

CONFIDENTIAL INFORMATION REPORT

CD NO.

COUNTRY Germany (Russian Zone)

DATE DISTR. 21 SEP 50

SUBJECT Failure of the DDR Export Drive Discussed at Conference

NO. OF PAGES 2

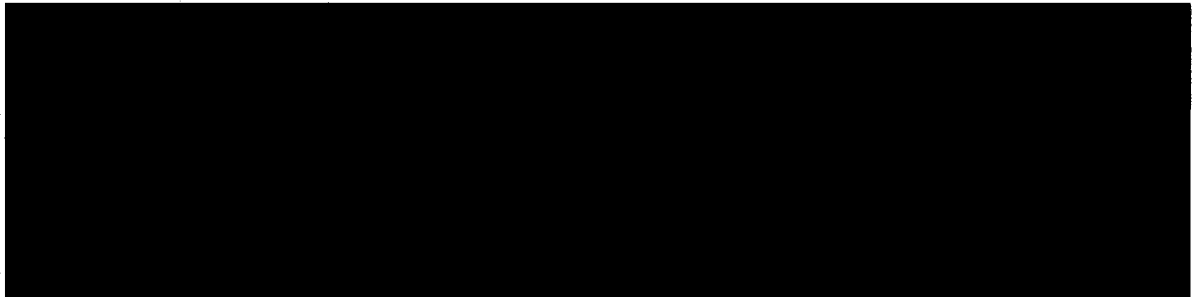
Handwritten: 266, 380

PLACE ACQUIRED [Redacted] 25X1A

NO. OF ENCLS. 25X1A

DATE OF INFO [Redacted] 25X1X

SUPPLEMENT TO REPORT NO. [Redacted]



- On 23 June 1950, a conference of departmental heads of the DAHA's, DHZ's (Deutsche Handelszentralen) and of representatives of the Export Department of the Ministry for Domestic and Foreign Trade and Material Supply (MIAM) took place under the chairmanship of Makower, head of the "Handelspolitische Abteilung" of the MIAM.
- The focal point of the conference was a speech by Makower which was unsurpassed in acidity and threats. He stated that not one of the DDR departments connected with trade and industry seemed to appreciate the situation in which the DDR was placed. Recounting in detail all the current trade agreements with other countries, and setting import results against export results, he came to the conclusion that while the DDR had taken full advantage of every offer of goods from abroad, it appeared to have given no thought at all to fulfilling its counter-obligations on the export side. On an average, imports due under existing agreements had been supplied to almost 80% (in many cases to 100%), while exports to the countries concerned had been negligible.
- Makower then turned to Frankfurter (head of the MIAM Export Department) for an explanation of this situation. Frankfurter replied that, as he was responsible for exports only, he could not account for the success of the import plan, which was Schultchen's affair. He could only confirm that the DDR was far behind in its exports, particularly in those to the USSR. The mean realization of export commitments stood at that time at 30-45%. As a reason for this, he referred to a memorandum recently addressed to him by the Ministry of Industry, in which he had been notified that a number of firms had already had to restrict their production, that many others had been forced to cease work altogether (particularly textile firms in the Chemnitz area, which had completely run out of artificial silk), and that still more would be ceasing work in the near future. The lack of raw materials was the sole cause of this situation, which was, incidentally, leading to a steady increase in unemployment. He asked Makower to inform him what had happened to the imported raw materials which had never reached DDR industry - a case in point being artificial silk, of which large quantities were known to have been imported under a number of trade agreements, but of which the Chemnitz industry had hardly received a square yard. It was the business of Makower's Economic

STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB																	
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI																	

CONFIDENTIAL

Document No. 5

No Change in Class.

Declassified

Class. Changed To: TS S (C)

Auth: HR 70-2

Date: 17 JUL 1978

~~CONFIDENTIAL~~
SECRET/CONTROL U.S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

25X1A

-2-

Policy Department to insure distribution of imported materials to the industries requiring them, and Frankfurter refused to be held responsible for the lack of exports.

4. At these words, Makower appeared to lose his temper completely, and threatened to have Frankfurter tried for "unobjective criticism" of the economic policy of the DDR. He then read out a list, from which the conclusion was drawn that 80 percent of all imports under trade agreements had in fact been appropriated to DDR industries in accordance with the requirements list of the Ministry of Industry, which was well-known to everyone present.* It was also clear that the remaining 20 percent was sent direct to the USSR.
5. Makower then closed the two-hour session with the following words, "Those who merely do their duty and nothing more, and those who are incapable of implementing my demand for fulfilment of the export plan, I shall have arrested by the SSD (Ministry of State Security) for sabotage, evasion of duty and corruption".

25X1A

* [REDACTED] Comment: From the list read out by Makower, the SAG's and purely Russian companies had clearly been given preference in the allocation of raw material imports. There was no mention throughout the speech of reparations obligations.

~~CONFIDENTIAL~~
SECRET/CONTROL U.S. OFFICIALS ONLY