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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

CD NO.

COUNTRY Germany (Russian Zone)

DATE DISTR. 11 March 1949

SUBJECT Soviet Zone Government Financial Difficulties

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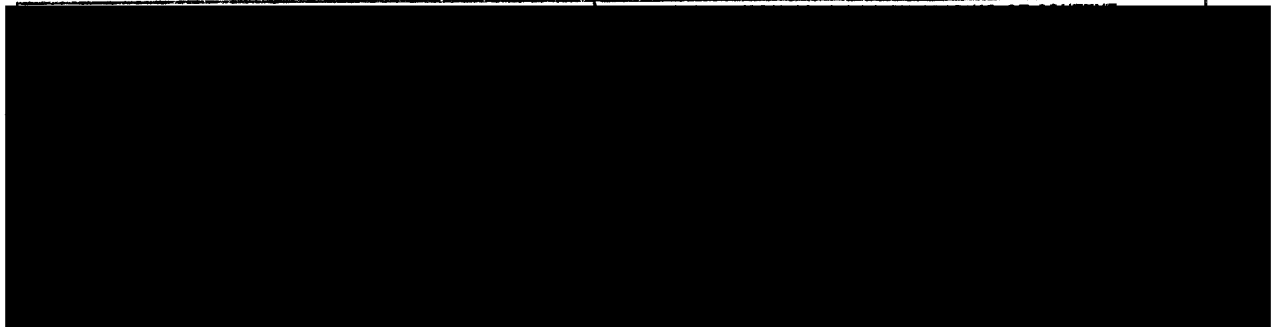
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NO. OF ENCLS. (LISTED BELOW)

DATE OF INFO. March 1949

SUPPLEMENT TO REPORT NO. [REDACTED]

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1. Officials of the Soviet Zone Border Police have recently been called to headquarters at Leipzig and instructed to orient the staffs of their lower echelons towards an eventual change from the Volkspolizei (People's Police) to a so-called Volkshcer (People's Army). A result of this change would be an increase in the overall police strength in the Soviet Zone, along with a decrease in policing costs.
2. Sources connect this development with what they call serious financial difficulties of the Border Police. They claim that Volkspolizei funds are so low as to make payment of salaries difficult, and that garages refuse to repair vehicles because they have not been paid for four months. Many higher officials have been paying a considerable number of official expenditures from their own pockets, sources claim.

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Comment: It should be emphasized that the above statements are not yet borne out by other information so far available.)

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