Declassified in Part - Sanitized Copy Approved for Release @ 50-Yr2013/05/17 : CIA-RDP82-00047R000200420001-1 CLASSIFICATION SECRET/SECURITY INFORMATION CENTRAL INTELLIGENCE AGENCY INFORMATION REPORT 50X1 DATE DISTR. 26 Jan 1953 COUNTRY USSR SUBJECT Methods of Purchasing Quartermaster Goods from Manufacturers PLACE ACQUIRED ---DATE ACQUIRED DATE OF IN THIS IS UNEVALUATED INFORMATION 50X1 All the articles manufactured by military plants and factories are shipped directly to the quartermaster depots and arsenals of the military districts, in accordance with plans and agreements between the Ministry of Defense and the Ministry of National Economy. The enterprises of the Ministry of Defense itself also send their products, according to the order of the Minister of Defense, directly to the military districts. All surplus productionx1 i e after the supplies of military districts have been brought up to t prescribed norm, is sent to the arsenals of the Ministry of Defense. A different situation exists in regard to food provisions which in a number 2. of cases do not go directly from the supplier to the military district but pass through some sort of intermediate stage. For instance, kolkhozes and sovkhozes deliver their cattle to the Zagotskot Cattle Procurement Trust and only the latter supplies the Ministry of Defense; thus, an organization like Zagotskot becomes an intermediary. Besides that, hundreds of thousands of hogs and cattle belonging to the Ministry of Defense are kept for fattening at the fattening bases of Zagotskot. These hogs and cattle had, formerly, consider civil oralso belonged to kolkhozes and sovkhozes. ganizations like Zagotskot intermediate agencies. The Defense Department purchases quartermaster supplies, e g food, at a fraction of prevailing market prices. For instance, a kolkhoz or a sovkhoz delivers meat on the hoof to Zagotskot, by way of State obligation, at 27 3. kopeks per kilogram of live weight. Zagotskot, in turn, delivers this cattle to the meat combines for preparation and supply to the population. Zagotskot receives for its work, i e for receipt of the cattle from the kolkhozes and sovkhozes and for its delivery to the meat combines, six rubles per centner 100 kg/, to cover overhead expenses connected with their maintenance, feeding and transport. Thus, one kilogram of meat on the hoof costs the meat combine 33 kopeks, while meat on the market costs 18-20 and 22 rubles. This is where the turnover tax is levied for the benefit of the State. SECRET/SECURITY INFORMATION CLASSIFICATION

DISTRIBUTION

Declassified in Part - Sanitized Copy Approved for Release @ 50-Yr2013/05/17 : CIA-RDP82-00047R000200420001-1

## SECRET/SECURITY INFORMATION

- 2 -

4.

5.

The Department of Defense, consuming hundreds of thousands of tons of meat, does not buy it from commercial organizations because it cannot afford to pay 20 rubles for a kilogram of meat. If it did, the upkeep of the Armed Forces would not cost 96-100 billion rubles a year but many times more. In order to demonstrate the Kremlin's "peaceful" disposition, the Department of Defense buys the cattle from Zagotskot at 33 kopeks a kilogram, of which 27 kopeks goes to the kolkhoz and 6 kopeks to the Zagotskot for overhead expenses, while a kilo of slaughtered meat thus costs the Department of Defense 70-72 kopeks. The Department of Defense has its own slaughtering grounds where cattle is slaughtered for the army and for the creation of enormous "NZ" reserves. It sells the hides to the industry, and the receipts from such sales cover the total cost of the cattle. In this instance, the Department of Defense needs an intermediate agency.

one cannot consider as an intermediate stage such arsenals or warehouses as, for instance, those situated in Leningrad on Porokhovyye, where tremendous stocks of air force equipment, tanks, trucks, and artillery are concentrated, or the arsenals on Vyborgskaya Storona in Leningrad

50X1

50X1

because these supplies cannot be handed over to military districts, for they would constitute tramendous surpluses over the quota of material fixed for military districts. They are simply a tramendous surplus reserve accumulated in anticipation of war eventualities and kept in charge of the Minister of Defense USER. As soon as they are needed, they will be sent directly to the military districts, armies, and divisions without any intermediary stages.

. hea.

SECRET/SECURITY INFORMATION