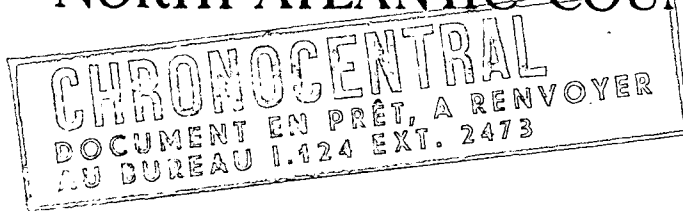


CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL



EXEMPLAIRE  
COPY

N° 225

N A T O R E S T R I C T E D

ORIGINAL: ENGLISH  
16th March, 1973

DOCUMENT  
AC/127-D/422

ECONOMIC COMMITTEE

ECONOMIC DEVELOPMENTS IN THE GERMAN DEMOCRATIC REPUBLIC  
FROM 1970 TO MID-1972

Note by the German Delegation

NATO,  
1110 Brussels.

This document includes: 1 Annex

N A T O R E S T R I C T E D

TABLE OF CONTENTS

ECONOMIC DEVELOPMENTS IN THE GERMAN DEMOCRATIC REPUBLIC  
FROM 1970 TO MID-1972

	<u>Page</u>
I. <u>Basic Factors of the Economy</u>	1
(a) Introduction	6 - 7
(b) Demographic Developments	7 - 8
(c) The Manpower Problem	8 - 10
(d) The Economic System	10
(I) The Economic System before 1963	10 - 12
(II) The "New Economic System" of 1963, the "Economic System of Socialism in the GDR" of 1967 and its further development	12 - 15 -
(III) Nationalization	15 - 17
(e) The Price System and Price Reforms	17 - 19
(f) Reforms in the Foreign Trade Sector	19 - 21
(g) Science and Technology	21 - 23
(h) Environment	23
II. <u>The Domestic Economic Development</u>	23
(a) General Considerations of Growth	23 - 27
(b) The Economic Development in the Various Sectors	27
(I) Agriculture	27 - 30
(II) Industry	30 - 34
(III) Building Industry	34 - 35
(IV) Transport	35 - 38
(V) Domestic Trade	38 - 40
(VI) Handicraft	40 - 42
(c) Utilization of the National Income	42
(I) Consumer Sector	42 - 43
(II) Investments	43 - 46
(d) Money and Finances	46
Preliminary Remark	
(I) Wages and Prices	47 - 49

N A T O R E S T R I C T E D

AC/127-D/422

-3-

Page

(II) The Banking system	49 - 50
(III) Finance Policy and State Budget	50 - 52
(IV) Defence Expenditure	52 - 53
(e) Standard of Living	53 - 54
Preliminary Remark	
(I) Food Consumption	54 - 56
(II) Durable Consumer Goods and Services	56 - 57
(III) Housing	57 - 58
(IV) Social Services	58 - 59
(V) Health and Education System, Social Achievements	59 - 62
(VI) Purchasing Power	62 - 63
<u>III. Foreign Trade Relations of the GDR and Intra-German Trade</u>	63
(a) Foreign Trade Relations	63
(I) General Development	63 - 65
(II) Regional Distribution	65 - 68
(III) Composition by Classes of Goods	68 - 70
(IV) Economic Co-operation with the COMECON countries	70 - 72
(V) Economic Relations with the West	72 - 75
(VI) Economic Activities in Developing Countries	75 - 76
(VII) Relations with International Organizations	76 - 78
(b) Intra-German Trade	78
(I) Status	7 78
(II) The Economic Importance of the Intra-German Trade	78 - 79
(III) Development of the Intra-German trade	79 - 80
(IV) Prospects	80

N A T O R E S T R I C T E D

-3-

TABLES AND CHARTS

Table I	General Survey of Area, Population, Production and Foreign Trade of the GDR
Table II	Development of the Population in the GDR 1960-1971
Table III	The Social-Economic Structure of the Working Population in the GDR
Table IV	Livestock and Agricultural Performance in the GDR
Table V	Index of Gross Industrial Production in the GDR 1949-1971
Table VI	Total Industrial Production in the GDR (without building industry)
Table VII	Basic Industry in the GDR
Table VIII	Investment Goods Industry in the GDR
Table IX	Consumer Goods Industry in the GDR
Table X	Provisions and Fine Food Industry in the GDR
Table XI	Building Industry in the GDR
Table XII	Production of Selected Industrial Goods in the GDR
Table XIII	Goods Traffic in the GDR - Quantities Carried and tons/km Performed by the Inland Transport System
Table XIV	Utilization of the National Income at Comparable Prices
Table XV	Origin of the Net Product (MPS) in Comparable Prices 1955-1971 in per cent
Table XVI	Industrial Gross Production per Worker
Table XVII	Development of the Average Monthly Income per Worker (incl. Apprentices) in the GDR and in the Federal Republic of Germany
Table XVIII	Planned Income and Expenditure of the GDR State Budget 1971/72
Table XIX	Breakdown of Budgetary Expenditures as a Percentage of Total Expenditures

N A T O R E S T R I C T E D

AC/127-D/422

-5-

Table XX	Prices and Purchasing Power of the Hourly Wages in the GDR and the Federal Republic of Germany
Table XXI	Breakdown of Foreign Trade Turnover of the GDR by Groups of Countries 1960-1971
Table XXII	Distribution of Foreign Trade
Table XXIII	Export-Import Structure of the GDR in Per Cent
Table XXIV	Export-Import Structure of the GDR (Chart according to Table XXIII)

N A T O R E S T R I C T E D

-5-

I. Basic Factors of the Economy

(a) Introduction

- (1) The historical background which has been described in detail in former reports by the German Delegation(1), especially the facts resulting from the division of Germany, continue to determine the perspectives for the economic development of the GDR even today, irrespective of the changes which have occurred in the meantime. Thus, paragraph I.6 of the Law of 20th December, 1971 on the Five-Year Plan for the Development of the GDR Economy in 1971-1975 (Gazette I, page 175 et seq.) reads as follows: "On the basis of the fundamental agreement between the interests and objectives of the COMECON member countries, the intensification of socialist economic integration with these countries, especially the USSR, is a fundamental part of the targets of the Five-Year Plan and the ways towards its realization".
- (2) To show the characteristics of the situation during the reference period the following theses may serve as a general introduction:
  - (i) It can be said that the economic development in the GDR from 1970 to 1972 has been unsatisfactory in many decisive fields. Whereas an economic policy of extension was still pursued in the late 1960s it was necessary to lay the emphasis on consolidation in 1971, after this consolidation had not been achieved in 1970. Moreover, since 1970, but especially after ULBRICHT's replacement by HONECKER a change in the economic policy of the SED has become apparent.
  - (ii) According to the "complex programme" adopted at the 25th COMECON Council meeting in July 1971 the GDR economy is to be orientated towards the requirements of the socialist partner countries even more than before.
  - (iii) It is true that - according to official GDR reports - the measures taken by the economic leadership to overcome deficiencies have had relatively favourable results in 1972. However, this is mostly due to the fact that a considerably lower rate of growth was planned. If the targets of the Five-Year Plan are to be fulfilled by 1975, it will be necessary, however, to plan again for considerable higher rates of growth from 1973 and it appears doubtful today that they can be realized.

---

(1) See document C-M(70)40 dated 23rd October, 1970, paragraphs 1-4

(3) The Table I(1) in the Annex shows a general statistical survey of the territory, population, production and foreign trade of the GDR.

(b) Demographic Developments

(4) The population of the GDR which increased to 19.1 million due to the influx of expellees from Eastern Germany and the Central and East European countries until 1948, decreased to 17.0 million until 1971. Thus it exceeds today only slightly the pre-war population of this area (1939: 16.7 million). With 158 inhabitants per sq.km the population density of the GDR is considerably lower than that of the Federal Republic of Germany (1970: 245 inhabitants per sq.km) but it is the highest among the COMECON countries.

(5) The well-known(2) unfavourable development of the demographic situation in the GDR during the reference period is characterized by the following details:

In 1971 22% of the population were older than 60 years. The population in the working age(3) has decreased by 16.2% since 1950, its share in the total population thus decreased from 63.3% in 1950 to 57.2% in 1971. Moreover, the proportion of the sexes is still unbalanced; although it improved continuously since the war, the relation in 1971 was still 117 women for every 100 men. The unfavourable biological structure of the population is reflected in a low birth rate and a high death rate. Since 1961 the birth rate has decreased continuously while the death rate has risen. In 1969 and 1970 the death rate exceeded the birth rate for the first time after the war. In 1971 the birth rate and the death rate were equal (13.8 per 1,000 inhabitants) so that the natural development of the population was equal to zero. It is expected that the development of the population will not show an upward trend before 1975. (For further details of the development of the population from 1960 to 1971 see Annex, Table II).

(6) By improving the health care the GDR succeeded in diminishing the infant mortality decisively and in increasing life expectancy. The infant mortality which was inferior to all the East European countries and the Federal Republic of Germany already in 1968 decreased to not quite 19 per 1,000 live births until

(1) For comparison see document C-M(70)40 of 23rd October, 1970 page 6

(2) See document C-M(70)40 of 23rd October, 1970, paragraphs 5-8

(3) Men from 15 to 65, women from 15 to 60 years of age

1970 and to 18 in 1971. The average life expectancy has increased by 4 years to almost 68 years for men and by 5 years to 73 years for women since 1952. In order to encourage the creation of larger families the GDR introduced a series of incentives such as housing credits and interest-free 5,000 Mark credits for furniture, reduced fares for large families, children's and motherhood allowances, pregnancy and confinement allowances as well as more full-day nurseries and kindergartens.

- (7) However, this comprehensive population policy is being hampered by the necessity to employ more married women and by insufficient housing conditions in spite of all the measures for improvement. Moreover, it is expected that the birth rate will fall further after abortions have become legal in the spring of 1972. According to latest detailed information the number of abortions carried out free of charge was up to six times higher in some GDR districts and five times higher than during the comparable period in 1971 in the total GDR average. It must be quite contrary to the declared wishes of the SED that the majority of the abortions are made on women with no or with one or two children and in the upper family income brackets. Allegedly about 60% of the pregnant women in the GDR are at present making use of the legal possibility to have an abortion up to 3 months of pregnancy.

(c) The Manpower Problem

- (8) In spite of the described demographic handicaps the number of people gainfully employed showed - as in former reporting periods - a slightly upward trend also during recent years. In 1971 it reached its highest level after the war (7.8 million working population excluding apprentices). This is primarily due to the fact that the GDR succeeded in winning over a large number of married women for a professional activity. In 1970 80.7% of the married women were going to work compared with about 70% in 1965. Of this percentage 52.2% worked full time (1965: 48.5) and 18.7% worked 25 hours and more (1965: 9.9%). Remarkably high (61.1%) is the working quota of wives in the age of retirement which is reached at 60 in the GDR just as in Poland; in the other COMECON countries retirement is already reached at the age of 55. The share of working women in the total working population (without apprentices) of the GDR was 48.7% in 1971.



- (9) The male population in the working age is practically fully employed; at the level reached already now there is hardly any margin to increase the number of working married women any further. If one adds to the working population shown in the official statistics the apprentices as well as the people working in the uranium mines, the members of the "people's police", the employees of social organizations and the soldiers, all of whom are not included in the statistics, it results that the working quota is extremely high: a share of more than 50% of the total population (Federal Republic: about 45%). Nevertheless, according to the opinion of western economic experts, there is a shortage of at least 500,000 workers in the GDR. It cannot be expected before 1975 that the manpower potential will grow more rapidly than the total population.
  
- (10) The efforts to extend the manpower potential by engaging labour from other COMECON countries has been little successful up to now. In 1970 there were only about 50,000 "guest workers" in the GDR, mostly from Poland and Hungary but also some Roumanian and Czechoslovakian construction and transport working groups as well as Soviet Consultants, for instance in the petroleum and natural gas prospecting and the power plant building sectors. According to recent press reports Bulgaria and the CSSR signed contracts for the recruitment of Egyptian "guest workers" at the beginning of 1972 but there is no indication that the GDR will follow this example. As in past years, the GDR employs only a minor number of specialists (e.g. doctors) from various development countries.
  
- (11) The structure of the employment of labour in the various economic branches shows similar trends of development in the GDR as in all highly developed industrial countries: a decreasing number of workers in agriculture and an increase in the building industry and the services sector. In the course of this development the share of agricultural workers (without apprentices) of the GDR in the entire working population was 12.6% in 1971 and thus the lowest within COMECON; however, compared with some Western countries it is still relatively high(1). There remains a certain margin for the transfer of labour to other economic sectors. On the other hand, because of the

(1) Comparative figures:

<u>COMECON Area</u>		<u>Western Countries</u>	
USSR	26.2% (1968)	FRG	9.6% (1969)
Poland	47.7% (1960)	Belgium	5.2% (1969)
CSSR	19.3% (1969)	The Netherlands	7.7% (1969)
Bulgaria	39.2% (1965)	USA	4.5% (1969)
Roumania	51.0% (1969)	Canada	8.4% (1969)

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

unduly high average age of the rural population, it has to be expected that the exodus from the rural districts will diminish considerably in future. Under this aspect the recent increasingly urgent demands on the SED leadership to the VEB (people's owned farms) to give full emphasis to rationalization and mechanization and to purchase highly productive machines in an increasing extent in Western countries, if necessary, and to use this equipment possibly in three shifts, become understandable.

- (12) Moreover, increasing efforts were made during the reference period to transfer workers also in other sectors than agriculture. This can be said especially of the "FDJ (Free German Youth) Action on Supplying Industries". The aim of this action was to save labour by rationalization in "off production" sectors (especially the administration) and to make this labour available to the production sectors. The main emphasis was given to the supplying industries (sub-contractors) which had been made responsible for the non-fulfilment of production and export plans. The appeal was addressed especially to the young people. This action overlapped with former instructions; at the same time it collided with the trend of giving each worker the possibility of advancement - also into white collar professions - by continuation training. The action obviously had little success. Volunteers for a temporary or permanent change of work were rare and seem to have been only a few thousand in total. In some cases up to 50% of the commitments were not fulfilled later on.
- (13) A survey in figures of the social-economic structure of the workers in the GDR is shown additionally in Table III of the Annex.
- (d) The Economic System
- (I) The Economic System before 1963
- (14) An essential element of the GDR's integration into the Eastern bloc - required increasingly during the reference period by the Law on the Five-Year Plan of 20th December, 1971 - is the orientation of the GDR economy on the lines of the Soviet model. In order to understand the problems of this orientation and the repeatedly initiated reforms in connection with it, it appears appropriate briefly to recall the basic aspects of the economic system which was established in the area of the present GDR when the former Soviet Zone of occupation was created.

- (15) At the first stage the big industries, banks and big commercial firms were nationalized and the large agricultural estates divided. Under direct Soviet supervision and control at least the points of departure for a central planning system of the Stalinist type were established at the same time, i.e. especially the occupation of all economic "commanding positions" by continued socialization of the means of production and comprehensive administrative control of all economic processes including those of industrial management, and by giving the promotion of the basic, heavy and armaments industries precedence over the individual consumer requirements.
- (16) However, the necessity of meeting the requirements of a population witnessing the rapid economic recovery in the Western part of Germany compelled the regime to make certain concessions. Therefore, during a period of transition which lasted until the late 1950s the continued existence of small private enterprises in industry, commerce, trade and agriculture was tolerated. However, strict measures of central planning and control combined with a great variety of discriminations were also the order of the day during this era.
- (17) With Krushchev's rise the Communist leadership of the GDR which had replaced the Soviet Zone of occupation in the meantime (1949), gained a certain influence on economic decisions. The result was that Soviet exploitation, which had been considerable up to then, became more moderate, but the process of socialization was intensified. The rôle of the remaining private enterprises was substantially limited. Small industrial enterprises were transformed into enterprises with government partnership ("semi-nationalized enterprises"), craftsmen were vigorously and practically totally collectivized by the end of 1961. The sector of the people's owned enterprises (VEB) which had gained decisive importance in the meantime was also made the subject of a more severe governmental and party supervision and control. In brief: with the objective of ensuring a more rapid economic growth, the system of an absolute administrative central planning economy was strictly intensified.
- (18) However, it became soon evident from practical results that this system of severe centralization did not achieve the planned results. From 1961 to 1963 the GDR went through an economic recession instead of reaching the ambitious growth targets for which an average annual increase of the national income of 7.5 per cent was planned under the perspective plan for 1961-1965.

- (19) Under the impression of these failures the GDR leadership decided to carry out large-scale reforms which were first indicated at the 6th SED Party Congress in January 1963. The best-known expression of these reforms which has been given much attention also in the West was the "New Economic System for the Planning and Control of the Economy" announced in July 1963. However, this "New Economic System" is by no means the only realization of the reform efforts and necessities which thus became known. It is only the symbol of a continuous process which oscillates between centralization, decentralization and re-centralization and in whose course recommendations were withdrawn and withdrawn subjects recommended again, repeatedly. The most important links of this chain of reforms during the following period are:
- (i) the "big" industrial price reform of 1964-1967(1) and its modification in the meantime;
  - (ii) the further development of government control activities during the "second stage" - as it was officially called - of the new economic system which was announced in the spring of 1966;
  - (iii) the proclamation of the "Economic System of Socialism in the GDR" (ESS) at the 7th SED Party Congress in the spring of 1967;
  - (iv) the switching of the main planning efforts to so-called "structure-determining tasks" in 1968 and
  - (v) the fundamental re-centralization trends towards the ESS which were introduced by a whole bunch of regulations at the end of 1970/beginning of 1971 and continued at the 8th SED Party Congress in June 1971.
- (II) The "New Economic System" of 1963, the "Economic System of Socialism in the GDR" of 1967 and its further development
- (20) Within this chain of reforms the first period - the "New Economic System" of 1963 - was an attempt to reach a higher economic efficiency by applying a concept tending to concentrate central planning on a basic frame-work of directives ("rough adjustment"), while a system of economic switches, functioning as a mainly indirect control instrument, was to achieve the precise adjustment of operational activities to the central planning targets.

---

(1) Originally planned period of implementation 1964-1966

- (21) At the 7th SED Party Congress in the spring of 1967 trend of this reform programme was changed and it was renamed "Economic System of Socialism" (ESS). It was the ambitious objective of the SED leadership to establish the model of an economic system serving as a guide to and being relatively independent of the USSR and other COMECON countries by means of improved scientific methods (prognostics, mathematical models, kybernetics, calculation of shadow prices etc.) and by using modern technical equipment (EDP)(1).
- (22) In April 1970 a complete draft of a concept for the years 1971-1975 had been worked out but did not come into force for the following reasons:
- (23) Considerable economic difficulties became apparent already during the second half of 1970. Not only the planning targets but also the reform concept turned out to be hardly practicable. Auto-critical analyses by the SED showed that the planning system of giving emphasis to certain targets, practiced from 1968 to 1970, had led to considerable economic disproportions due to the neglect of other important sectors.
- (24) After a Politbureau resolution of September 1970 - when there were already indications of a change in the leadership from Ulbricht to Honecker - new system policy guidelines were issued by the Council of Ministers at the end of 1970. Their most important points were:
- (a) contrary to the previously propagated reduction of central governmental planning instructions to the enterprises, government interference was to increase again and the annual plan was to be strictly split up into binding monthly plans;
  - (b) return to methods of direct government control instead of developing improved and refined finance policy control methods, especially in the field of prices, plan balancing and investments;
  - (c) considerable tightening of control methods and increase of sanctions to enforce stricter planning discipline;
  - (d) direct central corrective interference in existing planning tasks for 1970 and 1971 for which balances had already been established and concluded;

---

(1) See document C-M(70)40, paragraph 22

- (e) strong criticism of the overrating of mathematical-economic methods, especially cybernetics; and
- (f) major ideological and economic adjustments to the model of the Soviet system, and auto-critical renunciation of certain independent concepts of the former "Economic System" model in the GDR.
- (25) The most important consequences from a political-economic point of view from the changes confirmed at the 7th SED Party Congress in June 1971 are the following:
- (a) the claim to have an independent "Economic System of Socialism" is still maintained by the SED; however, its procedure and also its ideological basis are the subject of a substantial revision which rejects and criticizes important points of the former reform concept of Ulbricht's coinage;
- (b) As a result of the increased influence of the central control agencies for the establishment of the plan, the control of the economic process and the plan, the name of the system has been changed from "Planning and Control" into "Control and Planning";
- (c) the emancipated ideas about the model have been abandoned and structure and functioning of the economic system are modelled on the "classical" central control principles. Hand in hand with this goes a visible return to the close-knitted administrative control economy as at the end of the 1950s. Although the modern economic control instruments which were further developed during the previous reform years have been mostly maintained, this new economic policy line will certainly change or paralyze some of the formerly planned effects of these instruments. The trend to concentrate and establish larger units of enterprises continues.
- (26) A revealing special aspect of the new system's directives is last not least the regulation regarding supplies and services to the armed forces of 8th May, 1972 (Gazette II, page 363 et seq). In continuation of the directives on the integration of the economic and defence policy according to the Law on the Five-Year Plan 1971-1975 (Gazette 1971, Part I page 178, paragraph 5) the new supply regulation stipulates in extensive detail that and how the overall economic defence support is to be included as "a permanent part into the scientific control activities of governmental and economic organs, enterprises and facilities".

- (27) As for agriculture, the development of industrial production methods has been defined in detail by both the 8th SED Party Congress in June 1971 and at the 11th Farmers' Congress in June 1972. Here, it is also the objective to create larger production units by merging several agricultural production co-operatives or people's owned farms into specialized production facilities (co-operative unions). Moreover, in vertical concentration, leadership and control are to be improved and intensified by the establishment of co-operative associations(1).
- (28) With these changes of the economic control system in practically all fields the GDR has completed a progressive phase of economic-political experiments, in which it temporarily was the pace-maker of a reform movement that swept through the entire Soviet bloc, and it has fallen back "into line". It has not yet become evident whether the era of "control and planning" which has now begun and which in extensive renunciation of independent concepts is orientated on the Soviet model, and which is a step backwards in many respects, will yield better economic results in the long run and will meet the ideological requirements better than the previous system.

(III) Nationalization

- (29) Hand in hand with the abandonment of the system policy reform concepts of 1963 and 1967 the rest of the still existing fully or semi-private industrial enterprises as well as the industrially producing co-operatives of craftsmen were rigorously - and relatively noiselessly - transformed into people's owned enterprises during the first half of 1972.
- (30) According to the official GDR statistics the share of these enterprises in the industrial sector was still the following in 1970 (semi-private enterprises with government partnership = PGP; fully private enterprises = private):

---

(1) For further details see Section II(b)(I) "Agriculture" of this report

Reference basis	Total	%	of which					
			PGP	%	private	%	VEB	%
Number of industrial enterprises	11,564	100	5,632	49	3,184	28	2,748	23
Number of workers and salaried, employees (in millions)	2,818	100	0.353	125	0.073	2.6	2,392	84.9
Employees per enterprise	244		63		23		870	
Industrial gross production (in 1,000 million GDR Mark)	146.3	100	14.4	9.9	2.0	1.4	129.9	88

(31) During the intensified socialization measures which were initiated by the SED in February 1972 the owners and co-owners (responsible partners of the PGP) of the enterprises earmarked for nationalization were first asked - after appropriate propagandistic preparation - to offer for sale their enterprises or shares in the working capital to the State. The offers were examined and "confirmed" by commissions which were specially established for that purpose. The owners concerned had no possibility of influencing the conditions of the sale. Thus the party, trade union and administration functionaries involved were in a position extensively to take arbitrary and individual decisions especially regarding the assessment of the assets and the resulting indemnity as well as regarding the further employment of the former owners. The assessed indemnity is credited to a blocked account as a rule. The holder of the account can dispose of his credit balance, for which no interest is paid and which cannot be transferred by will, in predetermined annual instalments only. The de facto expropriated enterprises formally remain either independent or will be affiliated with larger economic units.

(32) In the industrial field the nationalization has been essentially completed in the meantime. More than 400,000 employees were involved. The numbers of employees in the VEB increased to 99.4% by mid-1972. More than 10,900 new VEB have been established. Of these almost 9,000 were former semi-nationalized and private enterprises. The rest were probably mostly industrially producing co-operatives of craftsmen.

(33) As shown in the table above the private and semi-nationalized enterprises which still existed up to now played only a secondary rôle compared with the total industrial production volume. However, they



had a highly qualitative value as sub-contractors and producers of special products. Therefore, it remains to be seen with certain scepticism what will be the consequence of their elimination. In any case, their elimination is a decisive step on the road towards total socialization of the means of production in the GDR.

(e) The Price System and Price Reforms

(34) As already described in detail in the last report by the German Delegation(1) the present price system in the GDR serves - notwithstanding all the reforms which were carried out in the meantime - primarily the implementation of the economic policy priorities decided by the State leadership. The system of cost and value prices determined and established by a central office which was introduced step by step for this purpose in the years up to 1968 has been repeatedly modified in the meantime. The reason for this is primarily the fact that, in principle, planning prices can be "correct" only by chance and even then only for a short time and that they therefore cannot fulfil their numerous economic functions. In order to overcome this deficiency the price policy regulations of the GDR at the end of the 1960s until the turn of the year 1970/71 had especially the following three objectives:

(35) First: Not only the planned costs but also the invested capital and thus the cost-effectiveness in the price calculation, which was considered quite necessary under the ESS, had to be taken into consideration. This was done by introducing a so-called "fund-related price type" (production price) and "normative profit additions". The basis of the normative profit addition (average figure) was the capital invested in the entire industrial branch according to the plan.

(36) Second: The economic leadership tried to develop a principle of permanent (phased) price revision by inserting certain control mechanisms. This was to avoid future sudden adjustments to changed conditions which might become necessary at intervals of several years. Organizationally, the authority of price calculation was delegated increasingly to the intermediate levels of the enterprise unions (VVB), the economic administration and the large combines (Kombinat).

---

(1) See document C-M(70)40, paragraphs 16-20.

- (37) Third: One of the main objectives was the development of a new method of industrial price planning, in order to be able to calculate especially the perspective plans more exactly than previously on the basis of pre-calculated prices. In this connection the development of a central model of price interdependence (interdependence matrix with about 1,150 items) is of importance. The price modification co-efficients which are thus centrally obtained by EDP are considered as a binding basis for the price development. These methods and procedures can be essentially regarded as an attempt to simulate a market price system. Into the same category belongs the introduction of the so-called "economic value cost analysis" which is to examine not only products which have to be newly developed, but also those which are already in production, in order to determine the necessity and usefulness of all their functions related to the construction. The objective was to simplify the construction if possible, to find the most rational solution and to reduce the costs of development, production and sale.
- (38) However, as a result of the changes of the economic policy as from the turn of the year 1970/1971, the results which had just started were abandoned or at least greatly reduced. This affected in particular the price regulation mechanisms which were automatic to some extent. The so-called industrial price regulation system was abandoned, according to which the responsible executive bodies of the production units had to reduce prices as soon as a certain degree of cost-effectiveness had been reached. The automatism of the so-called price degression procedure for the calculation of new products was widely invalidated and replaced by administrative central restrictions; price calculation rights previously delegated to production units were partly recentralized.
- (39) While until 1970 about 30% of the industrial price had been transformed into so-called production prices, there is no clear indication that this action continued after the former reform methods were abandoned, although it cannot be excluded that these calculation principles have been maintained on principle. There has been a discussion to extend the production price into a "resource price" (i.e. including for instance the education fund and the land fund in the price calculation), and this discussion is still going on.

- (40) Apart from these methodic changes and experiments the most remarkable event in the field of price policy during the reference period is a price stop promulgated in November 1971 following a resolution by the GDR Council of Ministers. According to the text of the Law it applies only to consumer goods for the time being. However, it has been emphasized in official comments that also for industrial products "the price calculation remains firmly in the hands of the State". The deputy chief of the Price Office for instance stated explicitly: "By its resolution of 17th November, 1971 the Council of Ministers ruled that also industrial prices will, as a matter of principle, be confirmed by the government. Moreover, it was decided that the industrial prices of the products under production will remain unchanged during the period of the Five-Year Plan until 1975, unless any changes of industrial prices(1) are confirmed by the Council of Ministers".
- (41) Although there is no concrete indication at present whether and to what extent the Council of Ministers will make use of its right of granting exemptions, it can be concluded from the statement mentioned above that it will be very difficult to change industrial prices if only for reasons of procedure. In addition to a total price stop for consumer goods, one can therefore speak practically also of a general price stop for industrial goods. Apart from the politically relevant stabilization of the consumer prices, this "emergency regulation" has obviously the purpose of preventing unplanned and spontaneous price developments which resulted - partly with good reason - from the fast technological development. However, the question remains open, to what extent it will be possible to guarantee the intended freeze of prices and to prevent its by-passing by the enterprises by shifting the assortment and quality of goods and by other manipulations.
- (42) The general trend of the present price policy has clearly been adopted at the expense of the original reform concepts. Even today the SED considers the solution of the price problem as unsatisfactory, both theoretically and practically.
- (f) Reforms in the Foreign Trade Sector
- (43) The subject of the reforms in the foreign trade sector is the increased commitment of foreign trade as a growth factor. The most important measures taken

---

(1) Source: "Sozialistische Finanzwirtschaft" (Socialist Finances) (East) Berlin, 1972, Copy 7, page 4

to obtain this objective are: "confrontation of the factories with world market conditions", reshaping of their organizational and financial relations with the State enterprises responsible for foreign trade and modification of planning.

- (44) Since 1969 the State enterprises for foreign trade - today about 60 - have been the sales organizations of the factories. Since then they have been executing foreign trade business under their own name on the basis of export commission contracts but, contrary to previous practice, no longer at their own expense but at that of the factories. Apart from this there are two further types of sales and purchase organizations which play only a secondary rôle. These are combines which assume export and import functions themselves (Carl Zeiss at Jena and the Uhren-Kombinat at Ruhla) and export offices which organize the foreign trade of the industry controlled by the districts or communities. Contrary to the former organization there exist not only the State enterprises for foreign trade under the direct control of the Ministry of Foreign Trade but also others which are directly attached to an industry ministry, an industrial union (VVB) or a combine.
- (45) These measures served to overcome part of the organizational isolation of the enterprises which was the result of the original foreign trade system. A second step was the establishment of a "standard business result", in many centrally directed industrial and building enterprises since 1969, and in all since 1971. This meant that by including the export proceeds in the financial statements of the enterprises the financial isolation of the enterprises was also to be overcome. However, the export proceeds may not be included in the working results of the enterprises without correction because this would mean that the autonomous competences of the planning and price fixing authorities would be perforated by the direct influence of world market prices. Therefore the foreign trade proceeds are being included in the standard working results only after certain corrections have been made. This includes the establishment of differentiated exchange rates, and export and import subsidies. The price level differences between the various countries are to be balanced by means of so-called guidance co-efficients.
- (46) In connection with the financial changes there have also been changes in the establishment of the plan since 1970. The values of exports are now planned in terms of economic and currency areas (details of the USSR shown separately). However, the economically

most efficient exploitation of the value of import and export targets is considerably limited by the binding delivery and purchase commitments, which are state plan positions and continue to be planned in quantities.

- (47) The changes described above have doubtlessly led to a differentiation of the foreign trade system of the GDR which was completely inflexible up to now. Moreover, for the following reasons they cannot be called genuine reforms but only modifications of the former system: the foreign trade state monopoly continues to exist. Moreover, the impression prevails that the position of the state enterprises for foreign trade has been strengthened again lately. Other aspects are the state plan positions which are planned in quantities and the unilateral orientation towards intra-COMECON trade. The elimination of the financial isolation of the export enterprises and state enterprises for foreign trade, especially by way of the price system, is effective to a very limited extent only because the complicated corrections which do safeguard central planning do also water down the economic consequences for the individual enterprise. This is especially true for the import side where only a different method from the former automatic balance via the price difference account is primarily applied, i.e. the difference from the actual foreign currency price and the domestic import selling prices continues to be settled via the state budget. One of the main causes of these in principle still inflexible regulations on the import side is the chronic shortage of foreign currency.

(g) Science and Technology

- (48) According to the targets of the Five-Year Plan 1971-1975 the scientific-technical progress has to be accelerated in all economic sectors. With the slogan "Promotion and consolidation of the interfaces between science and production" a higher level of performance and a more rapid productive exploitation of the working results has been demanded for this sector. However, according to the progress report of the "State Plan Science and Technology 1971", almost two thirds of all transition tasks were delayed. Moreover, applied research has obviously been accelerated at the expense of basic research. Therefore the importance of a centrally planned basic research has been increasingly emphasized lately.

- (49) This assessment of "science as a productive force" simultaneously clearly qualifies as unsatisfactory the results achieved under Ulbricht. As a critical statement it has to be said that in spite of an expenditure of about 4,200 million Marks for science and technology in 1970 (about 1.5% of the GNP(1)) the use of the funds was problematic. The sector of engineering was mainly supported while other branches were neglected. In addition, there was an "inflation of research subjects" which were not always effective for production and caused further losses to the economy.
- (50) During the Five-Year Plan 1971-1975 expenditure for science and technology is to increase to 7,800 million Marks. If the GDR wants to reach the production target by 1975 the technical progress as a growth item would almost have to double until then. However, such an increase appears possible only to a limited extent. Apart from the desired more intensive use of its own research potential the GDR will therefore have to rely more strongly on foreign resources last not least those of the West. However, main emphasis will continue to be given explicitly to an intensive multilateral scientific co-operation with the socialist countries. An agreement between the academies of science of these countries has been concluded for this purpose at the end of 1971. Besides, more bilateral agreements are to be concluded within COMECON. The system of organizational, economic and legal regulations established by the basic documents for the scientific-economic co-operation between the GDR and the USSR is quoted as an example. The present task is to increase the commitments by contractual relations to such a degree that the achievements derived from international research co-operation can be included as a real factor in the Plan for Science and Technology by the partner countries.

---

(1) According to GDR sources the corresponding figure is 3.9% of the produced national income. Due to the difference of the statistical itemization of the national income in the GDR and the net social product in the West (the same applies to the GNP) the comparative value applied in the GDR is too high compared with Western countries. In accordance with Western calculations the corresponding figure is about 1.5% of GNP (for details regarding the calculation of the "national income" see Part II (a) of this report).

(51) There can be no doubt that the GDR expects a complement of her capacities in the science and technology sector from the increased integration within COMECON. A narrowing of the technological gap between the GDR and the Western countries mentioned in the last report by the German Delegation(1) therefore appears possible. It is difficult to say, however, to what extent and in what time such a development will be achieved. At least for the near future it appears hardly possible. This applies last not least also to the manpower capacities. Although they have increased in recent years they are still insufficient compared with international standards. For instance in the research and development sector of the industry, Western industrial countries registered about three times more research personnel per 100 of the working population than the GDR.

(h) Environment

(52) As in all highly industrialized countries of the world air pollution in the congested industrial areas and the large cities in the GDR has also reached an extent detrimental to health and the environment. Moreover, water pollution due to untreated sewage has reached an alarming proportion. Only 17% of the main water-courses can still be opened up at reasonable costs for the supply of drinking water at present. Apart from this, land pollution due to industrial residues and other waste cause environmental damage.

(53) At the 8th SED Party Congress in 1971 the necessity of solving the environment problems was particularly emphasized. Increased efforts to keep the waters and the air clean and to remove and utilize garbage and industrial waste products have been announced as one of the main tasks of the current planning period and they are already reflected in various legal regulations. These environmental measures will burden the economy with large scale investments in future. The chemical industry alone will have to spend several hundred million Marks on investments for environment protection during the coming years.

II. The Domestic Economic Development

(a) General Considerations of Growth

(54) As in the previous year of 1969 the original production targets were also not reached in 1970, the last year of the Five-Year Plan of 1966-1970. The prognosis made in the last reports by the German Delegation has thus been fully correct(2). Moreover, it has to be pointed

(1) See document C-M(70)40, paragraph 26

(2) See document C-M(70)40, page 4, paragraph 9

out that the relative economic expansion of the GDR with a total increase of the national income by about 45% has been considerably slower than in most COMECON countries already during the years of 1969-1970. It is true that the unfavourable prima vista impression of this comparison improves when the greater economic maturity of the GDR and thus its considerably higher basic values in the calculation of growth percentages are taken into consideration. Nevertheless it is worth noting that the GDR expects the lowest rate of growth (only 2.7% of the national income(1)) within the COMECON also for the current Five-Year Plan period of 1971-1975.

(55) As far as the domestic development is concerned, the procured national income grew in 1970 only by 5.2% instead of 6.3% (estimate of the German Institute of Economic Research: 4 - 4.5%) and thus disclosed the failure of an economic policy which had expected that the concentration on a few "structure-determining" sectors and projects would lead to a rapid growth of the entire economy. In reality the specially supported enterprises of the chemical, electro-technical, electronic and heavy engineering industries were unable fully to utilize all their capacities because of lacking supplies and energy supply and transport difficulties, while the neglected other sectors produced close to their capacity limit but ultimately not enough. In spite of considerable excess costs in some sectors, the value of investments reached only about two thirds of the planned increase and therefore the capacities which were put into operation could not influence the growth to the expected extent.

(56) The industrial production of goods according to the most important economic sectors reached a growth rate of only 6.3% in 1970 instead of the planned

---

(1) As regards the term "national income" it should be remembered with reference to the explanations given in former reports by the German Delegation: It has been defined as being the sum of the new value created by productive work in the material production during a certain period, thus being that part of the total social product which remains after deduction of the consumer production. It cannot be compared automatically with the GNP calculation of Western countries because of the different itemization and recording methods and because the service sectors have not been included. However, it permits a comparison with the other COMECON countries. (Source inter alia: "Die Einheit", (East) Berlin, copy 3, page 396)



increase of 8%, primarily because of the major decrease of growth during the second half of 1970. Agricultural production was hampered by unfavourable weather conditions. The growth of investments of 7.3% lagged far behind the target of 11.4%. There were export backlogs while import requirements increased simultaneously.

- (57) The reasons for the unsatisfactory results in 1970 can be attributed mostly to the structural disproportions which were due to the exaggerated concepts of the "New Economic System" described in Part I(d)(II) of this report. Additional difficulties resulted from the shifts of production within the industry which caused losses of production because of insufficient co-ordination. Another most disturbing factor was the unbalanced stockpiling at all levels of production up to private consumption which meant that in some enterprises reserves were lacking while others had illegal excess stocks (hoarding stocks). Control reports by officials of the "People's Control Service" and central state agencies show that stocks in some engineering enterprises could have been reduced by as much as 40% while the same material was urgently needed by other "VEB" of the same branch. There are similar reports about many other sectors.
- (58) Under these conditions it has not been possible to lead the GDR economy to a higher rate of growth until the end of 1970. Although this state of affairs did not substantially hamper the fulfilment of the perspective plan of 1966-1970 whose rates of growth, in all, did not exceed the capacity of the GDR economy, it reduced the prospect of a more rapid growth during the following five years. This can be said especially in view of the development in 1971 when the above-mentioned difficulties came into the open. They have been taken into account already in the annual economic plan whose primary targets were to consolidate and eliminate the structural disproportions and supply gaps while abandoning increased growth. However, the strained situation continued so that even the relatively modest annual plan for 1971 could not be fulfilled. Since low targets had deliberately been planned, the produced national income increased by not more than 4.5% (planned 4.9) in 1971, industrial goods production by 5.5% (planned 5.6) and foreign trade by 6% (planned 8). Only the retail trade turnover increased more than planned, 3.9% (planned 2.4).

- (59) As regards the details of the measures to be taken from 1971, both with respect to the year 1971 as to the simultaneously beginning new perspective planning period, it appears that there has been no clear line for a long time, especially under the aspect of the change at the top of the SED leadership. The Law on the Five-Year Plan which has been the subject of changes and shifts of emphasis until the last moment, was passed - together with the economic plan for 1972 - with considerable delay not before December, 1971 i.e. at a time when the development during the current year could already be overlooked until the end.
- (60) The targets of the annual economic plan for 1972 are as cautious as those for 1971. The economic leadership in the GDR is obviously of the opinion that the strained economic situation can be overcome only gradually. The produced national income is to reach about the same rate of growth in 1972 as in 1971, i.e. 4.6% and the same applies to the industrial goods production which is to increase by 5.5%. The plan for the building industry provides for a lower increase, i.e. 3.5%, than in the previous year; this corresponds to the planned minor increase of the gross investments by only 2%. Agricultural and food production is to increase by 4.8%; this will only be possible if the harvest results are better than in 1971. The planned growth of the net monetary income of the population and the retail trade turnover is 4%. The foreign trade turnover is to increase substantially in comparison with 1971; the total increase of 12.5% is to include an export increase of 12% so that an import surplus is expected.
- (61) Compared with the very cautious planning targets the actual development during the first half of 1972 showed relatively good results. The most important planning targets which were modest, as already mentioned before, could be fulfilled or even over-fulfilled, although there were still gaps and bottlenecks of production and supply. The uncertainty and prudence of the economic leadership in the GDR caused by the economic difficulties since 1969, were also a determining factor for the targets of the perspective plan from 1971-1975. The planned speed of expansion for the new perspective planning period is slower for most items than the actual growth during the previous Five-Year Plan period of 1966-1970. The produced national income is to increase on the basis 1970 = 100 by 27% until 1975 (growth reached during the Five-Year Plan period of 1966-1970 = 29%),

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

while the annual rates of growth are to increase more at the end of the planning period. However, the speed of growth of the mid-1960s with increases of the produced national income by 5.1 and 5.5% is not to be reached again before 1974 and 1975. The targets during the Five-Year Plan period are in detail an increase by 34% compared with 1970 for the industrial goods production (1966-1970 increase = 37%), building and assembling production by 27% (1966-1970 increase = 42%), retail trade turnover by 22% (1966-1970 increase = 25%). The foreign trade turnover for which an increase of between 60 and 70% has been planned is to increase somewhat more until 1975 than during the previous perspective plan period. The development until the middle of 1972 has been essentially in line with the targets of the perspective plan. However, this does not indicate anything about the overall prospects of fulfilment since due to the lower planning targets during the first years of the Five-Year Plan substantially higher rates of growth have to be reached during the last years.

(b) The Economic Development in the Various Sectors

(I) Agriculture

(62) The highest harvest quantity so far was reached in the GDR in 1968 when the gross soil production of 3,560 kg of crop unit per hectare of useable agricultural area exceeded that of 1935/38 by 23%. These better results are primarily due to the grain and fodder cultivation while the results in the cultivation of root crops stagnated. Compared with the Soviet Union the grain yield in the GDR of 3,400 kg were about 140% higher on the average during the years of 1965-1969; the other East European countries lag behind the GDR by 13 to 50%. On the other hand the sugar beet yield in the GDR (average 1965-1969 = 30,100 kg/ha) lagged behind those of all other COMECON countries with the exception of the Soviet Union and Roumania. Compared with the Federal Republic of Germany the GDR lagged behind by 20 to 23% in gross soil production, by 17 to 18% in performance per animal and by 25 to 30% in net food production in 1969-1970. A similar result can be expected for 1971.

(63) Apart from the comparatively minor rates of growth of agricultural production the great annual fluctuations of the vegetable and fodder yields are conspicuous which make it rather uncertain that the desired high rate of independence on food imports can be achieved. The consequence of the minor import possibilities is on the other hand that after bad harvest years animal production also decreases. Nevertheless, due to the growing number of livestock and the increasing productivity of the domestic cattle it can be assumed

that the GDR will reach autarky in the near future as far as milk and milk products, meat and egg supplies are concerned. (See Annex, Table IV: Livestock and agricultural performance in the GDR).

- (64) The tasks with which the agriculture is confronted are in keeping with the above mentioned difficulties of production. In addition to the general increase of production priority should be given to the reduction of the harvest fluctuations. During the current Five-Year Plan especially the vegetable and fodder production is to increase annually by about 5% with the aim to safeguard the fodder basis for animal production. Another target is the increase of the working productivity.
- (65) To reach these targets the GDR disposes of about 6.3 million ha of useable agricultural area (annual decrease about 13,000 ha). In 1970, in comparison with the Federal Republic 27% more potash, 9% more phosphate and 12% more nitrogen were used in the GDR per ha of useable area. These quantities are to be further increased until 1975 (annual increase rate for nitrogen 10%, phosphate 6%, potash 3%).
- (66) In 1970/71 annual investments in the GDR agriculture per ha of useable area amounted to 4,300 million Marks, i.e. 717 marks per ha (average 1966-1971 = 616 Marks). This is more than twice as much as in the Federal Republic - assuming parity of currencies and disregarding efficiency, which will be dealt with later on, for the time being. The share of the buildings in these investments was about 58% and that of equipment about 38%. Also in future about 4,500 million Marks are to be invested annually, and of these 800 million for improvements, 900 million for machinery and 1,750 million for buildings. The share of agriculture in the total investments in the GDR reached 13.1% in 1970-1971. Its share in the gross production, however, was only 11.6%. This percentage includes, on the average, 30-35% of price subsidies. The number of people working in agriculture decreased by 4.3% to 984,000 in 1969-1971 (= 15.7 workers per 100 ha of useable area).
- (67) A target of equal importance, apart from the increase of the area and working productivity, is the introduction of industrial production methods in the agriculture to bring the class of the co-operative farmers closer to the class of industrial workers. In 1970-1971 the work has been increasingly organized in co-operative unions (KOG) in which 3 to 10 agricultural production co-operatives (LPG) or people's

owned farms (VEG) are combined. Generally, no data is provided on the number of these co-operatives but it can be assumed that at least 90% of all the farms are included in some form at present. The forms of co-operative relations are very different, often the farms are co-operating only in a certain branch (for instance use of machinery) and are operating otherwise independently from one another. On the other hand the KOGs till their areas (on the average 4,000 to 6,000 ha of useable area) together or jointly breed cattle in large stables. The results of model farms which have become known show that in spite of very high investments the working productivity is inferior to that of the farms in West Germany.

(68) A tentative comparison gives the following picture of the productivity relation between the GDR and the Federal Republic of Germany:

(a) productivity per area 3,140 versus 4,050 kg of  
grain unit per ha of useable area

(b) working productivity 219,600 versus 410,000 kg of  
grain unit per worker.

(69) As for vertical co-operation the farms (KOG, LPG, VEG) work together in co-operative associations (KOV) which include suppliers, processing and trade enterprises. In 1970 265 KOV existed in the GDR. The establishment of KOG and KOV had led to a further structural shifting in agriculture. Although the number of LPG decreased due to these mergers (1969 = 9,836; 1971 = 8,327), the socialist sector now comprises about 95% of the useable agricultural area. Of this percentage the LPG share is 85% and the share of the state farms barely 7%. The remaining useable area of about 8% is economically without importance (test farms, special cultivation). The transformation of the LPG types I and II into the fully socialized type III, where all means of production are operated jointly, is to be completed by 1975. (At present about 80% of the LPG are of the type III). This action of full agricultural socialization follows the latest measures of nationalization in the industrial sector.

(70) In summary it can be said that the GDR succeeded only to a certain extent in increasing agricultural production. This production is the subject of substantial annual fluctuations as shown by the harvest years of 1968 to 1971. The rates of growth are relatively small and have been achieved with an

unusually high amount of capital and work. It has not been proved so far that large-scale farming operations are of a higher effectiveness.

(II) Industry

- (71) As already generally indicated in Section II(a) "General Aspects of Growth" 1970 was a year of unsatisfactory results for the GDR's industry. In 1970, the economic difficulties prevailing since 1969 were expressed by a lower growth. With an increase by 6.3%, the growth was only slightly lower than that of the preceding year (plus 6.7%) but it fell short by a great margin of the target of the yearly economic plan (plus 8%). In 1971, these interruptions of the growth continued. The targets which had already been planned very cautiously, had to be changed and considerably reduced in certain fields in the course of the year. The planning authorities of the GDR do also not expect any basic stimulation in 1972. With an increase in the overall production of industrial commodities by 5.5% (gross calculation) the modest rate of growth in 1971 is to be maintained. From 1973, the annual rates of growth of production are to be between 6.3 and 6.6% (gross calculation). To achieve this objective, it is envisaged to increase the productivity of labour by 7 or 7.4% per year. However, it appears hardly possible from the information provided in another section of this report(1) that such a high increase can be achieved. For the whole planning quinquennium 1971-1975, the envisaged rate of growth of industrial production of commodities is 34% in comparison with 1970.
- (72) As far as the facts and trends of development in the individual fields of industry are concerned, the situation in the power industry, the chemical industry, and the steel production and metalworking industries is especially worth mentioning.
- (73) The power industry output in the GDR during the expired 5-year plan period (1966-1970) was insufficient to meet the requirements of trade and industry, transport and the general public. After lengthy and disappointing investigations progress is only indicating itself in the field of natural gas. With the exception of natural gas, there has been no improvement in the first 18 months of the present Five-Year Plan period. Soft coal and hard coal output declined but power supply was better in this period than in preceding years, because of the mild winter 1971/1972 and there were fewer electricity cuts and supply restrictions.

(1) For reference see comments on the problems of Productivity of Labour

(74) The situation in the various branches of the power industry can be described as follows:

- (i) The production of electricity is the critical point of the GDR's power industry. The annual increase in output could reduce the supply deficit prevailing since World War II only on a temporary basis, i.e. in the absence of spells of severe cold and other inclement weather conditions. In the last ten years, the investments for this branch of industry have increased only about 10% while those for the overall industry increased about 11%. It is therefore unlikely that all categories of consumers will enjoy secure and effective power supply before 1975.
- (ii) In spite of increased imports of petroleum products and the import of natural gas from the Soviet Union expected from 1973, soft coal will remain to be the backbone of the GDR's power industry. Since nearly all soft coal is mined openly, long spells of rain and frost will continue to adversely affect the production of soft coal and thus the supply of power. An increase in production is hardly to be expected before 1975 since the planned output is well below the output achieved in 1970.
- (iii) In view of the fact that hard coal deposits are nearing depletion the output decreases continually. In all probability, hard coal output will completely cease by 1980.
- (iv) The crude oil output in the GDR is negligible. As yet, nearly all supplies have been provided by the USSR. It is safe to assume that as a result of recent agreements crude oil requirements will also be met to a certain extent by imports from Arab countries but these imports should hardly exceed 10% of the overall imports.
- (v) In the last three years, the natural gas output has noticeably increased and reached 2,800 million cu.m in 1971. The planned increase to at least 11,500 million cu.m in 1975 should not be considered unrealistic straight away. However, it is not quite certain whether in view of the contracted yearly imports from the USSR of 400 million cu.m a national output of the planned amount will also find purchasers.

- (75) As far as the main fields of its development, i.e. petro-chemistry and organic synthesis chemistry, are concerned, the chemical industry is considerably lagging behind internationally because of its unilateral recourse to national soft coal as source of raw material. This delay is illustrated by a comparison of the per capita production of plastics and synthetic fibres. For instance, 22 kg of plastics and 3 kg of synthetic fibres were produced in the GDR in 1970. The corresponding per capita figures for the Federal Republic of Germany were 71 and 8 kg respectively. However, when the "Freundschaft" pipeline was put into operation in 1964, it was possible to start conversion to modern petrochemical techniques. The chemical industry of the GDR was thus able in 1970 to produce about 25 per cent of the carbon substance, needed for synthetic chemistry production, by using petrochemical techniques. The rapid development of petrochemistry and organic synthesis chemistry is one of the main concerns of the current Five-Year Plan (1971-1975). However, this will require the use of most advanced techniques and high-quality equipment of which only a small part can be produced nationally due to the absence of adequate research and the lack of chemical equipment construction capacities. The GDR will therefore have to buy an increased amount of production licences, techniques and complete chemical equipment for this project from industrialized countries of the West, which are leading in this field(1).
- (76) Among European Communist countries, the GDR takes fifth place in the production of steel (5.7 million tons in 1971) behind the Soviet Union, Poland, Czechoslovakia, and Roumania. Any expansion of the production of bulk steel is hampered by the large scale dependence on the import of raw materials of the GDR's iron and steel industry. The insignificant low-ferric iron ore deposits in the GDR permit only a small-scale output of iron ore which, in addition, shows a declining trend (1969 = 407,000 tons and 1971 = 100,000 tons of ferric contents). The necessary raw material for the production of steel is therefore obtained by imports. The only supplying country is the Soviet Union, which covered about 80% of the raw material requirements (converted to pig-iron units) during the period 1966-1970.
- (77) The steel industry of the GDR does not participate in the world-wide development of the modern and cost-efficient oxygen steel smelting technique. In the GDR more than 80% of the steel is still smelted on

---

(1) For reference see comments on projects underway, indicated in Sections II(a), (IV) and (V) of this report



the basis of the conventional Siemens-Martin process (SM steel). In the last few years, great importance has been attached to the expansion of production of high quality and electric steels in electric furnaces. The aim of this development is a better supply of trade and industry with rolled products made from high quality steel, of the second processing stage (sheet iron, steel strips, round steel, structural steel, pipes). The production of rolled material of this second processing stage was increased from 497,500 tons in 1965 to 1,692,400 tons in 1970. In this context, the construction of electric steel mills at the high quality and high grade steel VEB combine "Wilhelm Florin" in Henningsdorf and at the steel and tube rolling VEB combine in Riesa is of great importance. The GDR had to close the gap in requirements for rolled manufacturing products by imports, of which about 85% come from the Soviet Union.

- (78) In 1970, the metalworking industry produced 34.3% of the industrial gross output with 41.6% of the employees of the GDR industry. The increase in production in 1971 as compared to that of 1970 was about 6%. However, the various sectors of this industry such as "mechanical and automotive engineering" and "electrical/electronic/appliance engineering" and their branches show highly differing rates of growth. In the last year, the production of mechanical and automotive engineering extended by 5.5% while that of electrical/electronics/appliance engineering extended by 8.9% (based on statistical figures available so far). Increased figures of output of 14 - 10% for such items as trucks, motor cars, machine tools, roller bearings and fittings are confronted with decreases of the same order of magnitude for such items as railway cars, locomotives, tractors and agricultural machinery. In both sectors the mean rates of increase (+7 and +11/12% respectively) envisaged in the current Five-Year Plan were not attained in 1971.
- (79) A cross-sectional view of all fields of industry shows that in the current perspective plan period there is to be a higher increase in the production of heavy-duty machinery and the construction of production facilities than in the production of processing machinery and vehicles for the first time in years. Moreover, an above-average increase of 6.6% has been planned for the consumer goods industry. Summing up the information contained in the 1971-1975 perspective plan and the statements justifying this plan as well as the yearly national economy plans 1971 and 1972

clearly indicate the following objectives concerning the industrial development in the first half of the seventies: correction of disproportions, particularly those in the power industry and supply and ancilliary industries, accompanied by an increase in consumer goods production as a prerequisite for an improved supply of the population, which is the declared main objective of the perspective plan.

(80) To provide a synopsis of the achievements under the expired perspective plans for the industry of the GDR and the objectives set in the 1971-1975 Five-Year Plan reference is made to the tables and graphs enclosed in the Annex (tables V - XII).

(81) Irrespective of all development difficulties and problems shown above, there is no doubt that the GDR is the most industrialized country of all COMECON nations.

(III) Building Industry

(82) In the 1966-1970 Five-Year Plan, the growth of the building industry showed a downward trend. After the planned increase in building output in 1969 had been unsatisfactory the production fell seriously short of the planned targets in 1970 (planned increase = 14% achieved = 4%). Only by extra shifts, by concentrating all available construction funds (total funds not adequate to cover the construction of all projects) to selected projects and by accelerating the completion of projects under construction was it possible to reduce the partly considerable backlog in the building output in the first six months of 1971, and to achieve somewhat higher rates of increase until now. However, it should be noted that these efforts have caused considerable cost overruns for many construction enterprises. In 1971, the financial funds of important building enterprises were of such a limited nature, that it was difficult to pay the wages and that only the most urgent repair work to building machinery could be authorized. In addition, the supply of conventional building material such as cement, silicated concrete, bricks and roofing tiles was inadequate to meet the highly increasing requirements.

(83) The accelerated introduction of modern technologies is causing great difficulties to many building enterprises. So far, modern methods of industrialized and automated construction have only been used by some house-building combines concentrated in the cities of Berlin, Leipzig and Cottbus. Therefore, the results

varied largely from region to region in a generally improved output-situation of the building industry in the first six months of 1972.

- (84) In the reference period the output of the building and assembly industry was shared as follows: about 55% to the so-called "productive sector" (industry and stockpiling, drainage and water supply, agriculture, transport, post and telecommunications); about 33% to the "non-productive sector" (construction of dwellings and public buildings); and about 13% to building repair work and demolitions.
- (85) The 1971/1975 Five-Year Plan provides for a total increase in the output of the building industry by 27%. In particular, the construction of dwellings is to be promoted more than in the preceding quinquennium. The overall target is to provide 500,000 dwellings of which about 400,000 are to be new constructions, while 100,000 are to be provided by reconstruction, extension or modernization. Recently, the construction of owner-occupied houses has also been greatly promoted. By 1975 50,000 owner-occupied houses are to be built(1).
- (86) In 1971 and in the first six months of 1972 the targets set for the building industry were over-fulfilled as a result of increases in output by 5.7% and 4.7%. However, when assessing future prospects of success it should be borne in mind that these targets had been set at a relatively low level and that the output target of 400,000 dwellings was met only by 91% in the period 1966-1970. In any case, to meet the planned objective until 1975 it would be necessary to increase output in most regions of the GDR from 1973.
- (87) Summing up, it should be noted that both in the reference period and in preceding period shortcomings in the building industry had repercussions in all branches of trade and industry. There are still delays in the completion of important capital projects due to the insufficient output of the building industry.

(IV) Transport

- (88) Both the experience that the development of industry is impaired in the absence of means of transport and the increasing economic interdependence of the GDR within the Eastern bloc have induced the GDR to

---

(1) For funds made available for the construction of public housing and private owner-occupied houses see Section II(d) (III) of this report

increase its capital spending for transport purposes particularly since 1967. However, these increased expenditures have been insufficient so far to reconstruct the transport facilities in a scope meeting present requirements. The National Economy Plan 1972 and the Five-Year Plan 1971-1975 as well as recent trends indicate that there will be no major changes of this situation in the foreseeable future.

(89) A characteristic feature illustrating the transport situation in the GDR is that in 1971 63.7% of the transport volume (in tons) of the three most important inland transport systems fell to road transport (VEB-Vehicular Transport, short-distance and long-distance transport between enterprises), 34.5% to the national railway system and 1.7% to inland waterways. On the other hand, 74% of the transport performances (tons per kilometre) fell to the national railway system, only 22% to freight transport by road and 4% to inland waterway transport. The shares in the ton/kilometre performances indicate the division of functions (long-distance transport by railway). This division of functions is reflected in the tariff structure which offers advantages in terms of freight rates to long-distance transport by railway and to short-distance transport by vehicular road transport. The broken transport system is furthered by the tariff. Additional data on the shares of inland transport systems and their performance in the transport of goods is shown in table XIII in the Annex.

(90) Efforts have been made to rationalize railway operations by changing the types of traction engines. This had resulted in substantial changes over the last few years as shown in the following table(1):

Type of traction - calculated on the basis of gross ton/kilometre	1960	1965	1971
Steam locomotives	94%	88%	39%
Electric locomotives	5%	9%	17%
Diesel locomotives	1%	3%	44%

(91) The share of the modern types of traction is to be increased to at least 83% by 1975. A little less than 10% of the overall length (14,500 km) of the railway network has been electrified as yet. While the traction engine stock may be considered as relatively modern and operationally efficient the

(1) Source: 1972 Statistical Pocket-Book of the GDR, page 104

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

stock of freight cars is not comparable with that of Western railways both in terms of quantity and quality. In the past few years, the rate of increase in the number of new freight cars was nearly equal to the rate at which dated cars (about 2.5% of the total stock) were phased out annually.

- (92) The capacity of the existing road network is insufficient to cope with the increasing road traffic. At the end of 1969/beginning of 1970 work was started on the construction of new motorway sections, i.e. between Leipzig and Dresden, Berlin and Rostock and Halle and Magdeburg. It is intended to construct a motorway from Dresden to the Czechoslovakian border by 1974, thus providing a motorway through-connection from Rostock via Berlin and Dresden to Prague. According to present planning, the autobahn network in the GDR is to be extended from 1,460 km (1971) to a total length of about 1,900 km until 1975.
- (93) In the foreseeable future, no major development of the inland waterway system has been inadequate as yet to receive the flow of goods diverted after the partition of Germany. North of the canal belt running mainly from west to east there is no adequate waterway so that the goods carried by ocean-going ships and which are mainly handled at the port of Rostock cannot be conveyed by inland waterways. Of the total waterway network of the GDR, about 2,000 km are of importance for shipping.
- (94) In the past few years, the merchant fleet of the GDR has been improved both in terms of quantity and quality. In 1971, it included a total of 179 vessels totalling 1,352,423 tdw (9 tankers and 170 dry cargo ships). On 1st August, 1972, the total number of ocean-going ships exceeding 300 GTs was 197 totalling 1,043,105 GTs. To that must be added 16 units of the BOLTENHAGEN class (299 GTs). The share of tankers was 18 units totalling 210,964 GTs. The GDR thus held 25th place in the international list of seafaring nations (Federal Republic of Germany = 8th place). About 51% of the GDR merchant ships is less than 10 years old and 28% less than 15 years.
- (95) In terms of capacity, the GDR has 5 vessels exceeding 20,000 GTs. About 85% of all units have a capacity of less than 6,000 GTs and 42% of less than 1,000 GTs.

- (96) Organizationally, the merchant fleet of the GDR is grouped in two big shipping companies.
- The "Deutsche Seereederei (DSR)" (German Maritime Shipping Company) comprises all liners. The DSR operates shipping lines to NORTH SEA/BALTIC SEA countries, MEDITERRANEAN/BLACK SEA countries, NORTH/WEST/EAST AFRICA, CENTRAL/SOUTH AMERICA, SOUTH/EAST ASIA and the WHITE SEA.
  - The "VEB Deutfracht (DFT)" is responsible for the operation of specialized ships (tankers, bulk freighters, tramps).
- (97) In 1971, about 9.5 million tons of goods were shipped by GDR maritime shipping (1970 = 8.5 million tons). In 1971, the GDR merchant fleet transported 72,069 million tons/km, of which about 55% fell to the "DSR" (153 vessels - liner traffic) and about 45% to the "VEB Deutfracht" (27 ships - tramp and specialized shipping).
- (98) Since 1965, the total number of persons transported by all transport systems was been decreasing. After this trend had come to a temporary standstill in 1969, the number of persons transported again decreased in 1970. This decrease was shared by the railways and the municipal short-distance transport systems while vehicular transport and civil air transport showed a slight upward trend. As a result of increased travel distances the performance of all transport systems in the transport of persons has continually increased since 1963. This trend continued in 1970. By 1975 this performance is to increase to 115% as compared with the 1970 figure. Since the increase from 1969 to 1970 was only 2% it will be necessary to achieve higher rates of growth in the coming years to fulfil this target.

(V) Domestic Trade

- (99) The volume of retail trade in the GDR increased from DM. 17,300 million in 1950 to about DM. 45,000 million in 1960 to reach DM. 64,100 million in 1970. The 1971 figure was DM. 66,600 million. This implies that in the period of reference the volume has nominally increased nearly four times while the population has decreased. In spite of this relatively high increase the range of goods for the supply of the population is and has been inadequate or at least unbalanced, although this is less conspicuous today than in previous planning periods.

- (100) During the present reference period difficulties of supply occurred especially during the first half of 1970 for household fuel, some basic foodstuffs and toothbrushes. During the first half of 1971 there were considerable shortages in the supply of shoes, hosiery, clothes, furniture, leather goods and porcelain. The fourth quarter of 1971 brought a noticeable improvement of supplies. This was obviously due to Honnecker's announcement at a Central Committee meeting in September 1971 regarding an increase of consumer goods supplies and it was made possible essentially by additional imports, some of which could be financed from payments made by the Federal Republic to the GDR.
- (101) As stated before in another connection, the Law on the Five-Year Plan 1971-1975 provides that until 1975 the consumer goods fund is to increase to 122% compared with 1970 and that the main task will be to improve the supply of the population. The Law requires explicitly that the domestic consumer goods trade should concentrate all its efforts to achieve visible improvements regarding the supply of the population in shops, department stores and restaurants(1). According to the Law on the Economic Plan for 1972 it is planned that last not least the supply of goods in the lower and medium price brackets should be safeguarded with priority(2).
- (102) Organizationally, measures have been initiated to promote the setting up of a functioning trade network by creating so-called central and regional trade systems, by introducing modern sales methods or establishing special central and district supply plans.
- (103) Notwithstanding these clear objectives and some undeniable improvements in the meantime it is still evident that the retail trade has difficulties to supply the required goods. Especially in the Spring and Summer of 1972, when travel was facilitated for Polish and Czech citizens, unforeseen supply gaps occurred in particular in areas near the border. Since these tourists bought large quantities of durable consumer goods, textiles, goods for daily use, fruit, fresh vegetables and medicines, the available supplies were not sufficient for the GDR population or only for those who had the luck to obtain their supplies from other preferential sources of supply. There exist for instance certain possibilities of meeting additional requirements of high quality consumer goods via the "Geschenkdienst und Kleinexport GmbH." (Genex) (Gift Service and Minor Export Co.). Gifts to GDR citizens paid in

---

(1) See Gazette I, 1971, page 186

(2) See Gazette I, 1971, page 193

hard currencies can be made through the Genex. These goods will be taken from the GDR production without the usual long terms of delivery, for instance for motor cars. The Genex contributes to a better foreign currency balance.

- (104) Moreover, since 1962, the "Exquisite" shops of the governmental trade organization have been in existence where high quality products of the clothing, leather and fur industry of primarily Western origin can be bought.
- (105) Apart from this there are the "Intershops" (originally some kind of duty-free shops for foreigners) where Western spirits and tobacco products can primarily be bought and paid with DM. It appears that the possession of DM. is no longer expressly prohibited to GDR citizens(1).
- (106) The share of socialist retail traders (government trade organizations and consumer co-operations) in the total retail trade turnover in the GDR including restaurants was 81.3% at the end of 1971. The remaining turnover was made half by commission traders and half by independent retail traders. The collectivization measures taken at the beginning of 1972 have not affected the retail trade to the same extent as industry for the time being.
- (107) The wholesale trade has been almost completely nationalized - 98% - since the end of the 1950s. Statistical data on the wholesale trade volume are difficult to obtain. The Statistical Year Book of the GDR 1971 shows special wholesale trade data only as far as workers and salaried employees in the enterprises of the socialist wholesale trade for consumer goods are concerned. According to this source the number of employees (without apprentices) in this sector was about 93,400 in 1970. The Statistical Year Book 1972 gives only data on wholesale storage room.

(VI) Handicraft

- (108) Until the end of 1971 handicraft was the only economic sector in the GDR where almost half of the turnover was made by private owners of the means of production (66% at the end of 1961). Parallel to the collectivization campaign in agriculture it was planned to re-structure most of the crafts at the beginning of 1960. Due to the difficulties in the

---

(1) For more detailed facts and data on the supply situation see also Section II(e) "Standard of Living" and its sub-paragraphs in this report



supply of the population this plan was stopped in the Summer of 1960. Because of the rise in the ratio of old age and various administrative prejudices the number of independent craftsmen decreased just the same by more than 52,000 units between 1961 and the end of 1971. The number of craftsmen's personnel also decreased by 52,000 until the end of 1970 while on the other hand the number of those working in the collectivized handicraft production co-operatives increased by 77,000 from 1961-1971.

- (109) The functions assigned to the crafts within the total GDR economy since 1952 have primarily been repair work and services for the population. Nevertheless, the craftsmen took also part to a major extent in regular manufacturing activities, last not least because there was a great demand in view of the continuous bottlenecks in industrial production.
- (110) At the end of 1969 this was the subject of vivid criticism during which the state leadership blamed both the independent craftsmen and the craft co-operatives not only for neglecting their actual task of repair work and services but also for having poached workers from industry. An aggravating factor was that the turnover growth of the craft co-operatives showed a backward trend in 1969 and 1970 in spite of a growing number of personnel.
- (111) As a result of this criticism the reorganization measures under the New Economic System at the turn of the year 1970/1971 also affected the crafts to a major extent. As a first step taxes were substantially increased and the engagement of personnel strictly controlled. During the collectivization wave in the Spring of 1971 a considerable number of independent craftsmen was included in crafts co-operatives. The industrially producing co-operatives were mostly converted into VEB. The remaining independent craftsmen - according to the semi-official terminology - are to be "led back" to their originally assigned function of repair and servicing work.
- (112) The share of the crafts in the total working population of the GDR was just 8% in 1970 (15% in the Federal Republic). From statistical data available so far, the picture of the crafts as regards ownership, personnel and performance is as follows:

Year	Independent craftsmen			crafts co-operatives	
	Number	Employees with- out apprentices	Share in total crafts performance	Number	Members and can- didates
1950	303,821	858,329	100	-	-
1960	173,243	434,134	71.5	3,878	150,779
1970	116,478	347,547	50.1	4,458	245,378
1971	111,723	-	48.7	4,481	244,976

It cannot yet be said what the picture will be after the latest socialization measures as from 1972.

(c) Utilization of the National Income

(I) Consumer Sector

(113) It is one of the traditional objectives of a Soviet-type central planning economy to put the satisfaction of consumer requirements behind the aim of a rapid economic growth with high investments. Under the Five-Year Plan of 1971-1975 consumption is to grow more than investments for the first time, i.e. by 23%(1) (public and private consumption). Nevertheless, the rate of growth of consumption will still lag behind the planned growth of the produced national income (+27%) since, because of its substantial foreign indebtedness, the GDR is primarily aiming at an increase above average of exports.

(114) The share of consumption in the national income spent at home has slightly increased in 1971 (1970 = 76%, 1971 = 77.9%) whereby both private and public consumption have risen. This share developed as follows (in per cent) during the last four years(2).

Year	Accumulation Investments	Changes	Consumption in % of national income		
			private	public	in total
1968	18.7	1.0	70.9	9.4	80.3
1969	20.8	1.1	68.8	9.3	78.1
1970	- (tog.24.0)	-	66.8	9.2	76.0
1971	- (tog.22.1)	-	68.3	9.6	77.9

(1) The figure of 22% mentioned repeatedly before refers only to the increase of goods for the supply of the population.

(2) See also for the following years tables XIV and XV in the Annex

(115) In order to judge the trend of the development it has to be borne in mind that the policy of "structure-determining growth industries" in the GDR had proved a complete failure in 1970 and that the Polish workers protested against an anti-consumption economic policy during that year. During the following period the economic leadership of the GDR took many measures aimed at giving greater emphasis to consumption and to a wider and more stable supply of the population. This policy culminated in the formulation of the "main task" of the Five-Year Plan 1971-1975 which provides for "a further increase of the material and cultural standard of living of the population on the basis of a rapid development of socialist production, an increase of efficiency, of the economic-technological progress and the growth of the working productivity"(1). However, it would probably be a mistake to assume that the development of the recent years is forecasting a fundamental change. On the contrary, it appears probable that the increase of consumption which is now not only propagated but has also been achieved to a certain extent, will soon again range behind investments with the result that the population will continue to obtain a counter-value for its growing performance which will not grow accordingly.

(II) Investments

(116) In spite of the fact that the growth of investments has priority over individual consumption the development of investments lacked continuity both in planning and implementation during the last three years. Moreover, it can be stated that the actually implemented investments were not always in accordance with the targets of the respective annual economic plans.

(117) The expected increase of investments for the entire prospective planning period of 1971-1975 (on the basis 1970 = 100) is not much more than about 13% (actual achievements in this field in 1966-1970 = 59%). This extremely low rate of growth seems to appear suspicious even to the GDR planners themselves so that in the Five-Year Plan Law they speak nominally of at least 29%. This, however, is a methodic manipulation: whereas for all other development index numbers in the text of the Law the basis has been explicitly and clearly indicated as being "1970 = 100" it was stated quite casually that investments "are to be increased in total to 129% in 1971-1975 compared with the previous Five-Year Plan" which started, as everyone knows, in 1966. This means that - in terms of the reference

(1) See Law on the Five-Year Plan 1971-1975. Gazette 1971, Part I, page 175

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

basis 1970 = 100 which was used in all other parts of the current Five-Year Plan as well as in view of the figures mentioned in the Law on the Economic Plan for 1972(1) - the annual average increase of investments is to be 2.4 - 2.6% in 1971-1975. In 1975 they will thus be about 13% higher than in 1970.

(118) In the meantime the plan for gross investments in 1971 provided for a reduction of investments by 1.5% compared with 1970. De facto they reached the same amount - 32,800 million as in 1970. This overfulfilment may possibly be attributed to price increases since the reports as from 1967 have been based on current prices while the GDR press has repeatedly denounced price increases for investments.

(119) A breakdown according to economic sectors shows the utilization of investments (in %) as follows:

<u>Sector:</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971*</u>
Industry	48.6	49.3	52.1	53.4
Building industry	3.2	3.5	3.1	3.2
Agriculture including forestry	14.6	14.4	14.2	13.0
Transport, postal and telecommunications services	9.2	9.1	8.2	8.5
Domestic trade	5.9	5.3	4.9	4.1
Other production branches	0.8	0.7	1.3	1.1
Cultural and social institutions (without science and research)	3.6	3.4	3.4	4.5
<u>Other non-production sectors</u>	<u>14.0</u>	<u>14.3</u>	<u>12.8</u>	<u>12.2</u>

\* Preliminary figures for 1971

Source: Statistical Year Book of the GDR 1972, page 45.

(120) This shows that the share of industrial investments, which was already high, has continuously increased further at the expense of almost all other production sectors.

(121) Within the industrial sector the main emphasis is clearly on the energy and fuel industries, the chemical industry and on mechanical and automotive engineering. The following breakdown shows the preliminary figures for 1971 for the various sectors (in %):

---

(1) See Gazette 1971, Part II, page 192

	<u>Trend:</u>
Energy and fuel industries	23 rising
Chemical industry	22 rising
Metallurgy	5 rising
Building material industry	5 falling
Waterworks	5 falling
Mechanical and automotive engineering	16 falling
Electro-technology, electronics and equipment	9 falling
Light industry (without textile industry)	6 falling
Textile industry	6 falling
Food industry	6 falling

(122) The Law on the Economic Plan for 1972 mentions a rate of 2% for the increase of total investments including investment-sharing, the basis being 1971 = 100. Nothing is known up to now about the distribution of investments to the various sectors in 1972.

(123) The almost shockingly low rate of growth of the gross investment targets during the period of the Five-Year Plan 1971-1975, which breaks all former standards, will inevitably have a negative influence on the growth of the GDR economy into the second half of the 1970s. It is true that the economic growth depends not only on the amount of investments but also on their structure and the degree of technical progress which is made possible by them. Only if the GDR succeeds in overcoming structural disproportions in spite of an inferior investment volume by applying strict measures of rationalization, by concentrating investment funds to fewer projects and thus shortening the maturing periods and improving the technical standard, will it be possible to create a certain compensation for the further development. The only remaining factor of development for obtaining higher maturing standards - since the labour potential is already totally exhausted - would be a drastic improvement of the labour productivity. This makes it absolutely inevitable that every individual worker has to increase his performance. Although the per capita performance in the gross industrial production has grown steadily for years (for the entire industry 1970 = 179 compared with 1960 = 100(1)) the pressure on the workers to obtain the fulfilment and over-

---

(1) For a breakdown of individual data according to branches and years see table XVI of the Annex

fulfilment of the current plan by increased efforts and thus to create favourable conditions for higher rates of growth during the following years has increased continuously. In this connection special attention has been given again lately to obtaining voluntary commitments for additional performance. However, it remains doubtful whether the planned increase of the industrial labour productivity to 135% on the basis 1970 = 100 (i.e. an annual average of 7%) can be reached until 1975. Up to now not even the target portion of only 5% planned for 1972 has been reached (according to the progress report for the first half of 1972 for the sector of the industry ministries the annual rate achieved was 4.2%). Moreover, it should be taken into account that the expected better performance of the workers has not yet been rewarded by a corresponding higher standard of living.

- (124) In view of these uncertainties even the working productivity factor appears hardly sufficient to establish a noticeable balance of growth to offset the underdeveloped rates of investment during the current perspective planning period. This is all the more true when one takes account of the additional burden on investments due to necessary environment protection and supplementary infrastructure works.

(d) Money and Finances

- (125) During the first phases(1) of the economic reforms which have been initiated in the GDR since 1963, financial control and monetary events in the economy were given a predominant position by decentralization, the wider margins of authority granted to the production units and because of the preference given to parametric control of the economic processes. This development was stopped at the end of 1970 because of the change of the economic policy by the SED and the return to strict administrative instructions.

- (126) In general, and in line with the established economic system, the monetary system of the GDR, like that of all Eastern central planning economies, is almost completely screened off from the world monetary system and the economic system of foreign countries. Therefore the GDR Mark is a currency for purely domestic purposes. It is of no importance within the international clearing system. The rates of exchange between foreign currencies and the GDR Mark are being decided by the State Bank in co-operation with the Council of Ministers as far as they have not already

---

(1) See survey of the reform phases in Section I(d)(I) of this report

been established by bilateral or multilateral negotiations with various countries. The official exchange unit of the COMECON intra-bloc trade is the parity: 1 transferable ruble = 4.67 "Valuta Mark". This special (effective) exchange parity between Valuta Mark and transferable ruble had to be distinguished from the official GDR exchange rate of the GDR Mark based on a (fictitious) gold parity which is 1 ruble = 2.47 Marks. Apart from this there is another special rate according to monetary agreements for certain non-commercial payments whose relation is 1 ruble = 3.20 Marks.

(I) Wages and Prices

(127) The "net monetary income"(1) of the GDR population developed as follows during recent years:

Year	Development of net monetary income	
	In total by 1,000 million marks	Growth compared with the year before in %
1965	63.4	4.3
1966	65.7	3.6
1967	68.3	3.9
1968	71.7	5.0
1969	75.2	4.9
1970	78.4	4.2
1971	81.3	3.7
1972*	84.5	3.9
* planned		

(128) The following figures refer to the average monthly income of the full-time workers and salaried employees of the socialist economy for the same period:

Year	Average monthly earned income GDR Marks	Rate of growth compared with the year before %
1965	633	3.8
1966	646	2.1
1967	662	2.5
1968	693	4.7
1969	722	4.2
1970	755	4.6
1971*	785	3.3

Source: Statistical Year Book of the GDR 1972, page 19  
\* Preliminary figures

(1) Net monetary income = gross monetary income less direct taxes and social security subscriptions

- (129) A nominal comparison between the wages of workers and salaried employees including apprentices in the GDR and the Federal Republic of Germany is shown in the enclosed table XVII; it should be taken into consideration, however, - as will be explained in more detail later on - that the Deutsch Mark of the Federal Republic of Germany cannot be compared with the GDR Mark.
- (130) The limited scope of the rises in income during the last three years shown in the tables above becomes apparent by the following facts which are in contradiction to the propagandistic description of such developments by the SED: At the 14th Central Committee meeting (9th-11th December, 1970) an increase of the minimum wages and the wages and salaries of the lower personnel echelons in selected sectors of the economy was announced. Generally, the average income of workers and salaried employees increased more rapidly than that of other wage earners.
- (131) The intensive use of "performance wages", which means that a portion of the effective income depends on the degree of the plan fulfilment, is characteristic for the wage system in the GDR. It can be assumed that in 1970-1972 about 20-30% of the effective income of workers in the "productive sector" of the economy (such as the industry and the building industry) consisted of wages which were subject to the fulfilment of certain centrally established performance requirements (index numbers) of the state operations plan.
- (132) In addition, to their wages the workers receive "material incentives", primarily bonuses (end of the year bonuses) from the enterprises "bonus fund" for extraordinary performance to achieve the realization and over-fulfilment of the state plans. The following tabulation gives an idea on the extent of these bonuses:

Average Payment of Bonuses in the GDR in the form of  
End of the Year Bonuses

1969	for about 1.7 million workers and salaried employees (= about 22% of the working population)	about 375 mil. <u>Industry alone(1)</u>
1970	for about 2.3 million workers and salaried employees (= about 30% of the working population)	about 500 mil. 480 mil.

(1) Industrial enterprises under the responsibility of the industry ministries as far as they fulfilled the conditions of performance for the payment of bonuses.



1971 for about 3 million workers  
and salaried employees  
(= somewhat more than 37% of  
the working population)(1) about  
525 mil. 581 mil.

(133) The consumer prices which reflect the purchasing power of the wages and salaries have been fixed in the GDR by governmental directives (as explained in Section I(e) "Price system and price reforms"). In spite of the much emphasized principles to maintain the price stability for consumer goods there has been a sneaking rise in the GDR's cost of living, especially since 1968, and this has been primarily due to changes of quality and of the goods on the market as well as camouflaged price manipulation. No information can be given on the quantitative extent of this phenomenon in the consumer goods sector during the reference period. The GDR findings on this subject are kept secret and the official statistics on the "Index of retail sales prices, services and tariffs" do not show any changes of the price level(2).

(134) However, the rise in the cost of living has become so dangerous to the functioning of the economy in the GDR that the Politbureau of the Central Committee of the SED and the Council of Ministers were compelled to issue the emergency price policy decrees mentioned before, which freeze the prices of all consumer goods until the end of the perspective plan for 1971-1975.

(II) The Banking System

(135) After the fundamental reorganization of the banking system in 1968 described in the last report by the German Delegation (see document C-M(70)40, paragraphs 80-83) its structure has not essentially changed during the reference period. However, there have been thorough changes as regards its tasks. As a result of the return to the closely-knit central planning economy initiated at the end of 1970/beginning of 1971 the right of the commercial banks to "grant credits" which they had exercised relatively independently until the end of 1970, was cancelled and credit financing again linked to the economic and investment targets of the Plan. The credit interest rates have been increasingly differentiated as an instrument of control and the use of credits for purposes not linked to the Plan is penalized by considerably higher interests, up to twice the original rate.

(1) In 1971 the personnel of about 5,400 enterprises was granted bonuses.

(2) This index on the basis of a family-shopping basket selected according to the average consumer habits and the consumption structure of 1968 even indicates a nominal minor decrease of prices since 1960 (price index 1960 = 100, 1970 = 99.9). See Statistical Year Book of the GDR 1971, Page 340.

(136) Moreover, the implementation of the comprehensive control function of the banks regarding the distribution and utilization of credits by the enterprises in line with the plan was considerably changed in 1971. By the so-called "chief accountant" regulation of 20th January 1971 the institution of a state controller which had existed before but had faded into the background during the era of reforms after 1963, was re-activated to cover all VEBs combines and combined works, institutions of the nationalized enterprises, unions of VEB, and other managing bodies included in the system of economic accounting. Within his comprehensive terms of reference this chief accountant assumes important functions which were previously a responsibility of the banks.

(137) The result of this re-establishment of the former "passive rôle" of the bank and finance policy will probably have been in the meantime that there are no longer any efficiency-increasing impulses of the banking policy instruments, which had been so urgently required before.

(III) Finance Policy and State Budget

(138) On the credit side of the "GDR State Budget" appears the total monetary income (budget income) concentrated in the central budget (GDR budget) and the local budgets.

(139) On the debit side all monetary expenditures are booked which were paid according to direct instructions and under the responsibility of the state organs (budget expenditure).

(140) These principles have not changed during the reference period. The main income of the GDR state budget is still derived from the contributions of the nationalized economy: 1971 - 42,300 million Marks (= 56% of the total budget income), 1972 - 44,200 million Marks (= 54% of the total budget income). They consist furthermore essentially of production, service, and trade payments, transfer of net profits and payments to the production fund. The payments to the production fund will probably increase more than before from 1971 since they are now levied uniformly for all enterprises in an amount of 6% of the fixed and the working assets while until 1970 some enterprises had to pay only rates ranging from 1.4 to 6%.

(141) According to the State Budget of 1972 the expenditures increased by 8.5% to 82,200 million GDR Marks compared with the year before. One of the reasons for this increase is the fact that in connection with the re-centralization of the economic system the central distribution of capital via the state budget has also been intensified again. According to the economic and budget plans for 1971/72 (see Annex, table XVIII) the state budget absorbs and redistributes again 60% of the produced national income.

(142) The remaining budget estimates which have been published up to now cannot be compared with those of the year before because they are arranged according to a different system. When discussing preliminary data on the state budget it should also be taken into consideration that by law - analogical to the economic plan - the necessary budget amendments can be decided by the Council of Ministers.

(143) Since according to the budget estimate for 1972 the expenditure for investments and financing of certain scientific-technical tasks or projects of VEBs amounts only to 4,000 million GDR Marks compared with 7,500 million Marks in 1971 the quota of self-financing of these projects by the enterprises will have to become higher again. The planned expenditure for production-encouraging agricultural measures in 1972 remained unchanged - 2,200 million Marks - compared with 1971. On the other hand, the subsidies for the maintenance of particularly low consumer prices for important goods of daily use (especially basic foodstuffs) as well as for transport tariffs and rents had to be increased in the GDR during the budget year of 1972. In view of the cost increases the subsidies for consumer prices are to amount to 9,200 million Marks in 1972, i.e. 530 million Marks more than in the year before. It appears likely that in view of the absolute price stop for consumer goods and services until 1975 these subsidies will further increase during the coming years.

(144) A major item in the GDR budget is the expenditure for social, cultural and scientific purposes; their share in the budget expenditure for 1971 including the transitory item "social security" was almost 40% = about 30,000 million Marks. The breakdown of this complex in the budget statistics is relatively clear and much better supported by various additional information than other items of expenditure. In 1971 the main emphasis was on education and within this item on the improvement of universities and technical

schools. The funds for universities, colleges and technical schools in 1971 exceeded those in 1970 by 23.6% while the expenditure for the construction of training institutions, boarding schools and students' hostels rose by 50%. Only just two thirds of the expenditure for social security - the most important single expenditure item, 1971 = 14,700 million Marks and 1972 = 15,900 million Marks - are covered by subscriptions from the insured. Both in 1971 and in 1972 the State had to contribute about 5,700 million Marks per year for this item.

(145) 5,400 million Marks were made available for house-building in 1971. Private house-building was to be encouraged to a surprising extent in 1972 by low-interest credits and subsidies in order to mobilize further reserves for the accomplishment of the house-building programme.

(146) Reference is made to table XIX in the Annex which gives a breakdown of the most important items of expenditure in the GDR budget.

(IV) Defence Expenditure

(147) The openly published defence expenditure in the GDR during the reference period amounted to:

	1969	1970	1971	1972
in 1,000 million Marks	6.3	6.7	7.2	7.6
Increase compared with the year before	9.5	6.2	7.5	5.6

(148) After 1968 the development of the defence expenditure has been influenced especially by the further modernization of the army and the increase of the number of combat aircraft. It cannot be said to what extent military aid to Vietnam and development costs for new Soviet weapons systems have contributed to the increase of the defence expenditure.

(149) In July 1972 the armed forces of the GDR had a strength of 130,000 men (army 90,000, air force/air defence 24,000, navy 16,000). The share of the disclosed defence expenditure in the material net product, given as an index figure to show the economic burden caused by the defence budget, was relatively low until 1967 (3 to 3.5%) and about equal to that of Roumania and Bulgaria. When the defence expenditure increased in 1968 the GDR advanced to the second place within the Warsaw Pact with a share of 5.3% (USSR 6.9%). In 1970, 1971 and 1972

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

the index figures are around 5.5%, or according to preliminary and estimated values of the material net product, around 6.3 and 6.4%. The total defence expenditure (disclosed and undisclosed) will probably increase the index figures to 7 - 7.5%.

(e) Standard of Living

(150) It is difficult for various reasons to give appropriate information on the standard of living in the GDR:

- (i) The standard of living of the population of a country cannot only be reflected by statistical data. Apart from the uncertain reliability and continuity of these data the standard of living depends inter alia on the quality and variety of the goods in demand, which are difficult to determine, as well as on their balanced supply in terms of region and time(1).
- (ii) Moreover, especially in the assessment of the supply situation in the GDR there are several typical circumstances which are not reflected in the official reports because they have either been omitted or coloured (for instance the percentage of the sneaking rise in prices and the manipulation in the supply of goods by the VEB, as mentioned in this report).
- (iii) Honecker's repeated demonstrative statements regarding the priority given to the increase of the material and cultural standard of living of the population convey the impression to observers outside the GDR that the GDR is at present on the threshold of the transition to a high-standard consumer society. In order to see the right measure, however, the background against which this statement was made, must be taken into consideration, i.e. the important interruptions of supply in and after the winter of 1970/1971.
- (iv) An essential criterion in assessing the standard of living in a country is its comparison with other countries. Apart from the general methodic problems of such comparisons, it is necessary in the case of the GDR to give special attention to its price system, the distorted currency relations and, compared with Western countries, the different categorization of the national income.

(1) See also the item "Evidence on the Standard of Living" in the "Material for the Report on the State of the Nation 1971", printed matter of the German Parliament VI/1690 paragraphs 344 et seq.

(151) Taking into consideration these limiting preliminary remarks it can be said that, compared with the East, the population of the GDR enjoys the highest standard of living of all Communist countries. However, compared with the West, its standard is still substantially different, especially with respect to industrial consumer goods. When comparing the domestic development within the GDR it must be pointed out that the supply situation at the beginning of 1972 was better in many respects than that of the previous years. It is still characteristic that not all goods in demand can be obtained in sufficient number and at any time, however, there are now often goods on the market which have not been available for a long time(1).

(152) The concealed and sometimes even open resentment of this unbalanced situation by the GDR population cannot be overlooked by the political leadership. Western television programmes and, to an increasing extent, personal contacts permit a comparison of the GDR's standard of living with that of the Federal Republic. Thus, the comparison with the standard of living in other socialist countries loses its importance and a political component is gaining importance which causes difficulties to the SED. In this connection, the rising demand of GDR citizens for travel to foreign countries - especially also to Western countries - should also be mentioned. After travel to some socialist neighbour countries without visa was permitted, the number of GDR tourists travelling abroad has increased noticeably since 1972. However, there seem to be little prospects that the increasing demand of the GDR population for travel to countries of the West will be realized.

(I) Food Consumption

(153) A comparison of the per capita consumption of food between the GDR and the Federal Republic of Germany shows that considerably more basic foodstuffs (cereals, potatoes) and fats are consumed in the GDR. In 1969 and 1970, the consumption of these products in the GDR showed a slightly downward trend. The consumption of meat (especially beef, mutton and poultry), eggs and fruit is much lower in the GDR than in the Federal Republic. In the years 1969-1970 the consumption of meat and eggs increased by 3 and 5%, respectively, whereas the consumption of fruit, especially of fresh fruit, continued to decrease.

(1) See also information on the supply situation in Section II(b)  
(V) "Domestic Trade" of this report

According to other semi-official reports, the per capita consumption of vegetables in the GDR is quantitatively much lower than indicated in the official statistics. It is to be noted at the same time that the share of first-class vegetables in the total consumption of vegetables in the GDR is far below that of the Federal Republic.

(154) After some initial difficulties in the winter of 1970/71, the supply of basic foodstuffs was generally sufficient in the second part of the reporting period. Due to the subsidies, prices were low and largely unchanged, the quality was variable but on the whole satisfactory. The supply of higher quality provisions and foods, however, varied considerably in terms of time and place and was on the whole not yet sufficient. In many cases they were disproportionately expensive. The supply of fruit and vegetables varied; often bad quality was supplied.

(155) The following table shows the annual per capita consumption of selected provisions and fine foods in comparison with the Federal Republic:

Foodstuffs	Unit	Federal Republic of Germany 1969/70	GDR	
			1970	1971
Bread grain	kg	62.4	92.2	92.1
Potatoes	kg	102.0	153.5	150.4
Meat	kg	73.7	66.1	67.8*)
Fish	kg	10.4	7.9	7.8*)
Fresh fruit	kg	93.8**)	34.4	27.4
Citrus and tropical fruit	kg		11.8	12.0
Fresh vegetables	kg	64.5	61.3	59.9
Milk	litres	107.5***)	98.5	100.2 (2.5% fat)
Eggs	single eggs	15.7 kg	239.0	244.0*)
		<u>1970</u>		
Beer	litres	182	95.7	102.2
Wine and champagne	litres	16.6	5.0	5.1
Cigarettes	single cigar.	2514	1257	1310

\*) and meat, fish and egg products

\*\*\*) including tropical fruit

\*\*\*) unskimmed milk kg

Source: Statistical Year Book on Food, Agriculture and Forestry, Hamburg; Federal Statistical Office, Wiesbaden; Statistical Year Book of the GDR 1972, page 353 (provisional figures for 1971).

(II) Durable Consumer Goods and Services

(156) The supply of the population of the GDR with industrial consumer goods can be shown best by comparing the stocks in its private households with those in the Federal Republic of Germany:

Product	Consumer Goods per 100 households					
	GDR			FRG		
	1958	1961	1969	1970	1971	1969
Motor cars	-	4.7	13.9	15.6	17.3	44.9
Radios	86.8	90.4	91.5	92.9	92.8	96.8
Television sets	5.1	23.5	66.3	69.1	71.7	75.8
Electric household refrigerators	2.1	9.0	50.3	56.4	62.0	83.6
Electric household washing machines	1.6	9.5	49.0	53.6	58.0	60.9

Source: Statistical Year Books of the GDR, 1965, page 430, 1971, page 345; Statistical Pocket Book of the GDR, 1972, page 135 and Statistical Year Book for the Federal Republic of Germany, 1970, page 467.

(157) These figures, however, give a too favourable picture of the supply situation in the GDR since the quality of the products offered in the GDR is in many cases far below that of the corresponding products in the Federal Republic; in addition, there are still long waiting periods for some goods (e.g. for motor cars) and these waiting periods were still partly existing in the period covered by this report. Also with regard to clothing and shoes, the range offered in the GDR often does not correspond to the wishes of the consumers and this is repeatedly deplored in the GDR press; especially the assortment of various sizes is inadequate. Moreover, the GDR has still not succeeded so far in providing a sufficiently wide range of goods for private consumption, and there is an imbalance between deficiencies on the one side and saturation of demand on the other side (as for example with regard to cameras, television and radio sets).

(158) Services, especially repair services, are also still insufficient. In order to improve the supply of the population, the measures initiated to improve the material standard of living do not so much provide for principal increases in quantities, but rather for the closure of supply gaps.

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE



(III) Housing

(159) In the housing sector, no fundamental change of the situation took place as described in the last report of the German Delegation(1) in the GDR during the reporting period. According to the provisional result of the census of housing space and buildings, there were about 6 million dwellings in the GDR on 1st January, 1971. Thus 356 dwellings were available per 1,000 inhabitants (Federal Republic of Germany = 341). According to more recent investigations, the housing area per inhabitant in the GDR is just 19 sq.m (FRG = 24 sq.m).

(160) In comparison with the Federal Republic, housing in the GDR is characterized by two diverging facts: on the one hand by remarkably low rents compared with West Germany; on the other hand by inadequate equipment and by an extremely unfavourable age structure of the dwellings in the GDR: In 1968 only about 20% of the dwellings had been constructed after 1945 (FRG 51%) while 58% (FRG: 32%) had been constructed before 1919 and 22% (FRG: 17%) between 1919 and 1945. In this situation it is of little significance that housebuilding in the GDR increased again in 1970 and 1971 after a decline in the sixties and that a total of about 130,000 dwellings could be constructed in these two years.

(161) As already mentioned in another connection, the Five-Year Plan provides for the completion of about 500,000 dwellings from 1971 to 1975 by new construction, modification, extensions and modernization. In view of the extensive requirements for industrial construction projects and the insufficiency of investment funds for many years to come, the prospects of success of this programme have to be judged very cautiously. Moreover, due to the age structure mentioned above, almost half of the existing dwellings (a total of a little more than 6 million units) are in urgent need of modernization. Some hundreds of thousands are dilapidated although many of these dwellings still have to be preserved and remain occupied for several years. From 1972, more funds are therefore to be used for construction repairs than are normally required for wear and tear.

(162) The remarkably low average rents range between 0.80 - 0.90 Mark/m<sup>2</sup> in the districts and 1.00 - 1.25 Mark/m<sup>2</sup> in (East) Berlin. These rents do not include charges and are for dwellings without special equipment (lift, fittings etc.). In the meantime, "cost-covering" rents

---

(1) See document C-M(70)40, paragraph 98

had even been introduced for new dwellings which were taken occupation of after 1st January, 1967. However, this arrangement was cancelled for certain groups of the population in mid-1972 and the rents were reduced to the general low level. In future, credits are to be granted to young married couples to help them finding a dwelling.

(IV) Social Services

- (163) As regards the various service categories of the standardized social security in the GDR (free medical treatment, sick-pay, pregnancy and confinement allowances, children's allowances, accident welfare service, death benefits as well as invalid's and old age pensions) there have been changes especially in the field of old age pensions during the reference period. In continuation of the reorganization of the old age pensions carried out in 1968 a graduation of the minimum pensions according to the number of working years was introduced in 1971 which was further differentiated in 1972. Since 1st September, 1972 the monthly minimum old age and invalid pension has been 200 Marks (for less than 15 working years) and 240 Marks (for 45 and more working years). Most old age or invalid pensions are at this level or only slightly higher. The minimum monthly widow's pension has been 200 Marks since 1st September, 1972. When regarding these pensions, it has to be taken into consideration, however, that the compulsory social security contributions represent only 20% of the earned income liable to contribution (10% each by the employee and the employer) and that the upper limit for the assessment of the contributions, irrespective of the income of the person who is subject to compulsory insurance, is about 600 Marks per month.
- (164) There have also been certain improvements in the services for illness, pregnancy, births and accidents, similar to those for pensions. In the case of sick-pay the non-eligible days were abolished in stages, the duration of the payments was prolonged and the payments to be made after the 7th week were increased several times and graduated according to the number of children. During the first six weeks the insured persons receive 50% of their average earned income liable to contribution as sick-pay; in addition to this an adjustment amounting to the difference between the sick-pay and 90% of the net earned income is usually paid to employees by their employer. From the 7th week sick-pay graduated according to the number of children as a rule and amounting to 70 - 90% of the average net earned income is paid to a sick employees until he is recovered or made an invalid.

(165) The birth allowances financed from the state budget have been extended and increased several times and have been fixed to 1,000 Marks for the first child in 1972, provided the mother undergoes precautionary medical examinations at fixed intervals. The children's allowances and extra allowances paid by the State were also improved in recent years. They now amount as a rule to 20 Marks per month each for the first and second child, 50 Marks for the third child, 60 for the fourth and 70 marks for every further child.

(166) Since 1972 the confinement leave has been 12 weeks plus an extra 6 weeks pregnancy leave. Whereas the general minimum vacation per year is 15 working days, full-time working mothers with two children have a minimum vacation of 18 working days, those with three and more children a minimum vacation of 21 working days. Moreover, for the latter group the 40 hour week without reduction of pay has been introduced (in general the 5 day working week had 43 $\frac{1}{2}$  working hours).

(167) In comparison with the institutionally very differentiated social security system in the Federal Republic of Germany the system of social services in the GDR is heavily centralized and the enterprises are comprehensively included in it. The share of persons insured under the social security system is much higher in the GDR than in the Federal Republic of Germany.

(168) The total expenditure for social security (cash payments, contributions in kind, administrative costs) amounted in the average of 1965-1969 in the Federal Republic of Germany to 18% of the GNP, in the GDR to 12.4%(1). Although the social security system in the GDR has been much acclaimed en bloc also in the West, a consistent analysis shows that it is different but by no means more potential than that in the Federal Republic, France or some other Western countries.

(V) Health and Education System Social Achievements

(169) In 1966(2) 12 doctors and 4 dentists per 10,000 people were available for medical care in the GDR; on the same basis of reference the figures were 16.5 doctors and 4.3 dentists per 10,000 in 1971. The following table shows the increase of important installations for the treatment of out-patients:

---

(1) Source: "Data for the Report on the State of the Nation 1971", paragraph 377

(2) See document C-M(70)40 paragraph 99

<u>Installation</u>	<u>1955</u>	<u>1960</u>	<u>1965</u>	<u>1969</u>	<u>1970</u>
Policlinics	369	399	412	444	452
Treatment centres for out-patients	720	766	855	819	828
Public general practices	-	298	787	1,293	1,301
Public dental practices	-	156	485	634	680

Source: Statistical Pocket Book of the GDR 1972,  
page 155

- (170) These figures which seem to indicate a nominally favourable development of public health services do not disclose anything about their quality. De facto the situation is characterized by long waiting hours for the patient in waiting rooms, by insufficient supplies of modern sanitary equipment and often considerable shortages of medicines, as is evident from complaints of the population which have repeatedly become known. It has been reported that a waiting time of up to one year has to be accepted for artificial dentures.
- (171) Nominally, important facilities of the educational system have also been considerably extended during the reference period. The number of students on technical schools and universities increased further while the main emphasis in both institutions was given to the technical and economic sciences. In 1971 the share of technical students, half of them female, was 102 per 10,000 people. At the universities there were more than 150,000 students in 1971, i.e. 90 per 10,000 people. The number of female students increased substantially also in this field; it is now almost 33%. In the schools of general education the number of classrooms and full-time teachers has been increased so that in spite the increasing number of school-children there are still less than 27 pupils to one class and 19 pupils per teacher. When extending the facilities for preparatory school education the consideration to provide mothers with a possibility to work played a significant rôle. More than 640,000 children were taken care of in nurseries and weekly homes in 1971, and this is an increase of more than 50% compared with 1960. Similarly high is the increase rate for facilities of preparatory school education which were attended by 70% of all the children in the preparatory school age in 1971.

(172) In the case of all these actually remarkable measures in the field of education the SED increased their efforts to intensify central government control also in this sector during the reference period, especially since the beginning of 1972. In line with the ideologically motivated preference given to children of workers and peasants in the offer of education an increased orientation of all courses of instruction to the policy guidelines of the economic system of the GDR has been apparent. Limitations of admission, arbitrary short-term manipulations of the marking and examination criteria are aimed at directing pupils, students and trainees into channels considered useful by the SED. By issuing these guidelines, which are also vaguely indicated in the Five-Year Plan 1971-1975, the SED admitted officially the previously lacking effectiveness of the educational system in an ideological and technical respect.

(173) Apart from these direct social-political indoctrinations, services and payments by the State, the enterprises and social organizations which are granted annually to the population in addition to their earned income from the so-called social funds play an important rôle and they are to stimulate the readiness of the population to engage itself for the system.

(174) According to official GDR data the services and payments from the social government fund amounted to about 110,000 million Marks during the period 1960-1970. They are to be increased to 140 - 150,000 million Marks during the new Five-Year Plan 1971-1975 if the productivity of the economy permits such an increase. The following information has been obtained on the expenditure in various sectors:

- 12,600 million Marks were paid in 1966-1970 for health and social welfare (without social security); these payments are to be increased to 13 - 14,000 million Marks in 1971-1975;
- the expenditures for culture, sport and recreation amounted to about 3,700 million Marks in 1966-1970. 4-5,000 million Marks are earmarked for that purpose in 1971-1975;
- more than 22,000 million marks were spent on education during the last Five-Year Plan; this expenditure is to increase to 29-32,000 million Marks during the current Five-Year Plan.

(175) The VEB paid inter alia the following allowances from their cultural and social funds in 1970: about 280 million Marks for canteen food, almost 140 million Marks for children's care and about 80 million Marks for the housing of factory workers. Of the social organizations, it was primarily the FDGB (trade union) which paid contributions to holiday trips of trade union members; they amounted to 78 million Marks in 1970.

(176) This complicated system of government subsidies can also not be compared with the situation in the Federal Republic of Germany. It can be said, however, that due to the system in the GDR these funds are aimed essentially at increasing the working capacity and ability of the working population, i.e. that those who are no longer in a position to work enjoy fewer advantages.

(VI) Purchasing Power

(177) As indicated by the price stop regulation of November 1971 which had been repeatedly mentioned before in this report, the purchasing power of the GDR Mark developed into a direction during the reference period which caused concern to the SED leadership. In spite of a "sneaking increase of the cost-of-living" which has also been described before, one cannot speak of an inflationary trend in the GDR. On the contrary, in comparison with the Federal Republic and because of the considerable price increases which occurred in all Western countries one can speak of an improvement of the relative purchasing power of the GDR Mark vis-à-vis the DM.(1).

(178) However, according to corresponding reports on the complex "real income" this improvement of the purchasing power parity in the workers' households in the GDR was not sufficient to balance the far greater increase of the normal income in the Federal Republic of Germany: the difference between the net incomes of workers' households in the GDR and in the Federal Republic, adjusted for the difference in purchasing power, which shows the difference in real income, was about 45% in 1969/1970 (1960: about 32%) and it has probably developed even further in that direction. This picture changes, however, according to what consumer groups are compared and what "family shopping baskets" are taken as a basis. Moreover, when judging the results of this analysis it should be borne in mind that a study of the purchasing power based on a comparison of prices

---

(1) According to so-called "shopping-basket calculations" on the basis of consumption conditions in the GDR the relative purchasing power of the GDR Mark compared with the DM. was 89% in mid-1969 vis-à-vis 84% at the beginning of 1966.

cannot take into consideration such factors as differences of the goods quality, long ways of procurement, temporary interruptions of supply etc.

(179) If one regards the relative purchasing power of the GDR Mark for various groups of goods and services it turns out to vary widely since the price relations for various categories of consumption differ considerably between the GDR and the Federal Republic. For instance prices for vital services (rents, transport fares, expenditure for education, health and entertainment, postal fees), for electricity, gas, water and fuel as well as the most important basic foodstuffs are clearly below those in the Federal Republic. On the other hand, the purchasing power of the GDR Mark becomes considerably inferior for high-quality durable household goods and furniture, automobiles, motor-cycles, clothing, textiles and fine food (except tea and beer). Some agricultural products like meat, meat products, milk products, eggs, fats, cost partly about the same in the GDR but some of them cost considerable more than in the Federal Republic. Unusually high are the prices for all imported goods and products manufactured from them (coffee, cocoa, chocolate, juices from tropical fruit). This is confirmed by a review of prices and purchasing power on the basis of hourly wages which shows the time of work required for the purchase of a certain article (see Annex, table XX).

(180) This price and purchasing power structure, established in the GDR by the State, has been designed for political and social consideration in a way as to permit to the masses of small income earners to reach a relatively tolerable standard of living and to finance part of the government expenditure and public investments via the high prices for luxury and high-quality goods.

### III. Foreign Trade Relations of the GDR and Intra-German Trade

#### (a) Foreign Trade Relations

##### (I) General Development

(181) In the post-war time up to the period of the first Five-Year Plan (1951-1955) the economy of the GDR was principally autarchical; foreign trade was consequently of little importance if not even irrelevant. In 1949, the overall volume of foreign trade (i.e. import and exports together) amounted to about 2,700 million Valuta Marks (VM); in 1950 it amounted to just

3,700 million VM. A heavier increase did not start before the mid-1950s. However, this increase developed relatively rapidly (1955 = 10,400 million, 1960 = 18,500 million, 1965 = 24,700 million and 1970 = 39,600 million VM.). A turnover of 42,200 million VM. is reported for 1971(1). During the period 1969-1971 this development was even over-proportional in comparison with the social product. According to its own statement the GDR held 14th place in world trade in 1968 (13th place according to UN statistics).

(182) In the reference period, the turnover figure of 39,600 million VM. quoted for 1970 is an over-achievement of the objective laid down in the perspective plan 1965-1970 of 3,300-3,600 billion VM. In comparison with the previous year (1969) the result of 1970 represented an increase by 14% (planned 13.6%). In this connection and in continuation of the tendency of the previous year the imports increased considerably more with 17.3% than the exports with 10.3%. The per capita turnover in 1970 was 2,321 VM. (in the Federal Republic of Germany 3,819 VM.).

(183) The growth in the volume of the foreign trade of the GDR achieved in 1971 in comparison with 1970 amounts to 6.4% (planned 8%). Although the plan had prescribed a stagnation of imports, the latter rose by 2.3% whereas exports did not expand by 16%, as planned but only by 10.8%.

(184) The deficit in the balance of trade of 1,100 million VM. in 1970 was opposed by a surplus of 490 million VM. in 1971. Thus the cumulated export surpluses since 1960 amounted to about 600 million VM. at the end of 1971. The surpluses were mainly achieved in trade with the socialist countries, especially with Poland. The GDR needs the surpluses to offset its permanently passive balance of services, i.e. primarily to cover freight and secondary costs for transports through transit countries. The deficits in the trade with Western industrial countries continued in 1970 with about 960 million VM. and in 1971 with about 1,200 million VM. In the past three years the cumulated deficit vis-à-vis Western industrial countries - partly financed by credits - amounted to 2,700 million VM.

---

(1) All figures quoted here include the intra-German trade between the GDR and the Federal Republic of Germany. For nominal rate of VM. vis-à-vis the Mark of the GDR (M) see Section II(d) "Money and Finances", Preliminary Remark



(185) In summary, the general development of the foreign trade of the GDR in the past, present and future times can best be characterized by the following phrases of the Law governing the Five-Year Plan for 1971-1975(1):

"Emanating from the long-term arrangements and agreements concluded and from the growing division of work and co-operation in science and research and in material production, the foreign trade relations with the member countries of the COMECON, especially with the USSR, which are a decisive basis for the overall foreign trade relations of the GDR, are to be further developed with priority during the period of the Five-Year Plan".

(II) Regional Distribution

(186) On the average of the last 15 years (1955-1970) the relations of the regional structure of the foreign trade of the GDR were the following by groups of countries (annual overall volume of the GDR foreign trade = 100):

- Communist countries                      about 75%
- Western industrial countries including intra-German trade                      about 20%
- Developing countries                      about 5%

(187) The deviations from these average rates for the Communist countries were as follows: 79% in 1962, 72% in 1966 and 76% in 1968. During the same period the percentage of the Western countries varied between 17%, 22% and 20% and that of the developing countries between 4% and 5%(2).

(188) In the years 1970 and 1971 the shares of the Communist countries were similar to those for 1966, i.e. about 72% (1970 = 71.5%; 1971 = 71.7%). Within this contingent about 94% went to the COMECON countries(3).

- 
- (1) Gazette 1971, I, page 179, paragraph 7, sub-paragraph 1 refers
- {2} See document C-M(70)40 paragraph 103
- {3} For more details of the COMECON shares, see Section III(a) (IV) of this report "Economic co-operation with the COMECON countries",.....

- (189) The share of the western industrial countries in the last two years was about 24% (1970 = 24.4%; 1971 = 24.3%); there was consequently a slight increase in comparison with the above maximum figure (22%) in the last decade. Within the volume more than 40% were accounted for by internal German trade.
- (190) The shares of the developing countries stagnated in the last two years and they amounted to about 4%. Thus, the foreign trade share of this group of countries with the GDR is - and has been for some time - the lowest of all COMECON countries.
- (191) In all, the groups of countries structure of the foreign trade of the GDR remained unchanged on principle in its previous frame within the period covered in this report, if the facts shown in table XXI of the Annex that certain upward and downward movements of the shares of the various groups of countries vis-à-vis the long-term average rates were already the order of the day in the past decade are taken into consideration in the measure of orientation for the identification of possible relevant changes.
- (192) A breakdown by various countries shows:

Now as before the most important trading partner of the GDR is the Soviet Union, although there is a slightly downward trend. Its share in the imports and exports of the GDR was 15,500 million VM. in 1970 (= 39%) and 16,100 million VM. in 1971 (= 38.2%). The comparative figures for 1968 are about 13,000 million VM. (= 43%). With a share of approximately 16% in the foreign trade volume of the Soviet Union, the GDR for its part is the latter's most important trading partner.

- (193) The share in the foreign trade turnover of the GDR of the remaining COMECON countries was 28% in 1970, and 29% in 1971. For a long time first place has been held by Czechoslovakia. The result in absolute figures (million VM.) is as follows:

Country	Exports of the GDR			Imports of the GDR		
	1969	1970	1971	1969	1970	1971
Czechosl- ovakia	1,740.7	1,849.8	1,973.2	1,545.0	1,919.7	1,987.1
Poland	1,324.0	1,673.1	1,919.6	1,102.9	1,229.8	1,270.8
Hungary	779.2	1,123.6	1,285.5	889.2	930.9	1,065.7
Bulgaria	640.6	664.7	748.9	617.0	714.1	733.1
Roumania	354.0	507.8	646.2	481.4	439.2	536.4

Source: Statistical Year Book of the GDR 1971, page 290/291; 1972 page 304/305.

- (194) Amongst the remaining socialist countries, the trade with Yugoslavia to the value of 570 million VM. in 1970 and 820 million VM. in 1971 (about 2% of the whole foreign trade turnover of the GDR) is worth mentioning. The trade with China is widely below 1%.
- (195) The trade with Cuba again expanded vigorously in 1970(1); it amounted to approximately 480 million VM. of which 259.6 million VM. represented exports and 220.7 million imports of the GDR. However, in 1971 the turnover decreased by 15% to 410 million VM.(2).
- (196) Characteristic for the year 1970, with a view to the supply difficulties in the GDR mentioned earlier in this report, were the considerable increases in the trade with the West. Here the increase was 20% and in the field of imports alone it reached 32%. However, in the following year of 1971 the trade with the Western countries was expanded by only 6% whereby the increase in exports of 6.7% was higher than the increase of imports of 5.2%.
- (197) There have been changes in recent years in the series of grades of the most important Western industrial countries as foreign trade partners of the GDR. Whilst Sweden, for instance, was the most important Western trading partner in 1969, it slipped to 5th place in 1970, whereas Switzerland took first place(3); in 1971 France held first place (the trade had expanded by 62% in comparison with 1970). England took second place. The GDR does not publish any figures of its trade with Greece, Spain and Portugal although it trades with these countries. Some selected absolute figures show (in million VM.):

Country	GDR Exports			GDR Imports		
	1969	1970	1971	1969	1970	1971
France	190.0	186.8	267.7	117.0	280.0	488.5
Great Britain	127.3	178.3	224.7	221.0	373.8	400.5
Netherlands	159.6	323.2	252.9	171.8	237.9	282.0
Switzerland	133.7	186.1	142.5	226.9	395.0	295.7
Sweden	150.9	177.0	172.6	221.2	233.1	253.3
Italy	135.2	192.0	165.3	150.2	147.5	125.0
US	39.7	38.4	39.7	89.8	168.7	270.7
Japan	69.6	116.3	40.6	34.0	32.6	215.0

Source: Statistical Year Book of the GDR 1971, page 290/291; 1972 page 304/305

- (1) See document C-M(70)40 paragraph 107
- (2) At the XXVIth meeting of COMECON in July 1972 Cuba was accepted as member
- (3) The statistics of the OECD countries show a different order from that of the GDR statistics. According to the OECD statistics Sweden still held 1st place in 1970, and Switzerland held 6th place

(198) The absolute volume of the foreign trade of the GDR with the developing countries was restricted to 1,600 million VM. in 1970, and to 1,700 million VM. in 1971, and this is without doubt in contrast to the propaganda effort of the GDR in this respect. Approximately half of this contingent went to Egypt, Brazil and India in 1970 and 1971; in 1971 the exports to Iraq increased to 103 million VM. In comparison with 46.4 million VM. in 1970.

(199) In summary, as regards the breakup of the foreign trade of the GDR of countries and individual countries, reference is made to table XXI (percentual breakup), already mentioned in another connection, and to the additional table XXII in the Annex, which contains more specified details in absolute figures (million VM.)

(III) Composition by Classes of Goods

(200) As already explained in the preliminary report (see document C-M(70)40, paragraph 110) it is difficult to obtain reliable information on the commodities structure of the foreign trade of the GDR. However, recent Soviet publications indicate certain interesting shifts, as shown in the table below:

Share of Selected Commodity Groups in the Foreign Trade of the GDR in %

Groups of commodities	Export			Import		
	1960	1969	1970	1960	1969	1970
Machines and equipment	48.2	49.9	50.5	12.6	32.7	34.1
Fuels, mineral raw materials, metals*	29.8	21.5	20.9	42.7	32.7	32.8
Raw materials of vegetable or animal origin, food	6.0	7.2	7.5	39.1	26.6	28.1
Industrial consumer goods	14.8	20.4	20.0	5.3	7.1	4.5
Fertilizers, construction material and other products	1.2	1.0	1.1	0.3	0.9	1.0

Source: Statistical Year Book of the Member Countries of COMECON 1971 (Russian) page 344 and 346

\* including chemical products.

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

- (201) Corresponding details of the official GDR statistics, which are kept very global in the published sources, are shown in table XXIII of the Annex of tables. In spite of this small basis of information it can be generally established that the previous surplus of the export volume over the import volume, which has been unfavourable for the GDR, has been reduced in the field of investment goods (see chart in table XXIV of the Annex).
- (202) The foreign trade of the GDR is composed as follows by countries and by classes of goods:
- (203) In the trade with the Soviet Union the commodity structure is still widely characterized by complementarity. As most important supplier of raw materials the Soviet Union covered the import requirements of the GDR of cotton by 90%, of crude oil by 90%, of iron ore by 90%, of aluminium by 58%, of copper and timber by 43% each, and of rolled steel products by 40%.
- (204) Within the framework of the trade agreement with the Soviet Union from 1971-1975 a more substitutive character is becoming apparent. Almost half of the total volume of 100,000 million VM. is intended for the exchange of machines and equipment. This means that their share doubles in comparison with the trade agreement from 1966-1970. It is especially the supply of these goods from the Soviet Union which is to be expanded.
- (205) The structure of the trade with the remaining COMECON partners - with the exception of Czechoslovakia - is similar to that with the Soviet Union. In the new perspective plan period until 1975 the exchange of investment goods is also to be intensified in this field.
- (206) In the exports of the GDR in its trade with the West the basic materials and production goods (especially iron, steel and chemical goods) are still dominating; the share of agricultural goods is also remarkable. In the imports the share of goods of the food industry is still relatively high, followed by that of high-quality investment goods. Consequently, the trade of the GDR with the West still has essentially to fulfil function of compensation(1).

---

(1) For more details see Section III(a)(V) "Economic Relations with the West"

(IV) Economic Co-operation with the COMECON Countries

- (207) Since the GDR is the structurally highest industrialized country of the COMECON countries, it holds an extraordinarily important position within this institution. With a share of 0.4% of the total territory and 5.1% of the overall population it provides about 10% of the industrial production of this economic community and holds second place after the Soviet Union.
- (208) Its share in the intra-bloc trade between the member countries of COMECON was about 17% in 1969 and 1970. Its share in the combined total foreign trade of COMECON was 15.4% in 1970 (15.2% in 1969). In 1970 the GDR had a share of approximately 16% in the combined trade of COMECON with the West.
- (209) In relation to the total foreign trade turnover of the GDR (including the intra-German trade) the share of the COMECON countries amounted to 67.3% in 1970. Thus the GDR is most closely linked with the COMECON countries after Bulgaria (comparable share: 74.8%). The comparable share of the Soviet Union, on the other hand, is only 55.6% and that of Roumania even only 49.3%(1). 64% of the exports of the GDR to COMECON countries consisted of products of the metal-working industry in 1970; the share of imports of these products from the area of COMECON increased to 40% in comparison with 13% in 1960.
- (210) The foreign trade with the partner countries is effected on the basis of long-term bilateral trade agreements whose duration is identical to that of the perspective plans. According to these agreements the trade volume with the COMECON partners is to be 165,000 million VM. from 1971-1975. This represents an increase of 60-70% vis-à-vis the planning period 1966-1970. As already noted in another connection, 100,000 million VM. of this amount is to be for the turnover of goods with the Soviet Union.
- (211) The comprehensive integration programme adopted at the XXVth council meeting in July 1971 should be of considerable importance for the further interlacing of the GDR with COMECON. The aim of this "complex programme for the further intensification and completion of co-operation and development of the socialist integration of the member countries of COMECON" is above all to intensify the degree of specialization and to improve the harmonization of the planning objectives amongst member countries which has been unsatisfactory so far.

---

(1) Source: Statistical Year Book of the COMECON member countries 1971, page 341 et seq.

The complex programme aims at eliminating the differential of levels between the various member countries within a period of 15-20 years. A prerequisite for this will be the co-ordination of the perspective plan of the various partners.

- (212) Important new bodies of COMECON are the committees for co-operation in planning and for scientific-technological co-operation. It was therefore recommended to the COMECON member countries at the XXVth council meeting in July 1972 to co-ordinate the plans for 1976-1980 in the years 1972-1974 to ensure the timely conclusion of the long-term trade agreements for the period 1976-1980.
- (213) In the meantime, multilateral agreements on the specialization and co-operation of the production were concluded for the first time. This includes, for instance, the equipment for the manufacture of glass and ceramic products, trucks, tractors and agricultural machinery, seagoing and inland shipping. In addition, the joint construction of industrial centres is envisaged. So far, more than 200 of these bilateral and multilateral co-operation and specialization agreements have already been concluded.
- (214) Within the framework of the multilateral agreements the investment share of the GDR in the opening up of new crude oil and natural gas deposits in the Soviet Union is to be specially mentioned. Czechoslovakia and Poland on their part are involved in the opening up of potash deposits in the GDR.
- (215) The GDR also participates, amongst other things, with other member countries in the building of a new cellulose factory in Siberia and it is planning and projecting with its own experts a cotton mill in Poland, which is to operate under a joint management.
- (216) A further example of multilateral co-operation is the construction of the 5,000 km long natural gas transit line "Nordlicht" from the Soviet Union via Czechoslovakia to the GDR which is to be completed in 1973. The most extensive bilateral project is the joint construction by the GDR and Czechoslovakia of Olefin production and processing installations at BOHLEN and ZALUZI. In exploitation of production licences via a Western consortium of firms (VOEST-SYBERTA) an ethylene capacity (300,000 tons per year) and a propylene installation (108,000 tons per year) at a value of 40 million dollars are to be set up in BOHLEN. This installation is to supply the projected polyethylene installation in ZALUZI (Czechoslovakia) with ethylene from 1973.

- (217) Moreover, the GDR has been producing the railway coaches to meet the requirements for both countries for some time whereas Czechoslovakia produces the tram-cars for both countries.
- (218) Agreements of co-operation exist with Bulgaria in the field of rationalization of production and development of new foodstuffs.
- (219) The co-operation with Roumania is to be concentrated on major equipment for open mining, on the vehicle industry and the specialization in the fields of tool machinery and electro-technical equipment.
- (220) In the realization of the co-operation, the International Investment Bank set up in 1970 should play a significant rôle. It is to ensure the financing of common major projects. So far it has provided credits for the construction and reconstruction of 20 industrial projects.
- (221) There will be especially major commitments for the GDR as the most important supplier of investment goods in COMECON as a result of the more intensive integration sought in the complex programme. The more intensive specialization will also affect the structure of the economy and consequently the structure of labour. However, the increased efforts of integration and co-operation have still not had a notable effect on the manpower situation. The number of guest labour in the GDR is extraordinarily small in comparison with the shortage of manpower(1).

(V) Economic Relations with the West

- (222) In spite or especially because of its increased integration in COMECON the GDR is actively trying for a balanced development of its foreign economy relations with the Western industrial countries within the reservations scheduled for this purpose. Concerning this the Law governing the Five-Year Plan says: "Emmanating from the interests of the GDR and on the basis of equality the foreign trade with the capitalist countries in and outside Europe is to be further developed"(2).
- (223) The cited interests of the GDR are not only based on economic but also on very relevant political motives. Within the framework of its efforts to obtain recognition, the leadership of the SED and the State

---

(1) For more details see Section I(c) "The Manpower Problem"  
(2) See Gazette 1971, page 179, paragraph 7, sub-paragraph 4



is permanently trying to promote and demonstrate this objective to the West in any conceivable way, also in the shaping of its foreign economic relations. It was officially ordered, amongst other things, to use the new designations "Trade Delegation of the GDR" or "Delegation of the Office of Foreign Economy Relations of the GDR" (instead of the former designation "Delegation of the Chamber for Foreign Trade of the GDR") in all western countries with effect from 1st January, 1971. These delegations still come under the Ministry for Foreign Economy for the time being, however, they are to be placed under the control of the Ministry for Foreign Affairs as soon as the official status, which is sought, has been achieved.

- (224) In the closer economic-political view the Western trade interests of the GDR are primarily governed by two motives: On the one hand the aim is to close gaps of production which are still generally existing or to overcome temporary shortages with supplies from the West; on the other hand the scientific-technological progress is to be accelerated.
- (225) Since the GDR already has the highest technological status in COMECON after the Soviet Union, its partners in COMECON can offer it only relatively small possibilities in this sector. To maintain its leading rôle, it has to shape its trade with the West especially carefully, for the remaining COMECON countries are also trying to import the technical progress from the West in an increased measure.
- (226) In this situation the GDR is not so much interested in individual transactions but, above all, in long-term agreements. The GDR has been successful recently in consolidating its trade relations with important Western trading partners on the basis of long-term bilateral agreements. Such agreements of most various types have been concluded, amongst others, with the following Western countries: France, the Netherlands and Italy (1970-1974), England (1971-1973), Denmark (1971-1975), Japan (1972-1975). Agreements with Sweden, Norway, Austria and Turkey have been concluded for the current years. Delegations of the Office for Foreign Economy are existing in all these countries and, in addition, in Belgium and Greece. In Finland exists a trade delegation at government level. In East Berlin there has been an economic office of the French industry and a delegation of the Federal Chamber of Trade and Industry since mid-1970.

In February 1971 an economic committee Japan-GDR with 24 Japanese industrial societies was set up in Japan. In addition the Japanese firm TOYO-ENGINEERING Corp. will build an ammonia installation (450,000 tons per year) based on natural gas in each LEUNA and PIESTERITZ until 1973, at a value of 38 million dollars. Trade relations have been considerably intensified especially with France and England. The volume with France was expanded by almost 150% in 1971 in comparison with 1969. In August 1972 an agreement with Switzerland on the exchange of trade missions entered into force.

(227) Concerning the present absolute and relative volume of the GDR's trade with the West, reference is again made to the statements already made on this subject in Section III(a)(II) "Regional Distribution". As far as the future possibilities of quantitative development are concerned it should be noted that the directives to the perspective plan 1971-1975, prepared for the VIIIth Party convention of the SED (June 1971), expressly contained the following formulation: "In the period until 1975 about 75% of the foreign trade turnover of the GDR will be with the socialist countries"(1). Even if this firm figure is not expressly repeated in the adopted versions of the directive and of the Law governing the Five-Year Plan, it still indicates the limited scope which is provided for the trade with the West (including the intra-German trade). This applies all the more since from the remaining contingent of approximately 25% not reserved to the socialist countries the share of the trade with the developing countries has also to be covered.

(228) Also, a decisive opening to the West is hardly to be expected as a result of the GDR ordinance on the "Activity and Establishment of Foreign Enterprises and Institutions in the GDR" which was adopted at the end of 1971. Evidently, only offices of western firms with export and import functions are envisaged for the time being. In this connection no possibilities for industrial co-operation or rights of staple for Western productive enterprises are apparent so far.

(229) Apart from these quantitative limitations the indebtedness of the GDR incurred in its economic relations with the West and which is quoted in more detail in Section III(a)(I) of this report (culminated foreign trade deficit vis-à-vis the western industrial countries within the last 3 years = 2,700 million VM)

---

(1) Source: Special supplement to "Neues Deutschland" of May 5th, 1971, page 26

is becoming apparent as qualitative problem of these relations. In 1971 the deficits were especially high vis-à-vis the US, France and Great Britain; as already in 1970, a surplus was made only in the trade with Italy. In this connection the GDR is in a favourable position in comparison with its COMECON partners because of its special position in the internal German trade, to which reference is made in another section of this report.

(VI) Economic Activities in Developing Countries

(230) Although the absolute amounts of the economic activity of the GDR in foreign trade and economic aid in the developing countries in 1971 shows a certain increase, this activity is still of relatively minor nature and is - especially in view of the economic capacities of the GDR - still greatly below the potential possibilities of the country. This is especially due to the fact that the emphasis in the economic policy of the GDR is primarily on investments and not on consumption and that the GDR has clearly refused to remunerate the revaluation of its political status in the developing countries by the granting of economic aid since 1971. In addition there is the chronic foreign exchange shortage of the GDR. In view of the major political activities of the Soviet Union vis-à-vis the developing countries the SED and State leadership of the GDR probably does not consider it necessary to pursue itself an active development country policy. The tendency can therefore be established that recently, in shaping its economic relations with the developing countries, the GDR has been trying to give the economic aspect precedence to the political one.

(231) Concerning the quite small numerical scope of the regular foreign trade of the GDR with the developing countries, the details quoted in Section III(a)(II) are again referred to (1970 = 1,600 million and 1971 = 1,700 million VM.). As already mentioned in this section, these trade relations are moreover concentrated on a very small number of developing countries. In 1970, for instance, 75% of the GDR's trade with developing countries was with only 8 states (Egypt, Iraq, Syria, Turkey, India, Brazil, Columbia, Peru) or, to say it in another way, about half of this trade was with 3 countries alone (Egypt, Brazil and India).

(232) The economic aid promises of the GDR to developing countries amount to 740 million dollars until the end of 1971. They take third place amongst the smaller COMECON states after Czechoslovakia (1,140 million

dollars) and Roumania (780 million dollars). After a temporary greater increase of credit commitments in 1969 and 1970 ("recognition credits") these commitments have clearly decreased in 1971 (1970: 140 million dollars, 1971: 19 million dollars). In the course of this year until mid-1972 an insignificant credit of 1.4 million dollars was notified to Chile only. The geographic emphasis of the GDR's economic aid is on the Middle East, North Africa and Latin America. Even more distinct than in the foreign trade with the developing countries is the concentration of the economic aid on some few states. Almost 80% of the economic aid provided to a total of 23 states is given to 6 states (Egypt, Iraq, Syria, Somalia, Ceylon and Brazil).

(233) The realization of the economic aid has varied very much from country to country previously. The economic aid for Brazil, for instance, has been almost completely realized whereas that for Ghana and Cambodia has been realized not at all or to a small extent only. In all, experts expect that about 40% of the promised aid will be realized, i.e. approximately 300 million dollars. This very modest amount is opposed by an amount of 1,900 million dollars (= 0.88% of the gross social product) for economic aid by the Federal Republic of Germany for the year 1971 alone. At the most this relation between the amounts gives the development aid of the GDR the appearance of an attempt to maintain the economic presence in the appropriate countries at least optically.

(VII) Relations with International Organizations

(243) Within the framework of its efforts to obtain recognition it is the aim of the GDR, first of all to gain accession to the special organizations of the UNO before becoming a member of the UNO itself. However, its efforts have been of little success so far. In the period covered by this report the 27th plenary meeting of the ECE in April 1972 dealt especially with the demand of the GDR for membership under equal terms in the ECE, which has been made every year since 1956. Before the meeting a draft resolution had been submitted by Poland which provided for the accession of the GDR to the ECE by a decision of the ECOSOC (during its 53rd meeting) in July 1972. This draft was rejected as unacceptable by the Western side. The GDR insists on full membership. It had suspended its advisory activity in 1958 - at the time of the Krushchev ultimatum - because it considered its designation "Eastern zone of Germany" and the reduced status of its representative as an observer discriminating. The designation "Eastern zone of Germany"

has been replaced by the official designation GDR in the meantime - at the 25th plenary meeting of the ECE in 1970. Since the end of 1971 the observer of the GDR in Geneva has also been displaying a CD-plate on his car.

- (235) The following are further examples of recent efforts to the GDR to gain accession to international organizations:
- (236) In 1971 the GDR succeeded with the support of other socialist countries to change the conference on the protection of the environment of the ECE, which was planned to be held in Prague in May without the participation of the GDR, into a symposium on the protection of the environment with participation under equal terms.
- (237) At the 25th assembly of the WHO in May 1972 the Health Minister of the GDR substantiated a renewed application of the GDR for accession to the WHO. It was decided to deal with this application at the assembly in 1973.
- (238) An application for accession to UNCTAD which had already been submitted in the form of a memorandum at the 2nd conference of UNCTAD in New Delhi in 1968 - where the GDR was represented within the COMECON delegation - was again submitted at the 3rd conference (13.4 - 19.5 1972) at Santiago de Chile. There, for the first time, a representative of the GDR, the Deputy Foreign Economy Minister ENKELMANN, addressed the conference as member of the COMECON delegation. There was no vote on the application for accession. In no way would the GDR have obtained the necessary majority of two thirds of the votes.
- (239) On the other hand, the GDR is not interested in becoming a member of GATT, evidently because the Soviet Union is not a member of this organization. Moreover, with only 80 member states GATT would be far from offering the same broad political forum as UNCTAD. In case of an assumed rivalry between the two organizations, East Berlin would favour the larger group which would also be more interesting for the revaluation of the GDR.
- (240) The polemics against the EEC have diminished recently. Professor DOMDEY, one of East Berlin's leading economic experts, formulated the relationship of the GDR with the EEC as follows in a radio discussion on 19th May, 1972: ".....We accept the EEC, but we are fighting to prevent that it will remain as a trouble-maker, e.g. in the field of normal international relations between the two systems".

(b) Intra-German Trade

(I) Status

(241) The Federal Government continues to regard the trade with the GDR not as foreign trade but as intra-German trade. In the Basic Treaty it was agreed in paragraph 1 of the additional protocol to article 7 to develop trade "on the basis of the existing agreements". Thus, the Berlin Agreement of 1951 will continue to be the contractual basis, as previously, for the trade between the Federal Republic of Germany and the GDR.

(242) Internationally, the status of the intra-German trade is recognized in GATT by the resolution to the Torquai protocol of 21st April, 1971, and in the EEC by the protocol on the intra-German trade to the Treaty of Rome of 25th March, 1957.

(243) Consequently, supplies by the GDR reach the Federal Republic of Germany without being subject to duties and taxes. However, the movement of commodities within the intra-German trade is strictly controlled by the Federal Government. It is the aim of this control to prevent any abuse of the intra-German trade, as for instance the purchase of goods which do not have their origin in the GDR, but in other countries of COMECON.

(II) The Economic Importance of the Intra-German Trade

(244) Economically the trade with the GDR is without greater importance for the Federal Republic of Germany; it represents only about 1.8% of the Federal Republic's trade with other states. Moreover, the commodities purchased in the GDR are not special goods which could not be bought on the world market.

(245) For the GDR on the other hand, the intra-German trade is of considerable importance. In 1970 and 1971 it represented about 10% of the GDR's trade with other states. Consequently, the Federal Republic of Germany is the second biggest trading partner of the GDR after the Soviet Union and before Czechoslovakia and Poland. The importance of the purchases from the Federal Republic of Germany can be rated even higher than is indicated by the relation of quantities: The GDR economy is able rapidly to dispose of planning surpluses on the flexibly reacting adjacent market and quickly to close planning gaps. In addition, the market of the Federal Republic of Germany offers the GDR access to Western technology.

(III) Development of the Intra-German Trade

(246) According to the statistics of the Federal Republic of Germany the intra-German trade developed as follows in the last years:

- in million US dollars(1)

Year	Supplies by the Federal Republic of Germany	Purchases by the Federal Republic of Germany	Balance
1965	307	312	- 5
1967	373	314	+ 59
1968	365	363	+ 2
1969	520	414	+106
1970	679	565	+114
1971	762	742	+ 20

(247) Thus, the growth of the trade volume (in absolute amounts) which has been accelerating since 1969, has continued. However, there has been no change in the relative share of the intra-German trade in the total amount of the GDR's turnovers with other states. The rate of about 10% quoted before for 1970 and 1971 corresponds - apart from small fluctuations - to the comparable long-term average rate of the last decade (see table XXI in the Annex).

(248) In spite of the almost balanced figures for supplies and purchases in 1971 the commodity structure of the intra-German trade is unbalanced. The share of investment goods in both purchases and supplies is below the import and export figures of the GDR's remaining trade with the West. On the other hand there is a disproportionately high share of basic materials, agricultural products and products of the food industry. Almost 40% of the supplies by the GDR in 1971 covered textile goods and agricultural products. Supply surpluses of the GDR in the fields of consumer goods and agricultural products were used, above all, to finance the purchase of basic materials and production goods.

---

(1) Rates of exchange:

until incl. 1969	\$1 = VE 4	(VE = accounting unit DM.1)
for 1970	\$1 = VE 3.66	
for 1971	\$1 = VE 3.48	

(IV) Prospects

- (249) As far as conceivable, the growth of the intra-German trade will continue in 1972; however, the results of the GDR will again be lower in comparison with those of the Federal Republic of Germany. As a consequence, the balance will further rise in favour of the Federal Republic of Germany.
- (250) In order to achieve a harmonization of the results of both German states in an increasing trade volume, greater efforts by the GDR will be necessary. Such a harmonization will be necessary in the long run because of the purely bilateral basis of the trade.



TABLE 1

GENERAL SURVEY

(All Figure from official "GDR" sources)

I. AREA AND POPULATION

1. Area (sq. Km.) 108,178

<p>2. Medium Line of Population Development</p> <table border="1"> <tr><td>1960</td><td>17,241</td></tr> <tr><td>1961</td><td>17,125</td></tr> <tr><td>1962</td><td>17,102</td></tr> <tr><td>1963</td><td>17,155</td></tr> <tr><td>1964</td><td>16,984</td></tr> <tr><td>1965</td><td>17,020</td></tr> <tr><td>1966</td><td>17,058</td></tr> <tr><td>1967</td><td>17,082</td></tr> <tr><td>1968</td><td>17,084</td></tr> <tr><td>1969</td><td>17,076</td></tr> <tr><td>1970</td><td>17,058</td></tr> <tr><td>1971</td><td>17,050</td></tr> <tr><td colspan="2">Population Census</td></tr> <tr><td>1.1.1971</td><td>17,041</td></tr> </table>	1960	17,241	1961	17,125	1962	17,102	1963	17,155	1964	16,984	1965	17,020	1966	17,058	1967	17,082	1968	17,084	1969	17,076	1970	17,058	1971	17,050	Population Census		1.1.1971	17,041	<p>3. Main Cities (more than 150.000 inhabitants) (mid-year 1971)</p> <table border="1"> <tr><td>a. East</td><td></td></tr> <tr><td>  Berlin</td><td>1.086.044</td></tr> <tr><td>b. Leipzig</td><td>582.870</td></tr> <tr><td>c. Dresden</td><td>502.514</td></tr> <tr><td>d. Karl-Marx-Stadt</td><td>298.672</td></tr> <tr><td>e. Magdeburg</td><td>271.077</td></tr> <tr><td>f. Halle/Saale</td><td>255.726</td></tr> <tr><td>g. Erfurt</td><td>196.791</td></tr> <tr><td>h. Rostock</td><td>199.751</td></tr> </table>	a. East		Berlin	1.086.044	b. Leipzig	582.870	c. Dresden	502.514	d. Karl-Marx-Stadt	298.672	e. Magdeburg	271.077	f. Halle/Saale	255.726	g. Erfurt	196.791	h. Rostock	199.751	<p>4. Population by Sex (mid-year 1971)</p> <table border="1"> <tr><td>Males</td><td>7.861,1</td></tr> <tr><td>Femes</td><td>9.188,6</td></tr> <tr><td>Total</td><td>17.049,6</td></tr> </table>	Males	7.861,1	Femes	9.188,6	Total	17.049,6	<p>5. Density of Population</p> <table border="1"> <tr><td>Inhabitants per sq. Km. (end 1968)</td><td>: 158</td></tr> <tr><td>mid 1971</td><td>: 158</td></tr> </table>	Inhabitants per sq. Km. (end 1968)	: 158	mid 1971	: 158	<p>6. Net decrease in Population 1960-71</p> <p align="center">200.000</p> <p align="center">Annual rate of decrease 1960-71:</p> <p align="center">0.1 %</p>
1960	17,241																																																											
1961	17,125																																																											
1962	17,102																																																											
1963	17,155																																																											
1964	16,984																																																											
1965	17,020																																																											
1966	17,058																																																											
1967	17,082																																																											
1968	17,084																																																											
1969	17,076																																																											
1970	17,058																																																											
1971	17,050																																																											
Population Census																																																												
1.1.1971	17,041																																																											
a. East																																																												
Berlin	1.086.044																																																											
b. Leipzig	582.870																																																											
c. Dresden	502.514																																																											
d. Karl-Marx-Stadt	298.672																																																											
e. Magdeburg	271.077																																																											
f. Halle/Saale	255.726																																																											
g. Erfurt	196.791																																																											
h. Rostock	199.751																																																											
Males	7.861,1																																																											
Femes	9.188,6																																																											
Total	17.049,6																																																											
Inhabitants per sq. Km. (end 1968)	: 158																																																											
mid 1971	: 158																																																											

7. Total population gainfully employed (September 1970):	7.769
apprentices:	449
TOTAL	8.218
of which Women:	48 % 3.950

8. Distribution by sector of gainfully employed population (September 1970)	
Industry	36.5
Handicraft	5.2
Building	7.3
Agriculture	12.8
Transport and Communications	7.2
Trade	11.1
Other Produktive Activities	2.4
Non-productiv Professions	17.5

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

TABLE 1 (Contd.)

II. PRODUCTION

9.		1971		Net Material Product (official Communist concept) (1968)				(1970)		
				102,421 (thousand D.M. East)				113,3		
NMP Origin (1968) in % of total				NMP Utilisation in % of total						
				1966	1967	1968	1969	1970	1971 x	
Industry	59.6	61.4								
Building	98.0	8.4								
Agriculture	13.1	10.7								
Transport	5.2	5.3								
Trade	12.3	12.6								
Others	1.8	1.6								
				Investment	15.9	17.3	18.7	20.9	} 24.0	} 22.1
				Stockpiling and Reserves	5.3	4.1	1.0	1.1		
				Private Consumption	70.4	69.9	70.9	68.8	66.8	68.3
				Public Consumption	8.4	8.7	9.4	9.3	9.2	9.6

x Provisional figures

10. Growth Rates (% increase over preceding year) (constant prices)								
	1966	1967	1968	1969	1970 (plan)	1970 Ist	1971 Ist	1972 Soll
Industry	6.3	6.5	6.1	7.0	8.0	6.4	5.5	5.5
Construction	5.5	9.5	9.8	10.0	8.6	4.0	5.7	3.5
Agriculture	4.8	6.2	1.0	-6.6	2.6	-	-	-
Fixed Capital Investment	7.0	9.2	10.0	13.0	11.0	6.7	0.0	2.0
Consumption	4.5	4.3	4.7	4.5	3.8	4.3	3.9	6.5?
Net Material Product	4.9	5.4	5.3	5.0	6.3	5.2	4.5	4.6

III. FOREIGN TRADE

(million valuta Marks)

11. Total Trade	1964	1965	1966	1967	1968	1969	1970	1971
Exports	12,312	12,893	13,461	14,515	15,923	17,443	19,240	21,321
Imports	11,061	11,800	13,503	13,771	14,250	17,313	20,357	20,831
Balance	+1,251	+1,093	- 42	+ 744	+1,673	+ 125	-1,117	+ 490

NATO RESTRICTED

-3-

ANNEX to  
AC/127-D/422

TABLE II

## DEVELOPMENT OF THE POPULATION IN THE GDR 1960-1971

Population group	Unit	1960	1965	1968	1969	1970	1971
Total population	Thousand	17,188	17,040	17,087	17,075	17,057	17,042
"	Per cent	100	100	100	100	100	100
of whom female	Thousand	9,443	9,260	9,244	9,223	9,199	9,177
"	Per cent	54	54	54	54	54	54
Population of working age <sup>1)</sup>	Thousand	10,542	9,916	9,879	9,871	9,866	9,870
"	Per cent	61	58	58	58	58	58
Female population of working age	Thousand	5,581	5,127	5,049	5,025	5,005	4,992
"	Per cent	32	30	30	30	30	30
Live birth	(each per 1,000 of population)	17.0	16.5	14.3	14.0	13.9	2)13.8
Deaths	(each per 1,000 of population)	13.6	13.5	14.2	14.3	14.1	2)13.8

Source: Statistical Year-Book of the GDR 1972, page 35 (Data deviating from the comparative data in Table I of document C-M(70)40 of 23-10-1970 result from the latest official publications in the GDR)

- 1) Men aged 15-65 years, women aged 15-60 years
- 2) Preliminary figure

NATO RESTRICTED

-3-

TABLE III

SOCIAL-ECONOMIC STRUCTURES OF THE WORKING POPULATION IN THE GDR

Group of Working Population	Absolute figures in 1,000			Per cent			
	1955	1970	1971 <sup>4)</sup>	1955	1960	1970	1971 <sup>4)</sup>
Working population in total <sup>1)</sup>	8,188	8,218	8,260	100.0	100.0	100.0	100.0
Workers and salaried employees <sup>1)</sup>	6.416	6.942	7.014	78.4	81.0	84.5	84.9
Members of cooperatives <sup>2)</sup>	193	1,008	987	2.4	13.8	12.3	12.0
Self-employed persons (responsible partners and agents trading for commission) <sup>3)</sup>	"	38	39	"	0.5	0.5	0.5
Other persons gainfully employed	1.579	231	220	19.3	4.8	2.8	2.7
including independent farmers and gardeners	1.029	9	8	12.6	0.4	0.1	0.1
Independent craftsmen	320	141	139	3.9	2.8	1.7	1.7
Independent wholesalers and retailers	148	26	25	1.8	0.8	0.3	0.3
Free-lance workers	34	16	14	0.4	0.3	0.2	0.2

Source: Statistical Year-Book of the GDR 1971, page 52 and 1972, page 52 (Data deviating from the comparative data in Table II of document C-M(70)40 of 23-10-1970 result from the latest official publications in the GDR)

- 1) Including apprentices;      2) Including members of lawyers' boards;  
3) Including helping members of family;      4) Preliminary figures

DECLASSIFIED/DECLASSIFIEE PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

NATO RESTRICTED

- 5 -

ANNEX to  
AC/127-D/422

TABLE IV

LIVESTOCK AND AGRICULTURAL PERFORMANCE IN THE GDR

<u>Livestock (1,000 ea)</u>	<u>1957/61</u>	<u>1968</u>	<u>1970</u>	<u>1971</u>
Cattle	4,232	5,109	5,190	5,293
incl. cows	2,150	2,166	2,163	2,173
Pigs	8,244	9,523	9,684	9,995
Sheep	2,040	1,794	1,598	1,607
Laying-hens	26,607	24,980	25,470	24,907

Performance

Animal products

Meat (1,000 tons) (live weight)	1,317	1,798	1,800	1,867
Milk (1,000 tons)	5,622	7,227	7,091	7,150
Eggs (million)	3,203	4,046	4,442	4,500

Crops

Grain (1,000 tons)	5,858	7,829	6,456	7,740
Wheat	1,297	2,377	2,132	2,490
Rye	2,072	1,936	1,483	1,754
Barley	1,057	2,121	1,926	2,286
Oats	994	864	558	807
Mixed grain	477	530	343	395
Maize	5	2	14	9
Potatoes	12,343	12,639	13,054	9,412
Sugar beets	5,919	6,998	6,135	5,128

Source: Statistical Year-Book of the GDR 1972, page 224,225,232,240,  
241 and 1962, page 461 and 468

NATO RESTRICTED

- 5 -

TABLE V

INDEX OF GROSS INDUSTRIAL PRODUCTION IN THE GDR 1949-1971  
(1955 = 100)

Branch	<u>Industrial Gross Production</u>				
	1949	1960	1969	1970	1971
Energy and fuel industry	69	124	175	181	184
Chemical industry	43	152	301	322	342
Metallurgy	30	144	226	238	256
Building materials industry	47	174	285	323	344
Mechanical and automotive engineering	35	175	332	351	369
Electro-technology, electronics and equipment industry	34	202	454	501	550
Light industry (without textile industry)	52	146	226	241	253
<b>Textile industry</b>	41	139	187	194	202
Food industry	36	138	193	203	215
Total industry	42	155	266	282	298

=====

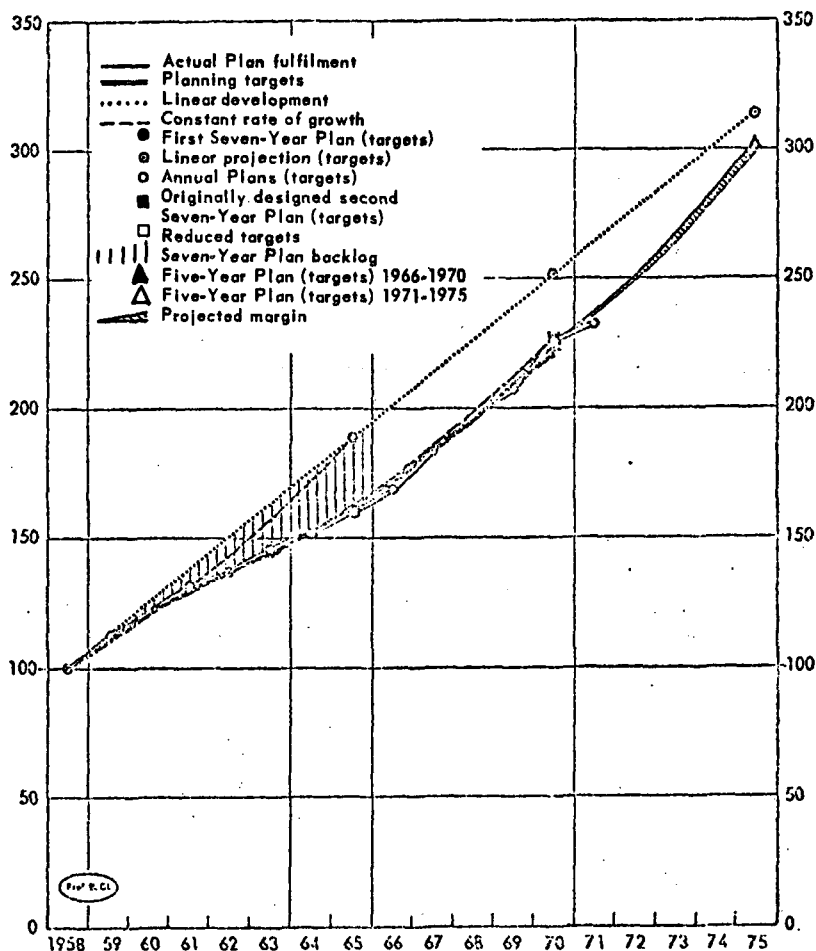
Source: Statistical Year-Book of the GDR 1971, page 100 and 1972, page 114

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

**TABLE VI**

**TOTAL INDUSTRIAL PRODUCTION IN THE GDR  
(without building industry)**

Planning Targets and Plan Fulfilment 1958/1975  
- Gross Production according to Plan Calculation <sup>1)</sup> -  
1958 = 100



1) The gross calculation is too high in general. The real net rates of growth have been lower as a rule.

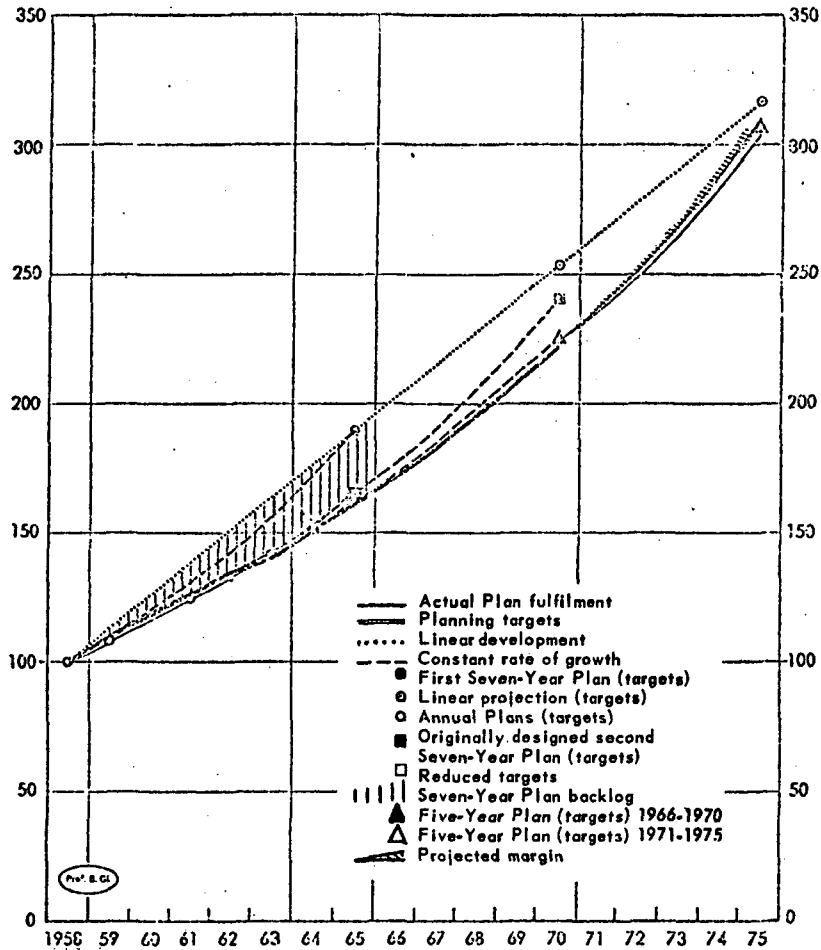
The basis of the perspective plan shown in this chart is the performance achieved in the last year of the previous perspective planning period.

SOURCE : " The Economic System of the GDR after the Beginning of the 1970 ies" ;  
Volume 9 of the series of publications " The Economy and Society in East  
Germany", issued by the Research Council for Questions of the Reunification  
of Germany at the Federal Ministry for Intra-German Relations, 1971, page 13.

TABLE VII

BASIC INDUSTRY IN THE G D R

Planning Targets and Plan Fulfilment 1958/1975  
- Gross Production according to Plan Calculation <sup>1)</sup> -  
1958 = 100



1) The gross calculation is too high in general. The real net rates of growth have been lower as a rule.

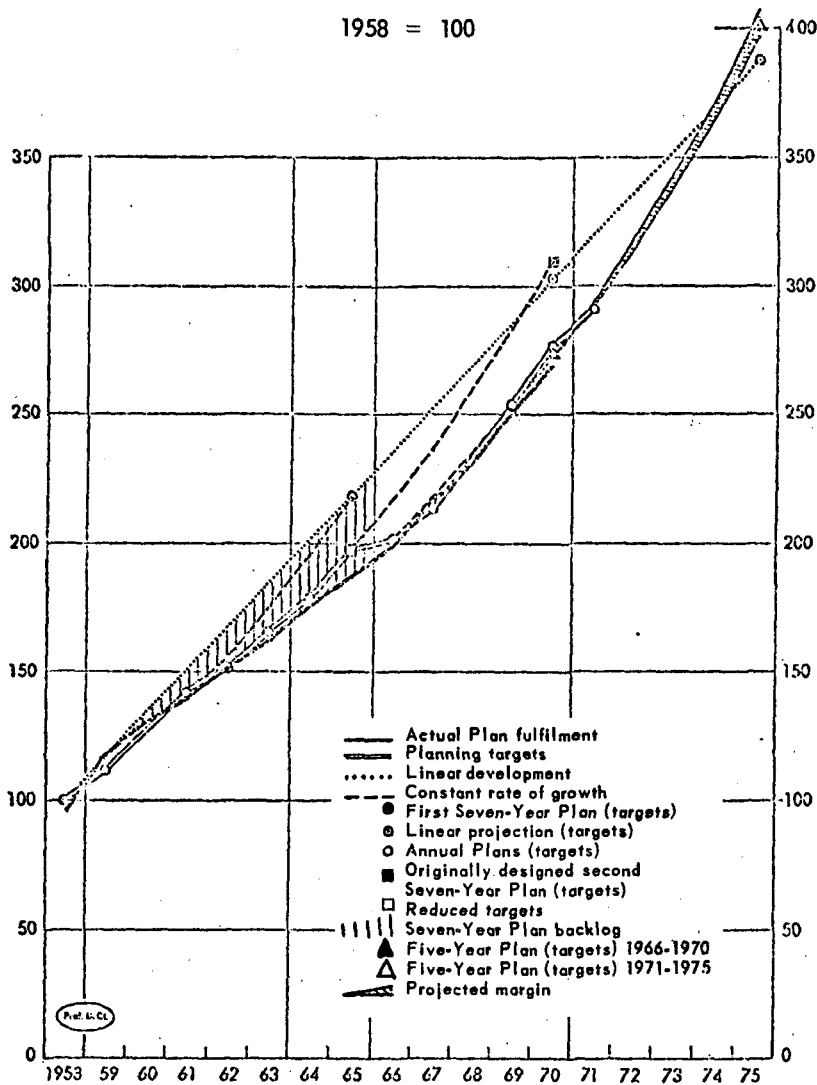
The basis of the perspective plan shown in this chart is the performance achieved in the last year of the previous perspective planning period.

SOURCE : "The Economic System of the GDR after the Beginning of the 1970ies"; Volume 9 of the series of publications "The Economy and Society in East Germany", issued by the Research Council for Questions of the Reunification of Germany at the Federal Ministry for Intra-German Relations, 1971, page 13.



**TABLE VIII**  
**INVESTMENT GOODS INDUSTRY IN THE GDR**  
**Planning Targets and Plan Fulfilment 1958/1975**  
**- Gross Production according to Plan Calculation 1) -**

1958 = 100



1) The gross calculation is too high in general. The real net rates of growth have been lower as a rule.

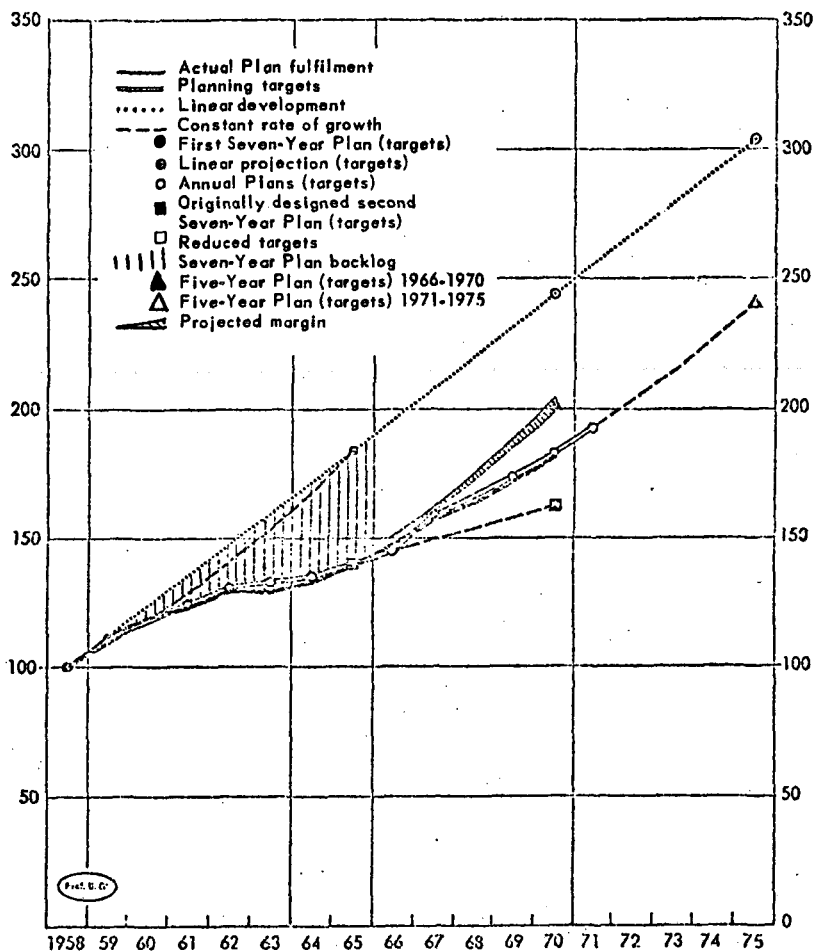
The basis of the perspective plan shown in this chart is the performance achieved in the last year of the previous perspective planning period.

**SOURCE :** "The Economic System of the GDR after the Beginning of the 1970ies"; Volume 9 of the series of publications "The Economy and Society in East Germany", issued by the Research Council for Questions of the Reunification of Germany at the Federal Ministry for Intra-German Relations, 1971, page 13.

**TABLE IX**

**CONSUMER GOODS INDUSTRY IN THE GDR**

Planning Targets and Plan Fulfilment 1958/1975  
- Gross Production according to Plan Calculation <sup>1)</sup> -  
1958 = 100



1) The gross calculation is too high in general. The real net rates of growth have been lower as a rule.

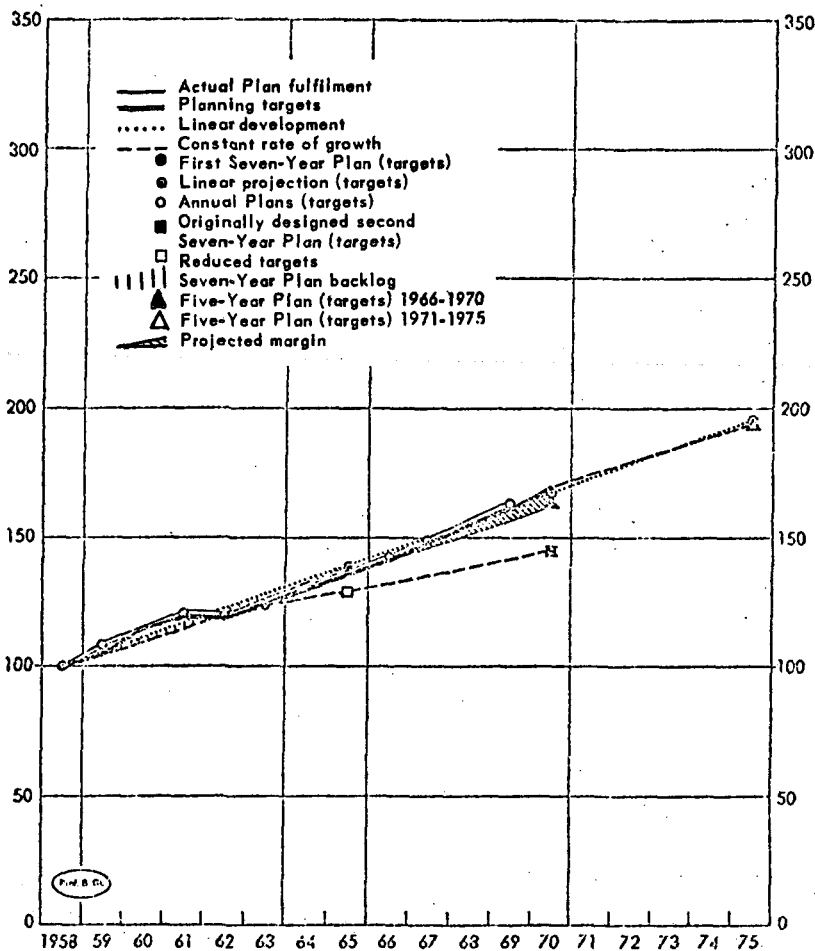
The basis of the perspective plan shown in this chart is the performance achieved in the last year of the previous perspective planning period.

SOURCE : "The Economic System of the GDR after the Beginning of the 1970ies"; Volume 9 of the series of publications "The Economy and Society in East Germany", issued by the Research Council for Questions of the Reunification of Germany at the Federal Ministry for Intra-German Relations, 1971, page 13.

**TABLE X**

**PROVISIONS AND FINE FOOD INDUSTRY IN THE GDR**

Planning Targets and Plan Fulfilment 1958/1975  
- Gross Production according to Plan Calculation <sup>1)</sup> -  
1958 = 100



1) The gross calculation is too high in general. The real net rates of growth have been lower as a rule.

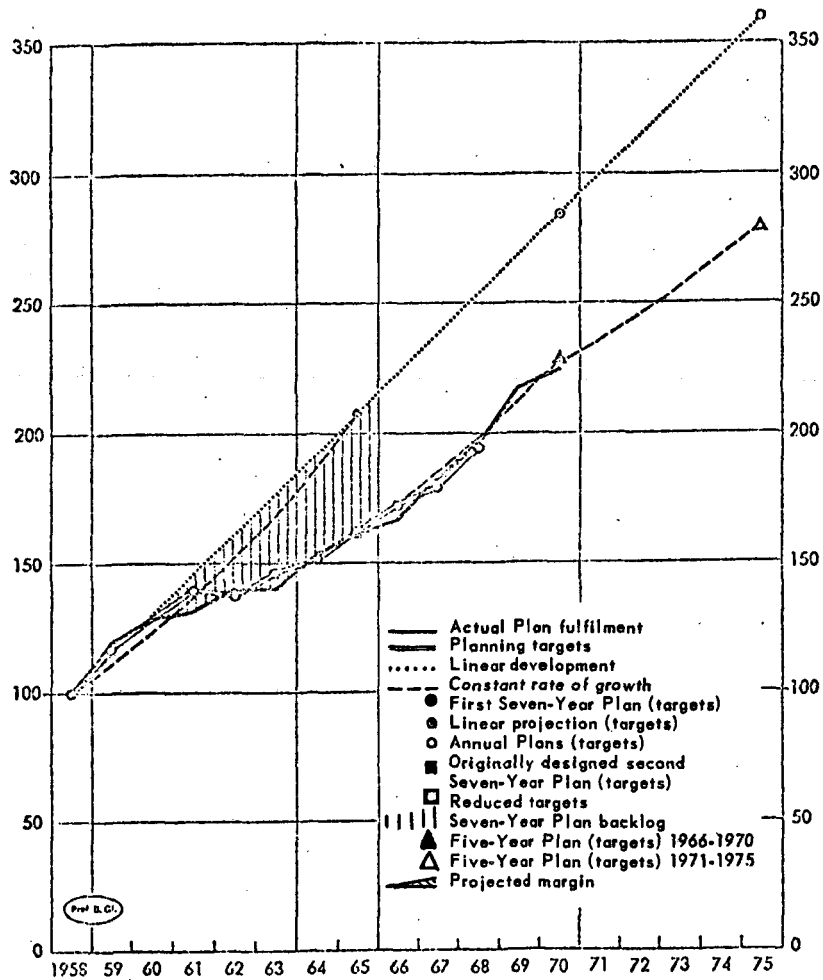
The basis of the perspective plan shown in this chart is the performance achieved in the last year of the previous perspective planning period.

**SOURCE :** " The Economic System of the GDR after the Beginning of the 1970 ies" ; Volume 9 of the series of publications " The Economy and Society in East Germany", issued by the Research Council for Questions of the Reunification of Germany at the Federal Ministry for Intra-German Relations, 1971, page 13.

**TABLE XI**

**BUILDING INDUSTRY IN THE GDR**

Planning Targets and Plan Fulfilment 1958/1975  
- Gross Production according to Plan Calculation <sup>1)</sup> -  
1958 = 100



1) The gross calculation is too high in general. The real net rates of growth have been lower as a rule.

The basis of the perspective plan shown in this chart is the performance achieved in the last year of the previous perspective planning period.

SOURCE : "The Economic System of the GDR after the Beginning of the 1970ies"; Volume 9 of the series of publications "The Economy and Society in East Germany", issued by the Research Council for Questions of the Reunification of Germany at the Federal Ministry for Intra-German Relations, 1971, page 13.

**NATO RESTRICTED**

- 13 -

ANNEX to  
AC/127-D/422

**TABLE XII**

PRODUCTION OF SELECTED INDUSTRIAL GOODS IN THE GDR

Product	Year	Unit	1960	1969	1970	1971
<u>Fuel</u>						
Crude lignite		million tons	225.5	254.6	260.6	262.8
Lignite briquettes		million tons	56.1	56.9	57.1	55.4
<u>Chemical Industry</u>						
Sulphuric acid		1000 t H <sub>2</sub> SO <sub>4</sub>	729.9	1104.3	1099.2	1076.4
* )a Nitrogen fertilizer		1000t N <sup>2</sup> SO <sub>4</sub>	334.1	390.7	378.0	388.2
** )b Phosphate fertilizer		1000 t P <sub>2</sub> O <sub>5</sub>	165.8	368.6	402.9	414.2
Synthetic rubber 1)		1000 tons	86.8	113.9	118.0	129.4
<u>Metallurgy</u>						
Crude iron		1000tons	1994.7	2098.3	1994.0	2027.4
Crude steel	2)	1000 tons	3749.9	4823.8	5052.7	5350.1
Rolled steel	3)	1000 tons	2613.3	3181.9	3406.5	3550.5
<u>Engineering and Vehicles</u>						
Cutting machine tools		million marks	344.0	586.7	679.8	721.5
Diesel and electric locomotives		unit	675	499	633	480
Motor cars		1000 units	64.1	120.9	126.6	134.3
Trucks		1000 units	12.9	25.3	24.2	25.5
Tractors		1000 units	9.1	15.5	16.4	15.2
Ball bearings		million units	32.9	54.0	54.2	57.9
<u>Electro-technical industry</u>						
Radios		1000 units	809.6	765.7	807.0	961.0
Television sets		1000 units	416.5	356.8	380.1	410.9
<u>Light industry</u>						
Paper		1000 tons	542.0	703.6	719.9	730.5
<u>Textile industry</u>						
Hosiery		million pairs	151.4	193.7	198.6	225.5

- 1) Including Pervinan and Plastikator
- 2) Including molten steel for shaped castings
- 3) hot-rolled, including semi-finished material for forging and pressing and for seamless tubes

Source: 1) for 1960-1970: Stat.Year-Book of the GDR 1971, p.114-120  
 2) for 1971: Stat.Year-Book of the GDR 1972, p.128-134  
 3) Data for 1960-1970 compared with data in the Stat.Year-Book of the GDR 1972, p.128-134, which showed the following differences:

* )a) <u>Nitrogen fertilizer</u>		1969	1970	
Stat.Year-Book 1971, p. 114		390.7	378.0	1000 t N
Stat.Year-Book 1972, p. 128		438.6	395.2	1000 t N
** )b) <u>Phosphate fertilizer</u>				
Stat.Year-Book 1971, p. 114		368.6	402.9	1000 t P <sub>2</sub> O <sub>5</sub>
Stat.Year-Book 1972, p. 128		395.1	429.5	1000 t P <sub>2</sub> O <sub>5</sub>

**NATO RESTRICTED**

TABLE XIII

GOODS TRAFFIC IN THE GDR - QUANTITIES CARRIED AND TONS/KM  
PERFORMED BY THE INLAND TRANSPORT SYSTEMS

a) Quantities and Performance in Total

Year	Transport Quantity Million tons	Transport Performance 1,000 million tons/km
1967	639.4	49.24
1968	674.5 (+ 5.5%)	51.04 (+ 3.6%)
1969	712.8 (+ 5.4%)	53.52 (+ 4.6%)
1970	755.5 (+ 5.8%)	58.29 (+ 8.9%)
1st half of 1967	312.5	
1st half of 1968	318.1	
1st half of 1969 approx.	320	
1st half of 1970 "	340	
1st half of 1971 "	372 (+ 9%)	

b) Shares of Inland Transport Systems in per cent

In the transport per- formance (in tons/km)	1967	1968	1969	1970
Railway	78.1	75.7	73.7	71.2
Road	16.6	18.1	20.0	20.9
Inland waterways	5.3	4.8	4.06	4.05
Pipelines +)		1.3	2.2	3.7
Civil aviation ++)		0.05	0.04	0.05
<u>In transport quantities</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Railway	39.6	37.5	35.3	34.8
Road	58.3	59.3	61.2	61.3
Inland waterways	2.1	1.9	1.78	1.8
Pipelines +)		1.3	1.7	2.08
Civil aviation ++)		0.02	0.02	0.02
			approx.	

+ ) The first POL Pipeline in the GDR has only been in operation since 1967.

++ ) The performance until 1967 has not been shown because of its insignificance.

NATO RESTRICTED

- 15 -

ANNEX to  
AC/127-D/422

TABLE XIV

## UTILIZATION OF THE NATIONAL INCOME AT COMPARABLE PRICES

(In per cent)

	1955	1960	1963	1964	1965	1966	1967	1968	1969	1970	1971
Domestic utilization of National Income	100	100	100	100	100	100	100	100	100	100	100
Investments	9.8	18.1	17.2	18.9	19.9	21.1	21.4	19.7	21.9	24.0	22.1
Basis means	8.5	15.9	14.4	15.7	15.7	16.2	18.1	17.1	.	.	.
Productive	4.2	9.6	8.9	9.9	10.1	10.4	12.0	11.3	.	.	.
Non-productive	4.3	6.3	5.5	5.8	5.6	5.8	6.1	5.8	.	.	.
Stocks	1.3	2.2	2.9	3.4	4.2	5.0	3.3	3.1	.	.	.
Consumption	90.2	81.9	82.8	81.1	80.1	78.9	78.6	80.3	78.1	76.0	77.9
Individual Consumption	81.3	73.7	74.4	72.8	71.6	70.4	69.9	70.9	68.8	66.8	68.3
Collective Consumption	8.9	8.2	8.4	8.3	8.5	8.4	8.7	9.4	9.3	9.2	9.6

P) Provisional figures

P) Chiffres provisoires

Source: Statistical Pocketbook of the "GDR" 1969/1972 (Page 26), and "DIW" estimates

Source: Manuel statistique 1969/1972 (Page 26) de la "RDA" et estimations du "DIW" (Institut allemand de recherche économique)

NATO RESTRICTED

- 15 -

**NATO RESTRICTED**

- 16 -

ANNEX to  
AC/127-D/422

**TABLE XV**

ORIGIN OF THE NET PRODUCT (MPS) (1) IN COMPARABLE PRICES (BASIS : 1967)

(In per cent)

	1955	1960	1965	1966	1967	1968	1969	1970	1971*
Net product of the Economic Sectors - Total	100	100	100	100	100	100	100	100	100
Industry (2)	52.1	56.4	59.2	59.2	59.2	59.7	60.5	60.7	61.4
Construction	5.8	7.0	7.4	7.4	7.6	7.8	8.3	8.2	8.4
Agriculture (3)	20.2	16.4	13.8	13.9	13.9	13.4	11.7	11.6	10.7
Transports PTT	6.6	5.5	5.4	5.3	5.2	5.1	5.1	5.2	5.3
Domestic Trade	14.2	13.0	12.5	12.5	12.4	12.2	12.8	12.6	12.6
Other Sectors	1.0	1.6	1.7	1.7	1.7	1.7	1.7	1.6	1.6
Including Indirect price subsidies,	7.0	2.7	4.0	4.1	4.3	4.1			
Net product in milliard marks	54.1	73.0 <sub>1</sub>	87.7	92.1	97.2	102.2	107.2	113.3	118.0

(1) "Produced National Income" in the Material product System (without services)

(2) Including handicraft but exclusive building trade.

(3) Including forestry

SOURCES : Stastical yearbooks of the "GDR", Statistical Pocketbook of the "GDR" 1969/1972 and German estimates.

(1) "Revenu national produit" suivant le système du produit matériel (sans les services)

(2) Y compris les métiers de production mais sans la construction

(3) Y compris la sylviculture.

SOURCES : Annuaires statistiques de la RDA ; Manuel statistique 1969/1972 de la "RDA" ; estimations allemandes.

\* Provisional figures

\* Chiffres provisoires

**NATO RESTRICTED**

- 16 -



NATO RESTRICTED

- 17 -

ANNEX to  
AC/127-D/422

TABLE XVI

## INDUSTRIAL GROSS PRODUCTION PER WORKER

	1965	1966	1967	1968	1968	1969	1970	1971	1969	1970	1971
	1960 = 100				1965 = 100	1960 = 100			1965 = 100		
Energy and Fuel Industry	119	125	135	147	123	158	165	.	133	138	.
Chemical Industry	139	150	159	171	123	134	198	.	132	142	.
Metallurgy	117	121	127	133	114	146	153	.	125	131	.
Building Materials Industrie	146	154	162	172	117	174	189	.	119	130	.
Engineering and Vehicle Construction	134	140	149	158	118	170	179	.	127	134	.
Electrical and Electronics Industry	143	155	163	169	119	181	196	.	127	139	.
Light Industry (without textile industry)	134	141	151	158	118	169	183	.	127	137	.
Textile Industry	134	144	158	164	123	173	186	.	130	139	.
Food Industry	125	131	135	136	110	138	144	.	110	115	.
<u>T O T A L</u>	133	142	151	159	120	169	179	.	127	135	.

Source: Statistical Pocketbook of the "GDR"Source: Manuel statistique de la "RDA"NATO RESTRICTED

- 17 -

TABLE XVII

DEVELOPMENT OF THE AVERAGE MONTHLY INCOME PER WORKER <sup>1)</sup> IN THE GDR  
AND THE FEDERAL REPUBLIC OF GERMANY

	1960	1962	1965	1967	1969
	in GDR mark				
Gross wages and salaries 2)3)	498	512	570	597	650
<hr/>					
	FRG in DM				
Gross wages and salaries 2)	510	615	777	864	1007
<hr/>					
	in GDR mark				
Net wages and salaries	431	441	492	515	562
<hr/>					
	FRG in DM				
Net wages and salaries	430	511	644	704	798

- 1) Workers and salaried employees including apprentices
- 2) Including the amounts paid by the enterprises to sick workers
- 3) Including bonuses, performance allowances etc.

Source: Material regarding the Report on the State of the Nation  
1971

(German Parliamentary Printing Matter No. VI/1690 dated  
15 January 1971, Annex Table A 92, page 333)

**NATO RESTRICTED**

- 19 -

ANNEX to  
AC/127-D/422

TABLE XVIII

PLANNED INCOME AND EXPENDITURE OF THE GDR STATE BUDGET 1971/1972

Items	1971		1972	
	<u>Income</u>	<u>Expenditure</u>	<u>Income</u>	<u>Expenditure</u>
	in million GDR marks			
GDR Budget Plan 1)	51,411.6	45,611.2	54,178.2	48,420.1
Social Security 2)	8,966.5	14,720.9	10,203.7	15,904.8
District budget plans 3)	15,407.9	15,407.9	17,919.4	17,919.4
Budget plans in total	75,786.0	75,740.0	82,301.3	82,244.3
Surplus		46.0		57.0
Profits left to the state enterprises, combines and concerns	10,101.2	10,101.2	10,499.5	10,499.5
Income and expenditure of the state 4)	85,887.2	85,841.2	92,800.8	92,743.8

- 1) Without social security
- 2) Including social security of the members of socialist production cooperatives, the responsible partners in semi-governmental enterprises, independent tradesmen and other self-employed persons (free-lance intelligentsia) subject to social security.
- 3) Including county and community budgets
- 4) Since according to the financial theory of the GDR the entire state economy is considered as one unity it was decided in 1965 to include for purposes of calculation only the profits remaining in the state enterprises, combines and concerns also into the volume of "state income and expenditure" although these decentralized capital funds are not being redistributed via the actual state budget.

Source: Laws on the State Budget Plan 1971/1972

NATO RESTRICTED

- 20 -

ANNEX to  
AC/127-D/422

TABLE XIX

BREAKDOWN OF BUDGETARY EXPENDITURES AS A PERCENTAGE OF TOTAL EXPENDITURES (1)

	1968	1969	1970	1971
Peoples owned Economy	12.8	13.5	15.7	12.8
Education and Sports	8.6	8.3	8.4	10.1
Culture, Radio, Television, Press and Information	1.6	1.5	1.7	2.0
Health and Social Services (without Social Insurance)	9.3	8.6	8.7	8.3
Social Insurance	20.8	20.8	20.5	19.4
Housing and Local Government	9.0	9.0	7.6	7.1
Defence	9.8	9.8	9.9	9.5
Other Exenditures	28.1	28.5	27.5	30.8

(1) Without enterprises own resources  
Sources: Official Gazette of the "GDR" 1,  
rr 22 of 16 December 1968.  
"Die Wirtschaft" n° 51/52 of  
19 December 1968; updating for the  
following years.

(1) Sans les ressources propres des entreprises  
Sources: Gazette officielle de la "RDA" I,  
n° 22 du 16 décembre 1968. Die "Wirtschaft"  
n° 51/52 du 19/12/1968; mise à jour pour les années  
suivantes.

NATO RESTRICTED

- 20 -

TABLE XX

PRICES AND PURCHASING POWER OF THE HOURLY WAGES  
(Mid - 1971)

Goods	Quantity	Retail Prices		Working hours required for the purchase	
		FRG DM	GDR mark	FRG Hrs./Min.	GDR Hrs./Min.
<b>Food and Luxury Foodstuffs</b>					
Rye bread, normal	1 kg	1,41	—,52	0/12	0/07
Wheat flour	1 Kg	1,04	1,32	0/09	0/19
Noodles etc. made with eggs, packed	1 Kg	3,44	2,80	0/29	0/40
Refined sugar	1 Kg	1,22	1,64	0/10	0/23
Quality butter	1 Kg	7,84	10,—	1/05	2/23
Cheapest margarine	1 Kg	3,44	2,—	0/29	0/29
Eggs category B	10 ea.	1,90	3,40	0/16	0/49
Drinking milk, 3% fat contents 1)	1 L	—,81	—,72	0/07	0/10
Cheese, Gouda	1 Kg	6,98	7,20	0/58	1/43
Beef, stewing meat	1 Kg	10,14	9,80	1/24	2/21
Porc, cotelets	1 Kg	8,02	8,—	1/07	1/54
Sausage	1 Kg	8,37	6,80	1/10	1/12
Salted herring, domestic catch	1 Kg	3,40	1,68	0/28	0/24
Patatoes in packages	5 Kg	3,90	1,10	0/32	0/16
White cabbage	1 Kg	—,87	—,42	0/07	0/06
Oranges	1 Kg	1,56	5,—	0/13	1/11
Lemons	1 Kg	1,79	5,—	0/15	1/11
Cocoa powder, highly free of oil	1 Kg	8,72	32,—	1/13	7/37
Coffee, medium quality	1 Kg	16,64	70,—	2/19	16/40
Brandy, blended 38%	0,7l	7,91	16,50	1/06	3/56
Chocolate, 35% cocoa	100 g	—,69	3,85	0/06	0/55
Tobacco, fine cut	50 g	1,50	3,—	0/12	0/43
Cigarettes, medium price	10 ea.	1,10	1,60	0/09	0/23
<b>Clothes, textiles, shoes</b>					
Men's suit, 50% wool	1 ea.	187,—	188,—	25/58	44/46
Women's dress, 3/4 sleeve, 50% wool	1 ea.	86,90	77,60	12/04	18/29
Men's shirt, synthetic fibre	1 ea.	16,23	48,30	2/15	11/30
Overall apron, cotton	1 ea.	18,11	25,60	2/31	6/06
Men's tie, synthetic fibre	1 ea.	3,90	12,50	0/32	2/59
Women's stockings, perlon	1 pair	2,50	6,40	0/21	1/31
Bed-linen, damask	1 set	38,80	42,50	5/23	10/07
Knitting wool, baby yarn, 2-ply	100 g	3,77	8,60	0/31	2/03
Men's shoes, leather soles	1 pair	40,60	48,20	5/38	11/29
Women's sport shoes, plastic soles	1 pair	39,60	40,15	5/30	9/34

TABLE XX (Contd.)

PRICES AND PURCHASING POWER OF THE HOURLY WAGES  
(Mid - 1971)

Goods	Quantity	Retail Prices		Working hours required for the purchase	
		FRG DM	GDR mark	FRG Hrs./Min.	GDR Hrs./Min.
<b>Other Industrial Goods</b>					
Folding bicycle, 20 inches, aluminium rims, without lights	1 ea.	135,—	242,—	18/45	57/37
Small typewriter with tabulator	1 ea.	228,—	430,—	31/40	100/43
Men's wrist watch, 17 jewels, refined steel, shock and waterproof	1 ea.	83,10	156,50	11/32	37/16
Vacuum cleaner, movable, with normal accessories	1 ea.	176,—	195,—	24/27	46/26
Electric stove, 3 heating rinks, automatic oven	1 ea.	296,—	642,—	41/07	152/51
Refrigerator, 130-140 litres, compressor with deep-freeze compartment	1 ea.	297,—	1 100,—	41/15	261/54
Washing machine, drum system, 4-5 Kg dry laundry 3)	1 ea.	813,—	1 200,—	112/55	285/43
Television table set (black/ white 61/62 cm tube 4)	1 ea.	568,—	1 760,—	78/53	419/03
Motor car - 45 to 50 Hp 4)	1 ea.	6 325,—	17 750,—	878/28	4 226/11
<b>Transport tariffs, services, household requirements</b>					
Weekly railway ticket, 2nd class, 15 Km without extra charge	1 ea.	9,—	2,50	1/15	0/36
Electricity, household tariff 5)	10 Kwh	1,—	—,80	0/08	0/11
Gas, household tariff	10 m <sup>3</sup>	1,90	1,60	0/16	0/23
Radio and television licence per set 6)	Monthly	8,50	10,—	1/11	2/23
Haircut for men	Once	3,89	—,90	0/32	0/13
Permanent wave for women, complete	Once	21,50	9,60	2/59	2/17
Soling of Men's shoes, leather soles, adhesive	Once	9,50	5,77	1/19	1/22
Lignite briquettes, free house	50 Kg	7,22	3,53 <sup>7</sup>	1/00	0/50
Dry-cleaning including pressing for men's suit	Once	8,33	5,75	1/09	1/22
Fine washing agents	150 g	—,98	1,25	0/08	0/18
Toilet soap, perfumed, 80% fat contents, packed.	100 g	1,14	—,70	0/09	0/10

- 1) Drinking milk in 0.5 litre bottles, fat contents FRG 3%, GDR 2.5%
- 2) Fat contents FRG : 40%, GDR 30%
- 3) FRG : Fully automatic, GDR : semi-automatic
- 4) FRG : Opel Kadett, 1100 ccm, standard type;  
GDR : Wartburg, 1000 ccm, standard type
- 5) FRG and GDR : Without the basic fee which varies regionally and according to the nature and size of the apartment or household
- 6) FRG : 3 channels, GDR : 2 channels.

SOURCE : "Zahlenspiegel" (Mirror of figures) issued by the Federal Ministry for intra-German Relations, Bonn, 2nd edition, May 1972, page 40/41.

NATO RESTRICTED

- 23 -

ANNEX to  
AC/127-D/422

TABLE XXI

BREAKDOWN OF FOREIGN TRADE TURNOVER OF THE GDR BY GROUPS OF COUNTRIES <sup>1)</sup>  
(in per cent)

Groups of countries	2)	1960	1965	1966	1967	1968	1969	1970	1971
Communist countries <sup>+</sup> )	74	75	74	72	74	76	73	72	72
Western industrial countries (incl. intra-German trade) <sup>++)</sup>	22	21	22	22	21	20	23	24	24
Developing countries	4	4	4	5	5	4	4	4	4
Total turnover	100	100	100	100	100	100	100	100	100
+)									
including USSR	41	43	41	41	42	43	41	39	38
++)									
including intra-German trade	10	10	9	10	9	9	10	10	10

1) Including intra-German trade

2) Long-term average 1960/71

Source: W. Förster: Economic Cooperation within and with the East, Cologne 1967; calculated and up-dated according to the Statistical Year-Books of the GDR, most recently from Year-Book 1972, p.302/5

TABLE XXII

DISTRIBUTION OF FOREIGN TRADE  
REPARTITION GEOGRAPHIQUE DU COMMERCE EXTERIEUR

(Million valuta - marks)

	1960		1963		1965		1969		1970		1971	
	Exports Exportations	Imports Importations	Exports Exportations	Imports Importations	Exports Exportations	Imports Importations	Exports Exportations	Imports Importations	Exports Exportations	Imports Importations	Exports Exportations	Imports Importations
Commerce avec les pays communistes Commerce with communist countries	7011.3	6787.5	9002.8	7625.5	9646.1	8594.7	12741.5	12.547.5	14.221.2	14.118.9	15.890.7	14322.1
Commerce avec les pays capitalistes Commerce with capitalist countries	1869.3	2028.0	2024.5	1799.3	2665.0	2681.3	3908.2	4120.7	5211.9	5444.1	4495.0	5728.9
Commerce avec les pays en voie de développement Commerce with developing countries	890.2	401.1	367.3	363.5	581.8	524.3	793.2	649.5	807.2	794.2	934.8	779.5
<b>T O T A L</b>	<b>9270.8</b>	<b>9216.6</b>	<b>11394.6</b>	<b>9788.3</b>	<b>12892.9</b>	<b>11800.4</b>	<b>17443.0</b>	<b>17317.8</b>	<b>19240.2</b>	<b>20357.2</b>	<b>21320.5</b>	<b>20830.5</b>
Albania - Albanie	21.0	18.2	16.5	12.8	21.8	25.2	31.5	32.3	25.8	26.5	32.5	29.8
Bulgaria - Bulgarie	289.9	229.6	410.9	305.4	408.5	393.6	640.6	617.0	664.7	714.1	748.9	733.1
China - Chine	408.0	420.7	43.7	103.9	110.6	105.8	125.6	143.1	177.7	150.0	184.8	163.8
Yugoslavia - Yougoslavie	143.8	185.6	206.4	157.0	255.8	328.8	314.3	185.2	361.0	207.9	521.7	297.0
Cuba - Cuba	11.3	18.4	130.4	167.3	101.2	110.8	168.6	148.5	259.6	220.7	206.3	203.7
Poland - Pologne	772.6	457.0	1050.1	455.9	1131.6	588.8	1324.0	1102.9	1673.1	1229.8	1919.6	1270.8
Romania - Roumanie	202.9	218.2	265.6	155.1	282.1	305.5	354.0	481.4	507.8	439.2	646.2	536.4
Czechoslovakia - Tchécoslovaquie	806.8	785.2	964.3	907.1	1225.8	1103.4	1740.7	1545.0	1849.8	1919.7	1973.2	1987.1
Soviet Union - Union Soviétique	3883.6	4023.8	5361.4	4925.8	5504.6	5061.1	6961.7	7326.0	7314.9	8169.6	8138.6	7978.0
Hungary - Hongrie	395.8	392.5	511.8	400.3	531.8	521.0	779.2	889.2	1123.6	930.9	1285.5	1065.7
Federal Republic Germany - République fédérale d'Allemagne	826.6	759.3	764.9	636.9	902.3	878.8	1176.0	1733.6	1514.9	1913.7	1794.6	1913.1
Berlin West - Berlin Ouest	186.9	138.6	255.6	191.6	332.7	227.9	359.2	220.3	373.5	247.9	347.1	239.8
U.S.A. - Etats-Unis	17.0	22.4	15.8	5.7	29.5	28.0	39.7	89.8	38.4	168.7	39.7	270.7
Sweden - Suède	70.5	113.5	69.9	92.1	105.0	137.0	150.9	221.2	177.0	233.1	172.6	253.3
Italy - Italie	56.2	48.8	59.5	68.4	67.0	98.3	135.2	150.2	192.0	147.5	165.3	125.0
United Kingdom - Royaume-Uni	84.4	178.6	89.6	178.3	154.8	177.6	127.3	221.0	178.3	373.8	224.7	400.5
France - France	36.3	77.3	45.9	70.0	68.0	177.3	190.0	117.0	186.8	280.0	267.7	488.4

SOURCE : Statistical yearbook of the "GDR" 1972, Seite 304/05  
Annuaire statistique 1972 de la "RDA", Pages 304/05



NATO RESTRICTED

- 25 -

ANNEX to  
AC/127-D/422

TABLE XXIII

## EXPORT-IMPORT STRUCTURE OF THE GDR

(in per cent)

Main groups of products	1960	1971
	per cent	
	<u>Export</u>	
Products of the		
Basic industry.....	30.5	20.6
Metalworking industry .....	51.8	56.8
Light industry, provisions and fine food industry .....	15.8	20.8
Other products .....	1.9	1.8
	100	100
	<u>Import</u>	
Products of the		
Basic industry.....	41.8	33.2
Metalworking industry.....	14.4	36.9
Light industry, provisions and fine food industry.....	27.7	19.1
Agriculture (including forestry).....	15.4	9.4
Other products.....	0.7	1.4
	100	100

Source: Statistical Year-Book of the GDR 1971, p. 292  
 Statistical Pocket-Book of the GDR, 1972, p. 306

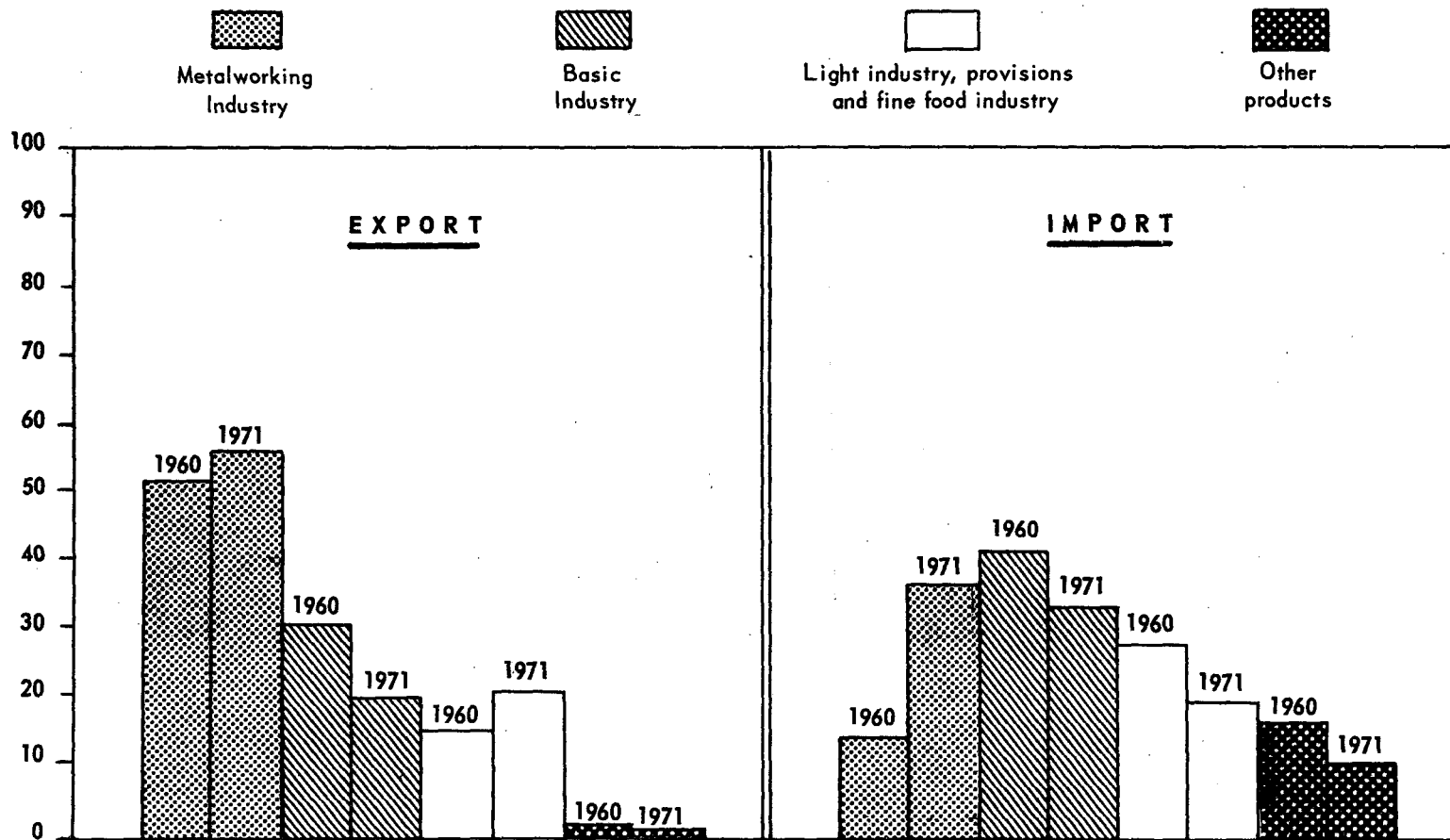
NATO RESTRICTED

- 25 -

TABLE XXIV

EXPORT-IMPORT STRUCTURE OF THE GDR

(Chart according to Table XXIII)



SOURCE : Statistical Year-Book of the GDR 1971, p. 292  
Statistical Pocket-Book of the GDR 1972, p. 306