

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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[Redacted]

COUNTRY **East Germany**

REPORT [Redacted]

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SUBJECT **Law Concerning the 1955 State Budget Plan**

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[Redacted] law, prepared by the Ministry for Finance of East Germany, on the State Budget for 1955. The law, together with the State Budget Plan, was considered by the Council of Ministers on 15 May 1955 and confirmed by the East German Volkskammer on 28 May 1955.

1.

Confirmation of the State Budget Plan

The State Budget Plan of the German Democratic Republic for the year 1955 is confirmed as follows:

Income	38,166.9 million DM
Expenditures	38,138.1 million DM
Excess of income over expenditures in 1955	28.8 million DM
Surplus from the year 1954	1,108.7 million DM
Surplus at the end of 1955	1,137.5 million DM

2.

Confirmation of the Budget Plan of the Republic

Income	28,798.5 million DM
Expenditures	28,790.0 million DM
Excess of income over expenditures in 1955	8.5 million DM
Surplus from the year 1954	850.6 million DM
Surplus at the end of 1955	859.1 million DM

3.

Confirmation of the Budget Plans of the Districts

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The Budget Plans for the Bezirke for the year 1955 are confirmed as follows:

Bezirke	Income (mio DME)	Expenditures (million DME)	Surplus on 31 Dec. 1955
Rostock	558.4	541.9	16.5
Schwerin	432.9	420.4	12.5
Neubrandenburg	507.1	492.3	14.8
Potsdam	608.2	589.4	18.8
Frankfurt/Oder	392.8	381.1	11.7
Cottbus	369.9	358.6	11.3
Magdeburg	708.5	687.1	21.4
Halle	834.9	808.7	26.2
Erfurt	557.8	539.9	17.9
Gera	338.7	328.1	10.6
Suhl	242.4	234.7	7.7
Dresden	776.5	752.3	24.2
Leipzig	640.5	621.1	19.4
Karl-Marx-Stadt	768.4	744.4	24.0
Berlin	1,889.5	1,848.1	41.4

4.

Confirmation of the Finance Plans for Nationalized Economy

The Finance Plans for the nationalized economy for the year 1955 are confirmed:

- a) with payments into the State Treasury of 13,654.6 million DME
- b) with contributions to the Director's Funds of 552.0 million DME
- c) with payments from the State Budget, particularly for investments to expand the nationalized economy, of 5,055.1 million DME (?)

5.

Confirmation of the Budget Plan for Social Insurance

The Budget Plan for Social Insurance for 1955 is confirmed as follows:

Income	5,956.3 million DME
Expenditures	5,887.9 million DME
Excess (Zweckgebunden) excess of income over expenditures for 1955	68.4 million DME

6.

Confirmation of the Long-Term Credit Plan

The Long-Term Credit Plan is confirmed with 1,370.0 million DME.

7.

The Deutsche Investitionsbank is empowered, on the basis of the mortgage bonds held by it in legal custodianship (in Rechtsträgerschaft übertragenen Hypotheken Schuldverschreibungen), to make payments up to the amount of 700 million DME to the savings banks (Sparkassen) and to use the equivalent for financing planned housing construction.

8.

Financing of Bezirke, Kreise, and Community Expenditures

- 1) To finance expenditures not covered by their own incomes, the Bezirke, Kreise, and communities receive a share of the production and service taxes (Produktions- und Dienstleistungsabgabe) from the local nationalized economy, a share from the national taxes (Republiksteuern), and allocations from the budget of the Republic.
- 2) These local state organs which include the finance plans in their budget retain in full the net profits, the corporation, turnover, and trade taxes of the local nationalized economy and the production and services taxes of the local nationalized economy. The Magistrat of GDR-Berlin receives a 15% share of the production and service taxes of the local nationalized economy.
- 3) The Bezirke receive in full the corporation, turnover, and trade taxes of the state trading organizations (BG) and the consumer cooperatives. The Bezirke also receive in full the taxes of other cooperatives. The Volkswirtschaftsräte of the Bezirke are authorized to determine the apportioning

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of the taxes from the HO's, the consumer cooperatives, and other cooperatives to the City and Landkreise and the City Bezirke.

- 4) For financing such Bezirke expenditures not covered by income and the share of national taxes, nor by the production and service taxes of the local nationalized economy (as per paragraph 2 and 3), the Bezirke receive further shares of the taxes from private economy and the taxes paid by the employed.

<u>Bezirke</u>	Taxes from private economy	Taxes from the employed
Rostock	100 %	100 %
Schwerin	100 %	100 %
Neubrandenburg	100 %	100 %
Potsdam	100 %	100 %
Frankfurt/Oder	100 %	100 %
Cottbus	100 %	100 %
Magdeburg	100 %	100 %
Halle	100 %	91 %
Erfurt	100 %	78 %
Gera	100 %	22 %
Suhl	100 %	57 %
Dresden	80 %	31 %
Leipzig	75 %	23 %
Karl-Marx-Stadt	55 %	29 %
Berlin	57 %	24 %

The City and Landkreise and the City Bezirke share in this tax apportioning. The Volkvertretung determines the extent of the sharing.

- 5) The Volkvertretungen of the Bezirke are authorized to determine the City and Landkreise shares of the income from the Machine Tractor Stations.
- 6) For financing expenditures of Bezirke whose own income and the designated shares of the national taxes (according to paragraphs 2, 3 and 4) are inadequate, allocations will be made from the national budget.

<u>Bezirke</u>	Allocation (in million DME)
Rostock	193.6 (?)
Schwerin	166.0
Neubrandenburg	237.3 (?)
Potsdam	103.0
Frankfurt/Oder	147.7
Cottbus	64.9 (?)
Magdeburg	80.8 (?)

For financing expenditures of any City and Landkreise whose own income and designated share of the national taxes (according to paragraphs 3 and 4) is inadequate, the Bezirke Volkvertretung will determine the allocation from the Bezirke budget.

9.

The Volkvertretung of the Bezirke, Kreise, cities, and communities are authorized, when voting on their budgets, to decide upon additional expenditures, especially for value received (Werterhaltung) as long as these expenditures can be covered through supplementary income. The established excesses and surpluses of the budget plan cannot thereby be altered and no additional expenditures for investments and personnel expenditures can be decreed.

10.

- 1) Award funds (Prämienfonds) are to be created in the administration and installations, in the administration of the nationalized economy as well as in banks, savings institutions, insurance companies, and national lotteries to the extent of 1% of the planned wage and salary funds.
- 2) The award fund can be utilized to the extent of 1% of the wage and salary fund registered with the registry organs of the Ministry for Finance.
- 3) Local welfare and service enterprises which are financed completely from the budget can utilize the award fund to the full extent of the planned wage and salary fund.

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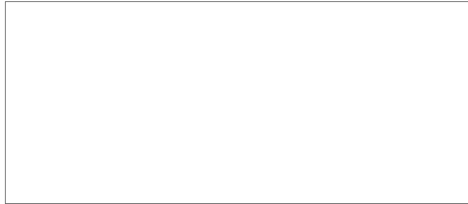
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11.

The Ministry for Finance will issue the regulations for carrying out the above.

12.

This law is effective as of 1 January 1955.



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