilment of the plans.

They shall base their pertinent activities especially on the trade unions and the committees of the National Front of the Democratic Germany.

III.

The principal tasks of the planning section

The planning section shall have the following principal tasks:

1. The elaboration of the development programs on the basis of economic analyses.
2. The elaboration and coordination of the directives, proposals and drafts of the long-term and economy plans.  
Rendering of opinion on the draft budget plan of the district.
3. The determination of the principal key figures and of the detailed plan tasks in all fields coming under the jurisdiction of the economic council.
4. The determination of the principal key figures for the plans relating to agriculture and forestry, trade and supply and

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- the building economy in close cooperation with the pertinent technical organs.

5. the determination of the principal key figures and detailed plan tasks in the fields of popular education, cultural, public health and social affairs, youth affairs and sports in close cooperation with the pertinent technical organs.

6. the determination and compilation of the principal key figures for the long-term and annual draft plans of the counties, the coordination of plan proposals submitted by the county councils.

7. The planning of the export of the district-administered industry and local economy.

8. The elaboration of opinions to be rendered on the plans of the centrally administered economy.

In questions relating to the methods of planning, the chief of the planning division shall be authorized to give instructions to the chiefs of all technical organs, unions of state-owned enterprises and institutions of the district.

B.

The planning commissions at the county councils

I.

The status and the tasks of the planning commissions at the county councils

The planning commissions are organs of the county councils.

They shall carry out their activities on the basis of, and in

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carrying out, the laws and decisions of the People's Chamber, the ordinances and decisions of Council of Ministers and the decisions of the district and county representative bodies and their councils.

They shall be responsible to the county councils for the entire planning of the development of the county. The planning commissions and the finance divisions at the county councils shall jointly elaborate the economy plan and the budget plan of the county on the basis of the decisions of the county councils and of the directions received from the economic councils at the district councils or of the finance divisions of the district councils, respectively. Both plans shall be submitted simultaneously to the county councils for confirmation.

The elaboration, implementation and control of the plans must be effected with the large-scale cooperation of the working people, especially in close cooperation with the trade unions, the other mass organizations and the committees of the National Front of the Democratic Germany. The planning commissions at the county councils shall have the following tasks:

1. the elaboration of development programs on the basis of economic analyses.



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2. the elaboration and coordination of the directives and proposals relating to the long-term and economy plans and the draft of the county plan.

The county plan shall comprise the principal tasks of the economy plan, the budget plan as well as the tasks of the National Reconstruction Work.

3. the elaboration of the detailed tasks of the economy plan in close cooperation with the technical organs in all fields, with the exception of agriculture and forestry, trade and supply and the building economy.

In the fields of agriculture and forestry, trade and supply and the building economy, the key figures shall be fixed by the planning commissions. The detailed plans shall be elaborated by the competent technical organs on this basis.

4. the planning of manpower distribution and wages as well as of vocational training; close cooperation with the trade unions, especially the district executive board of the Federation of Free German Trade Unions, in all questions relating to working conditions, the distribution of manpower, the planning of wages, the observance of the industrial safety regulations, the con-

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clusion and implementation of the collective factory agreements, the transportation of workers to and from work, etc.

5. the assistance to be rendered to the towns and communities in the elaboration and implementation of the town and village plans.
6. the operative control of the plan fulfilment in cooperation with the technical organs of the county councils, the regular appraisal of the stage reached in the plan fulfilment, the preparation of analyses on the plan fulfilment status.
7. the planning of the supply of materials and the allocation of the quotas to all enterprises and agencies requiring material within their field of activities; dispositions regarding the most appropriate utilization of the material and the introduction of progressive methods of engineering; the most appropriate utilization of the existing capacities, the exploitation of local sources of raw material and other local reserves.
8. the advancement of the trade union-sponsored contests system.

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9. Dispositions regarding the development of the centrally and district-administered economy, especially by:

the carrying out of the council decisions regarding the aid and control of the fulfilment of the plans concerning the additional production of <sup>mass</sup> consumer goods;

the registration and distribution of waste material suitable for further use and of other local reserves;

the carrying out of investments for social, cultural and sanitary installations and for further measures resulting from the development of the centrally and district-administered economy for their respective scope of activities;

the assistance in the carrying out of central investment projects;

measures aimed at insuring the distribution of manpower in accordance with the requirements of the political economy and vocational training;

the control of the implementation of the manpower and vocational training plans.

10...the integration of the private economy into the socialist build-up;

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the promotion of the establishment of production cooperatives of the handicrafts and of state partnership in capitalist private enterprises.

II.

The composition and structure of the planning commissions at the county councils

1. The planning commission shall be composed of:

the chairman of the planning commission (deputy chairman of the county council);  
 the deputy chairman of the planning commission;  
 the chief of the material supply section;  
 the chief of the finance section;  
 the chief of the agriculture and forestry section or the deputy chairman of the council for this special organ;  
 the chief of the local industry and handicraft section;  
 the chief of the county Construction Office;  
 the chief of the trade and supply section;  
 the chief of the food industry section;  
 the chief of the obligatory deliveries and purchase section and a representative of the trade unions.

In accordance with the economic structure of the county, the chiefs of further technical organs as well as specialists, as, for instance, MTS-directors, may be appointed as members of the  
 . . . planning commission by the county councils. . . .

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The chief of the county office for statistics shall participate in the meeting of the planning commission in an advisory capacity. The county commissioners of the Central Commission on State Control shall be authorized to participate in the meetings of the planning commission .

The planning commission shall not consist of more than 15 members. The members of the planning commission shall be appointed and dismissed by the county councils upon proposal by the chairman of the planning commission. One member of the planning commission shall be responsible for export affairs.

2. The planning commissions shall be responsible for the planning, direction and control of the district-administered industry, transportation and the communal economy.

Upon decision by the council, the deputy chairman of the council and the chairman of the planning commission may be entrusted with the supervision of further technical organs.

The assignment of the various fields of activities to the deputies of the chairman of the council shall be decided by the councils on their own responsibility. According to

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article 40 of the law concerning the local organs of the state administration, they are authorized to give orders to the chiefs of these technical organs and to the chiefs of the enterprises and institutions under their supervision.

3. The planning commission is divided up into

- the long-term planning group
- the operative annual planning group
- the coordination group
- the material supply group.

4. The proposals elaborated by the planning commission which are subject to confirmation or decision by the county council shall be submitted to the county council by the chairman of the planning commission. The chairman of the planning commission shall direct the work of that commission. He shall be responsible and liable to render accounts on the work of the planning commission to the county council.

C.

The direction of the district-administered and local state-owned industry and handicrafts

The following principles shall be observed for the direction of the district-administered and local state-owned industry, of handicraft enterprises with a state partnership and of the private capitalist industry:

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1.

The district-administered and local state-owned industry

1. The principal aim of the district-administered and locally directed state-owned industry shall be the fulfilment of their tasks set by the plan, with special consideration to be given to the rapid increase in the production of high-quality and new mass consumer goods to meet the increasing demands of the population and the most suitable exploitation of all production capacities and material reserves.
  
2. The district-administered industry shall be established from among the enterprises previously managed on a local basis and the enterprises released by the ministries, above all those of the light and food industries, and be placed under the supervision of the district councils.  
  
The operative management of the enterprises shall be effected by the technical organs of the district councils with the assistance of the leading enterprises or the unions of state-owned enterprises.
  
3. Upon decision by the district representative body, unions of state-owned enterprises of the district-administered industry may be established with the consent of the State Planning Commission, provided that a larger number of enterprises of one or more industrial branches of a similar type of production is controlled by the district councils.

**POOR ORIGINAL**

... the centrally administered enterprises above all...  
 ... of the long-term...  
 ... the training of technical...  
 ... the organization of the...  
 ... exploitation of all...  
 ...

... centrally administered and local state-owned industry... of the enterprises with a state partnership... referred to the district councils, unless they have been included in the industrial branch... administered union of state-owned enterprises... may determine leading enterprises... local state-owned industrial enterprises, if a larger number of enterprises of the same category is located in the district.

The leading enterprises shall organize the exchange of experience. By means of economic conferences and inter-factory comparisons the best results and methods of improving the technology and work organization etc. shall be made avail-



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able to all enterprises, especially to those lagging behind in profitableness.

The leading enterprise shall have no right to interfere with the management of the enterprises of the industrial branch in the form of instructions.

5. Several smaller enterprises of the same branch of production or supplementing each other which are administered on a local basis by the councils of the counties, towns, city boroughs and communities may be combined, if this would result in increased profitableness, the perfection of the management and the reduction of costs.

The combination of enterprises must be approved by the district council.

6. The transfer of the centrally administered state-owned industry to the district-administered or local state-owned industry shall be effected with the consent of the district representative body, unless a pertinent decision has been taken by the Council of Ministers.

District-administered or local state-owned industrial enterprises shall be placed under the supervision of a centrally

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administered union of state-owned enterprises only in exceptional cases and if required for political or economic reasons. The approval of the district representative body shall be required, unless a pertinent decision has been taken by the Council of Ministers.

7. As a rule, the local state-owned industrial enterprises shall be under the supervision of, and administered by, the councils of the town and rural counties or of the <sup>councils of</sup> larger towns located in the county, and community councils.

Smaller state-owned industrial enterprises may be placed under the supervision of the community councils or the councils of the city boroughs. Changes in the status of enterprises within the district-administered and local state-owned industry shall be decided upon by the <sup>people's</sup> representative body of the district or county, respectively, after consultation of the lower/<sup>people's</sup> representative bodies concerned.

## II.

### Enterprises with a state partnership

1. The enterprises with a state partnership shall be included in the planning system in accordance with the same methodical principles as are applied to the state-owned industry. They

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- be assigned to these concerns for their production activities and be allocated their material quotas by the organs of the centrally-administered. In the case of cooperative unions with enterprises of the state-owned industry, the supply of material may be effected by the state-owned enterprises on the basis of contractual agreements.
- Applications concerning the acceptance of state partnership and administrative supervision shall be decided upon by the district councils upon consultation with the county councils. The administrative status of the centrally-administered unions of state-owned enterprises shall be decided upon by the State Planning Commission.
- 5 To insure the qualification of the economic functionaries of the enterprises with a state partnership, regular consultations and the exchange of opinion on political and economic questions shall be organized by the district councils on a voluntary basis.

### III.

#### Handicrafts

1. The handicrafts shall be directed and furthered by the local councils in a way promoting the manufacturing of high-quality

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consumer goods in accordance with the demand of the population and to enable them to carry out repair and maintenance work on a large scale.

2. The economic activities of the handicraft enterprises shall be directed above all by the supply of material from state stocks. With consideration to be given to the local reserves of material, the quotas of material shall be allocated to the handicraft production cooperatives, the individual handicraft enterprises and the handicraft purchase and delivery cooperatives by the planning commissions at the county councils. Allocations of material may be effected also by state-owned enterprises (as, for instance, the Building Union).
3. The local councils shall furnish the handicraft production cooperatives with directives concerning the development of cooperative democracy, the organization of contests and the planning and standardization work. They shall organize inter-factory comparisons and arrange for sponsorships by state-owned enterprises. With the consent of their executive board, the handicraft production cooperatives may be entrusted to the care of the leading enterprises of the state-owned industry.

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- the district chambers of handicrafts shall be established  
 by the county councils and district chambers of production cooperatives  
 which are to assist the county councils in the consolidation and  
 creation of model production cooperatives as well as in the  
 political and ideological indoctrination of craftsmen still  
 working on an individual basis.
4. Both the individual purchase and delivery cooperatives  
 shall accept manufacturing offers to the local  
 industry and handicraft districts of the county councils. On  
 the basis of the approved manufacturing offers they will be  
 allocated the material. The allocation may, however, be made  
 contingent upon the manufacturing of certain products. The  
 county councils shall control the completion of manufacturing  
 offers by the purchase and delivery cooperatives. Members of  
 the purchase and delivery cooperatives may also receive their  
 material allocation quotas directly from the planning commission  
 at the county council or the technical organs.
5. The principal task of the district chambers of handicrafts  
 and their county branch offices is that of <sup>politically</sup> influencing the  
 craftsmen and qualifying them for an intensified integration

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into the socialist build-up. The district chambers of handicrafts shall be under the supervision of the district councils, while the county branch offices shall be supervised by the district chamber of handicrafts and the county councils. They will operate in accordance with the directives received from the councils.

IV.

Capitalist Private Industry

1. On the basis of the responsibility for the capitalist private enterprises entrusted to the local representative bodies and councils by the law concerning the local organs of the state administration (article 6), the local councils shall direct the economic activities of these enterprises in accordance with the key figures of the economy plan by the allocation of material, the registration of the marketing contracts as well as by the license procedure and other measures.
2. The production agreements and the supply of material shall be effected on a contractual basis. Contracts between partners in the private economy must be confirmed by the technical organs of the county councils and are subject to the payment

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of fees. The material will be allocated from government stocks on the basis of the registered contracts. In this the largest possible consideration shall be given to the exploitation of the factory's own and of local reserves. In the case of cooperative relations with state-owned enterprises, the material may be allocated also by these enterprises.

3. The principal task of the district directorates of the Chamber of Commerce and Industry and of their county branch offices shall be to bring to bear a political and ideological influence on the owners of private capitalist enterprises with a view to advancing their integration into the socialist build-up.

The district directorates of the Chamber of Commerce and Industry are supervised by the district councils. The existing county branch offices are supervised by the district directorates and the county councils. They shall receive their instructions from the councils.

4. The Presidium of the Chamber of Commerce and Industry and its organs will be abolished.

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D

effective Date

This ordinance shall become effective on February 15, 1958.

Berlin, February 13, 1958

The Council of Ministers  
of the German Democratic Republic

Stoph  
Deputy Chairman  
of the Council of Ministers

Jendřetzký  
State Secretary  
for Local Council Affairs



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[REDACTED] Fr. Lorenz - Essner STAT

ORDINANCE

concerning the organization of the building industry

dated February 13, 1958

In carrying out the law of February 11, 1958, concerning the perfection and simplification of the work of the state organs of the German Democratic Republic (Official Gazette I, p. 117) by which the People's Chamber approved the proposals concerning the organization of the building industry presented to it by the Central Committee of the Socialist Unity Party of Germany and the Council of Ministers of the German Democratic Republic, the following is decreed pursuant to article 16 of said law:

A.

Central organs and institutions of the building industry and their tasks

I.

The Ministry of Construction Affairs

1. The Ministry of Reconstruction shall be converted into a Ministry of Construction Affairs which shall be responsible for the uniform direction and supervision of the building industry and the consolidation and further development of the socialist sector of this industry. It shall carry out all the planning of importance to the economic and technical development of the building industry.

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The Ministry of Construction Affairs shall be responsible for:

- a) the legislation for and the supervision of the building industry,
- b) the compilation and implementation control of the plans for the building economy, inclusive of the plan for housing construction and the building material industry,
- c) the research and technical development in the building industry and the application of the results of research and development in practical work,
- d) the furnishing of technical advice and assistance to the district construction offices in the carrying out of the building industry's plans of the district,
- e) the direction of central industrial construction and designing,
- f) the supervision of the unions of state-owned enterprises of the building material industry.

2. The chief administrations for industrial and building construction and designing existing at the Ministry of Reconstruction shall be converted into an industrial building and designing division.

3. Three unions of state-owned enterprises shall be established within the framework of the Ministry of Construction Affairs:

The union of state-owned enterprises of the wood and wood products industry with its seat in Jessau,

the union of state-owned enterprises of the stone and earth products industry with its seat in Mallesau.

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the union of state-owned enterprises of the building elements and building expansion industry with its seat in Leipzig.

The establishment of the unions of state-owned enterprises shall be regulated by the Minister of Construction Affairs by means of decrees.

The Minister of Construction Affairs shall issue statutes for the unions of state-owned enterprises under the supervision of the Ministry of Construction Affairs on the basis of the ordinance concerning the statutes of the unions of state-owned enterprises within the scope of the State Planning Commission.

4. To improve the direction of the building industry, the transfer and take-over of state-owned enterprises of the building and building material industry shall be effected on the basis of annex 1.

Deviations from this procedure are subject to approval by the central operations staff established by the Council of Ministers.

5. The colleges and vocational schools listed in annex 2 shall be placed under the supervision of the State Secretariat for college and vocational school affairs.

The technical management of the colleges and vocational schools supervised by the State Secretariat for colleges and vocational schools shall be exercised by the German Building Academy on behalf of the Ministry of Construction Affairs.

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II.

Advisory Board for Construction Affairs

1. The Advisory Board for construction affairs at the Council of Ministers of the German Democratic Republic will be dissolved and replaced by the Advisory Board for construction affairs at the Ministry of Construction Affairs.

The Advisory Board for construction affairs shall assure the coordination of building projects and the continuous contact of the Ministry of Construction Affairs with the construction offices of the local organs of the state administration and promote the collective cooperation of all organs of the building industry.

2. The Advisory Board for construction affairs shall be composed of representatives of the district councils and other local organs of the state administration, representatives of the building enterprises and of the trade unions, representatives of central state organs and of the German Building Academy. Its chairman shall be a representative of the Ministry of Construction Affairs. A permanent secretariat of the Advisory Board for construction affairs shall be established at the Ministry of Construction Affairs.

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3. The Advisory Board for construction affairs is an advisory organ.

Its special tasks are as follows:

- a) the discussion of the plan proposals of the economic and technical development in the field of building, inclusive of the legal regulations and directives on the investment policy in the building industry,
- b) the rendering of opinions on the research, development and standardization project plans as well as the promotion of the application of research, development and standardization project results in practice,
- c) the discussion of measures aimed at assuring the overall building projects, especially places requiring a special building effort and in large cities,
- d) the discussion of the planning of important towns and installations.

III.

The German Building Academy

- 1. The German Building Academy shall be converted into a central institution for the research and development in all fields of the building industry. It shall be the head organization of the most important institutions in the field of building. Proceeding from the economic plans, the German Building Academy shall create the

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scientific and technological prerequisites for the development of the building industry in the German Democratic Republic. It shall be responsible for the coordination of scientific and technological activities in the field of building.

2. The German Building Academy shall be supervised by the Ministry of Construction Affairs. To assure a close cooperation between the Ministry of Construction Affairs and the German Building Academy, a representative of the presidium of the German Building Academy shall be appointed as a member of the Board of the Ministry of Construction Affairs, while a leading member of the Ministry of Construction Affairs shall become a member of the presidium of the German Building Academy.
3. The following institutes controlled by the Ministry of Reconstruction shall be placed under the supervision of the German Building Academy:
  - Institute for the Building Industry in Leipzig,
  - Institute for Building Material in Weimar,
  - Institute for Standardization in Berlin with its field offices in Halberstadt and Dresden,
  - The German Building Exhibition in Berlin and the Central Division of Technical Planning of the vocational schools in the field of building in Leipzig shall be placed under the supervision of the German Building Academy.

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the establishment of construction offices in districts, counties

and towns, and their tasks

Construction offices in districts, counties and towns

The existing reconstruction divisions and the head or chief architects' offices at the local organs of the state administration shall be merged and converted into uniform district, county and town construction offices (for towns not under county administration).

If required, construction offices may be established in county-administered towns. The district council will decide upon their establishment.

1. District construction office

The district construction office shall be responsible for a uniform control of <sup>the</sup> building activities in the district and be under the supervision of the district council. It shall be responsible for building projects in the district on the basis of key figures of the economic council at the district council. The district construction office shall be responsible for the guidance of the district enterprises and institutions under its supervision, as well as for the technical direction of the district and town construction offices. Moreover, it shall be responsible for

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the technical and designing problems of the regional planning, as well as for the overall planning, building projects, preparation and carrying out of large-scale building projects in the district.

The district construction office shall be supervised by the district director of construction affairs who will ~~have~~ <sup>have</sup> a deputy. In technical questions, the district construction office will be advised by the Ministry of Construction Affairs. The district director of construction affairs is a member of the economic council with the district council.

2. County construction office

The county construction office shall be responsible for a uniform guidance and control of building activities in the county. It shall carry out the planning and the control of the building industry in the county on the basis of key figures of the planning commission with the county council. The county construction office shall be responsible for the direction of enterprises and institutions under its supervision, as well as of the town construction offices of the county. The county construction office shall be also responsible for the overall planning, projects, the preparation and carrying out of the building projects in the county. The county construction office shall be supervised by the county director of construction affairs.



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who will have a deputy. The county director of construction affairs will be under the supervision of the county council and be advised in technical questions by the district construction office. The county director of construction affairs is a member of the planning commission at the county council. The county building administration offices shall take care of the planning and the investment building control for all building measures taken by the county with the exception of large-scale compounds to be decided upon by the district construction office. Smaller project groups shall be established for designing purposes at the county building administration offices. In counties and towns in which there exist the prerequisites for the establishment of designing offices of their own, the latter shall be established and incorporated into the county building administration offices. The establishment of these offices is subject to decision by the district construction office.

3. Construction Office in towns not under county administration

The tasks and the structure of the construction offices in towns not under county administration shall be established similar to county construction offices. The town construction offices shall be controlled by a director of town construction affairs who will be under the supervision of the city council and be advised in

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technical questions by the district construction office. He is a member of the planning commission at the town council and has a deputy.

In counties of particular importance, as for instance in large district towns, the structure of the construction office shall be adapted to that of the district construction office.

In large cities with city boroughs, borough construction offices shall be established. The tasks of the borough construction offices are similar to those of the construction offices in county-administered towns.

#### 4. Town Construction Office in county-administered towns

Construction offices can be established in county-administered towns. The town construction office shall be headed by a director of construction affairs under the supervision of the town council and advised in technical questions by the county construction office. The county council shall decide on the establishment of the town construction office.

#### 5. Technical and economic council

For the solution of political, economic, technical and architectural tasks, a technical and economic council shall be established as an advisory organ at the district, county and town construction offices.

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C.

The State Supervision of Construction

In the interest of a strict construction control by the state supervision authorities, the designing offices and construction enterprises shall be relieved of their duty of controlling the quality of construction. The state supervision of construction shall constitute the exclusive task of the organs of the state administration. The Ministry of Construction Affairs shall guarantee a uniform supervision of construction activities in the German Democratic Republic.

D.

The tasks of planning and material supplying in the field of building and construction

I.

Planning

1. The Ministry of Construction Affairs shall work out the directive for the annual plan proposals on the basis of the basic economic conception. This directive shall contain the most important/economic key figures of all parts of the plan and be submitted to the State Planning Commission for approval.
2. The Ministry of Construction Affairs shall receive from the State Planning Commission the key figures, determined in the approved directive, for the unions of state owned enterprises under its supervision, as well as for the industrial construction

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and designing division.

The district construction offices will receive from the State Planning Commission - through the district council - the most important key figures for the local building industry.

3. In all questions concerning planning, the Ministry of Construction Affairs shall cooperate with the district construction offices directly, and support them in the elaboration of plans by operative consultation. On this occasion, the Ministry of Construction Affairs, in cooperation with the district construction offices, shall determine important technical and economic key figures, among other things, for industrial construction, <sup>the</sup> mechanization and the assortment of building materials. The unions of state-owned enterprises under the supervision of the Ministry of Construction Affairs shall submit their construction plan proposals to the Ministry of Construction Affairs. The Ministry of Construction Affairs shall check with the State Planning Commission the construction plan proposals of the unions of state-owned enterprises, of the industrial construction and designing division and of the district councils.

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4. The State Planning Commission will turn over to the Ministry of Construction Affairs, as state tasks, the approved key figures for the unions of state-owned enterprises under its supervision, as well as for the industrial construction and ~~industrial~~ designing division. Simultaneously, the Ministry of Construction Affairs will be informed of the state tasks assigned to the district councils.

The State Planning Commission will forward the state tasks to the district councils.

5. The county councils shall receive the approved planning tasks from the district council.
6. The Ministry of Construction Affairs shall work in close cooperation with the district construction offices on all questions concerning the plan implementation and control.

The scope of competence of the Minister of Construction Affairs in carrying out building industry plans is determined by the law of January 17, 1957 concerning the local organs of the state administration (Official Gazette I, page 65).

7. In elaborating district plans, the Ministry of Construction Affairs shall require the support of the districts through the institutes of the German Building Academy and the unions of state-owned enterprises.

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II.

Supply of Material

1. The planning and supplying of material shall be carried out in accordance with the building volume and on the basis of directions from the State Planning Commission with regard to the details of planning and distribution of material for the individual years.
2. The Ministry of Construction Affairs shall be directly responsible for the planning and the supply of material to the unions of state-owned enterprises under its supervision and to the industrial construction-and-designing division.
3. The Ministry of Construction Affairs shall submit to the State Planning Commission the material requirements' plan elaborated in cooperation with the district construction offices, the unions of state-owned enterprises and the industrial construction-and-designing division.
4. The planning and supplying of material shall be carried out for all basic and auxiliary materials, for equipment, inclusive of steel constructions, and for imports.
5. The Ministry of Construction Affairs shall balance building materials which have not been balanced by the State Planning

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- with regard to quantities and assortments, shall determine their distribution and guarantee the realization of the production.
6. On the basis of this accounting, the Ministry of Construction Affairs will forward the plan concerning the supply of building materials to the district councils in accordance with their building volume and guarantee the inter-district supply of building materials.
  7. The district councils shall decide, on their own responsibility, upon the purpose of use and the distribution of building materials to the county councils.
  8. The district councils shall see to it that the export business and the supply of districts be given priority.
  9. Building materials which have been produced in local enterprises in excess of state tasks, as well as those obtained by making local reserves accessible, will be made available to the district council to a full extent.
  10. The quantities of building material determined for use of the population shall be distributed by the district or county councils to the communities with consideration being given to the cooperation of activists' groups of Permanent Commissions at the people's representatives' body.

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- 11. According to the directions by local organs, the state-owned enterprises "Building material supply", being under the supervision of the district councils, shall be responsible for the overall operative supply of the territorial building activities with building materials.
- 12. As a rule, the building materials shall be supplied by direct relations between the production enterprises and the customers.
- 13. To guarantee the supply of building materials for building projects of particular importance, a dispatcher service shall be established at the Ministry of Construction Affairs.

Effective Date

This ordinance shall become effective as of February 15, 1958.

Berlin, February 13, 1958

The Council of Ministers  
of the German Democratic Republic

Stoph  
Deputy Chairman  
of the Council  
of Ministers

Hinkler  
Minister of Reconstruction



**POOR ORIGINAL** Tr. Lorenz

STAT

## ORDINANCE

concerning the statutes of the unions of state-owned enterprises operating under the State Planning Commission

Dated February 13, 1958

In carrying out the law of February 11, 1958, concerning the perfection and simplification of the work of the state organs in the German Democratic Republic (Official Gazette I, p. 117) by which the People's Chamber approved the proposals concerning the statute of the unions of state-owned enterprises operating under the State Planning Commission presented to it by the Central Committee of the Socialist Unity Party of Germany and the Council of Ministers of the German Democratic Republic, the following is decreed pursuant to article 16 of said law:

## I.

The State Planning Commission shall issue a statute for each of the unions of state-owned enterprises under its jurisdiction in accordance with the following principles.

## II.

To simplify and perfect the direction of the state organs and state-owned enterprises and for the further enforcement of the principle of democratic centralism in the economy, unions of state-owned enterprises have been established. The unity of the planned central

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direction and of the socialist democracy, the management of the industry at the production basis and the quick and unbureaucratic evaluation of the experience, proposals and criticism by the workers and the technical intelligentsia/enable will the unions of state-owned enterprises to raise the relations between the economic organs and the working people and their organizations to a higher level corresponding to the socialist production conditions in the German Democratic Republic.

The unions of the state-owned enterprises are organs of the workers-and-farmers-power which, in accordance with the principle of individual management and the collectivity of labor insure the operative direction of the entire economic activities of the enterprises under their supervision in close cooperation with the local organs of the State.

Legal Status and Seat of the Unions of State-Owned Enterprises

Article 1

(1) The union of state-owned enterprises is the leading economic organ for the enterprises and institutions under its jurisdiction.

(2) It shall be responsible for the economic and political development of the enterprises and institutions under its jurisdiction.

(3) The enterprises are juridically independent and operate under their own responsibility.

(4) In the fulfilment of its tasks, the union of state-owned enterprises shall cooperate with the social organizations, especially with the trade unions as the organizations of the workers, employees and technical intelligentsia.

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Article 2

(1) The union of state-owned enterprises is a juristic person under the jurisdiction of the competent <sup>division</sup> ~~section~~ of the State Planning Commission.

(2) The union of state-owned enterprises shall establish its plan of receipts and expenditures which has to be confirmed by the Ministry of Finance.

(3) The seat of the union of state-owned enterprises shall be determined by the State Planning Commission.

The Tasks of the Unions of State-Owned Enterprises

Article 3

(1) The union of state-owned enterprises shall supervise the enterprises and institutions under its jurisdiction.

(2) The union of state-owned enterprises may be charged by the State Planning Commission with certain accurately defined functions and tasks on behalf of the locally administered enterprises, if required for economic reasons and for the simplification of work. If charged with tasks of this kind, the union of state-owned enterprises shall carry them out in agreement with the local state organs and, with their consent, with the locally administered enterprises.

(3) The union of state-owned enterprises shall insure the <sup>promotion</sup> ~~fulfillment~~ of the economic laws of socialism and the carrying out of the tasks set

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for the socialist build-up within the field of activities.

(4) The union of state-owned enterprises shall, on the basis of the state plans, elaborate the plans for the development of the enterprises and institutions under its jurisdiction and insure their fulfilment.

(5) The union of state-owned enterprises shall coordinate the cooperation of the enterprises and institutions under its jurisdiction, while furnishing them with comprehensive operative assistance.

#### Article 4

(1) The union of state-owned enterprises shall supervise the planning of the enterprises, the comprisal of the plans of the enterprises and the elaboration of the plan of the union of state-owned enterprises. The planning of the union of state-owned enterprises shall comprise the economic developments, above all the plans relating to production, material, capital investment, manpower and finance as well as the research and development planning of the enterprises under its jurisdiction. It shall carry out this task on the basis of the independent planning of the enterprises and after a thorough discussion with the factory staffs. The plans elaborated by the union of state-owned enterprises shall be submitted to the State Planning Commission for decision. The interests of the workers shall be safeguarded by discussions with the central executive board of the competent industrial trade union.

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(2) The union of state-owned enterprises shall elaborate the long-term plans for the economic and technical development of the enterprises under its jurisdiction, based on the economic directives by the State Planning Commission, as well as the economies of the industrial branch concerned.

(3) The union of state-owned enterprises shall carry out operative plan controls, assist the enterprises in the elimination of difficulties, make available satisfactory experiences and methods to other enterprises, organize socialist aid and cause comparisons to be made between the enterprises with the aim of fulfilling and overfulfilling the plans and of insuring the increase in the work productivity and profitableness of the enterprises.

(4) To fulfill the plans and to increase the work productivity, the union of state-owned enterprises shall promote the contest and activists movement and control the carrying out of the technical and organizational plans of the enterprises.

#### Article 5

(1) The union of state-owned enterprises shall allocate the material quotas to the enterprises and institutions. It shall be responsible also for the confirmation and control of the observance of the material consumption and supply norms.

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(2) The union of state-owned enterprises may determine the procurement and storage of certain material and equipment within its field of activities. It shall organize the most rational form of utilization of the material stocks and equipment in the enterprises under its jurisdiction.

(3) The cooperation with other unions of state-owned enterprises shall be insured by means of contracts, global agreements or global contracts.

(4) The union of state-owned enterprises shall assist the enterprises in the conclusion of contracts concerning the procurement of the raw and substitute materials to be processed by them. It may conclude global agreements and global contracts concerning the procurement of materials and finished products.

(5) The union of state-owned enterprises shall assist the enterprises under its jurisdiction in the marketing of their products. If required for economic reasons or for the simplification of work, the union of state-owned enterprises may be charged by the State Planning Commission with marketing certain products itself or forming independent marketing organizations for this purpose.

Article 6

(1) The union of state-owned enterprises shall insure the introduction

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of new methods of engineering, the continuous perfection of technology, the promotion of the rationalization, invention and suggestion systems as well as the application and enforcement of new working methods and the further improvement of the work organization at the enterprise.

(2) For the solution of technical and scientific tasks, especially in the field of basic research, the union of state-owned enterprises may conclude service contracts (contract research) with other institutions, as, for instance, with university institutes.

(3) To improve the technology and work organization, the union of state-owned enterprises may organize the formation of collective work groups from among the socialist enterprises and, for the advancement of the rationalization system, enlist the aid of technical collective work groups, especially of rationalization experts and innovators.

#### Article 7

(1) The union of state-owned enterprises shall be responsible for the special and technical development of the colleges and ~~vocational~~ <sup>vocational</sup> ~~technical~~ schools of its branch of activities. It shall see to it that the vocational training is carried out in accordance with the highest standards of science and engineering, insure the close cooperation between the colleges and ~~technical~~ <sup>vocational</sup> schools on the one hand and the

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of laboring enterprises in the other and areas in the practical training of students at the enterprises, it shall organize the cooperation of the colleges and vocational schools in the level parent of the branch of production concerned and assist the institutes of the universities, colleges and vocational schools in the acquisition of up-to-date machinery and equipment, construction tools, development samples and object models etc.

(2) The union of state-owned enterprises shall be responsible for the training of the required number of qualified scientific and technical operators. It shall establish requirement and development plans for scientific and technical personnel in the enterprises of its field of activities. It shall organize the placing of graduates, the assignment of engineers, economists and scientists and their further professional education in the branch of production concerned.

(3) The union of state-owned enterprises shall be responsible for the guidance of the enterprises in questions relating to the vocational training of apprentices in accordance with economic and technical requirements. It shall exercise its influence on the compilation of the technical contents of the curricula in the vocational training of apprentices and the technical qualification of the workers.



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Article 8

The further tasks of the union of state-owned enterprises include in particular:

1. the elaboration of the long-term plan of the branch of production under its jurisdiction;
2. the control of the fulfilment of the obligations assumed by the factory managements in the collective factory agreements in cooperation with the competent industrial trade union;
3. the assistance to be rendered to the industrial trade union in the organization of inter-factory contests and of contests involving tasks of special importance as well as in the exchange of experience;
4. the guidance of the enterprises in the application of socialist law, the control of the enforcement of the general contract system as well as the control of the application and observance of legal norms;
5. the decision in cases of differences of opinion resulting from contracts concluded between the enterprises under its jurisdiction;
6. the guidance and control of the enterprises in the carrying out of measures relating to the patent and trade marks law;
7. the protection of socialist property at the enterprises;
8. the promotion of the export and assurance of the fulfilment of the export obligations entered into, the cooperation with the foreign trade organs;

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- 9. the decision on measures aimed at increasing technical standards and the quality of production;
- 10. the decision measures for the protection of labor;
- 11. the control of the observance of the legal wage principles, of the wage and salary schedules agreed upon in the collective skeleton agreement and the correct application of the efficiency wage principle on the basis of the technically motivated work norms and time wage premium systems;
- 12. the simplification and uniformity of the accounting system of the enterprises, the improvement of office organization and technique;
- 13. the assurance and control of the observance of the directives relating to the price policy and the cooperation in the field of price formation;
- 14. the assurance of the elaboration and application of technical and economic key figures;
- 15. the development, assignment and promotion of cadres.

Management of the unions of state-owned enterprises

Article 9

(1) The management of the unions of state-owned enterprises shall be effected in steady cooperation with the working people and their organizations and in following the principle of individual management and responsibility.

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(2) The union of state-owned enterprises is headed by the chief director who is appointed and dismissed by the State Planning Commission.

(3) The chief director shall be responsible, and liable to render accounts, to the State Planning Commission for the political, economic and organizational activities of the union of state-owned enterprises and of the enterprises and institutions under its jurisdiction.

(4) The chief director is authorized to give directions to the enterprises controlled by the union of state-owned enterprises.

(5) The chief director shall be responsible for the appointment and dismissal of the directors of the enterprises, of their deputies and of the chief accountants, unless the State Planning has reserved the right of appointing the directors to itself.

(6) The chiefs of the other institutions controlled by the union of state-owned enterprises shall be appointed and dismissed by the State Planning Commission. The State Planning Commission may allow exceptions to this rule.

(7) In his decisions the chief director shall be bound by the laws and plans in effect and by the instructions received from the State Planning Commission.

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Article 10

(1) If prevented from carrying out his duties, the chief director shall be represented by the division chiefs of the union of state-owned enterprises. The order of consecution shall be determined by the chief director.

(2) The division chiefs shall be appointed and dismissed by the State Planning Commission after consultation with the chief director.

Article 11

The chief of the industrial management and finance control division shall also discharge the functions of a chief accountant.

Article 12

(1) To insure the collective discussion of the basic questions of the development and direction of the branch of production, a council on technical and economic affairs shall be established at each union of state-owned enterprises. The council on technical and economic affairs shall be composed of factory managers, activists, engineers, scientists and production organization experts, representatives of the competent industrial trade union as well as of representatives of the local state organs (above all of the economic councils at the district councils) and not consist of more than 15 members.

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(2) The members of the council on technical and economic affairs shall be appointed by the chief director of the union of state-owned enterprises. The representatives of the competent industrial trade union shall be proposed by the central executive board of that union.

(3) The council on technical and economic affairs shall establish its own working procedure within the framework of the principles determined by the State Planning Commission, operate on the basis of plans established for each quarter of the year and convene at least once a month. The chief director shall also be the chairman of the council on technical and economic affairs.

#### Article 13

##### The structure of the union of state-owned enterprises

The structure of the union of state-owned enterprises shall be subject to the structural plan approved by the State Planning Commission.

##### The working methods of the unions of state-owned enterprises

#### Article 14

(1) To realize the principles of socialist <sup>management</sup> ~~administration~~, the union of state-owned enterprises shall further primarily the active cooperation of the working people and of the trade unions in the management of the branch of industry and of the enterprises under its jurisdiction. The principal methods of this way of working are:

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- a) the annual conclusion of the collective factory agreements and the control of the fulfilment of the obligations contained in these agreements;
- b) the promotion of all forms of socialist competition and the application of the innovator methods in close cooperation with the competent industrial trade union;
- c) the furthering of such forms of the participation of the working people in the direction of the economy as, for instance, production consultations, activist planning groups, commissions of activists and other activists' groups or commissions on special tasks;
- d) the preparation and organization of technical and economic conferences at the enterprises and industrial branches in close cooperation with the competent industrial trade-union and with the trade union organizations at the enterprises.

The union of state-owned enterprises shall see to it that the decisions taken during the production consultations and economic conferences are carried out and the collective factory agreements concluded in time.

(2) The responsible economic functionaries shall render accounts to the working people in meetings and trade union conferences on the fulfilment of the collective of the/factory agreements and of the decisions taken during the production consultations; economic conferences and other consultations.

(3) To maintain steady relations between the management of the union of state-owned enterprises and the enterprises and for the maintenance

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cratic elimination of obstacles in the carrying out of the plans, regular factory consultations, discussions with the workers and the active participation in meetings and conferences shall be arranged. :

The economic functionaries shall exhaust every possibility of explaining to the workers the economic conditions as relating to the individual tasks of the enterprises.

Article 15

The union of state-owned enterprises shall see to it that the rights bestowed on the factory managers by law shall become fully effective and that the factory managers are enabled to assume further rights.

Article 16

The chief director may entrust the fulfilment of certain tasks of the union of state-owned enterprises to an enterprise having the status of a leading enterprise. In this case the director of the leading enterprise shall be authorized to give instructions to the other enterprises.

Article 17

(1) The appointment of the staff, the work distribution and the working methods of the union of state-owned enterprises shall be regulated by the job classification plan, the work distribution plan and work procedure of the state-owned enterprises.

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(2) The work procedure shall be established by the union of state-owned enterprises within the framework of the principles determined by the State Planning Commission.

Article 18

The union of state-owned enterprises shall insure a close cooperation with the local organs in all cases in which the development of the centrally administered enterprises requires that consideration be given to territorial points of view. This applies in particular to the planning and carrying out of capital investments, the cooperation with the local industry, the distribution of manpower, the social and cultural care extended to the working people, the organization of traffic to and from work etc.

Article 19

Representation in legal business

(1) In legal business the union of state-owned enterprises shall be represented by its chief director. If the chief director is prevented from carrying out this function, the representation will be regulated pursuant to article 10, section 1.

(2) The division chiefs are authorized to represent the union of state-owned enterprises within their scope of activities.



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... enterprises and other  
... with the ... the written  
... granted them ... individual case.

III.

... effective of February 15, 1958.

... effect of the statutes referred to in Part I,  
... apply directly to all unions of  
... State Planning  
... .

..., February 15, 1958

... Council of Ministers of the  
German Democratic Republic

...  
... Chairman  
of the Council of Ministers

...  
... Chairman  
of the State Planning Commission

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STAT



Dr. Lorenz

ORDINANCE

concerning the balancing and distribution of production media

Dated February 13, 1958

In carrying out the law of February 11, 1958, concerning the perfection and simplification of the work of the state organs in the German Democratic Republic (Official Gazette I, p.117) by which the People's Chamber approved the proposals presented to it by the Central Committee of the Socialist Unity Party of Germany and the Council of Ministers of the German Democratic Republic, the following is decreed pursuant to article 16 of said law:

I.

Basic tasks

The State Planning Commission shall be responsible for the fixing of the methodical principles of the planning, balancing and distribution of the supply of material, the organization of sales, the activities involving the technical and economic key figures and norms in the material economy as well as for the organization and centrally controlled enforcement of the utmost economy in the consumption, stock-keeping and appropriate utilization of material.

II.

Balancing of Material

The State Planning Commission shall effect the balancing of the

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material procured from all sources and its distribution to the various branches of the economy and fields of application so as to insure a correct proportional allocation of the raw material, material and equipment important to the economy. To this end it must have a direct influence on the amount of the total resources (production and foreign trade) in accordance with the overall requirements of the economy and insure the coordination of the balances of material.

The balances shall be made up within the scope of the state plan nomenclature. The balances shall show the total receipts of the economy from the domestic production and imports as well as the changes in stocks. The changes in stocks must be accorded greater attention in order to neutralise any tendency towards the accumulation and retention of material which will not be required for the production effort of the enterprises within a reasonable future. To this end the stocks of material must be included in any general or specified new balance. The supplies available at the enterprise shall be given consideration in the establishment of the supply plans. Any available stocks of material exceeding requirements for the planned production shall, as a rule, be removed and either be allocated to other enterprises

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with a short supply of these materials or be stored in central warehouses,

The making up of the state material balances may be entrusted to the central organs (bureaus or central control organs for the supply of the economy with production media) or to the unions of state-owned enterprises, economic councils at the district councils or to the enterprises.

## III.

Planning of the supply of material

The State Planning Commission shall be responsible for the planning of the supply of the various branches of the economy with the material shown to be available in the balances, with the planning to be effected at the same time on the basis of spheres of competence, as, for instance, ministries, district councils and unions of state-owned enterprises.

## IV.

Tasks concerning the practical implementation of the  
supply of material

1. The material supply plans shall, as a rule, be realized by the enterprises or the unions of state-owned enterprises directly. The system of direct deliveries from one enterprise to another and of relations between one union of state-owned enterprises and another is to be followed to the largest possible extent. This requires the

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comprehensive application of the General Contract System of the socialist economy and its supervision and continuous control by the organs charged with the direction of the enterprises. The Balancing and Production Media Distribution Division of the State Planning Commission shall in particular be charged with the operative decision concerning the special problems resulting from the material balances during the implementation process and with all other questions relating to the distribution of material reserves, as far as they are of importance to the fulfilment of the economy plan. In this connection the Balancing and Production Media Distribution Division shall have the right to issue directives to the economic councils at the district councils, to the unions of state-owned enterprises and to the offices or trade organs handling production media.

2. In carrying out these operative functions, the Balancing and Production Media Distribution Division shall base its activities on the following marketing and supply organs which are to be formed from the marketing organs of the ministries ~~and factories~~ to be dissolved or from the central managements of the existing marketing and supply organs:

COAL BUREAU  
(except the state-owned coal trade enterprise supervised by the district councils)

METALLURGY BUREAU

CASTINGS AND FORGINGS OFFICE

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CHEMISTRY BUREAU

(responsible also for the supply of the economy with fertilizers, rubber and asbestos)

MACHINERY BUREAU

The existing exchange bureau for machinery and metal reserves shall be made a part of the Machine Bureau.

The Machine Bureau shall also exercise coordinating functions in the export of complete industrial installations.

INDUSTRIAL TEXTILES SUPPLY BUREAU

LEATHER SUPPLY BUREAU

(responsible also for raw hides and skins)

CELLULOSE AND PAPER SUPPLY BUREAU

TIMBER BUREAU

3. These bureaus or central distribution organs for the supply of the economy with production media as well as the Central Energy Control Office, the Chief Load Dispatcher, the Central Heat Economy Office, the State-Owned Minol Enterprise and the State Trade Center for scrap material are under the supervision of the Balancing and Production Media Distribution Division of the State Planning Commission responsible for the planning, direction and control of the activities of these bureaus or central distribution organs. These bureaus or central distribution organs may be either budgetary organizations or operate under the principle of business accounting.

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The dispatcher system shall be introduced at the Balancing and Production Media Distribution Division and at the bureaus or central distribution offices for the supply of the economy with production media. The dispatching system must be closely connected to the dispatching services of the unions of state-owned enterprises and the economic councils at the district councils.

V.

The tasks of the bureaus or central distribution organs  
for the supply of the economy with production media

1. The making up of the state material balances and the independent fulfilment of all pertinent operative tasks relating to the unions of state-owned enterprises, the economic councils at the district councils and the economic organs in the districts with the aim of enabling the enterprises to maintain a continuous production, as far as these tasks cannot be solved by these organs themselves.
2. The making up of specified balances to insure the supply of the economy with special and properly assorted material, as far as this cannot be achieved by the central organs of the state administration, the unions of state-owned enterprises or the economic councils at the district councils.
3. The proper distribution of production media in accordance with

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technical and economic requirements.

4. The discovery of material reserves to improve the supply of the enterprises with material and to increase the state stockpile.
5. The furnishing of directives to the supervised wholesale enterprises.
6. The organization of sales in the various branches of the economy (for instance, by determining general delivery and service conditions).
7. In the machine construction branch, the following tasks will have to be solved:
  - a) Assistance in the delivery of complete industrial installations;
  - b) the operative steering of allocations of the most important items to the machine construction industry with a view to eliminating any existing bottlenecks;
  - c) the re-allocation of material within the machine construction industry for the purpose of insuring a continuous production.

## VI.

The district-administered and local economy within the system  
of the material economy

The State Planning Commission shall furnish the council of a district with its supply plan concerning the production media to be made available to it from the state material reserve for the supply of the district-administered and local economy.



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The districts not only deliver but also purchase goods subject to the nomenclature of the state plan and, hence, to the central distribution system. As regards the material reserves subject to the central distribution system in accordance with state plan nomenclature, it has to be considered on principle that only the surplus quotas of centrally administered goods concerned are subject to the central distribution regulations. The district shall make its actual or assorted production surplus available to the central distribution system. In this any unnecessary transports from one district to another shall be avoided. This applies in particular to the agricultural production media and to building material and timber.

The private industry and handicrafts shall be supplied with production media and material by the councils of the districts or counties, respectively.

## VII.

Effective date

This ordinance shall become effective on February 15, 1958.

Berlin, February 13, 1958

The Council of Ministers  
of the German Democratic Republic

Stoph, Deputy Chairman  
of the Council of Ministers

Leuschner, Chairman  
of the State Planning Commission