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ECONOMIC REVIEW OF EASTERN EUROPE: THE SOVIET-
OCCUPIED ZONE OF GERMANY

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INTRODUCTION: THE GENERAL BACKGROUND

This report deals with the economic situation in one part of Germany. If it nevertheless assumes the existence of a homogeneous economic area in the Soviet Zone, it merely follows the special requirements of its task. However, it must be remembered that the economic isolation of the Soviet-occupied Zone of Germany is the result of political influences from outside which keep a people separated against its will and use all means including a forcibly imposed economic system in order to stabilise and justify this situation. Any approach which fails to take this situation into consideration would inevitably come to wrong conclusions when motives and aims of administrative control have to be identified from among prevailing economic facts. Since these conclusions are the only reliable source for an assessment of the economic developments in this area, any study of the economic situation of the Soviet Zone has to proceed from the fact that any critical evaluation of economic circumstances is, more than in the case of any other country, inseparable from political developments in this artificially constructed economic area.

2. The process of disintegration began with the failure of the occupation powers to set up a joint administration in post-war Germany after the outbreak of the East-West conflict, and has since led to the almost complete disruption of the unity of life of the German people. That part of Germany which had fallen in the hands of the Soviet occupation power was considered and treated as war booty in the proper sense of the word. While in the Western part of Germany a state based on constitutional and democratic principles was organized as the result of a free decision of the German people, a political régime whose task it was and still is to fulfil the political aims of the Soviet occupation power, was forced on the population of Central Germany.

3. At first, Soviet policy on Germany was based on the expectation that the consolidation of the Communist régime in the Soviet-occupied Zone would become the bridgehead for the spreading of Communist influence all over Germany. It was for this reason that Soviet politicians themselves were eloquent advocates of German unity during the first post-war years. Only when it turned out that it was impossible to reach the maximum Soviet goal - the control of the whole of Germany - Soviet policy concentrated its efforts on firmly integrating their zone of occupation into the Soviet Bloc. At the same time began the artificial isolation of Central Germany, a development which culminated in the erection of the Berlin Wall and of barbed-wire fences and minefields along the line of demarcation. Simultaneously, the Communist régime pursued the brutal Sovietization of Central Germany in all spheres of life. This process, which is still continuing, did not spare the traditional economic structures.

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4. From the beginning, the economic planning of the Communist Authorities in the Soviet Zone has been guided by two rules contrary to all economic principles which are at the same time motive and yardstick of all efforts of the régime in the economic field.

5. First there is the ideologically motivated demand for a consistent reorganization of the entire social structure and its economic foundations according to Communist principles. The extent to which the Soviet Zone subordinates economic considerations to ideological purposes is illustrated by agriculture, where the privately-owned land of the peasants was forced into collective in a move to "build up socialism" without regard to economic considerations.

6. Apart from this ideologically motivated interference in the economic structure, there is the growing economic strain resulting from the political ambitions of the régime. They are the result of the efforts made by the Communist Authorities to satisfy, on the one hand, the massive demands of the Soviet occupation power and, on the other hand, to use economic achievements as a means to justify their claim for international recognition as an independent state. These are the principal motives behind the unusually high commitments of the Soviet Zone within COMECON, as well as for the high expenditure for the propagation of its political aims on the international scene which is out of proportion if compared with the standard of living of the population.

7. Ideological penetration and the fulfilment of political aims are the principal aspirations of the régime which have to be satisfied by the Soviet-zonal economy and are the decisive factors for its development. Thus, the economy becomes an instrument of power politics and a means of exploitation of the population by a régime which owes its existence to a foreign occupation power, and can fulfil its natural purpose of satisfying the needs of the population only to a limited extent. The uneconomic commitments imposed on it are contrary to the vital needs of the population. Any economic success appears problematic in these circumstances.

CHAPTER I: THE ECONOMYA. Population and Natural Resources(a) Population

8. The Soviet-occupied Zone of Germany and the Soviet Sector of Berlin (hereinafter referred to as "Soviet Zone" or "SZ" or - as far as historical or geographical factors are concerned - "Central Germany") cover an area of 108,299 sq.km. The density of population at the end of 1963 was 159 per sq.km.

9. As a result of migration or flight to the Federal Republic of Germany, the population decreased from 18,360 million in 1950 to 17,181 million in 1963 (7.8 million men and 9.4 million women). In relation to the total population of both German economic areas, the share of the population of Central Germany decreased during this period from 26.5 per cent to 22.9 per cent. Since it was especially the younger people who emigrated, the age pyramid deteriorated even more: the share of people in the age groups between 15 and below 65 decreased from 67% to 62%(1). Flight became virtually impossible after the erection of the Wall in Berlin on 13th August, 1961 and the strict control measures taken by the Soviet-zonal régime along the demarcation line. The unfavourable age pyramid of the population will continue to affect the age structure in Central Germany. Statistical forecasts estimate that the population will increase slightly until 1980 while the available labour force will slightly decrease (see also paragraphs 65 and 66 below).

(b) Natural Resources

10. Central Germany has rich deposits in brown coal (25,000 million tons), potash (10,000 million tons), mineral salt (5,000 million tons), limestone (no data available) and uranium ore, the latter, however, having been heavily exploited by the Soviet Union after the war. Central Germany has the largest nickel ore deposits in Central Europe which can be extracted by opencast mining under favourable conditions. Copper deposits are 80 million tons, while output in 1963 was 1.66 million tons, and the present yield amounts to 15.23 kg. of copper per ton of ore.

11. According to data of 1955, reliable estimates put Central Germany's lead ore deposits at 15,000 tons Pb and estimated further reserves at 50,000 tons Pb. However, neither Central Germany's lead nor its zinc and tin requirements can be entirely covered from domestic sources. Central Germany has little iron ore (1963 output: 1.7 million tons), hard coal (1963 output: 2.5 million tons) and hydraulic power (1963 power generation: 547 million kWh.). Timber and railway sleepers have to be imported on a large scale (1963 imports: 1.2 million cu.m.).

(1) See Table 1.

B. General Achievements and Prospects - GNP

(a) General Remarks

12. The national accounting as accomplished in the Soviet Zone comprises the sum of all material goods and "productive" services produced in a given period of time, thus considerably departing from customary Western methods. The gross value of these goods and services is called "Gross Social Product" or "Gross Product". It is the sum of the gross production value of all enterprises(1) taking part in the process of producing goods, i.e. essentially the following branches: industry, construction, crafts (without services), agriculture and forestry, transport, trade, printing and publishing, waterworks as well as design and planning offices. Services are not included in the social product except for those which are contained in the gross production figures as preparatory services for the production of material goods, neither are the gross production figures of uranium ore mining and armament factories which are omitted from all official Soviet-zonal statistics.

13. The evaluation of the "Gross Social Product" is based on the sales prices of the year in question including indirect taxes but excluding subsidies.

14. The result obtained after deducting the consumption of materials and amortisation from the "Gross Social Product" is called "National Income" or "Net Material Product".

15. The main difference between the "Gross Social Product" and the Gross National Product in the meaning of the "System of National Accounts" of the OECD based on market prices is that the former also includes the consumption of materials while "non-productive" services are excluded.

16. The essential difference between the Net Material Product and the Western Net National Product based on market prices is that certain services - apart from those mentioned above - are not included.

(b) Total value

17. The First Seven-Year Plan for the period 1959 to 1965 was officially abandoned at the beginning of 1963 because of serious economic difficulties which manifested themselves in 1961/62. It will be replaced by a Second Seven-Year Plan covering the period up to 1970 which is at present being worked out in detail. Statements made so far on its presumed contents are for the time being only of limited value.

(1) When calculating the turnovers of trade and of "productive" crafts, only the trade margin is taken into consideration.

18. According to the First Seven-Year Plan, "Net Material Product" (for domestic use) was to grow from DM. 63,000 million in 1958 to DM. 100,000 million in 1965, i.e. by 58%. However, only DM. 77,000 million were attained in 1963, an actual increase of a little over 20%.

19. When estimated according to the "System of National Accounts", the Gross National Product increased during the same period from approximately DM. 80,000 million to approximately DM. 101,000 million, i.e. by almost 26%. The following figures which are based on provisional calculations and estimates show the development of the annual GNP from 1958 to 1963:

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
DM. 1,000 million	80	88	92	96	98	101

(c) Composition of GNP by sources of origin(1)

20. Industry, the predominant branch of the economy, increased its contribution to GNP by 32%, from DM. 41,900 million in 1958 to DM. 55,500 million in 1963. Although its share in GNP increased from 52.1% to 54.8%, it fell short of the planned targets by a large margin.

21. The "Governmental" contribution grew during the same period from DM. 7,740 million to DM. 11,200 million, increasing its share from 9.6% to 11.1%. This 45% growth exceeded the rate of all other branches and can be explained primarily by the considerable augmentation of the number of public employees.

22. The contribution of construction grew from DM. 3,740 million to DM. 4,900 million in 1962, then decreased to DM. 4,800 million, so that its share in GNP grew only slightly from 4.6% to 4.7% compared with 1958.

23. The contribution of agriculture fluctuated between DM. 8,500 million in 1958 and DM. 9,200 million in 1963; its share in GNP decreased from 10.6% to 9.1%. The contributions of trade and transport also decreased in 1963, representing 5.1% and 4.3% respectively.

(d) Per Capita Breakdown of GNP

24. According to the provisional and unofficial calculations of the German Institute for Economic Research in West Berlin for the time up to 1961 and estimates on this basis for 1962 and 1963, the per capita GNP in 1963 was DM. 5,897, of which DM. 3,410, i.e. 57.8%, were used for private consumption and DM. 1,225 or 20.8% for public consumption. Gross fixed investments per capita were DM. 1,040, i.e. 17.6% of the GNP, while the per capita share of inventory investments was DM. 117 or 2% of GNP. The residual

(1) See Table 2.

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represents the external contribution amounting to DM. 105 per capita or 1.8% of GNP. In the years since 1958, the external contribution was negative or at least very low. The high surplus for 1963 was probably due to the repayment of Soviet credits through additional deliveries of investment goods.

(e) Rate of growth and targets

25. The rate of growth of GNP in the first year of the First Seven-Year Plan (1959) was 9.4%. In the second year, it dropped to 5%. It dwindled further to 2.3% in 1962 and 3% in 1963. The average annual rate of growth from 1959 to 1963 was 4.7%.

26. The average annual rate of growth of Net Material Product in the period of 1959 to 1963 was 4.1% according to official statistics, while the annual target for the First Seven-Year Plan period was 6.7%. The real rate of growth was probably even lower. The Second Seven-Year Plan provides for a 35% increase of Net Material Product to DM. 104,000 million in 1970, representing an average annual rate of growth of 4.4%. If this target is reached, Net Material Product would only be 4% higher in 1970 than the target originally set for 1965.

(f) Prospects

27. The targets of the Second Seven-Year Plan appear more realistic than those of the First. From the very beginning, a lower rate of growth of Gross Social Product is expected, which means that future planning targets will stand a better chance to be fulfilled than before.

28. The growth of Net Material Product will largely depend on the development of industry, and this will again depend on the increase of labour productivity. It is planned that the latter should increase until 1970 by 65%, i.e. 5% more than industrial production, since the number of personnel employed in industry will decrease. The increase of labour productivity to the desired extent will require not only a full execution of the capital investment plan, but also the practical application of these investments as provided for in the plan. For this, it is not only necessary to increase the investment quota to 25% of Net Material Product until 1970, but also to expand Net Material Product by 35% as envisaged by the plan. In the first three quarters of 1964 the rate of growth of Net Material Product was 5%. According to available information, gross fixed investments will probably not grow by more than 6%. However, these rates of growth were favoured by the fact that the severe frost of the preceding year had caused a considerable fall in production. Retail trade turnover, the largest component of the share of consumption in the GNP, was 3.5% higher in the first ten months of 1964 than in the year before. In this connection it must be taken into consideration, however, that retail trade turnover stagnated in 1962 and 1963. For the reasons mentioned above, total developments have somewhat improved in 1964. Whether this is a sign of general improvement beyond the overcoming of the crisis of 1961 and 1962 remains to be seen.

C. Industry and construction

(a) General Remarks

29. Central Germany has always been a highly industrialised area. The pre-war density of its industry was even higher than Western Germany's. The insufficient mineral resources did not hamper industrial developments but they had a strong influence on the industrial structure. Central Germany has always had a high share of so-called "growing industries". Already before the First World War, the chemical industry was expanded on the basis of lignite. The 1939 per capita value of net industrial production in Central Germany (without East Berlin) was RM. 725, in West Germany (without West Berlin) RM. 609. Only in Berlin itself were the comparable figures higher.

30. The division of Germany deprived Central Germany of the advantages resulting from the economic links with West Germany. The official Soviet-zonal production index puts industrial production in 1963 at 380 compared with 1936. Based on this production index, the Soviet Zone claims that the volume of its industrial production will reach the pre-war volume of the former German Reich at the end of 1964. However, the Soviet-zonal production index is based on gross production figures comprising elements of double counting which are increasing the more diversified production becomes, and thus raise the index artificially. Moreover, waste products and goods which the population does not want to buy are also included in these production figures. A realistic calculation for 1963 shows that the 1936 industrial volume has only doubled(1). Because of double counting the breakdown of gross production figures according to industrial branches does not give a correct picture of the structure of industry in the Soviet Zone. However, to calculate the structure of industry by applying the shares of the different branches as given in the statistics for net production values to the total value of the gross industrial product at domestic transfer prices would lead to even greater statistical distortions because varying tax rates are being applied to industrial goods under a special "Production, Service and Trade Levies Scheme" (PDHA) ranging from low rates - even including subsidies - for basic products to high rates for consumer goods.

(b) Share of Important Branches in total Production(2)

31. Gross industrial production based on fixed planning prices increased from DM. 57,000 million in 1958 to DM. 81,500 million in 1963, i.e. by 42%. The structure of industrial production has continued to change. While the share of the metal-processing branches has risen, the share of the consumer goods industries has declined. The falling share of the mining industry is due to the low rate of growth in coal mining.

(1) See Table 3.

(2) See Table 4.

32. The share of investment goods (metal-processing industry) has a dominating place in the Soviet Zone: 36% of the gross industrial production value. By neglecting the development of the consumer goods industries, the Soviet-zonal régime has emphasised the basic products. The chemical industry occupies first place among the industrial branches, representing 16% of the gross production value, whereas the share of all branches of the light industry taken together was only 21% and that of the food industry only 13% of the gross production value.

(c) Physical output per capita production and rates of growth

33. The following approximate data show the output of industrial goods in 1963: 254 million tons of crude lignite, 47,500 million kWh of electricity, 2.15 million tons of crude iron, 3.6 million tons of crude steel, 2.8 million tons of hot-rolled steel, 750,000 tons of sulphuric acid, 340,000 tons of nitrogen fertiliser, 196,000 tons of phosphor fertiliser, 1.32 million tons of petrol, 1.75 million tons of diesel fuel, 5.46 million tons of cement, 84,000 passenger cars, 10,000 lorries, 245,000 household refrigerators, 256,000 electrical washing machines, 580,000 television sets, 275,000 tons of yarn, 618,000 tons of fabrics, 27.8 million pair of leather shoes, 590,000 tons of paper.

34. The per capita share of these products is: 14.8 tons of crude lignite, 2,766 kWh of electrical energy, 125 kg. of crude iron, 211 kg. of crude steel, 164 kg. of hot-rolled steel, 19.8 kg. of sulphuric acid, 11.4 kg. of phosphor fertiliser P_2O_5 , 77 kg. of petrol, 102 kg. of diesel fuel, 318 kg. of cement, 16 kg. of yarn, 36 sq.m. of fabrics, 1.6 pair of leather shoes, 34.4 kg. of paper. Industrial production per 1,000 inhabitants was: 4.9 passenger cars, 0.6 lorries, 14.3 household refrigerators, 14.9 electrical washing machines, 34 television sets.

35. Developments in the various fields of industrial production vary greatly: falling rates of growth for important basic products such as lignite, rolled steel, cement and - at least until 1961 - crude iron and steel; little improvement or negative rates of growth in the yarn and fabrics sector; high rates of growth for household refrigerators, electrical washing machines and television sets. So far only every fifth household has a refrigerator up to now, whereas the ample supply of television sets is in line with the propagandistic intentions of the régime.

36. The overall rate of growth has declined considerably, from 12.4% in 1959 to 4.1% in 1963. The falling tendency of the expansion rate is due primarily to the slow implementation of investment programmes and the declining efficiency of the invested capital.

(d) Difficulties and Planning Deficits

(i) Basic Products

37. Output of basic products (including the power and gas industries) was to rise by 90% during the First Seven-Year Plan, i.e. at an annual average rate of 9.6%. However, the rates of growth declined continuously from 10% in 1959 to 4.6% in 1963, thus reaching only 43% of the planned growth of basic products in the fifth year of the Seven-Year Plan. This was chiefly due to the fact that investments were behind schedule and that the inadequate investment funds were scattered over too many projects. Another reason was the attempt started in 1961 to "protect the economy against Western interference", i.e. to make it independent from West German deliveries by changing - above all - the structure of production of basic products which were always in short supply in Central Germany.

(ii) Investment goods

38. The gross production of investment goods (metal-processing industry) was to be increased by 118% according to the First Seven-Year Plan; the increase in the electrotechnical industry was to be 166%, in mechanical engineering 148% and in heavy engineering 110%. During the first five years, only 53% of the planned increase was attained in the metal-processing industry, 48% in the electro-technical industry, 59% in general engineering and only 47% in heavy engineering.

39. Some other important products mentioned in the Seven-Year Plan fell even more behind schedule than gross production in the industrial branches listed in the preceding paragraph. Only 38% of the planned increase of steel constructions, 33% of engineering products for the light industry, 29% of the machinery and equipment for the food industry, 28% of ball bearings, 17% of malleable iron and 13% of cast iron were reached in 1963.

(iii) Light Industry

40. According to the targets of the First Seven-Year Plan, the so-called light industry (textiles, clothing, leather and shoes, glass and ceramics, wooden and cultural goods, pulp and paper, polygraphic industry) was to grow by 84%. It was planned that already by 1961, per capita consumption of the most important foodstuffs and consumer goods should reach and even surpass that of the Federal Republic. However, this so-called primary economic task has not been fulfilled by a long way. When the "profile of the economy" was changed in 1962, the consumer goods branches of the industry were again neglected in favour of the basic products and investment goods branches. For this reason there was even a certain, although small, falling-off in light industry production, while in the clothing industry it was even 9%.

(iv) Construction

41. In view of the important investment programme of which 40% was to consist in construction, the First Seven-Year Plan provided that construction should double, i.e. total construction investments in 1965 were to exceed those of 1958 by DM. 6,000 million. A 150% increase was planned for industrial and underground constructions, but only an 80% increase in house-building. This increase was to be reached by doubling labour productivity, especially by using new methods of industrial construction.

42. However, 1963 construction figures were only DM. 2,400 million higher than those of 1958, e.g. about 40% of the total increase set by the Seven-Year Plan. Within the building industry, production increased by 73% in industrial construction, by 65% in underground construction and only by 28% in house-building. The main reasons for this unfavourable development were the scarcity of building materials, especially steel, cement and concrete products, as well as the fact that prefabrication methods could not be applied as much as planned.

(e) Future Plan Targets and Prospects

43. The average annual rate of growth of industrial production (excluding construction) is to attain 7% during the Second Seven-Year Plan (1964-1970). This is a more prudent estimate of the industrial potential compared with the growth rate of 9.4% provided for in the First Seven-Year Plan whereas only 7.8% could be reached during the first five years. However, the fact that industrial production during the first ten months of 1964 increased by only 5% over the rather low results of 1963 which had suffered losses from the extremely cold weather, seems to foreshadow more difficulties for the future fulfilment of the plan.

44. A critical bottleneck still exists in the supply of power, although 40% of industrial investments go to the energy industry. This situation is not likely to improve considerably during the coming years, though increasing oil imports from the Soviet Union via the new pipeline to Schwedt (Oder) might be of some help. The installation of atomic power plants still requires considerable time. The critical energy situation will therefore continue to hamper industrial growth.

(i) Basic Products

45. The Second Seven-Year Plan provides for an average rate of growth of 7.1% until 1970, whereas the target of the First Seven-Year Plan had been at 9.6%. The low target of 6.4% for 1964 and recent publications on the planned development of certain production branches permit the conclusion that the provisional targets for the planning period until 1970 for basic products will be further reduced.

(ii) Investment Goods

46. The new Seven-Year Plan for the gross production of investment goods provides for an annual growth rate of 9.4%, or a total growth of 87.5%. As before, the electrotechnical industry is to grow faster than any other branch, i.e. by 12.3% annually. While these targets are below those of the First Seven-Year Plan, they are above the average rates actually attained in recent years. Their fulfilment appears therefore unlikely. The 1964 target of only 8% for the investment goods industry and of 7.8% for the electrotechnical industry seem to support this assessment.

47. Gross production of electronics equipment is to increase by no less than 360% between 1963 and 1970, while the output of semi-conductor construction elements is to increase sixfold. Since the present level of activity in this branch is very low, relatively high production increases are possible. However, the quality of this equipment is much inferior to that of Western industrialised countries, and it would seem that this gap in quality will rather widen than be reduced.

(iii) Light Industry

48. The Second Seven-Year Plan provides for an average annual rate of growth of only 3% for light industry. Consequently, output in 1970 will be much lower than that envisaged already for 1965 in the First Seven-Year Plan. The great exception is the glass and ceramics industry with a planned average annual growth rate of 12.5%. It owes this preferential treatment to its position as an important supplier of such privileged branches as mechanical engineering and car building, the electrotechnical industry and construction. Moreover, its production is primarily based on domestic raw materials, while its consumer-oriented branches traditionally find a good export market.

(iv) Construction

49. The planned total construction value for the period from 1964 to 1970 is DM. 75,000 million. Calculated on the basis of an assumed linear growth of production, the annual production increase in the building industry until 1970 will be about 150% of the 1963 figure.

D. Agriculture

(a) General Remarks

50. The Communist agricultural policy, especially the breaking up of large holdings ("land reform") in the immediate post-war years, and later the expulsion of farmers and compulsory collectivisation, has radically changed the structure of agriculture and land ownership. While 94.3% of the whole agricultural area -

which is at the moment 6.4 million hectares - were still cultivated by private farmers in 1950 and as much as 51.8% in 1959, little more than 7% were privately owned after collectivisation was completed in 1960/61 and only 6.4% in 1963. 85.6% of the usable agricultural area are in the hands of 17,000 agricultural and horticultural production co-operatives with about one million members. 8% are administered by public authorities and are mostly called "people-owned farms"(1).

(b) Agricultural Production(2)

51. The ideological aspects of the agrarean reforms - the radical change of ownership and operating methods were so important for the régime that it did not hesitate to put up with considerable losses in agricultural production.

52. The yields of the most important field crops show a considerable fluctuation during 1959/1963, which was partly due to the completion of forced collectivisation during this period, but also to changes in exploitation methods and greatly varying weather conditions. In 1963, 12.9 million tons of potatoes, 6.2 million tons of sugar beet, 5.5 million tons of grain, 138,000 tons of oilseeds and 33,500 tons of legumes were produced. The resulting per capita production is 751 kg. of potatoes, 360 kg. of sugar beet, 322 kg. of grain and 8 kg. of oilseeds

53. The development and production of livestock also varied in the years from 1959 to 1963. Total stocks in 1963 were about 341,000 horses, 4.6 million head of cattle including 2.1 million cows, 9.3 million pigs, 1.9 million sheep and 39.6 million fowl including 22.4 million laying hens. Animal density per 100 inhabitants during the same year was: 2 horses, 27 head of cattle including 12 cows, 54 pigs, 11 sheep and 231 fowl including 131 laying hens. Post-war livestock has increased much more in the Soviet Zone than in the Federal Republic, the main reason being the scarcity of foreign currency for imports of animal products. Compared with pre-war figures (1935/38), the total stocks of domestic animals in the Soviet Zone in 1963 increased by 10% while in the Federal Republic they declined by 8%. From an economic point of view, however, this increase in animal stocks seems to be of little value since Soviet-zonal production of both natural and chemical fodder is insufficient.

54. As far as meat production in 1963 is concerned, the average live weight per head of cattle was 318 kg. in the Soviet Zone and thus only 63% of the equivalent figure in the Federal Republic. The ratio of annual slaughter to the average pig stocks amounted to an average of 84.1% in 1961/63 and was thus far below the ratio of 136% in the Federal Republic.

(1) See Tables 5 and 6.

(2) See Tables 7 to 9.

55. The average 1959/63 milk production calculated in Soviet-zonal statistics according to a standard fat content of 3.5%, was approximately 5.84 million tons. Average milk production per cow in 1963 was about 71.3% of the production in the Federal Republic.

(c) Rates of growth

56. The rates of growth or decrease of the most important crops and livestock during the period of 1959-1963 vary a great deal so that it is impossible to deduce any general trend from official Soviet-zonal documents.

(d) Yields(1)

57. The average grain yields (in 100 kg./hectare) retained their average of about 25 per ha without fluctuating much in the years 1959 to 1963; in the case of oilseeds, they declined from about 14 ha in 1959-62 to 11 ha in 1963, while legumes increased in 1962 to 15 ha, potatoes to 17.9 ha and sugar beets to 266 ha in 1963. In 1963, 172,600 kg. of potatoes, 24,700 kg. of grain (all types), 11,600 kg. of legumes and 11,200 kg. of oilseeds were produced per hectare of arable land. Since the methods of calculating yields as applied in the Soviet Zone are different from those used in Western countries, Soviet-zonal statistical data require adjustment when compared with pre-war data or comparative data in the Federal Republic. After this adjustment, the relative yields in the Soviet Zone, averaged over the six-year period from 1956 to 1961, show the following percentage in comparison with corresponding yields in the Federal Republic: grain 77%, potatoes 70% and sugar beets 66%(2).

(e) Agricultural Equipment in Operation - Fertiliser Consumption(3)

58. The number of tractors, combines as well as potato and beet harvesters has considerably risen in the years 1960 to 1963. Tractive power expressed in tractor HP increased during this period from 80,000 to 139,000. In relation to the total usable agricultural area, however, the Soviet Zone only has one third, and in relation to the available arable land only one fourth of the tractors in operation in the Federal Republic.

59. Supplies of mineral fertilisers to farms do not meet the requirements of intensive agricultural production. In the crop year of 1962/63, the amount of fertiliser per hectare of usable area was 42 kg. of nitrogen, 222 kg. of phosphoric acid, 525 kg. of potash and 884 kg. of lime. While the nitrogen produced in the Soviet Zone would just be sufficient to meet

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- (1) See Table 10.
(2) The methods of calculating yields were apparently changed in 1962. Details are not known.
(3) See Tables 11 and 12.

domestic requirements, 30% are exported for commercial policy reasons. A relatively large part of the usable area suffers from a deficiency of phosphoric acid. Although a more adequate supply of potash is available, the nutritional capacity of the soil is inadequate owing to the insufficient nitrogen and phosphoric acid supply. The lime content of the soil is not satisfactory.

(f) Future Plan Targets and Prospects

60. The reasons for the unsatisfactory development of agricultural production cannot only be explained by the insufficient supplies of all means of production but primarily by the continuous interference of the central planning agencies, the faulty organization of work, the labour constitution imported from the Soviet Union and the economically unsound remuneration system in the production co-operatives which does not give its members any incentive to improve their performance. Although the plan targets provided for in the Second Seven-Year Plan (1964-1970) are more moderate than those of the First Seven-Year Plan (1959-1965), even these targets will probably not be fulfilled, especially in animal production. Since it cannot be expected that the deficiencies mentioned above will be corrected in a foreseeable future, agricultural production will continue to cause considerable difficulties for the Soviet Zone.

E. Labour, Productivity and Employment(1)

(a) General Remarks

61. During the period 1958-1963 the number of persons gainfully employed (excluding apprentices) remained almost constant at around 8.2 million. However, the structure changed somewhat due to the great increase in the number of persons employed outside industry proper, and to the considerable decline in the number of agricultural workers.

62. The declining figure of male workers was balanced by the activation of female labour reserves. According to official statistics, the percentage of working women in the total labour force increased from 43.9% in 1958 to 46.0% in 1963. In the age groups between 15 and 60 years, 69% of the women are gainfully employed in Central Germany, compared with 54% in the Federal Republic.

63. As far as the distribution of the labour force over the three great economic sectors "agriculture and forestry", "industrial production", "trade, transport and services" is concerned, the picture in Central Germany corresponds to that found elsewhere as the result of increasing industrialisation: a decline in the first sector, a continuous increase in the third.

(1) See Table 13.

(b) Productivity

64. According to official statistics, the performance per working hour (= productivity) of a worker in industry was 45% higher in 1963 than in 1958. However, productivity calculations have been based on industrial gross production figures, and it is beyond question that these are exaggerating actual performance (see paragraph 30 above); thus, the average gross production figure of workers per hour is excessive, and the progress in productivity appears higher than it really is. Per capita productivity in the Soviet-zonal industry is estimated to be about 20 to 25% lower than in the Federal Republic. The difference is even greater in agriculture. The average productivity rate of the entire economy is estimated to be at least 25% behind the Federal Republic.

(c) Prospects

65. According to preliminary calculations, it is estimated that the population of the Soviet Zone will grow from 17.2 million in 1963 to 17.4 million in 1970 and to 17.7 million in 1980. Taking Soviet-zonal regulations into consideration (10 years of compulsory school attendance and the pensionability of women of 60 years of age), it results that the labour force will decrease by about 3% until 1970 and then grow again; by 1979 it will slightly exceed the 1961 figure. However, the surplus of women in the working age groups will disappear, so that the relation between the number of men and women of working age will be normal by 1980. Female labour reserves are already now nearly exhausted. The female labour quota is therefore not likely to rise much higher.

66. The Second Seven-Year Plan (1964 to 1970) provides for a 65% increase in industrial productivity, whereas a 60% increase is planned for industrial production. This means that the increase in industrial production is to be attained with a reduced labour force. Whether the necessary conditions with respect to the availability of materials, finance, personnel, as well as the organizational and technical conditions can be met remains doubtful.

F. Investments(1)

67. Gross investments (fixed investments and stocks) in the Soviet Zone grew from DM. 16,600 million in 1958 to about DM. 20,000 million annually in 1962 and 1963. The share of investments in the estimated GNP fluctuated during this period between 18 and 21%, which mainly reflects the great differences in stocks. Since stocks in the Soviet Zone are hardly ever in accordance with the plan and consist of unplanned materials at all production levels, the share of gross fixed investments in the gross national product is a better yardstick for Soviet-zonal investments. During the last six years this share fluctuated between 16 and 18%.

(1) See Tables 14 to 16.

68. A breakdown of investments by the various economic sectors is only possible for the so-called "investments for the preservation and extension of government capital funds" (gross fixed investments in the "governmental" sector without certain replacement investments) which are mentioned in Soviet-zonal statistics. The share of industry including the building industry in these investments increased from 54.9% in 1958 to 60% in 1963. Agriculture, forestry and the water economy received 8%, transport, posts and telecommunications 13% and the other sectors 19% in 1963. Between 1958 and 1963, investments in the nationalised industries increased by more than 50%, i.e. from DM. 4,900 million to DM. 7,700 million. The share of the mining and energy industries in the investments is strikingly high; however, this share had declined between 1958 and 1963 from 30 to 23% in the mining industry and from 18 to 16% in the energy industry. While the increases in investment in these two sectors thus remained below average, it was far higher than average in the chemical and metallurgical industries. Investments in the chemical industry increased during the same period from DM. 638 million to DM. 1,452 million, i.e. an increase from 13 to 19%; investments in metallurgy increased even by more than two and a half, reaching DM. 645 million in 1963, or 8.4%. The share of the other industrial branches changed little: in heavy machinery it increased from 3.0 to 3.4%, in the electrotechnical industry from 2.7 to 3.9% and in the glass and ceramic industry from 1.3 to 1.5%. The industrial branches not mentioned in Table 16 absorbed a share of 27% in 1958 and of 24% in 1963.

69. The share of imported machinery and equipment in the total sum of gross fixed investments cannot be obtained from the statistics. A breakdown is only available for gross fixed investments as a whole. According to this breakdown, of the total amount of DM. 16,700 million, DM. 6,200 million went to the building industry, DM. 9,200 million to equipment, while the rest of DM. 1,300 million was invested in the projecting and assembly of installations.

70. The rate of growth of gross fixed investments declined from 16.7% in 1959 to zero in 1961 and only recovered to 5.3% by 1963 (provisional figure). A rate of growth of 7.2% is planned for 1964, but it will not be reached. Notwithstanding the disappointing growth rates of the previous years, the figures announced in 1963 for the Second Seven-Year Plan provide for an average annual growth of investments of 7.5%. i.e. investments are to increase by almost 70% to DM. 28,000 million. Although this target is a little less ambitious than in the First Seven-Year Plan which provided for a doubling of investments, the fulfilment of this new target appears also problematic in the light of the disappointing developments during the last few years.

71. While a rough breakdown of the planned investments was published under the First Seven-Year Plan (industry: DM. 60,000 million, agriculture: DM. 14,000 million, transport: DM. 14,000 million) and urban construction (DM. 30,000 million), such figures have not yet become known for the Second Seven-Year Plan. It is likely, however, that - as in the First Seven-Year Plan - between 40 and 45% of the planned total will go to industry, i.e. about DM. 70,000 million, of which DM. 16,000 million are earmarked for the chemical industry alone. The First Seven-Year Plan had provided for DM. 11,000 million for the chemical industry of which only DM. 9,000 million will have been spent by the end of 1965. The new target for the chemical industry would seem to be in jeopardy as a result of the latest Soviet demand for the delivery of complete chemical plants representing a value of approximately DM. 3,000 million during the Second Seven-Year Plan period. The experience of recent years indicates that the planning authorities will continue to give priority to investments in industry over investments in other economic sectors. It has, however, to be taken into consideration that the effectiveness of investments does not always rise in proportion to their volume since they are often too high or the installations are obsolete at the time of their completion.

G. Government Expenditure

(a) Defence Expenditure

72. Official statistical data on military expenditures in the Soviet Zone are not available. The same applies to the deliveries of armaments from Soviet Bloc countries. However, informations from other sources permit the following conclusions and estimates: expenditure figuring in the national budget as military expenditure amounted to DM. 1,000 million annually during the years 1958 to 1961 and to DM. 2,760 million annually in the following two years. In 1962, this sum represented 5% of the public budget. In order to make it comparable with the budget of the Federal Republic of Germany, all appropriations made to the nationalised economy by way of investments, funds for circulation and subsidies, export price subsidies, the entire social security budget as well as the district, county and local budgets must be eliminated. This reduces the budget by about 50%. The share of open military expenditure in this adjusted budget is about 11%.

73. The amounts indicated for the years up to 1961 probably include only the current maintenance costs for the "National People's Army". However, even the higher amount stated for 1962 and 1963 cannot cover the total military expenditure of the Soviet Zone.

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74. It can be assumed that certain elements of military expenditure are hidden in other items of the budget. Thus, any analysis of the structure of the "state budget" invariably leaves an unexplained residual which in 1962 amounted to DM. 3,290 million and which in part may have been used for military purposes. Further armament expenditures are considered to be hidden in the budget item "appropriations to the nationalised economy for measures of support and the improvement of its liquidity".

75. It is possible that military expenditure is also concealed in the budget items "Other expenditure for cultural mass activities" (DM. 450 million in 1962 and DM. 544 million in 1963) and "pioneer houses, stations and central pioneer camps" (for the youth organization "Young Pioneers") amounting to approximately DM. 45 million annually.

76. German experts estimate that the actual total military costs amounted to at least DM. 27,000 million in the years 1956 to 1962. The resulting annual average sum is at least DM. 4,000 million, i.e. military expenditures take up about 4% of GNP. Expenditures for para-military units (the police force numbering 16,000, the 320,000 members of the SED "combat groups" and the guard regiment of the Ministry for State Security) are not included in this estimate. The same applies to the cost of the "People's Police" and the transport police.

(b) Administration

77. Contrary to the Federal Republic of Germany, the Soviet-zonal administration is not organized on a federal but on a strictly centralised basis. There are neither independent "Länder" nor are the local authorities autonomous in their administration. The national budget therefore also includes the administrative expenditures of districts, counties and local authorities. The same applies to social security.

78. According to Soviet-zonal information, annual budget expenditure for administrative purposes amounted to about DM. 2,700 million in recent years, i.e. 11% of the general expenditures of the national budget according to the West German definition. However, part of the expenditures for the economic administration are hidden in other items of the budget, or are not contained in it at all.

H. Standard of Living

(a) General Remarks

79. The general level of living conditions improved until 1961. However, and mainly because of the stagnation during the critical years 1962 and 1963, it is still far below that of the Federal Republic of Germany. The targets set by the régime were mostly not fulfilled. Although the population is adequately provided with staple foods, it lacks the thousand and one things which are generally considered to be necessary for a normal standard of living.

80. Considering that the nominal wages as well as the purchasing power of the DM. are lower in the Soviet Zone than in the Federal Republic, it can be estimated that the real standard of living of a middle class family of four people living in the Zone was about 30% below that of the Federal Republic in 1961. Since the volume of private consumption did not change in the Soviet Zone in 1962 and 1963 while it increased by 11% in the Federal Republic, the Soviet Zone is at present about 37% behind the current supply rate of the Federal Republic. But even this figure does not seem to illustrate adequately the difference, as the long years of scarce supplies with durable consumer goods (except television sets) have caused a hidden demand of considerable proportion.

(b) Share of private consumption in GNP

81. According to the calculation made on the basis of the nominal figures, the share of private consumption in GNP was 61.1% in 1958, 60.7% in the years from 1959 to 1961 and decreased to 57.8% in 1963. However, the actual proportion is lower because the average price level for consumer goods is excessive while the nominal value of investment goods and governmental consumption are being kept artificially low.

82. Until 1970, retail trade turnover which shows the largest share in private consumption is to increase by 25% compared with 1963, i.e. to about DM. 60,000 million. It would thus still be DM. 6,000 million less than the sum originally planned for 1965.

(c) Per capita consumption of foodstuffs and industrial consumer goods

83. In 1963, per capita consumption of potatoes was 159 kg., of bread flour 91.9 kg., of fresh vegetables 45 kg., of fats 29.3 kg. (fat content), of sugar 29.9 kg., of meat and meat products 56 kg. and eggs 189 units. These data from Soviet-zonal statistics are not comparable with the corresponding data for the Federal Republic because different methods of calculation by which Soviet-zonal statistical data about meat and fat consumption are probably exaggerated.

84. There is little consumption of tropical fruit and coffee since both are very expensive. Owing to the inadequate availability of durable industrial consumer goods in recent years such as refrigerators, sewing machines and electrical washing machines, the number of such goods per 100 household is far below that of Western industrial countries. The relatively large supply of radio and television sets as well as the large number of cheap books has been ensured for reasons of political propaganda.

(d) Per capita dwelling space; the house-building programme

85. House-building is one of the most neglected branches of the Soviet Zone's economy as priority is given to industrial, administrative and military construction projects. Only 14% of all homes existing at the end of 1963 were built after 1945, compared with about 43% in the Federal Republic. The average size of the new homes built in the Soviet Zone in 1963 was 56 sq.m. (in the Federal Republic now more than 75 sq.m.). Only about 2.5% of all the dwellings in the Soviet Zone had central heating (not counting individual floor heating) in 1961. The density of inhabitants (number of persons per dwelling) is in general about the same as in the Federal Republic although it varies considerably in the different regions. There are 17.2 sq.m. or 0.842 rooms per head in the Soviet Zone. It must be taken into consideration, however, that Central Germany suffered less from wartime destruction than Western Germany and that its population decreased, while it increased strongly in the Federal Republic. No considerable improvement in the housing situation can be expected in the Soviet Zone during the coming years.

86. The First Seven-Year Plan (1959-1965) provided that 100,000 new dwellings should be considered or repaired annually. Only about 410,000 homes were completed during the first five years, i.e. an annual average of about 80,000. According to semi-official information, it is envisaged to reach a total number of approximately 6.1 million dwellings by 1970. Thus, about 500,000 dwellings would have to be built as from 1964, an annual average of only 70,000.

(e) Social services(1)

87. Old age pensions and social service payments only just meet the minimum living expenses and cannot stand a comparison with conditions in the Federal Republic of Germany.

88. In 1962, the total expenditure for old age, disability, accident and survivors' insurances made per person having reached pension age(2) totalled DM-West 4,670 in the Federal Republic of Germany as against DM-East 1,794 in the Soviet-occupied Zone. These figures - more recent data are not available - undervalue the pensions paid in the Soviet Zone because in the Federal Republic the Civil Service pensioners are included!

89. After 1962 old age pensions were raised in both parts of Germany. While pensions were generally increased by about 10% in the Soviet Zone as from 1st January, 1964, the "dynamic pensions" introduced in the Federal Republic ensure that pensions are continually adjusted to the development of wages.

(1) See Table 17.

(2) Federal Republic of Germany: Men and women over 65 years;
Soviet-occupied Zone: Men over 65 years, women over 60 years.

90. In 1963, the average old age pension (including retirement benefits for manual workers) amounted to DM-East 147 and the average disability pension to DM-East 144. The average old age pension amounted to about 30% of the average "working income" (about 40% in the Federal Republic).

91. Comparison between the level of pensions in the Soviet Zone and the Federal Republic must also take into account that employees' contributions to social security as well as the maximum contribution payable are lower in the Soviet Zone than in the Federal Republic. Thus, for example, the maximum monthly contribution to social security (pension fund, health and unemployment insurance) - which is shared by employers and employees alike - amounts to DM. 120 in the Soviet Zone, while in the Federal Republic the maximum contribution towards the old age pension fund alone amounts to DM-West 168. The relatively low contributions in the Soviet Zone affect the level of pensions as well as of other social security benefits. There is no special social security system for civil servants or war victims in the Soviet Zone who also receive their pensions via the social security system. On the other hand, in the Soviet Zone there is an additional old age pension system for members of the intelligentsia, among which engineers, scientists, teachers, certain doctors, artists, etc., are counted. For these categories of people, individual pensions amounting to between 60 and 80% of their last working income are provided. In 1962, the per capita provision of public old age, disability, accident and survivors' pensions (including the old age pensions for members of the intelligentsia) amounted to DM-East 324 (compared with DM-West 512 in the Federal Republic including civil service pensions). Public payments to war victims (widows and orphans) are particularly low in the Soviet Zone. Recipients of public welfare payments are in an even worse position in the Soviet Zone. In December 1963, average monthly payments amounted to a little under DM-East 73 (not counting allowances for wives and children). Additional benefits paid out by voluntary welfare organizations hardly exist in the Soviet Zone.

(f) Education

92. In the Soviet Zone, education is incorporated in central economic planning and fully oriented towards political objectives. Already in the preparatory schools, extensive efforts are made to indoctrinate children in the Communist ideology. These efforts are continued at primary and secondary school level and supplemented by the rigid control of professional education in accordance with the economic requirements of the régime. In the advanced training establishments, the measures to encourage great numbers of the population to continue their studies (such as scholarships, exemption from school and study fees, special allowances, etc.) are subject to political conditions and restrictions of personal liberty in the choice of school, profession, training institute and working place. All pupils attend the standard "10-form polytechnical secondary school" with senior courses providing basic vocational training.

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93. After the eighth form, about one third of all pupils leave school, while the others are being transferred to the "extended secondary school" which leads up to the 12th form and the maturity examination (entrance examination for the university), and at the same time includes an examination as a skilled worker.

94. However, the majority of university applicants come from jobs in industry - after attending the 10-form standard school - and has graduated either from a special vocational training school with a leaving certificate equivalent to that of the maturity examination, or from "adult qualification courses" with a comparable leaving certificate. In 1963, there were about 46 students per 10,000 inhabitants directly attending universities and higher education institutions; this number increases to 67 if students attending correspondence courses, evening classes or "combined courses" are added.

(g) Real Wages

95. The official data available refer to the development of real wages of full-time white collar and manual workers of the "socialist enterprises" in industry, thus excluding employees in the private sector, and in the services. According to official statistics, real wages have increased from 1958 to 1963 by 22.3%. The annual rate of growth in the years 1959 to 1961 amounted to an average of 6.3% while it decreased to an average of 0.8% per year in the two subsequent years after the erection of the Berlin Wall on 13th August, 1961. This steep decline was caused primarily by an increase in the labour norms in industry. The rate of growth of industrial workers' wages thus lags far behind the real development of labour productivity in industry. (See also Chapter E.(b)).

(h) Plan targets and prospects

96. During the period between 1964 and 1970, the real income of the population is to increase by about 20 to 25%. Since neither the total population nor the employed labour force will change much in the coming years, this planning figure would correspond to an average annual per capita rate of growth of real income of 2.9%, provided that the planners have correctly estimated the future price development of consumer goods. In spite of every effort made to protect the stability of the general price level by official supervision, many indirect price increases - for example, by reducing the quality of the goods - permit the conclusion that the official price index reflects the actual price development only inadequately. Moreover, it must be doubted whether it will be possible to avoid an increase in the price level of consumer goods once the reform of industrial prices which is at present under way has been fully implemented.

J. Economic Organization and Reforms

(a) General

97. The economic system of the Soviet-occupied Zone is characterised by the almost complete elimination of individual ownership of the means of production and their concentration in so-called "people-owned" enterprises and "socialist" co-operatives; by the comprehensive governmental planning and direction of the entire economic process; and by the changes in the legal structure and the economic control factors such as currency, prices, credits, wages and taxes. The system follows the Soviet pattern in every detail. The frequent changes in the methods and organizational forms of economic planning and control are designed to bring about improvements, but not a fundamental change in the economic system.

(b) Present state of socialisation(1)

98. In 1963, 70% of the "Gross Social Product" were produced in people-owned enterprises, about 15% in "socialist" co-operatives and 7% in production plants with state partnership and trading firms with so-called commission contracts. Only 8% of the "Gross Product" originated from purely private enterprises. On the basis of the gross production value of the various economic branches in 1963, the share of private ownership in industry amounted to only 2.4%, while the private share in the building industry, agriculture and trade varied between 10.7% and 11.6%. On the other hand, co-operatives accounted for 70% in agriculture and 30% in industry, the co-operatives concerned being exclusively those with a compulsory character. Banks and insurance companies as well as all transport organizations - except parts of road transport and inland shipping - are publicly owned.

(c) Economic reforms

99. As a consequence of the failure of the First Seven-Year Plan, which was abandoned in 1962/63, the Soviet-occupied Zone now attempts at increasing the efficiency of the system by reorganizing the economic and planning machinery without, however, changing the basic pattern. These attempts are based on the "Directives for the New Economic System of Planning and Controlling the National Economy" adopted by the "Council of Ministers" on 11th July, 1963. These directives are more comprehensive than any other reorganization in former years.

100. At the administrative level, the "Council of Ministers" acts as the senior central executive body, responsible to the "State Council" and thus to the Central Committee of the "Socialist Unity Party" of SED. In addition, there are the "Government Planning Board", mainly responsible for long-term planning, the "National Economic Council", newly set up in 1962 and responsible for the control of industry and the implementation

(1) See Table 18.

of annual plans as well as the "Agricultural Council", also newly established. A "Construction Council" will also be set up. According to the discussions at the VIIth Plenary Session of the SED Central Committee meeting in December 1964, the Economic Councils of the 14 districts are to be subordinated both to the "National Economic Council" and to the "District Councils". The "Workers and Farmers Inspection", established in 1962 and vested with considerable power, is the new overall "governmental" control apparatus.

101. In industry, the "New Economic System" centres around the "Associations of People-owned Enterprises" (VVB) which have since 1st January, 1964 ceased to act as medium level administrative bodies and are now working as "socialist concerns". They are economic units, drawing up their independent balance sheets; the "people-owned enterprises" (VEB) of the appropriate economic branches, which were hitherto mostly centrally controlled, are subordinated to them. The general managers of the VVBs are government officials and responsible to the "National Economic Council" for all aspects of the economic development of their branch of industry.

102. A new "homogenous system of economic incentives", so far merely conceived in theory, is intended to stimulate the working population to adopt a "specific economic attitude" and to result in increased productivity; it includes, above all, new elements for the assessment of costs, prices, profits, turnover, wages and bonuses. As a yardstick for the evaluation of production primary importance is attached to "profit index". The industrial price reform which entered its first stage on 1st April, 1964 and is to be concluded in two further stages on 1st January, 1965 and 1st January, 1966, is designed to eliminate the present price distortions and to enable "normally operating enterprises" to make "profits". Investment funds, which had so far been made available by reallocations of the national budget, must now largely be financed from "profits".

103. Another incentive still awaiting implementation is a "levy on the production fund" which is to contribute towards a more rational use of the working capital. For this purpose, the fixed and capital assets (basic funds) of all enterprises underwent a general revaluation by 31st December, 1963.

(d) Prospects

104. These reforms are frequently presented as something basically new, whereas in reality they have their origin in measures already discussed and carried out elsewhere, e.g. in the Soviet Union - as early as at the end of the 1920s. No final evaluation is yet possible as to their effects on the economy of the Soviet Zone. It may be assumed that the responsible authorities will continue their efforts to increase the efficiency of the economic

process by certain modernisation and decentralisation measures. In this endeavour, the experience which the Soviet Union has gained for some time with similar efforts, will probably also be made use of. However, the Soviet-zonal Authorities emphasise again and again that no fundamental change in the system is intended.

CHAPTER II: FOREIGN TRADE, ECONOMIC CO-OPERATION AND INTRA-GERMAN TRADE(1)

105. In view of its restricted raw material basis, the highly industrialised Soviet Zone depends largely on external commercial relations. Only by developing its trade relations, it can raise the level of production and at least to some extent the standard of living of the population. In addition, as a result of the division of Germany, it is faced with an economic problem of a particular nature: the national product available in the Soviet Zone does not only originate from domestic and foreign sources, but also - at least from a qualitative point of view - from the flow of goods between the two separate parts of Germany, or "intra-German trade". In view of the fact that this flow of goods circulates exclusively within Germany as a whole, the transactions involved are of a domestic nature, although they are carried out between two different currency areas: the conditions governing these transactions and the methods applied to them have been agreed exclusively for this special purpose. The following paragraphs on the foreign trade of the Soviet Zone do therefore not include intra-German trade, which is described in a special section G. below.

A. Importance of Foreign Trade for the Economy of the Soviet Zone

(a) Share of imports in GNP (import quota of the Soviet Zone)

106. In the absence of suitable statistics, a reliable calculation of the import quota is not possible. For 1963, the following estimates can, however, be made. In 1963, the gross national product of the Soviet Zone based on market prices (see Chapter I.B) amounted to about DM. 100,000 million. Total imports are shown as amounting to 1,919 million rubles. Depending on whether these figures are converted into United States dollars or rubles, the import quota can be estimated at between 6.5 and 10.7%.

(1) Instead of "inter-zonal trade", the term "intra-German trade" is being used throughout this study.

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(b) Developments of Foreign Trade(1)

107. In the years from 1958 to 1963, the foreign trade of the Soviet Zone increased by 43% from 2,890 to 4,140 million rubles. During the last few years, exports rose more than imports, an important factor, in view of the non-convertibility of the DM-East. With the exception of 1960 and 1962, there was a surplus in the trade balances whose size differed considerably between years. Thanks to a forced exports drive, it amounted to 302 million rubles in 1963.

B. Regional Pattern of Foreign Trade

(a) General

108. As far as its regional structure is concerned, the foreign trade of the Soviet Zone has to an ever-increasing extent been oriented towards Communist countries in general and the Soviet Bloc in particular (COMECON). The economic integration of the Soviet Zone into the Soviet Bloc and thus its dependence on it, particularly on the Soviet Union, is therefore undeniable both in absolute and in percentage terms(2).

109. The foreign trade with the Communist countries of Asia, particularly with Red China, has been affected by the political and ideological controversies, and foreign trade with these countries has considerably declined, in particular since 1960.

110. The share of exports to the COMECON area in the total exports of the Soviet Zone rose from 76.4% in 1958 to 82.8% in 1963. During the same period, the imports of the Soviet Zone from the COMECON area increased from 70.6% to 80.1% of total imports. Exports from the Soviet Zone to the COMECON countries in absolute figures increased from 1,171 million rubles in 1958 to 1,840 million rubles in 1963, and imports from 961 million rubles to 1,536 million rubles. It should, however, be noted that imports of the Soviet Zone from the COMECON area in 1963 showed a slight drop both in absolute figures and as a percentage if compared with 1962.

111. During the period from 1958 to 1963, the foreign trade of the Soviet Zone with all Communist countries (including Yugoslavia and Cuba) developed as follows(3):

	<u>1958</u>	<u>1962</u>	<u>1963</u>
Exports (in mill. rubles)	1,323	1,683	1,928
% of total exports of the Soviet Zone	86.3	86.3	86.8
1958 = 100	100	127	146
Imports (mill. rubles)	1,086	1,717	1,633
% of total imports of the Soviet Zone	79.8	86.5	85.2
1958 = 100	100	158	151

(1) See Table 19.

(2) See Tables 20-22.

(3) See Table 22.

112. While the share of Communist countries in total exports and imports of the Soviet Zone has - except for relatively small fluctuations - been essentially constant ever since 1958, the total volume of foreign trade has continuously increased, i.e. from 2,409 million rubles in 1958 to 3,561 million rubles in 1963. In this connection, the continuous rise of Soviet-zonal exports until 1963 and of imports until 1962 is noteworthy. Imports from Communist countries until 1963 did not increase to the same extent as exports. From 1959 to 1962, the trade surplus steadily declined because of the strong increase in imports, and in 1962 there was even a trade deficit of 34 million rubles. However, in 1963 exports again showed a strong recovery compared with 1962, while imports declined, resulting in a foreign trade surplus, for 1963 of almost 300 million rubles. Export figures increased considerably between 1958 and 1959 and between 1962 and 1963 while exports substantially declined in the intermediate years because of the economic difficulties of the Soviet Zone during this period.

113. During the last three years - from 1961 to 1963 more than 80% of Soviet-zonal foreign trade exchanges were transacted with COMECON countries(1) and only 14 to 15% with Western countries(2). The remaining share of about 5% is accounted for by other Communist countries outside the COMECON area (China, Cuba, etc.)(3).

(b) Share of individual countries

(i) Soviet Union

114. The foreign trade dependence of the Soviet Zone on the Soviet Union is considerable. The Soviet Union heads by far the list of the Soviet Zone's foreign trade partners: its share in the Soviet Zone's foreign trade in the last few years amounted to more than 50%. In 1963, the Soviet Union accounted for 51.7% (1958: 49.6%) of the exports of the Soviet Zone, and for 55.0% (1958: 46.3%) of its imports. Exports from the Soviet Zone to the Soviet Union amounted to 1,148 million rubles in 1963 (against 761 million rubles in 1958) and imports to 1,055 million rubles (against 630 million rubles in 1958). Deliveries from the Soviet Zone to the Soviet Union declined in 1960 and 1961 and rose considerably in 1962, while imports of the Soviet Zone from the Soviet Union strongly increased during these years with the result that the balance of trade showed a deficit of 30 million rubles in 1960, 143 million rubles in 1961 and 138 million rubles in 1962. Only in 1963, the Soviet Zone again registered a trade surplus of 93 million rubles.

(ii) Other COMECON countries

115. Exports from the Soviet Zone to other COMECON countries rose from 410 million rubles in 1958 to about 692 million rubles in 1963, i.e. by 69%, although exports to Czechoslovakia, Bulgaria and Rumania had declined in 1962. During the same period, the

(1) See Tables 41 and 42.
(2) See Table 25.
(3) See Tables 20 and 21.

share of these countries in total Soviet Zone exports increased from 26.9% to 31.2%(1). The imports of the Soviet Zone from the COMECON area rose from 331 million rubles in 1958 to 501 million rubles in 1962 and dropped to 481 million rubles in 1963 (decline in imports from Czechoslovakia, Bulgaria, Rumania and Hungary): they exceeded the results of 1958 by 62% in 1962, but only by 46% in 1963(2).

116. During all these years, the foreign trade balance of the Soviet Zone with the COMECON countries (Soviet Union excepted) was favourable, reaching a peak of 210 million rubles in 1963 alone(3). Except for the Soviet Union, Czechoslovakia and Poland are the most important trade partners of the Soviet Zone within the COMECON area.

(iii) Communist countries of Asia

117. As concerns foreign trade with the Communist countries of Asia, particularly with China, both exports and imports of the Soviet Zone have considerably dropped since 1961. Exports declined from 129 million rubles in 1958 to about 16 million rubles in 1963, and imports from 103 million rubles to 24 million rubles during the same period(4).

(iv) Yugoslavia

118. While the foreign trade of the Soviet Zone with Yugoslavia has shown an upward trend in recent years, it is on the whole relatively unimportant. The share of Yugoslavia in the exports of the Soviet Zone is 2%, and in imports 1.8%.

(v) Free World in general

119. After reaching a peak in the years 1960 to 1961 - with fluctuations until 1963 - the foreign trade of the Soviet Zone with the Free World is declining. Total foreign trade with the Free World increased from 474 million rubles in 1958 to 625 million rubles in 1961, falling to 531 million rubles in 1962 and rising to 571 million rubles in 1963. During the years 1958 to 1960 trade balance showed a deficit amounting to a total of 140 million rubles, while in the following years up to 1963 a surplus totalling 23 million rubles was achieved(5).

(vi) NATO countries

120. The share of NATO countries in the Soviet Zone's total exports declined from 6.4% in 1958 to 5.1% in 1963, and in imports from 9.8% to 6.6%(6). This trend has been particularly marked since 1961. The share of Soviet Zone exports to NATO countries was 14% higher in 1963 than in 1958, while the share of imports declined

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- (1) See Table 20.
(2) See Table 21.
(3) See Table 23.
(4) See Table 24.
(5) See Table 25.
(6) See Table 26.

during the same period by 6%. During all these years, the foreign trade balance of the Soviet Zone showed a deficit amounting to a total of about 159 million rubles.

(vii) Most important Western trade partners

121. According to the figures of recent years, Denmark, the United Kingdom, the Netherlands, Austria and Sweden have become the five most important Western trade partners of the Soviet Zone(1), with Great Britain heading the list. They reflect a shift of Soviet-zonal trade with the West in favour of EFTA countries. Exports from the Soviet Zone to these five countries increased from over 61 million rubles in 1958 to over 88 million rubles in 1963, i.e. by 43%. Imports from these countries, amounting to over 89 million rubles in 1958, reached a peak in 1960 with 117 million rubles, dropping to 108 million rubles in 1963. Their share in the Soviet Zone's total trade is, however, small and declining, with slight fluctuations in recent years. The share of these countries in the Soviet Zone's exports has dropped from 4.8% in 1961 to 4.1% in 1963 and in imports from 6.6% in 1960 to 5.7% in 1963. The trade balance for each year from 1958 to 1963 showed a deficit amounting to a total of 133.5 million rubles for the whole period.

(viii) Developing countries

122. The developing countries play only a minor rôle in the foreign trade of the Soviet Zone, their share in the total foreign trade of the Soviet Zone being about 3.3% in 1963. Since 1961, exports from the Soviet Zone to developing countries have been declining both in absolute figures and as a percentage of total trade. Since 1960 the same refers to imports from developing countries, with certain fluctuations(2).

(ix) Cuba

123. Since 1960 there has been an unusually strong increase of foreign trade between the Soviet Zone and Cuba, while these exchanges were quite insignificant before 1960. Soviet Zone exports increased from 2.4 million rubles in 1960 to 27.9 million rubles in 1963, and imports from 3.9 million rubles to 35.8 million rubles(3). Thus, Soviet-zonal trade with Cuba in 1963 - and even in 1962 - was considerably higher than that with India or Egypt, both heading the list of Soviet Zone's trade with developing countries.

C. The balance of trade and payments

124. No comprehensive information on the balance of payments of the Soviet Zone is available, nor are there any official statistical data for the Soviet Zone on the various items of the balance of payments, except on exports and imports of goods.

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- (1) See Table 27.
(2) See Table 28.
(3) See Table 29.

(a) Balance of trade

125. As shown in the statistical survey(1), the cumulative foreign trade balance for the years 1958 to 1963 shows a surplus of 552 million rubles, or 612 million United States dollars. When comparing this balance with Western figures, it should be borne in mind that the Soviet Zone calculates fob prices for both exports and imports. Import figures do not include the cost of freight and insurance from the frontier of the delivering country to the area of the Soviet-occupied Zone. Assuming that freight and insurance costs amount to about 5 to 7% of the total import value, the Soviet-zonal foreign trade surplus during the years 1958 to 1963 would virtually be reduced to zero.

126. A comparison between Soviet-zonal foreign trade statistics with those of the Soviet Zone's most important trade partner, the Soviet Union shows a very considerable discrepancy which cannot be fully explained. While the Soviet statistics show a cumulative Soviet export surplus of 802 million rubles for the years 1958 to 1963, the corresponding statistics of the Soviet Zone show a deficit of only 72 million rubles.

127. The most obvious, and possibly most important, explanation for the difference of 730 million rubles consists in the different statistical methods of reproducing foreign trade figures. While Soviet Zone statistics only show imports and exports which physically cross the frontiers of the Soviet-occupied Zone, the Soviet statistics show all business transactions carried out by Soviet foreign trade organizations. The result is that imports of Soviet Foreign Trade Corporations from third countries destined for the Soviet Zone are shown in the Soviet trade statistics as Soviet exports to the Soviet Zone, while the Soviet-zonal statistics show them as imports from the third country concerned. The principal explanation for the discrepancy between the two statistics might therefore be that the Soviet Foreign Trade Corporations acted as intermediaries for the Soviet Zone in foreign trade transactions. It might furthermore reflect payments for arms deliveries, the support for the Red Army units stationed in the Soviet Zone, repayment of invisible excess credits, etc.

(b) Aid and credits granted and received

128. In the light of the information available, it is not possible to assess correctly the credits received and granted by the Soviet Zone and their repayment as reflected in the balance of payments. The most important projects which have partly been carried out with the financial aid of the Soviet Zone, are the construction of a cellulose combine on the basis of reed in the Danube delta in Rumania, the creation of a similar combine on the basis of straw in Bulgaria, the extension of potash extraction in Czechoslovakia as well as the initiation of lignite opencast mining in the Konin Basin in Poland.

(1) See Table 19.

129. In this context, reference is made to a United States study(1) which estimates the total amount of credits granted by the Soviet Union to the Soviet Zone during the years 1945 to 1962 at: 1,352.9 million dollars.

Soviet Credits granted to the Soviet Zone
(in million dollars)

1945 - 1962	1,352.9
<u>of which</u>	
1960	162.5
1961	475.0
1962	310.0

The 310 million dollars mentioned for 1962 presumably represent the remainder of a credit of 475 million dollars granted in 1961 which is, however, not included in the above total.

D. The Commodity Structure of Foreign Trade

(a) Principal commodities exchanged

130. Since 1956, only selected products have been published in the yearbooks for foreign trade and domestic trade; the data involved do not allow any conclusion on the actual commodity structure of foreign trade. It is therefore necessary to take the necessary information from the foreign trade statistics of other Soviet Bloc countries some of which contain very detailed figures. Difference in the terminology used in the various national statistics do, however, not permit a direct comparison. For other countries the data concerned can be generally taken from the lists of goods included in the corresponding trade agreement.

131. The following principal groups of commodities are being exchanged by the Soviet-occupied Zone of Germany:

Exports: Capital goods (machinery, special machinery, complete equipments), rolling stock, ships and their equipment, chemical products, various industrial consumer goods (e.g. textiles, goods for cultural use), precision - optical - and electrotechnical instruments.

Imports: Raw materials and fuels (hard coal, coke, iron ore, NF metals, natural rubber, crude oil, timber, cellulose, textile raw materials), rolling-mill products, special machinery, semi-finished textiles, agricultural products (grain, foodstuffs including coffee, tea, etc.)

(1) G.S. Carmett and M.H. Crawford: "The Scope and Distribution of Soviet Economic Aid". In: Dimensions of Soviet Economic Power, Hearing Together With Compilation of Studies Prepared for the Joint Economic Committee, Congress of the United States, Washington 1962, page 474.

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(b) Commodities exchanged with the Soviet Union

132. Among Soviet-zonal exports to the Soviet Union(1), deliveries of machinery and equipment traditionally occupy the most important place. In 1963 they amounted to 54.7% of total exports. Among the various items, the deliveries of all kinds of transport equipment are predominant. This includes not only rolling stock (112 million rubles), but also ships and ship equipment (76 million rubles), trans-shipping equipment (27 million rubles) and cables (23 million rubles). Totalling 238 million rubles, they amount to about 20% of the total exports from the Soviet Zone to the Soviet Union.

133. On the one hand, the high proportion of so-called "soft" goods in Soviet-zonal exports is a little surprising. Clothes and underwear (110 million rubles), cultural goods (59 million rubles) wooden furniture (47 million rubles) and fancy goods (17 million rubles) altogether account for 233 million rubles and are thus the equal importance as transport equipment. On the other hand, the figures for deliveries of chemical products (29 million rubles), synthetic rubber (11 million rubles) as well as fertilisers and insecticides (10 million rubles) appear relatively small in view of the important part which these industries play in the Soviet-zonal economy.

134. The changes in the commodity structure of Soviet-zonal imports from the Soviet Union reflect the needs of a highly industrialised and rapidly developing country(2). Although the share of machinery and equipment has increased more rapidly than any other single item during the period of 1958 to 1963 (from 25 to 72 million rubles, i.e. by 188%), their share of 6.1% in total imports is still very low.

135. Rolling-mill products constitute the most important import item. The Soviet Zone, in spite of its great efforts to develop its own steel basis, is still fighting against the immense geographical disadvantages in this sector of production. The relatively low volume of iron ore in total imports points in the same direction.

136. As concerns the imports of foodstuffs, a clear shift from grain purchases to imports of proteins (meat, butter and eggs) is noticeable. The development of wheat imports shows that the Soviet Zone was not seriously affected by the Soviet grain crisis in 1963.

137. Among the raw material imports from the Soviet Union, textile raw materials, hard coal, timber products and, to an increasing extent, crude oil are of special importance. For imports of natural rubber, the Soviet Union obviously acts as an intermediary, which may also be true for other import items. However, this cannot be proved with the same degree of certainty.

(1) See Table 30.
(2) See Table 31.

(c) Other COMECON countries

138. Data on the composition of trade with Czechoslovakia based on Czechoslovakian foreign trade statistics are available only for the years 1958 to 1961. As concerns exports, chemical products (8.5% in 1958 and 9.4% in 1961), as well as fertilisers (8.3% and 8.6% respectively) constitute the most important single items of export from the Soviet Zone to Czechoslovakia. Next in importance among engineering products and motor vehicles which account for a considerable share in Soviet-zonal exports to Czechoslovakia, are tractors and other agricultural machinery (whose share was only 0.6% in 1958) which now represent 6.7%, and rolling stock and other railway equipment representing 5.4% in the total exports of 1961.

139. On the import side, solid fuels account for the highest share, i.e. 18.7% in 1958 and 15.8% in 1961. Of the remaining categories, ores and metals reached 9.2%, industrial consumer goods 8.0% and motor vehicles including spare parts 6.2% of total imports in 1961. In accordance with the industrial structure of Czechoslovakia, the share of machinery and industrial equipment in the total imports of the Soviet Zone is considerable.

140. As to the commodity structure of foreign trade with Poland, Polish data are available only for the years 1960 and 1961. On the export side, category I goods predominate, i.e. machinery, industrial equipment and vehicles including spare parts with shares of 42.7% in 1960 and 45.0% in 1961. Of the remaining export items, fuels and mineral raw materials as well as metals attained 12.8% and 18.4%, respectively, chemicals and chemical products 20.8% and 17.8% (potash alone: 9.5% and 7.8%) and industrial consumer goods 13.4% and 13.6%.

141. As concerns imports, fuels and mineral raw materials as well as metals accounted for 63.9% and 67.5% and thus occupied a dominating position in the Soviet-zonal imports from Poland during the two reference years, solid fuels (hard coal, lignite and coke) alone making up 59.3% and 61.6% respectively. All other items - including agricultural products and foodstuffs - did not even reach 10% of total imports from Poland in 1961.

142. As concerns foreign trade with Hungary, official foreign trade statistics contain only a few commodity groups, and their share in the totals cannot be established, since the official figures sometimes indicate values, and sometimes quantities. Important export items of the Soviet Zone are: machinery and industrial equipment, briquettes, building materials, chemical products, passenger cars and tractors including spare parts. Essential import items of the Soviet Zone are: bauxite, rolling-mill products, vehicles, television sets, pharmaceutical basic materials, footwear, agricultural products.

143. No detailed information is available concerning the commodities exchanged between the Soviet Zone and Rumania and Bulgaria, since neither Rumanian nor Bulgarian foreign trade statistics contain a breakdown of their foreign trade by countries and commodities. The only source of information in this respect are publications on existing trade agreements between the Soviet Zone and these countries, including general data on the most important categories of goods.

144. Among the items exported by the Soviet Zone to these countries, there are machinery of all kinds, electrotechnical products as well as precision and optical instruments, chemical products and products of the light industry, while agricultural products (vegetables, fruit, tobacco) and cellulose are being imported from the two countries. More recently Rumania has also delivered engineering products and products of the metal-processing industry, such as tank and sewage cars as well as oil-drilling equipment.

(d) Asian Communist Countries

145. As to trade with Communist China, the commodity lists annexed to the trade agreement include among the items to be exported by the Soviet Zone machinery and industrial equipment as well as electrotechnical products, while iron ore, products of the light industry as well as foodstuffs are being imported. Soviet-zonal trade with Communist Korea is largely composed of the same goods.

(e) Yugoslavia

146. In recent years, the composition of Soviet-zonal exports to Yugoslavia did not change essentially. The most important items on the Soviet-zonal export list have always been machinery and vehicles as well as chemical products. Foodstuffs appear for the first time in 1958, consisting predominantly of refined sugar (in 1962: 90%). Among finished goods, the products of the precision and optical industries continue to occupy an important place.

147. Among Soviet-zonal purchases from Yugoslavia industrial products had a share of 23.4% and thus headed the list of imports from Yugoslavia in 1962. As much as 17.4% of imports consisted of steel, iron and various rolling-mill products. As against 1958, imports of machinery and vehicles have considerably increased. Imports of tobacco are of primary importance. Among imported foodstuffs are meat and fish, fruit and vegetables.

(f) Free World and NATO countries

148. Only a few countries of outstanding importance in relation to their share in the foreign trade of the Soviet Zone and only the most essential categories of goods (based on the commodity lists agreed under the trade agreements) can be briefly summarised. However no figures are given and therefore no indications on the relative importance of individual items in the total imports and exports of the Soviet Zone are being supplied(1).

(g) Developing countries and Cuba

149. Since the trade between the Soviet Zone and these countries is, generally speaking, only of very minor importance, only Egypt, India and Cuba are mentioned in the annexed table, three countries whose share in the Soviet-zonal foreign trade is of some significance, although no figures for individual categories of goods can be given in this case either(2).

E. Economic Co-operation with East and West

(a) Relations with COMECON

150. Trade and payments between the Soviet Zone and the various COMECON countries are governed by bilateral agreements which, as a rule, are concluded for several years. It is the aim of these long-term agreements to ensure an increasing co-operation between the Soviet Zone and the various Soviet Bloc countries as well as to co-ordinate the long-range economic plans of the trade partners. Thus, a protocol on trade exchanges between the Soviet Union and the Soviet Zone for 1964 was concluded at the end of October 1963. It was followed in June 1964 by a special agreement on the mutual delivery of complete installations for the chemical and oil-processing industry for the years 1966-1970.

151. In addition, numerous other forms of co-operation have developed between the Soviet Zone and other member countries within the framework of COMECON. By way of example, the following types of co-operation can be mentioned:

Co-operation in the permanent COMECON Commissions preparing the implementation of planned economic co-ordination measures within the COMECON area.

Conclusion of bilateral agreements with other COMECON countries on scientific-technical co-operation (exchange of technical documentation, etc.) including joint research work (co-operation between institutes).

(1) See Tables 32 and 33.

(2) See Tables 34 and 35.

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Implementation of plans for a division of labour in industry, and technical aid (allocation of certain productions to certain countries). According to these plans, the following branches of Soviet-zonal industry are being particularly encouraged and turned into key branches of production for the whole Soviet Bloc: heavy engineering, chemical industry, lignite mining, precision and optical instruments as well as certain types of electrical and transport equipment.

152. Furthermore, a great variety of agreements and other arrangements relating to economic co-operation have been concluded between the Soviet Zone and individual COMECON countries. In some cases, they have already led to concrete results. Thus, the Soviet Zone and Czechoslovakia co-operate in the production of trucks. Nevertheless, the results of the various types of co-operation appear to have not yet fulfilled the hopes placed in them.

153. The Soviet Zone is one of the strongest supporters of the Soviet plans to create a uniform planning body for the entire COMECON area empowered to take decisions. However, owing to the opposition of other COMECON countries, particularly Rumania, these plans have not materialised. The Soviet Zone is represented in the Executive Committee of COMECON by the Deputy Prime Minister, Bruno Leuschner (formerly head of the "Governmental Planning Committee" of the Soviet Zone), an ardent supporter of Soviet plans.

(b) Co-operation with Yugoslavia

154. In 1960, Soviet Zone and Yugoslavia have concluded an agreement on co-production and scientific-technical co-operation, and a mixed Committee for Economic and Scientific Co-operation was established in 1964. Emphasis has so far been given to industrial co-operation in non-ferrous and ferrous metallurgy, engineering, the chemical, electrical and light industries. The results of the discussions are to serve as a basis for a now long-term trade agreement.

(c) Co-operation with Western trade partners

155. As the Soviet-occupied Zone of Germany is not recognised by Western countries ordinary trade and payments agreements have been substituted by bank agreements and trade protocols signed by the Central Bank of the Soviet Zone ("Deutsche Notenbank") and the central banks or other banks of Western countries, or by the "Chamber of Foreign Trade" of the Soviet Zone and Chambers of Foreign Trade of the West. Such arrangements exist with Denmark, France, Greece, the Netherlands, Austria and Turkey. In addition, there are special compensation arrangements of various kinds which are signed, on the side of the Soviet Zone, by the Chamber of Foreign Trade, and on the part of Western countries either by economic organizations, a pilot firm authorised for this purpose, or by individual firms. The most important agreements of this kind exist with Sweden and Norway.

F. Prospects for Foreign Trade

156. As mentioned earlier, the future of the economic development of the Soviet-occupied Zone of Germany is directly linked to the development of its foreign trade, as a highly industrialised country with a small raw material basis can only raise the quality of its production and the standard of living of its population by expanding its trade relations.

157. Though it can be expected that in 1964 the foreign trade balance of the Soviet Zone will again show a surplus of some 300 million rubles, the chances of an overall expansion of its trade relations are rather dim. As far as trade with the other COMECON countries is concerned, the efforts made by the Soviet Zone to speed up economic integration seem to have met with little success, above all because of Rumanian opposition, and there is no indication that the situation will be reversed in the near future.

158. As to the Soviet-occupied Zone's trade with the West, the unilateral orientation of its trade with the Soviet Bloc, in particular the large degree of political and economic dependence on the Soviet Union, would seem to preclude any spectacular revision of the present situation. Nevertheless, the Soviet Zone will continue to try to import high quality technical equipment, unobtainable in the Bloc, from Western industrialised countries and raw materials, which are in short supply within the Bloc, from developing countries. But also these possibilities are relatively limited since "hard" foreign exchange is extremely scarce and an expansion of exports, especially to Western industrialised countries, is likely to encounter great difficulties both because of the limited range and lacking quality of Soviet-zonal export goods, and because of the fact that long-term credits are not available.

G. Intra-German Trade

159. Intra-German trade, i.e. the trade between the Federal Republic and the Soviet-occupied Zone of Germany, is to be given special consideration. During the last few years, exchanges in both directions amounted, on average, to just under 2,000 million accounting units (one accounting unit equals one DM-West)(1). Compared with the corresponding movement of goods in undivided pre-war Germany which, in 1936, amounted to about RM. 8,000 million, present intra-German trade represents only a fraction of the former value, especially since prices have more than doubled since that time.

160. The Federal Republic is endeavouring to maintain intra-German trade at least at its present level because of its close connection with the free access to Berlin; for this reason, it is prepared to buy from the Soviet Zone lignite briquettes, mineral oil products as well as textile and agricultural products in exchange for high quality goods of the basic and investment goods industries. The smooth running of traffic between West Berlin and other parts of the Federal Republic, which - also in the light of

(1) See Table 36.

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instructions given by the powers responsible for Berlin - is to be ensured by intra-German trade, can best be protected by the existing and continuing dependence of the Soviet-occupied Zone on deliveries from the Federal Republic.

161. Thus, intra-German trade represents an important political instrument which is of equal importance to the Federal Republic of Germany and to the other Western countries; furthermore it can be considered to be probably the most effective tie which still exists between the two parts of Germany.

162. During the years 1958 to 1964, the exchange of goods varied between 1,670 million and 2,150 million accounting units. During the years 1961/62 intra-German trade had even declined. This was partly due to efforts made by the Soviet Zone since the end of 1960 to become independent of deliveries from the Federal Republic, and partly to a disproportionate development of industrial production owing to a wrong assessment of the possibilities of the home market to accelerate the expansion of production capacities and, apparently, also of the possibilities to buy additional goods of the necessary quality in the Soviet Bloc. Owing to the connection existing with access to Berlin, the recession of intra-German trade in the years 1961 and 1962 - caused by the above-mentioned efforts made by the Soviet Zone - had been noted with some concern in the Federal Republic.

163. Up to now, the economic facts have proved stronger than Soviet-zonal efforts to become self-sufficient. In 1963, the volume of goods exchanged in intra-German trade again reached the level of 1960, while the figure for 1964 will probably exceed 2,100 million accounting units. This development is due to the fact that the Soviet Zone is still dependent on deliveries of high quality products and basic materials, and cannot sell its lignite and mineral oil products anywhere else to the same extent in exchange for top quality products of the basic and investment goods industry on a bilateral basis.

164. Two thirds of Soviet-zonal deliveries to the Federal Republic of Germany are lignite briquettes, mineral oil products as well as textile and agricultural products. Two thirds of the Soviet-zonal purchases in the Federal Republic are made up of iron and steel, products of the metal-processing industries, chemical products including fertilisers, hard coal and coke, and agricultural products.

165. Until 1963, the Soviet-zonal steel purchases accounted for about one third of total purchases; in 1964, this share declined to only one fifth of total purchases. A further decline is to be expected in 1965. As far as the other categories of goods purchased by the Soviet Zone are concerned, their importance changes from year to year according to the urgency of Soviet-zonal requirements. Thus, there was a remarkable increase in the quantity of fertilisers delivered by the Federal Republic in 1964. West German deliveries of machinery and chemical equipment also increased again. In view of recent favourable developments, quotas for the products of the metal-processing industries which had been in force for years, have been increased both for Federal German and Soviet-zonal deliveries, as well as the quotas for Soviet-zonal grain deliveries to the Federal Republic of Germany.

SUMMARY AND CONCLUSIONS

166. The conversion of a market economy to a centrally-administered economy of the Soviet type as well as the separation of the Soviet Zone from the all-German economic structure have resulted in serious economic setbacks. Nevertheless, the economy of the Soviet Zone will not collapse as any difficulties which may arise in production are invariably being compensated for by a reduction in individual consumption. Besides, the Soviet Union has repeatedly proved her willingness to assist the Soviet Zone in overcoming sudden periods of crisis by additional supplies of goods and credits. More recently, the régime has made great efforts to rationalise the system of central economic planning and control. While these efforts will not be sufficient to eliminate the serious frictions, they may reduce the disproportions of the economy and reduce the effects of administrative errors.

167. In introducing these reforms, the régime is not aiming at abandoning the system of a centrally-planned and controlled economy, but merely at consolidating it and making it more effective; neither are methods of a market economy to be introduced on the home market, nor a policy of liberalisation in foreign trade.

168. The great interest in increased deliveries and credits from the West can be explained by the régime's intention to attract some kind of development aid for the purpose of overcoming the bottlenecks caused by the inadequate raw material basis and the difficulties inherent in the system. In addition, the régime wishes to become independent from West German deliveries through increased imports from other Western countries and thus to sever the last links connecting the all-German economic structure.

169. In contrast to some tendencies towards greater independence shown by other COMECON countries, the régime of the Soviet-occupied Zone of Germany, even under the new auspices of substantial reforms and candid approaches towards the West, will continue to strive for a full integration of the Soviet Bloc, as it considers such an integration the best guarantee against any "interference" from the West. On the other hand, it is hardly conceivable that the Soviet Union might tolerate any greater independence of its Zone in Germany which, in spite of its inadequate raw material basis, its shortage of manpower, its great deficiencies and repeated economic setbacks, remains the most important economic potential of the Soviet Bloc outside the Soviet Union itself.

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ANNEX

TO THE REPORT ON THE ECONOMIC SITUATION AND FOREIGN TRADE IN
THE SOVIET-OCCUPIED ZONE OF GERMANY

TABLES

MOST IMPORTANT SOURCES OF INFORMATION

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Preliminary Remarks

Concerning the Tables on the Regional Foreign Trade Structure
of the Soviet Zone ¹⁾

With the exception of one statistical survey all tables on the regional structure of Soviet-zonal foreign trade are based on the Soviet-zonal data contained in the Statistical Yearbook of the "DDR" 1964, page 382, regarding total exports and imports of the Soviet Zone. According to the Soviet-zonal definition, the total exports and total imports include :

Goods which crossed the frontiers of the Soviet Zone during the year under review as well as processing work, re-exports etc. excluding removal goods, gifts, goods returned etc.

Only the table "Foreign Trade of the Soviet Zone with the Free World without Interzonal Trade" is based on data contained in the Statistical Yearbook mentioned above, page 381, regarding the export and import trade of the Soviet Zone with the Western countries without the Federal Republic. Exports and imports of goods according to the Soviet-zonal definition include:

Goods which crossed the frontiers of the Soviet Zone during the year under review. Not included in the figures on exports and imports are: processing work, ships' supplies, re-exports, goods returned, loan shipments and fair exhibits, removal goods, gifts and goods in transit.

The differences resulting from these two definitions are insignificant.

Both in the case of imports and exports, the value chosen is the foreign trade price of the goods including freight and ancillary costs up to the frontier of the delivering country (fob).

The data in rubles are based on an exchange rate of 100 rubles = 112 US-Dollar, the clearing dollar being 4.20 DM (East), 100 rubles thus being about 470 DM (East). (See Statistical Yearbook of the "DDR" 1964, Annex II : International Surveys, page 68).

¹⁾ See tables 34 to 70

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Table 1 : Resident Population in the Soviet Zone of Germany
according to Age Groups and Sex in 1958 and 1963 per 31 December.

Age Groups	Total		Male		Female		Total		Male		Female	
	1958	1963	1958	1963	1958	1963	1958	1963	1958	1963	1958	1963
	absolute number						Percentage					
Less than 1 year old	262,916	293,666	135,156	150,649	127,760	143,017	1.5	1.7	1.7	1.9	1.3	1.5
1 to 3 years	523,629	580,443	268,551	297,663	255,078	282,780	3.0	3.4	3.5	3.8	2.7	3.0
3 to 6 years	809,773	811,158	415,674	415,756	394,099	395,402	4.7	4.7	5.3	5.3	4.1	4.2
6 to 10 years	1,028,773	1,040,180	526,395	533,212	502,376	506,968	5.9	6.1	6.8	6.9	5.3	5.4
10 to 14 years	696,523	1,048,494	353,280	537,227	343,243	511,267	4.0	6.1	4.5	6.9	3.6	5.4
14 to 15 years	237,672	221,614	120,245	112,801	117,427	108,813	1.4	1.3	1.5	1.5	1.2	1.2
15 to 18 years	797,711	516,288	406,165	262,252	391,546	254,036	4.6	3.0	5.2	3.4	4.1	2.7
18 to 21 years	909,477	623,528	459,383	314,070	450,094	309,458	5.3	3.6	5.9	4.0	4.7	3.3
21 to 25 years	1,068,103	1,098,612	541,556	553,828	526,547	544,784	6.2	6.4	7.0	7.1	5.5	5.8
25 to 30 years	1,058,229	1,304,119	512,781	660,862	545,448	643,257	6.1	7.6	6.6	8.5	5.7	6.8
30 to 35 years	976,342	1,030,701	409,361	499,861	566,981	530,840	5.6	6.0	5.3	6.4	5.9	5.6
35 to 40 years	985,377	947,169	373,402	397,291	611,975	549,878	5.7	5.5	4.8	5.1	6.5	5.9
40 to 45 years	702,683	950,462	264,902	360,152	437,781	590,310	4.1	5.5	3.4	4.6	4.6	6.3
45 to 50 years	1,220,849	670,981	479,558	252,624	741,291	418,357	7.1	3.9	6.2	3.3	7.9	4.4
50 to 55 years	1,333,219	1,158,034	567,336	453,167	765,883	704,867	7.7	6.7	7.3	5.8	8.0	7.5
55 to 60 years	1,289,458	1,248,050	564,806	526,228	724,652	721,822	7.4	7.3	7.3	6.8	7.6	7.7
60 to 65 years	1,089,629	1,170,667	440,163	504,059	649,466	666,608	6.3	6.8	5.7	6.5	6.8	7.1
70 to 75 years	687,968	706,151	278,550	268,140	409,418	438,011	4.0	4.1	3.6	3.4	4.3	4.7
75 years and over	743,121	822,704	300,447	316,531	442,674	506,173	4.3	4.8	3.9	4.1	4.6	5.4
Total	17,311,707	17,181,083	7,769,816	7,784,482	9,541,891	9,396,601	100.0	100.0	100.0	100.0	100.0	100.0

Source: Statistical Yearbook of the "DDR" 1958, p. 23 and 1964, p. 502

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Table 2: Composition of the Gross National Product in the
Soviet Zone of Germany, 1958-1963

Economic Sector	1958	1959	1960	1961	1962	1963	1958	1959	1960	1961	1962	1963
	In million DM-East						In per cent.					
Agriculture and Forestry	8,540	8,700	8,900	8,800	8,120	9,220	10.6	9.9	9.6	9.1	8.3	9.1
Industry ¹⁾	41,900	46,990	49,840	52,240	53,720	55,500	52.1	53.4	54.0	54.4	54.6	54.8
Building industry (incl. ancillary crafts)	3,740	4,410	4,610	4,690	4,900	4,800	4.6	5.0	5.0	4.9	5.0	4.7
Producing crafts (without building trades)	3,910	4,200	4,310	4,460	4,680	4,720	4.9	4.8	4.7	4.6	4.8	4.7
Transport	3,710	3,850	3,950	4,110	3,900	4,340	4.6	4.4	4.3	4.3	4.0	4.3
Trade and commerce	5,530	5,100	5,030	5,170	5,800	5,130	6.9	5.8	5.4	5.4	5.9	5.1
Banks and insurance	1,770	2,000	2,110	2,280	2,320	2,360	2.2	2.3	2.3	2.4	2.3	2.3
Housing	1,840	1,850	1,870	1,900	1,930	1,990	2.3	2.1	2.0	2.0	2.0	2.0
Governmental	7,740	9,100	9,900	10,670	10,950	11,200	9.6	10.3	10.7	11.1	11.1	11.1
Miscellaneous services	1,730	1,730	1,800	1,770	1,960	1,900	2.2	2.0	2.0	1.8	2.0	1.9
Gross National Product	80,410	87,930	92,320	96,090	98,280	101,160	100.0	100.0	100.0	100.0	100.0	100.0

1) Including the estimated production of the "German-Soviet Company Wismut" (uranium ore mining) and armament manufacturers which are not included in Soviet-zonal statistics.

Source: Statistical Yearbook of the "DDR" 1964, p. 32, and unpublished preliminary estimates of the German Institute for Economic Research, Berlin, concerning industry (armament manufacturers and uranium ore mining) and the sectors "Banks and Insurance", "Housing", "Governmental" and "Miscellaneous services" for 1958 to 1962 based on the "System of National Accounts" of the United Nations. In the light of more recent official data the Research Office for All-German Economic and Social Questions, Bonn, modified the 1962 figures regarding the "material" sector and calculated the 1963 data for all economic sectors. The data on services contained in the official data on the contribution of the various economic branches of the "material" sector have been eliminated on the basis of estimates.

Table 3: Development of Industrial Net Production in
Central and Western Germany,
1936 - 1962 (1936 = 100)

	1936	1939	1944	1950	1958	1962
Central Germany (including East Berlin)						
a) Total Net Production						
Basic industry including mining and energy ^{a)}	100	130	141	103	173	207
Investment goods industry	100	180	237	93	207	288
Consumer goods industry	100	120	93	80	124	145
Food products industry	100	142	101	61	120	129
Building industry	100	66	27	(50)	85	107
Total Industry^{a)} including building industry	100	137	145	82	148	184
without building industry	100	145	157	85	155	192
b) Net Production per capita ^{b)}						
Basic industry including mining and energy ^{a)}	100	125	135	91	161	196
Investment goods industry	100	174	228	82	193	272
Consumer goods industry	100	116	90	70	115	137
Food products industry	100	137	98	54	112	122
Building industry	100	64	26	44	79	101
Total industry^{a)} including building industry	100	132	140	72	138	174
without building industry	100	140	151	75	144	181
Western Germany (without Berlin)						
a) Total Net Production						
Basic industry including mining and energy ^{a)}	100	120	134	109	210	286
Investment goods industry	100	158	216	113	306	425
Consumer goods industry	100	104	82	113	209	263
Food products industry	100	134	106	108	219	252
Building industry	100	80	30	111	202	286

Table 3 ctd.

	1936	1939	1944	1950	1958	1962
Total industry a)	100	123	129	111	232 ^{c)}	306 ^{c)}
including building industry						
without building industry	100	126	137	111	233	306
b) Net Production per capita ^{b)}						
Basic industry						
including mining and energy ^{a)}	100	117	130	89	158	204
Investment goods industry	100	153	209	92	230	303
Consumer goods industry	100	101	80	92	157	188
Food products industry	100	130	103	88	164	180
Building industry	100	78	29	91	152	204
Total industry a)						
including building industry	100	119	125	91	174	218
without building industry	100	122	133	91	175	218

a) For 1939 and 1944 without energy industry - b) For 1944 calculated according to 1939 population figures - c) Building industry included according to the weighting of 1950.

Source: Bruno Gleitze "The Industry of the Soviet Zone under the Failing Seven-Year Plan", p. 22, published by Duncker & Humblot, Berlin 1964

Table 4: Industrial Gross Production in the Soviet Zone
by Sectors and Selected Branches in Fixed Planning Prices ¹⁾
1958 - 1963

	1958	1959	1960	1961	1962	1963
	a) in million DM-East					
Basic products industry ²⁾	17,148	18,869	20,203	21,521	22,893	23,948
Metal processing industry ³⁾	17,806	21,252	23,585	25,228	27,584	29,630
Light industry ⁴⁾	13,159	14,727	15,514	16,272	17,104	16,950
Food products industry	8,901	9,333	10,129	10,526	10,529	10,963
Total industry	57,015	64,181	69,430	73,548	78,110	81,491
<u>of which</u>						
Mining	2,616	2,699	2,699	2,730	2,873	2,980
Metallurgy	3,729	4,135	4,577	4,826	5,002	5,073
Chemical industry	8,777	9,744	10,470	11,302	12,176	12,982
Mechanical engineering	5,871	7,089	7,910	8,715	9,608	10,078
Vehicle construction	3,853	4,463	4,831	5,098	5,341	6,043
Electrical industry	3,964	4,840	5,501	5,923	6,755	7,182
Precision and optical industry	1,162	1,340	1,438	1,508	1,657	1,802
Textile and clothing industry	7,613	8,439	8,753	9,099	9,519	9,313
Glass and ceramics industry	738	833	899	948	1,003	1,041
	b) in per cent.					
Basic products industry ²⁾	30.1	29.4	29.1	29.3	29.3	29.4
Metal processing industry ³⁾	31.2	33.1	34.0	34.3	35.3	36.4
Light industry ⁴⁾	23.1	23.0	22.3	22.1	21.9	20.8
Food products industry	15.6	14.5	14.6	14.3	13.5	13.4
Total industry	100.0	100.0	100.0	100.0	100.0	100.0

Table 4 ctd.

	1958	1959	1960	1961	1962	1963
Total industry						
<u>of which</u>						
Mining	4.6	4.2	3.8	3.7	3.7	3.7
Metallurgy	6.5	6.4	6.6	6.6	6.4	6.2
Chemical industry	15.4	15.2	15.1	15.4	15.6	15.9
Mechanical engineering	10.3	11.0	11.4	11.8	12.3	12.4
Vehicle construction	6.8	7.0	7.0	6.9	6.8	7.4
Electrical industry	7.0	7.5	7.9	8.1	8.6	8.8
Precision and optical industry	2.0	2.1	2.1	2.1	2.1	2.2
Textile and clothing industry	13.4	13.1	12.6	12.4	12.2	11.4
Glass and ceramics industry	1.3	1.3	1.3	1.3	1.3	1.3

b) in per cent.

- 1) Confirmed individual fixed prices or fixed uniform plan prices for certain products or groups of products based on manufacturing prices per 1 January 1955.
- 2) Including coal and public utility services for power and gas.
- 3) Mechanical engineering, vehicle construction, shipbuilding, foundries and forges, metal goods industry, electrical industry, precision and optical industry.
- 4) Wooden and cultural products industry, textile industry, clothing and sewing products, leather, shoe and fur industry, pulp and paper industry, polygraphic industry, glass and ceramics industry.

Source: Statistical Yearbook of the "DDR" 1960/61, p. 302/03; 1962 p. 282/83; 1964 p. 136/37.

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Table 5: Structural Development of Agriculture in Central Germany
according to the Number of Farms (more than 0.5 ha usable area) ¹⁾
- in 1,000 -

Category of Farm (size according to usable area)	1939	1946 ²⁾	1949 ²⁾	1950	1952	1953	1957	1959	1960	1961	1962	1963
People's-owned farms	-	.	.	0.6 (559)	0.6 (614)	0.6 (562)	0.6 (577)	0.7 (688)	0.7 (669)	0.6 (641)	0.6 (634)	0.6 (618)
Other nationalized farms	-	.	.	32.1	27.8	35.7	19.0	13.6	9.4	8.8	8.4	8.0
Agricultural production co- operatives	-	.	.	-	-	5.4	6.3	9.6	19.3	18.9	16.9	16.5
Horticultural production co- operatives	-	-	-	-	-	-	.	.	0.3	0.3	0.4	0.4
Total "socialist" sector	-	.	.	32.7	28.4	41.7	25.9	23.9	29.7	28.6	26.3	25.5
<hr/>												
Total private sector	572.3	745.4	770.2	855.6	831.2	737.3	678.9	343.1	30.2	28.2	19.9	17.4
<hr/>												
of which:												
0.5 up to 1 ha ³⁾	118.2	137.4	151.5	237.7	251.3	247.2	239.3	.	.	.	.	.
1.0 up to 5 ha	201.9	194.6	198.6	198.7	180.4	169.9	159.6	130.7	.	.	.	.
5 up to 10 ha	93.9	235.3	256.8	252.6	240.9	196.0	169.7	119.7	.	.	.	.
10 up to 20 ha	95.2	118.4	115.9	119.0	113.2	95.3	84.7	68.4	.	.	.	.
20 up to 50 ha)	48.6	50.9)	46.7	43.3	41.5	27.6	22.5	16.8	.	.	.	.
50 up to 100 ha)	8.1	7.6)	.	4.3	3.9	1.3	1.1	0.7	.	.	.	.
100 ha and more	6.3	1.2	0.7	.	.	.	.	.	.	.	.	.
Independent farms owned by the churches ⁴⁾	2.0	1.2	.	.	.	.

- 1) For 1939 and 1949 according to the agricultural census, for the other years according to the soil utilization surveys made in June of each year.
- 2) No data can be taken from the official statistics for 1946 and 1949 concerning farms of the "socialist sector".
- 3) Farms with and without commercial horticulture.
- 4) The church-owned farms are included in the 1939 statistics in the breakdown according to size, in the figures for 1950 to 1955 among the other nationalized farms. For the other years there are no data in the official statistics.

Sources: 1939 and 1949 : Statistical Yearbook of the "DDR" 1957;
1946: Statistical files of the DWK (unpublished restricted material) 1949.
1950-1963: Statistical Yearbook of the "DDR" 1964.

Table 6: Structural Development of Agriculture in Central Germany
according to the proportion of the Various Farm Categories in the Usable Agricultural Area

Category of Farm	1939	1950	1952	1953	1955	1956	1959	1960	1961 ⁴⁾	1963
Percentage of agricultural usable area of Central Germany										
People's owned estates (VEG)	-	2.7	3.6	3.8	4.4	4.4	6.1	6.2	6.3	6.4
Other nationalized and state farms	-	3.0	3.2	8.4	4.3	3.4	1.9	1.4	1.7	1.6
Agricultural production co-operatives (LPG)	-	-	-	13.8	18.6	22.6	40.2	84.3	84.7 ⁵⁾	85.6 ⁵⁾
Type I and II	-	-	-	.	(2.1)	(1.4)	(4.4)	(31.3)	(29.5)	(28.3)
Type III	-	-	-	.	(16.5)	(21.2)	(35.8)	(55.0)	(55.0)	(56.9)
Total "socialist" sector	-	5.7	6.8	26.0	27.3	30.4	48.2	91.9	92.7	93.6
Total private sector	100.0	94.3	93.2	74.0	72.7	69.6	51.8	8.1	7.3	6.4
Breakdown according to size ²⁾										
up to 1 ha	1.4	6.4	7.0	7.0	7.3	7.4	6.9	6.4	.	.
1 up to 5 ha	7.8	8.2	8.0	7.7	7.5	7.4	5.9	1.0	.	.
5 up to 10 ha	10.6	29.6	30.0	24.6	24.1	22.9	15.3	.	.	.
10 up to 20 ha	21.1	25.7	25.1	21.1	20.6	19.8	15.5	0.3	.	.
20 up to 50 ha	22.4	20.2	19.3	12.4	11.9	10.8	7.4	0.2	.	.
50 up to 100 ha	8.4	4.2	3.8	1.2	1.3	1.1	0.6	.	.	.
more than 100 ha	28.3	-	-	-	-	-	-	-	.	.
Church-owned farms ³⁾	0.2	0.2	0.2	.	.

- 1) For 1939 according to the agricultural census (territory of today's "DDR"); for the other years according to the soil utilization surveys made in June of each year. - 2) According to the usable agricultural area.
- 3) The church-owned farms are included in the 1939 breakdown according to size in the figures for 1950 to 1955 among the other nationalized and public farms. For the other years there are no data in the official statistics.
- 4) As per 31 December 1961. In the absence of statistical material it is impossible to give detailed data for the private sector after 1961. - 5) 0.2 % horticultural production co-operatives.

Source: Statistical Yearbook of the "DDR" 1956 to 1964.

Tabelle 7: Production of field crops in the Soviet Zone
(including annual fluctuations: + = increase
- = decrease
compared with the year before)
in 1,000 t

	1959	1960	1961	1962	1963
Bread grain	3,503.2	3,582.3	2,542.8	3,041.3	2,955.2
		+ 79.1	-1,039.5	+ 498.5	- 81.1
Fodder grain	2,444.4	2,796.7	2,299.9	2,895.3	2,578.0
		+ 352.3	- 496.8	+ 595.4	- 317.3
Total grain	5,947.6	6,379.0	4,842.6	5,936.6	5,535.8
		+ 431.4	-1,536.4	+1,094.4	- 400.8
Oilseeds	195.1	195.0	179.3	183.6	138.1
		- 0.1	- 15.7	+ 4.3	- 45.5
Legumes	21.7	33.4	35.4	43.7	33.5
		+ 11.7	+ 2.0	+ 8.3	- 10.5
Potatoes	12,435.7	14,820.7	8,429.6	13,284.0	12,886.1
		+2,385.0	-6,391.1	+4,854.4	- 397.9
Sugar beets	4,659.2	6,837.0	4,656.7	4,969.9	6,176.3
		+2,177.8	-2,180.3	+ 313.2	+1,206.4
(White sugar)	729.5	680.1	733.4	659.2	686.3
		- 49.4	+ 53.3	- 74.2	+ 27.1

Source: Statistical Yearbook of the "DDR" 1964, page 271 ff.

Table 17

Social income in the Soviet Zone and in the Federal Republic
of Germany per head of the population
(in DM-East and DM-West)¹⁾

Types of income	1958	1959	1960	1961	1962
	Soviet Zone 1)				
Old age, disability, accident and survivors' insurance 2)	258	287	305	316	324
Health insurance cash payments 3)	55	61	70	71	74
War victims' pensions	15	15	14	13	12
Other services 4)	48	79	82	87	91
Total	376	442	471	487	501
	Federal Republic of Germany ¹⁾				
Old age, disability, accident and survivors' insurance 5)	393	410	440	479	512
Health insurance cash payments 3)	46	48	56	63	70
War victims' pensions	60	57	64	70	68
Other services 6)	120	118	104	102	119
Total	619	633	664	714	769

1) Soviet Zone incl. East Berlin; Federal Republic incl. Berlin (West);
from 1960 incl. Berlin (West) and the Saar.

2) Incl. "old age insurance of the Intelligentsia"

3) Sickness payments, out-patients' allowance and pocket money;
cash payments as maternity benefits and death benefits.

4) Social security and unemployment relief payments, from 1958 incl.
national children's and family allowances.

5) Including civil servants' retirement pensions and pensions under Art. 1
of the Basic Law without equalisation of burdens, war damage pensions
and restitution payments.

6) Social security and unemployment relief payments, children's allowance
equalisation of burdens payments etc.

Source: German Institute for Economic Research, Weekly Report of
30 August 1963 (No.35), p. 160

Table 9: Soviet-zonal Animal Production
(including annual fluctuations: + = increase,
- = decrease
compared with the year before)
in 1,000 t

	1959	1960	1961	1962	1963
Slaughter animals (incl. fowl live weight)	1,266.4	1,362.7 + 96.3	1,406.8 + 44.1	1,225.6 - 181.6	1,346.3 + 121.1
<u>of which</u>					
Pigs	800.8	842.6 + 41.8	844.7 + 2.1	671.7 - 173.0	813.0 + 141.3
Cattle (without fat)	298.9	353.3 + 54.4	389.7 36.4	393.9 + 4.2	365.0 - 28.9
Calves	37.8	22.8 - 15.0	30.7 + 7.9	21.1 - 9.6	20.4 - 0.7
Fowl	62.4	73.2 + 10.8	80.0 + 6.8	80.9 + 0.9	88.5 + 7.6
Others	66.5	70.8 + 4.3	61.7 - 9.1	57.6 - 4.1	59.3 + 1.7
Total milk production (cow and goat milk) calculated on a 3.5% fat content basis	6,144.7	6,011.9 - 132.8	5,854.9 - 157.0	5,424.7 - 430.2	5,773.1 + 348.4

Source: Statistical Yearbook of the "DDR", p. 303 and 305.

Table 10: Net Yields of the Most Important Crops in 100 kg/ha (according to the official data of the Soviet-zonal agricultural statistics, not comparable with the yield per ha in the Federal Republic)¹⁾

	1959	1960	1961	1962	1963
Bread grain	23.9	26.3	21.1	24.6	23.7
Fodder grain	25.1	29.2	22.3	28.6	26.0
Total grain	24.4	27.5	21.7	26.4	24.7
Oilseeds	13.7	14.4	13.5	14.4	11.2
Legumes	9.4	12.4	13.4	14.8	11.6
Potatoes	161.3	192.4	123.7	179.0	172.6
Sugar beets	198.9	287.6	213.8	213.8	266.0

Source: Statistical Yearbook of the "DDR" 1964, p. 268.

- 1) Since the method applied in the Soviet Zone for the calculation of agricultural yields is different from that applied in Western countries, the data of the Soviet-zonal agricultural statistics require adjustment if they are to be compared with pre-war data or the data concerning the Federal Republic of Germany. After this adjustment has been made it is seen that the yield level for field crops in the Soviet Zone is clearly below the pre-war level, while it has risen considerably in the Federal Republic during the same period. The average grain yield in the Soviet Zone decreased from 23.9 kg/ha in 1935/38 to 21.5 kg/ha in 1956/61, while in the Federal Republic there was an increase during the same period from 22.4 kg/ha to 27.9 kg/ha. The potato yield in the Soviet Zone decreased during that period from 194.3 kg/ha to 157 kg/ha; in the Federal Republic it increased from 185 kg/ha to 226 kg/ha. Sugarbeet shows a similar development: a fall-off in the Soviet Zone from 301.2 kg/ha to 249.8 kg/ha; increase in the Federal Republic from 317.3 kg/ha to 381.1 kg/ha. The relative average yield in the Soviet Zone in the six years from 1956 to 1961 compared with that in the Federal Republic was as follows: grain 77 %, potatoes 70%, sugarbeet 66%. Yield calculation methods have apparently been changed after 1962. However, no details are available so far and it has therefore not been possible to adjust the data.

Table 11 : Numbers of Tractors ¹⁾ and Major Mechanical Equipment ²⁾ in the Soviet Zone

	1960	1961	1962	1963
Tractors				
total	70,566	89,882	99,883	111,226
in relation to 15 HP. per draw hook	88,038	114,625	126,027	138,963
Reapers and binders	19,351 (119.7)	19,478 (114.6)	18,843 (119.2)	18,548 (120.6)
Combined harvesters	6,409 (361.5)	9,180 (243.1)	11,380 (197.3)	12,849 (174.2)
Potato planters	7,217 (120.6)	9,149 (74.5)	8,981 (82.6)	7,852 (95.1)
Combined potato harvesters	6,386 (120.6)	10,253 (66.5)	10,801 (68.7)	17,841 (41.9)
Combined beet harvesters	3,665 (64.9)	4,116 (52.9)	4,533 (51.3)	4,802 (48.3)

1) When calculated in relation to the usable agricultural area, motor traction - expressed in tractor HP - in the Soviet Zone is only one third and, when calculated in relation to the arable land, only one fourth of the tractor power available in the Federal Republic.

2) The figures given in brackets () below the total numbers indicate how many hectares of land must be worked by one machine.

Source : Statistical Yearbook of the "DDR" 1964, p. 253.

Table 12 : Supplies of Mineral Fertilizer in the Soviet Zone
 in 1,000 t of pure nutritional substance
 (followed in brackets by kg per ha of usable
 agricultural area)

	1958/59	1959/60	1960/61	1961/62	1962/63
Nitrogen (N)	226.2 (35.2)	242.4 (37.7)	245.6 (38.3)	253.2 (39.6)	269.9 (42.4)
Phosphoric acid (P ₂ O ₅)	214.8 (33.4)	209.7 (32.7)	225.0 (35.1)	210.7 (33.0)	222.3 (34.9)
Potash (K ₂ O)	511.6 (79.6)	499.4 (77.8)	500.7 (78.0)	466.2 (72.9)	524.6 (82.3)
Lime (CaO)	784.2 (122.0)	819.6 (127.6)	751.8 (117.1)	757.2 (118.4)	884.1 (138.8)

Source : Statistical Yearbook of the "DDR" 1964, p. 267

Table 13: Number of People Gainfully Employed in Central Germany
(Without Apprentices) by Economic Branches

	1958 ¹⁾	1959 ¹⁾	1960 ²⁾	1961 ²⁾	1962 ²⁾	1963 ²⁾
	a) in 1,000					
Industry ³⁾	2,940	2,938	2,927	2,900	2,869	2,870
Building industry including ancillary crafts	448	450	455	442	456	458
Producing crafts (without building trade)	462	435	414	402	404	395
Agriculture, forestry and water economy	1,524	1,448	1,366	1,381	1,392	1,360 ⁴⁾
Transport	390	389	393	399	389	388
Post and Telecommunications	126	124	128	133	136	133
Trade and Commerce	880	884	892	904	882	864
Sectors outside material production ⁵⁾	1,410	1,544	1,606	1,660	1,693	1,708
Total	8,180	8,212	8,181	8,222	8,221	8,176
plus apprentices	406	359	307	247	260	299
	b) in per cent.					
Industry ³⁾	35.9	35.8	35.8	35.3	34.9	35.1
Building industry including ancillary crafts	5.5	5.5	5.6	5.4	5.5	5.6
Producing crafts (without building trade)	5.7	5.3	5.0	4.9	4.9	4.8
Agriculture, forestry and water economy	18.6	17.6	16.7	16.8	16.9	16.6 ⁴⁾
Transport	4.8	4.7	4.8	4.8	4.8	4.8
Post and Telecommunications	1.5	1.5	1.6	1.6	1.7	1.6
Trade and Commerce	10.8	10.8	10.9	11.0	10.7	10.6
Sectors outside material production ⁵⁾	17.2	18.8	19.6	20.2	20.6	20.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 13 ctd.

- 1) As per 31 December
- 2) As per 30 September
- 3) Including estimated figures for uranium ore mining, armaments industry, prisoners.
- 4) Including the non-working members of production co-operatives not shown in the statistics who were estimated at 100,000 in 1963.
- 5) Including the estimated figures for soldiers, members of the police etc.; as from 1961 including estimated figures of people employed by "social organizations".

Source: Statistical Yearbook of the "DDR" 1964, p. 42 and 47

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Table 14: Investments in the Soviet Zone, 1958 - 1963

	1958	1959	1960	1961	1962	1963	1958	1959	1960	1961	1962	1963
	In Million DM-East						in %					
I. Gross investment in fixed assets based on Soviet-zonal statistics	12,124	14,105	15,571	15,575	15,862	16,721	72.8	78.8	86.4	87.9	78.7	84.4
1. Government Sector	9,000	11,360	12,200	12,760	13,060	14,340	58.9	63.4	67.7	72.0	64.8	72.3
a) Industry and building industry	5,277	6,215	6,889	7,380	7,394	8,570	31.7	34.7	38.2	41.6	36.7	43.2
b) Agriculture, forestry and water	876	1,178	1,329	1,311	1,294	1,151	5.3	6.6	7.4	7.4	6.4	5.8
c) Transport, PTT	1,554	1,881	1,914	2,087	1,898	1,911	9.3	10.5	10.6	11.8	9.4	9.6
d) Other sectors	2,091	2,086	2,064	1,979	2,470	2,707	12.6	11.6	11.5	11.2	12.3	13.7
2. Non-government sector ²⁾	2,320	2,750	3,370	2,820	2,800	2,380	13.9	15.4	18.7	15.9	13.9	12.1
II. Replacement investments in the so-called non-material sector ³⁾	800	900	1,000	1,100	1,100	1,100	4.8	5.0	5.6	6.2	5.5	5.5
Total gross investments in fixed assets	12,920	15,010	16,570	16,680	16,960	17,820	77.6	83.8	92.0	94.1	84.2	89.9
Inventory investments ⁴⁾	3,720	2,910	1,440	1,050	3,180	2,000	22.4	16.2	8.0	5.9	15.8	10.1
Total gross investments	16,640	17,920	18,010	17,730	20,140	19,820	100.0	100.0	100.0	100.0	100.0	100.0
Gross investments in % of the gross national product (estimated)	21	20	19	18	21	20						
Gross investments in fixed assets in % of the gross national product	16	17	18	17	17	18						

1) Statistical Yearbook of the "DDR" 1964, p. 36, table 7

2) Cooperatives, semi-governmental and private

3) For 1958 to 1961 estimates by the German Institute for Economic Research, Berlin, own estimates for later years

4) Calculated on the basis of Statistical Yearbook of "DDR" 1964, p. 36, table 6, p. 352.

Table 14 ctd.

Note: None of the usual western definitions apply to the investment figures published in Soviet-zonal statistics and economic plans, because these figures include neither the inventory investments nor - in the opinion of the German Institute for Economic Research, Berlin, - the inventory replacements outside the area of so-called "material" production. Since the former can only be estimated with some reservation, the above table shows both the investment figure contained in Soviet-zonal statistics and the estimated total gross investments in fixed assets based on the western definition. The inventory investments are not published as absolute figures but can only be calculated on the basis of their proportionate share in the so-called "national product (according to the eastern definition) available for domestic purposes".

Table 15: Gross investments in fixed assets ¹⁾

	Unit	1958	1959	1960	1961	1962	1963	1964	1965	1959-1965 Total
Actual figures	Mill. DM- East	12,125	14,105	15,571	15,575	15,862	16,721	17,900 ²⁾	.	.
rates of growth	%	+	+ 16.7	+ 10.0	+ 0	+ 1.8	+ 5.3	+ 7.2 ²⁾	.	.
Target figures of the 1st Seven-Year Plan ³⁾	Mill. DM- East	12,300	14,600	16,800	18,800	20,700	22,300	23,800	25,000	142,000

	Unit	1963	1964	1965	1966	1967	1968	1969	1970	1964-1970 Total
Target figures of the 2nd Seven-Year Plan ⁴⁾	1,000 Mill. DM-East	16.8	18.1	19.5	21.0	22.6	24.3	26.1	28.1	160
rates of growth	%		+ 7.5	+ 7.5	+ 7.5	+ 7.5	+ 7.5	+ 7.5	+ 7.5	

- 1) The figures listed in this table as "gross investments in fixed assets" are, unless stated otherwise, the official investment figures taken from the Statistical Yearbook of the "DDR" and official plans. According to an estimate of the German institute for Economic Research, Berlin, these figures do however, not include the replacements of capital investments in the so-called "non-material" sector.
- 2) Target figures taken from the annual national economic plan for 1964
- 3) Of the target figures for the 1st Seven-Year Plan only the figures for the basic year (1958) and the final year (1965) as well as the total amount could be found in official documents. The target figure for 1961 could be gathered from references in official speeches, while the figures for the remaining years have been estimated accordingly.
- 4) The target figures for the 2nd Seven-Year Plan result from the official figure for the basic year (target figure 1963 = 16,800 million DM-East), the official figure for the final year and the official total amount.

Table 16: Gross fixed investments in "people-owned industries" ¹⁾

branch of industry	1958	1963	1958	1963
	in million DM-East ²⁾		in %	
Mining	1,476	1,767	30.1	23.0
Power	883	1,221	18.0	15.9
Chemical industry	638	1,452	13.0	18.9
Metallurgy	235	645	4.8	8.4
Heavy engineering	147	292	3.0	3.8
Electrical industry	132	300	2.7	3.9
Glass and ceramics industry	64	146	1.3	1.9
Other industries	1,329	1,859	27.1	24.2
Total ³⁾	4,904	7,682	100.0	100.0

1) Incl. building industry. The amount of investments in cooperatives, semi-governmental and private industrial enterprises is not known.

2) Absolute figures calculated on the basis of percentages, Published in "Statistische Praxis 1964/9", p.228. For the years 1959 to 1962 such information is not available.

3) The total figures for 1958 and 1963 are taken from "Statistical Monthly Figures of the DDR" published in "Statistische Praxis". These figures differ from those shown in the Statistical Yearbook of the "DDR" (table 17) because they do not include the figures for project planning.

Source: Statistical Monthly Figures of the "DDR", published in "Statistische Praxis", 1962/8 and 1964/9, Berlin-East.

Table 17

Social income in the Soviet Zone and in the Federal Republic
of Germany per head of the population
(in DM-East and DM-West)¹⁾

Types of income	1958	1959	1960	1961	1962
	Soviet Zone 1)				
Old age, disability, accident and survivors' insurance 2)	258	287	305	316	324
Health insurance cash payments 3)	55	61	70	71	74
War victims' pensions	15	15	14	13	12
Other services 4)	48	79	82	87	91
Total	376	442	471	487	501
	Federal Republic of Germany ¹⁾				
Old age, disability, accident and survivors' insurance 5)	393	410	440	479	512
Health insurance cash payments 3)	46	48	56	63	70
War victims' pensions	60	57	64	70	68
Other services 6)	120	118	104	102	119
Total	619	633	664	714	769

1) Soviet Zone incl. East Berlin; Federal Republic incl. Berlin (West);
from 1960 incl. Berlin(West) and the Saar.

2) Incl. "old age insurance of the Intelligentsia"

3) Sickness payments, out-patients' allowance and pocket money;
cash payments as maternity benefits and death benefits.

4) Social security and unemployment relief payments, from 1958 incl.
national children's and family allowances.

5) Including civil servants' retirement pensions and pensions under Art. 1
of the Basic Law without equalisation of burdens, war damage pensions
and restitution payments.

6) Social security and unemployment relief payments, children's allowance
equalisation of burdens payments etc.

Source: German Institute for Economic Research, Weekly Report of
30 August 1963 (No.35), p. 160

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Table 18: Share of the various forms of ownership in the "Total Social Product" by economic sections for the years 1950, 1960 and 1963 (in %)

Year	Gross product total	Industry	Building industry	Producing crafts without building trade	Agriculture and forestry	Transport PTT	Commerce	Other sections
" s o c i a l i z e d "								
1950	59.4	77.6	31.6	-	12.1	86.0	58.1	92.5
1960 ²⁾	83.7	89.1	77.1	22.8	80.0	93.7	80.1	98.1
1963 ²⁾	85.0	88.7	79.2	29.8	89.3	94.7	81.2	97.0
"people-owned"								
1950	53.6	75.7	31.6	-	12.1	86.0	21.5	92.5
1960 ²⁾	69.5	85.6	63.9	-	14.2	93.7	36.9	98.1
1963 ²⁾	70.4	85.3	63.9	-	16.7	94.7	38.6	97.0
"cooperative"								
1950	5.8	2.0	-	-	-	-	36.5	-
1960 ²⁾	14.2	3.7	13.8	22.8	65.8 ³⁾	-	43.2	-
1963 ²⁾	14.6	3.4	15.3	29.8	72.6	-	42.6	-
" s e m i - g o v e r n m e n t a l " (including firms working under a commission contract)								
1950	-	-	-	-	-	-	-	-
1960 ²⁾	5.8	7.1	8.2	-	-	1.9	6.8	-
1963 ²⁾	7.1	8.8	9.1	-	-	2.3	7.7	1.0
" p r i v a t e "								
1950	40.6	22.4	68.4	100.0	87.9	14.0	41.9	7.5
1960	10.5	3.6	14.2	77.2	20.0 ⁴⁾	4.4	13.1	1.9
1963	8.0	2.4	11.6	70.2	10.7	3.0	11.1	1.9

1) From 1962, the "governmental" road maintenance firms have been grouped under "building industry" and no longer under "transport".

2) Provisional figures

3) 1959: 32.7

4) 1959: 52.4

Source: Statistical Yearbook of the "DDR", 1964, p. 27

Table 19: Foreign Trade of the Soviet Zone, 1958 - 1963

(without interzonal trade)

(in million rubles, 1958 = 100)

	1958	1959	1960	1961	1962	1963
Total trade	2,890	3,323	3,552	3,695	3,938	4,140
1958 = 100	100	115	123	128	136	143
Exports	1,532	1,720	1,769	1,854	1,949	2,221
1958 = 100	100	112	115	121	127	145
Imports	1,358	1,603	1,783	1,841	1,989	1,919
1958 = 100	100	118	131	136	146	141
Net results	+ 174	+ 117	- 14	+ 13	- 40	+ 302

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 Sources: Absolute figures for 1958 to 1961 - Statistical Yearbook of the "DDR" 1962, p. 548; for 1962 and 1963 - Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

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Table 20 : Foreign Trade of the Soviet Zone with Communist Countries

Exports (in million rubles)

(Share in total exports from the Soviet Zone in %)

	1958	1959	1960	1961	1962	1963
Soviet Union	761	847	832	820	983	1,148
%	49.6	49.3	47.0	44.2	50.5	51.7
Other COMECON countries	410	501	538	617	618	692
%	26.8	29.1	30.4	33.3	31.6	31.1
Communist countries of Asia	129	112	102	60	29	16
%	8.4	6.5	5.7	3.2	1.5	0.7
Jugoslavia	23	27	31	35	32	44
%	1.5	1.6	1.8	1.9	1.6	2.0
Cuba	0	0	2	25	21	28
%	0.0	0.0	0.1	1.3	1.1	1.3
Total	1,323	1,487	1,505	1,557	1,683	1,928
%	86.3	86.5	85.0	83.9	86.3	86.8
1958 = 100	100	112	114	118	127	146

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

Table 21

Foreign Trade of the Soviet Zone with Communist Countries

Imports (in million rubles)

(Share in total imports by the Soviet Zone in %)

	1958	1959	1960	1961	1962	1963
Soviet Union	630	832	862	963	1,121	1,055
%	46.3	52.0	48.4	52.3	56.4	55.0
Other COMECON countries	331	389	452	495	501	481
%	24.3	24.2	25.4	26.9	25.2	25.1
Communist countries of Asia	103	113	100	43	37	27
%	7.6	7.1	5.6	2.3	1.9	1.0
Jugoslavia	22	22	40	24	33	34
%	1.6	1.4	2.2	1.3	1.7	1.0
Cuba	0	0	4	11	25	36
%	0.0	0.0	0.2	0.6	1.3	1.9
Total	1,086	1,356	1,458	1,536	1,717	1,633
%	79.8	84.7	81.8	83.4	86.5	85.2
1958 = 100	100	125	134	141	158	151

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p.382; other data calculated accordingly.

Table 22: Total Foreign Trade with Communist Countries
(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	1,323	1,487	1,505	1,557	1,683	1,928
Imports	1,086	1,356	1,458	1,536	1,717	1,633
Net result	+ 237	+ 131	+ 47	+ 21	./ .34	+ 295

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

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Table 23

Foreign Trade of the Soviet Zone with COMECON countries (1)
excluding the Soviet Union
(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	410.3	501.2	537.6	617.1	618.0	691.8
Imports	350.5	388.9	452.0	494.8	501.4	481.4
Net result	+ 59.8	+ 112.3	+ 85.6	+ 122.3	+ 116.6	+ 210.4

Source: Absolute figures based on the Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

1) Albania, Bulgaria, Czechoslovakia, Poland, Rumania, Hungary, Mongolia.

Table 24:

Foreign Trade of the Soviet Zone with Communist Countries of Asia¹⁾
(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	129.3	112.4	101.8	60.0	29.2	15.9
Imports	103.2	113.4	100.4	43.0	37.3	27.2
Net result	+ 26.1	./ 1.0	+ 1.4	+ 17.0	./ 8.1	./ 11.3

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

1) People's Republic of China, People's Republic of Korea, People's Republic of Vietnam

Table 25:

Foreign Trade of the Soviet Zone with the Free World
excluding interzonal Trade
(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	205	228	263	318	265	292
Share in total exports of the Soviet Zone in %	13.4	13.2	14.9	17.1	13.6	13.1
1958 = 100	100	111	128	155	129	142
Imports	269	244	323	307	266	279
Share in total imports of the Soviet Zone in %	19.8	15.2	18.1	16.7	13.4	14.6
1958 = 100	100	91	120	114	99	104
Net result	- 64	- 16	- 60	+ 11	- 1	+ 13

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1964, p. 381; other data calculated accordingly.

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Table 26

Foreign Trade of the Soviet Zone with NATO countries (1)
excluding the Federal Republic of Germany
(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	100.1	104.3	104.9	109.3	103.9	114.0
Imports	133.7	116.2	144.6	159.1	116.5	125.1
Net result	./ 33.6	./ 11.9	./ 39.7	./ 49.8	./ 12.6	./ 11.1

Source: Absolute figures based on Statistical Yearbook of the DDR 1962, p. 548 and Statistical Yearbook of the DDR 1964, p. 382; other data calculated accordingly.

- 1) Belgium-Luxembourg, Denmark, France, Greece, United Kingdom, Iceland, Italy, Netherlands, Norway, Portugal, Turkey, United States, Canada.

Table 27

Foreign Trade of the Soviet Zone with the five most important western trade partners (1)
(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	61.5	77.3	82.3	88.4	82.5	88.1
Imports	89.3	87.4	117.1	110.3	101.2	108.3
Net result	./ 27.8	./ 10.1	./ 34.8	./ 21.9	./ 18.7	./ 20.2

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

- 1) Denmark, United Kingdom, Netherlands, Austria, Sweden.

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Table 28:

Foreign Trade of the Soviet Zone with Developing Countries 1)

(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	48.6	56.7	75.3	83.3	70.9	67.0
1958 = 100	100	117	155	171	146	138
Imports	55.7	57.5	76.3	63.6	72.5	71.0
1958 = 100	100	103	137	114	130	128
Net result	./.	./.	./.	+	./.	./.
	7.1	0.8	1.0	19.7	1.6	4.0

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

- 1) Burma, Ceylon, India, Indonesia, Iraq, Iran, Yemen, Lebanon, Pakistan, Saudi-Arabia, Syria, Egypt, Ethiopia, Ghana, Guinea, Congo, Libya, Morocco, Nigeria, Sudan, Tunisia, Argentine, Bolivia, Brazil, Chile, Columbia, Mexico, Peru, Uruguay, Venezuela.

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Table 29:

Foreign Trade of the Soviet Zone with Cuba

(in million rubles)

	1958	1959	1960	1961	1962	1963
Exports	0.1	0.1	2.4	24.8	20.5	27.9
Share in total exports of the Soviet Zone in %	0.0	0.0	0.1	1.3	1.1	1.3
Imports	0.4	0.3	3.9	10.5	24.9	35.8
Share in total imports of the Soviet Zone in %	0.0	0.0	0.2	0.6	1.3	1.9
Net result	- 0.3	- 0.2	- 1.5	+ 14.3	- 4.4	- 7.9

Source: Absolute figures based on Statistical Yearbook of the "DDR" 1962, p. 548 and Statistical Yearbook of the "DDR" 1964, p. 382; other data calculated accordingly.

Table 30

Composition of Soviet-zonal exports to the Soviet Union ¹⁾
by categories of goods and selected products ²⁾
(based on Soviet import statistics)
(in million rubles ³⁾)

Category of goods, product	1958	1959	1960	1961	1962	1963
MACHINERY AND INDUSTRIAL EQUIPMENT	472	483	520	444	549	642
Rolling stock	70	85	84	81	98	112
including: passenger carriages	43	40	43	43	44	53
refrigerator cars	3	15	13	13	21	25
electrical locomotives for industry	11	17	16	13	20	17
Clothes and underwear	28	36	35	40	61	110
including: heavy and light ready-made clothes	14	20	18	20	34	63
knitwear	10	10	9	10	14	28
stockings and fabrics	-	2	5	6	8	12
Ships and ships' equipment	67	100	129	58	74	76
Equipment for the food and light industry	45	53	49	51	70	65
including: food industry	28	31	26	23	25	24
light industry	9	11	12	17	29	21
industrial refrigerator equipment	7	11	10	11	15	18
Cultural goods	27	31	29	36	49	59
including: household machinery	4	5	7	8	11	13
polygraphical products	11	13	11	12	16	18
Wooden furniture	5	7	9	7	16	47
Energy equipment	18	18	21	23	27	31
including: power stations	4	4	6	6	9	12
marine diesel engines	3	2	10	11	11	11
Chemical products	12	12	16	22	27	29
including: plastics	6	6	9	13	15	16
synthetic resin	3	3	4	8	11	14

Table 30 ctd.

Category of goods, products	1958	1959	1960	1961	1962	1963
Equipment	11	14	17	21	28	28
forging press equipment	24	25	23	25	27	28
including: presses	16	16	14	16	16	15
mechanical presses	14	13	12	13	13	10
metal cutting machines	16	15	18	17	25	28
rolling-mill equipment	19	12	13	14	23	27
Lifting devices	18	17	20	19	24	27
including: cranes and spare parts	16	12	18	15	22	25
Electrotechnical equipment	11	10	10	10	19	24
Cables	19	20	19	21	18	23
Equipment for the chemical industry	16	18	17	16	20	21
Cotton, wool and other materials	9	9	10	12	16	20
Calculating machines (without electronic computers)	7	7	8	12	13	19
Tractors, agricultural machinery	7	6	0	6	11	19
Dredgers and road construction equipment	2	2	3	2	6	19
including: dredgers	2	2	2	2	6	18
Fancy goods	10	11	8	10	13	17
Cinema and photographic material	12	15	15	18	18	15
including: cinema films	9	10	11	13	13	11
Equipment for the building material industry	47	60	55	38	14	13
Caoutchouc, rubber and asbestos products	14	13	13	14	11	12
including: synthetic caoutchouc	13	12	12	13	10	11
Industrial fittings	4	5	5	8	8	11
Equipment for the polygraphical industry	6	6	8	9	10	10
Fertilizers and insecticides	7	7	3	3	6	10

Table 30 ctd.

Category of goods, products	1958	1959	1960	1961	1962	1963
Sum of single items	531	614	637	593	732	900
Remaining items	203	187	199	195	234	273
Total exports	734	801	836	788	966	1,173

) Based on data from the Economic Planning Section of the Ministry for Foreign Trade of the USSR. For 1958 and 1959 see Vnesnjaja trgovlja Sojuza SSR za 1955 - 1959 gody. Statisticeskij sbornik. Moskva 1961; for 1960 and 1961 see Vnesnjaja trgovlja Sojuza SSR za 1961 god. Statisticeskij obzor. Moskva 1962; for 1962 and 1963 see Vnesnjaja trgovlja Sojuza SSR za 1963 god. Statisticeskij obzor. Moskva 1964.

) All those individual and collective items have been included in the table whose value for 1963 exceeded 10 million rubles. The categories of goods and individual products are grouped in accordance with decreasing import and export figures for 1963.

) The absolute export and import figures are based on current world market prices fob frontier of the delivery country in rubles. According to the Statistical Yearbook of the "DDR" 1964, International Surveys p. 68 100 rubles = DM (East) 247 or 100 rubles = \$ 112.

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Table 31

Composition of Soviet-zonal imports from the Soviet Union ¹⁾
by categories of goods and selected products ²⁾

(based on Soviet export statistics)
(in million rubles ³⁾)

Category of goods, product	1958	1959	1960	1961	1962	1963
Rolled stock of iron	108	136	166	188	193	190
including: sheets	.	.	.	.	78	88
bars	.	.	.	.	32	27
slabs	.	.	.	.	25	20
Grain (without groats)	111	108	119	111	139	99
including: wheat	86	91	98	79	85	70
rye	11	12	14	15	26	15
maize	5	2	2	5	20	10
Textile raw materials and semi-finished goods	70	77	89	100	103	99
including: cotton fibre	54	59	61	58	66	54
wool	12	14	17	35	27	33
Hard coal	60	64	70	73	82	77
Machinery and equipment	25	29	34	51	70	72
including: complete installations	0	0	6	7	9	10
Non-ferrous metals and alloys	38	48	51	58	59	69
including: aluminium	12	14	16	22	20	26
copper	8	13	15	14	18	19
Meat and dairy products, eggs	26	103	39	49	74	64
including: cow butter	13	50	20	30	41	33
frozen meat	.	.	17	17	30	29
Cellulose, wood and paper products	30	30	36	42	48	56
including: saw material	20	21	27	32	35	41
Crude oil	20	28	32	36	43	53
Crude iron	33	36	40	34	37	40
Coke from hard coal	22	23	24	33	33	36

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Table 31 ctd.

Category of goods, product	1958	1959	1960	1961	1962	1963
Ore and ore concentrates	22	25	26	28	31	30
including: iron ore	16	17	18	19	23	22
Vegetable oils	13	17	18	23	20	21
Petroleum products	.	.	13	16	15	19
Pipes and tubes	11	13	16	22	27	19
Oilseeds	3	20	15	16	11	15
Natural caoutchouc	6	9	11	14	13	11
Chemical products	7	7	8	10	11	11
Apatite concentrate	6	7	7	9	10	10
Sum of individual items	611	780	814	913	1,019	991
Remaining items	109	147	133	175	216	192
Total imports	720	927	947	1,088	1,235	1,183

- 1) Based on data of the Economic Planning Section of the Ministry for Foreign Trade of the USSR. For 1958 and 1959 see Vnesnjaja trgovlja Sojuza SSR za 1955-1959 gody. Statisticeskij sbornik. Moskva 1961; for 1960 and 61 see Vnesnjaja trgovlja Sojuza SSR za 1961 god. Statisticeskij obzor. Moskva 1962; for 1962 and 63 see Vnesnjaja trgovlja Sojuza SSR za 1963 god. Statisticeskij obzor. Moskva 1964.
- 2) All those individual and collective items have been included in the table whose value for 1963 exceeded 10 million rubles. The categories of goods and individual products are grouped in accordance with decreasing import and export figures for 1963.
- 3) The absolute export and import figures are based on current world market prices fob frontier of the delivery country in rubles. According to Statistical Yearbook of the "DDR" 1964, International Surveys p. 68 100 rubles = DM (East) 247 or 100 rubles = \$ 112.

Table 32

Composition of Soviet-zonal Foreign Trade with various Countries
of the Free World and NATO.

<u>France</u>	Soviet-zonal exports:	machinery and equipment, precision and optical as well as electrotechnical products
	Soviet-zonal imports:	complete installations, iron and steel products
<u>Italy</u>	Soviet-zonal exports:	crude iron, machinery, precision and optical products, chemical products
	Soviet-zonal imports:	rolling-mill products, special machinery textile products, fruit, petroleum products, synthetic fibre
<u>Norway</u>	Soviet-zonal exports:	motor vehicles, chemical products, textile products, sugar
	Soviet-zonal imports:	fish, fish products, rolling-mill products, cellulose, paper
<u>Greece</u>	Soviet-zonal exports:	refrigerator wagons
	Soviet-zonal imports:	agricultural products (tobacco, fruit, citrus fruits)
<u>Turkey</u>	Soviet-zonal exports:	machinery equipment, precision and optical products, chemical products
	Soviet-zonal imports:	tobacco and other agricultural products

Table 33

Composition of Soviet-zonal Foreign Trade with the five most
Important Western Trade Partners

<u>Denmark</u>	Soviet-zonal exports:	potash, lignite briquettes, machinery and apparatus, iron and rolling-mill products, chemical products, fertilizers, watercraft and motor vehicles, textiles.
	Soviet-zonal imports:	agricultural products, fish, tinned fish, machinery and equipment
<u>United Kingdom</u>	Soviet-zonal exports:	machinery equipment, instruments, chemical products, fertilizers
	Soviet-zonal imports:	ferrous metals, steel products, machinery and equipment, chemical products
<u>Netherlands</u>	Soviet-zonal exports:	machinery, chemical products, lignite
	Soviet-zonal imports:	agricultural products
<u>Austria</u>	Soviet-zonal exports:	mining products, machinery, lignite briquettes, potash, chemical products, light-industry products
	Soviet-zonal imports:	metallurgical products, machinery, transformers, timber, plywood, light-industry products
<u>Sweden</u>	Soviet-zonal exports:	machinery and apparatus, electrical and precision products, chemical products, textiles, cultural goods
	Soviet-zonal imports:	iron and steel products, paper, agricultural products (meat products)

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Table 34

Composition of Soviet-zonal Foreign Trade with the Developing Countries Egypt and India

<u>Egypt</u>	Soviet-zonal exports:	machinery equipment, precision and optical as well as electro-technical products, chemical products, fertilizers, pharmaceuticals, cultural goods;
	Soviet-zonal imports:	cotton, mining products, agricultural products (onions, rice, tropical fruit, vegetables)
<u>India</u>	Soviet-zonal exports:	machinery equipment, precision and optical as well as electrotechnical products, chemical products, fertilizers, films
	Soviet-zonal imports:	protein fodder, jute products, spices, tea, tinned fruit, semi-finished and finished leather goods

Table 35

Composition of Soviet-zonal Foreign Trade with Cuba

<u>Cuba</u>	Soviet-zonal exports:	machinery equipment, electro-technical, precision and optical products, vehicles, chemical products, industrial consumer goods
	Soviet-zonal imports:	agricultural products (sugar, tobacco, coffee), tinned fruit, rum, skins, mining products (ore).

Table 36

Interzonal Trade 1958 - 1963
(in million accounting units ¹⁾)

	1958	1959	1960	1961	1962	1963
A. Goods						
West-German deliveries:						
Iron, steel, NF metals	212.5	288.7	253.0	306.8	321.0	278.7
Mining products	67.6	109.5	40.9	20.3	39.3	70.3
Products of the metal- working industry	187.1	227.7	258.0	208.1	137.6	125.0
Chemical products	83.8	99.8	124.7	105.3	63.6	95.2
Textiles	25.7	43.8	34.0	25.9	27.1	28.4
Agricultural and forestry products	144.9	108.6	111.7	82.3	165.1	142.2
Miscellaneous ²⁾	87.3	103.1	104.9	64.8	86.2	94.3
Total	808.9	981.2	927.1	813.4	839.9	834.1
I. East-German deliveries:						
Mining products	240.0	207.5	216.5	207.2	234.5	257.0
Mineral oil products	150.7	195.7	182.3	189.6	197.9	211.6
Products of the metal- working industry	90.7	95.3	114.8	106.7	91.1	96.0
Chemical products	60.3	59.3	65.2	60.6	45.2	53.8
Textiles	90.3	90.3	128.0	113.8	93.8	122.7
Agricultural and forestry products	111.5	147.0	146.9	112.0	117.8	141.8
Miscellaneous ²⁾	119.7	122.3	134.8	110.7	102.4	121.9
Total	863.2	917.4	988.5	900.6	882.7	1,004.8

Table 36- ctd.

	1958.	1959	1960	1961	1962	1963
B. Goods and Services						
West Germany and West Berlin						
Goods	808.9	981.2	927.1	813.4	839.9	834.1
Services	63.9	81.4	103.2	97.6	61.7	73.1
Total	872.8	1,062.6	1,030.3	911.0	901.6	907.2
East Germany and East Berlin						
Goods	863.2	917.4	988.5	900.6	882.7	1,004.8
Services	16.6	18.0	18.8	16.7	16.1	23.9
Total	879.8	935.4	1,007.3	917.3	898.8	1,028.7
Total volume of goods	1,672.1	1,898.6	1,915.6	1,714.0	1,722.6	1,838.9
Total volume of services	80.5	99.4	122.0	114.3	77.8	97.0
Grand Total	1,752.6	1,998.0	2,037.6	1,828.3	1,800.4	1,935.9

1) 1 accounting unit = 1 DM-West

2) Stones and earthenware, cellulose, paper, printed products, wood products, glass, ceramics, rubber products, leather, leather goods, footwear, tobacco etc., small consignments and commission processing.

Source: Federal Ministry of Economics

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