

CLASSIFICATION **SECRET**

**CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT**

REPORT

CD NO

25X1

COUNTRY East Germany

DATE DISTR 28 January 1,55

SUBJECT Insufficient Production in the Production Areas of the Ministry for Heavy Industry

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PLACE ACQUIRED

NO. OF ENCLS. (LISTED BELOW)

DATE OF INFO

SUPPLEMENT TO REPORT NO.

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THIS IS UNEVALUATED INFORMATION

20 August 1954, Minister Fritz Selbmann directed that Max Friedemann, director of the Main Administration of Iron Industry, take over the duties of Rudolf Steinwand, Deputy Minister for Production Area Metallurgy, who was in Moscow for a one-year training course. Selbmann further directed that Dr. Dieter Zauleck, director of the Main Administration of the Nonferrous Metal Industry, should take over Friedemann's duties in the Main Administration of Steel Industry and that Fichtner (fnu), Plant Director of VEB Leichtmetallwerk Rackwitz, should take over Zauleck's duties as director of the Main Administration of the Nonferrous Metal Industry.

- 2. [redacted] the East German heavy industry had completely fulfilled its production plan up to 31 July 1954, according to "measurement values" (Messwerte). Percentages of fulfillment varied, however, among the various Production Areas; the coal industry's fulfillment percentage was 97.1%, that of the electric power industry was 98.4%, of the metallurgical industry 101.9% and of the chemical industry 100.3%. The Main Administration of Auxiliary Metallurgical Plants had the poorest showing-according to "measurement values"-in the Ministry-it was only 87%.
- 3. Minister Selbmann pointed out that the electric power industry had produced 350 million kilowatts of power less than were called for by the production plan for the first seven months of 1954 and stated that that industry must add 220 megawatts (MW) to the electric power net during the third quarter of 1954.
- 4. Selbmann stated that the primary task in the coal industry was to ensure that screened coal (Siebkohle), lump coal and lignite briquettes were produced according to the plan. Likewise, the failure to produce sufficient industrial coke was to be corrected and arrears in production made up. As of 20 August, arrears in the production of lignite briquettes amounted to 900,000 metric tons.

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that the production of crude lignite, ore mining, potash mining and ~~non-metallic~~ ~~ore~~ mining were all unsatisfactory; the Politbuero of the Ministry had recently conferred concerning the situation and the results of its discussions had been the subject of a conference held by Selbmann with the sectional heads (Revierleitungen) and plant directorates on 16 August 1954. Selbmann now called for a widespread campaign to bring about the achievement of the lignite production plans; the sectional heads were to receive specific directives concerning this campaign.

5. Selbmann stated that in the metallurgical industry overfulfillment of the plan had been achieved only in the area of semi-finished products - 128.7 percent of the plan - and in the area of forgings and drop forging 108 percent of the plan. All other portions of the steel and non-ferrous metal industries had failed to produce as much as 100 percent of the plan.
6. In the chemical industry, Selbmann stated, the artificial fiber industry had lagged behind the yearly plan in the items of viscous artificial silk (Viscose-Kunstseide), rayon staple (Zellwolle) and perlon cord silk (Cord seide), and the same was true of a number of construction materials (Baustoffen) and products of the fireproofing industry.
7. Selbmann announced that the investment plan of the Ministry was fulfilled by 50.8% as of 31 July 1954, but that it should be noted that the volume of investments had been increased in June and that the former SAG plants were a month behind in their reporting because they were still following the old reporting method. Fulfillment of the plan in the principal installations was 51.2% but in the auxiliary installations it was only 43.3%. He went to point out that existing construction capabilities did not suffice to carry out all the planned investment projects. In this connection he issued the following instructions:
 - a. Transfers of investment funds were forbidden.
 - b. Projects not yet started were not to be begun during 1954.
 - c. Enterprises with investment projects assigned to them were empowered to concentrate on the installations under construction.
8. Minister Selbmann also announced that special "competitions" were planned to encourage the achievement of planned investment projects coming under the electric power program and the construction of new briquette factories. Bonuses were authorized and in addition, 100 badges "for outstanding contributions during the competition", including a bonus of 500 DME with each badge, were authorized.

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ARMY	<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> FBI	<input type="checkbox"/> [redacted]	<input type="checkbox"/> [redacted]	<input type="checkbox"/> [redacted]	<input type="checkbox"/> [redacted]	<input type="checkbox"/> [redacted]	<input type="checkbox"/> [redacted]	<input type="checkbox"/> [redacted]

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