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INFORMATION REPORT

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COUNTRY Austria

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SUBJECT Plan for General Price Reduction in Austria

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1. The Ministry for Property Control and Economic Planning is investigating possible industrial reaction to any projected general cut in prices. In order further to implement the recent currency reform law, the Austrian Government is considering a general price reduction and is now sounding out various large industrial concerns on their ability to bear and their willingness to go along with such a measure. It is envisaged that a price cut will also strike a blow at USIA firms and their exorbitant price scales. (Comment: According to a prominent industrialist, a price cut at this time is out of the question, since a great number of plants are producing at only a fraction of their full capacity and are barely making ends meet under the present price structure. In some quarters close to the Ministry for Property Control and Economic Planning, price reduction without increased production is regarded as ruinous folly.)
2. The movement for the adoption of this scheme is supported mainly by moderate elements of the Socialist and People's Parties. Chancellor Figl, Ministers Krauland, Heimer, and Sagmeister, State Secretaries Graf, Schaerf, and Mantler, and such others as Raab and Reither are supporting the plan. It is opposed, on the other hand, by the Communist Party, the left-wing Socialists, and the extreme right of the People's Party under Minister for Agriculture and Forestry Kraus and Engineer Vinzenz Schumy.
3. However, the officials of the Siemens-Schuckert central office in Nibelungengasse, Vienna I, have stated that Siemens is both able and willing to back the plan, provided other electrical firms also support it. The Siemens directors indicate that they could stand an average price cut of 10 to 15% and as much as 20% for some articles. Before making a definite commitment, the Siemens directors wish, however, to be informed of the reaction of other electrical goods manufacturers and also request time to consult Johannes Boehm, president of the Austrian trade unions.
4. Subsource does not believe it likely that price cuts will actually be applied without the full support of industry and a thorough canvass of expert opinion.

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