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of Siemens-Schuckert**

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The following is a translation of a document concerning future plans for Austrian Siemens-Schuckert enterprises. It was prepared by responsible officials of Siemens-Schuckert before publication of the Soviet proposals for an Austrian peace treaty. It should be pointed out that the officials in question have not renounced the possibility of an eventual reunion with the German parent firm, but submit this plan as a stopgap policy to be carried out by the purely Austrian enterprise.

1. General Business Policy.

- a. Business is to be conducted exclusively with the aid of American capital, insofar as necessary means are not available through financial channels open in Austria.
- b. Sales territory will follow the lines of earlier economic connections within the Austro-Hungarian empire, with emphasis on the Danube valley and the countries of southeastern Europe. Concentration on this territory will also alleviate the raw material shortage, since certain important raw materials are available from these countries (for example: copper and bauxite from Yugoslavia; coal from Czechoslovakia and Hungary; mica from Bulgaria).
- c. Export possibilities for the Austrian electrical industry to western Europe, as well as overseas, will be limited to special large machines such as turbo-generators and transformers. In order to be able fully to supply the demand of the Austrian domestic market and of the southeast European countries for certain mass-produced electrical goods for household use (such as refrigerators, vacuum cleaners, washing machines, small electric motors, and certain types of radio receivers), Siemens-Schuckert must try to obtain the general European agencies for large western European and American electrical concerns. Since great technical strides were made in the manufacture of these articles during the war, especially in the USA, and since the market demand in Austria and the Danubian states is small, manufacture of such articles in Austria could be profitably undertaken only if high protective tariffs were established. Furthermore, it should be noted that all the large Austrian electrical firms (Siemens-Schuckert, AEG Union, Elin, and Brown-Boveri) had, up to the outbreak of the second World War, procured these products exclusively from their German and Swiss parent companies; after the war started, all such production was halted. The ideal situation for Austria would, of course, be

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to have the parts for these articles imported from the USA for assembly in Austria. This would be economically sound, since workers' wages for assembling work will undoubtedly for many years to come be considerably higher in the United States than in Austria. It should be clear that such a business policy represents a brusque challenge to Soviet influence in eastern Europe and therefore will unquestionably meet with stiff resistance from the Soviets.

2. Sphere of Production.

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The sphere of production would comprise the program presented [REDACTED] It should be pointed out here that, in view of her regulated manufacturing conditions, Austria can compete in a world market only against those goods, the production costs of which are made up largely of wages. On the other hand, Austria could never afford to compete against goods mass-produced in the west. Turbo-generators or large transformers would be examples of the first category, while vacuum cleaners or light bulbs would be examples of the second.

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3. Necessary Factory Installations and Capital.

The extent of required factory installations is based on the following goals: the achievement of the status of 1938 with the addition of such machine tools and other fittings which technological progress have rendered essential. The capital needed for this purpose must be calculated on the present schilling-dollar ratio of 10:1 and comes to 200,000,000 schillings, or \$20,000,000.

This amount would, of course, not be necessary immediately, nor in a lump sum, since the value of presently available property (including grounds, buildings, machines, patents) can be deducted from it. However, if it were necessary to buy back the assets of the Siemens enterprises from their present occupiers in order to restore the concern to the condition mentioned above, the entire \$20,000,000 would be necessary.

From the time the question of ownership is settled and the first part of the capital sum granted, it is estimated that three years would be required to build up the plants and re-establish the necessary foreign connections for purchasing and sales. It is assumed, of course, that the occupation will have ended and that the country will be in a position to carry on normal trade and business as a sovereign state. The above proposals lose their validity in the event that the present Soviet-controlled enterprises continue to function extraterritorially.

4. Note on the Current Situation of the Five Largest Austrian Electrical Firms.

The total turnover of the firms of AEG Union, Siemens-Schuckert, Elin, Brown-Boveri, Siemens & Halske for 1947 amounted to less than 130,000,000 schillings. reckoned on the 1937 schilling value within the scale of present domestic selling prices, which are seven to ten times as high as in 1937, the 1947 turnover could be counted roughly as 16,000,000 (1937) schillings. In the year 1937, the turnover of the aforementioned firms amounted to at least 250,000,000 schillings, of which approximately one-half came from domestic sales. Thus the total receipts for 1947, calculated in terms of the 1937 schilling, are about one-eighth as large as in 1937. Siemens-Schuckert did, and still does, account for 60-70% of this amount.

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12. Representation in the universities is very weak and amounts to less than five per cent. In Rostock University, for example, only twenty students out of a total of 1,000 are members of the FDJ. Members, however, do enjoy certain advantages, particularly when dealing with prominent persons who are themselves SED-inclined. The former Chief of the Mecklenburg police, Kahle, stated publicly before his death that in the future police recruits would be taken exclusively from the ranks of the FDJ.
13. No one is allowed to take part in any sporting activities whatsoever unless he is a member of the FDJ. Thus, men of seventy years of age are members, for it is otherwise impossible to obtain permission to go fishing. No other sporting organization or youth organization is allowed to exist, since the SMA wishes to keep tight control on youth activities, and exploits the general public interest in sport for purposes of political indoctrination. The SED wishes to form a Volksportsverband in order to avoid the anomaly of having old men belonging to a youth movement. Their efforts to form this new organization have so far been unsuccessful, partly because of antagonism from the SMA and partly because the SED has insufficient functionaries to control such a new organization.
14. There have been few cases of public disapproval of the FDJ; the most notable have come from church circles. The most prominent antagonist is a certain Jugendpfarrer Wellingerhorf of Schwerin. The churches, both Catholic and Evangelical, run illegal youth movements. Among the rank and file there is a little open disapproval shown as there was against the Hitler Youth in the past.
15. There has, as yet, been little evidence of direct contact between the FDJ and Russian youth organizations. On the first anniversary of the foundation of the FDJ in Schwerin, an official representative of the Komsomols appeared in person and made a speech in which she congratulated the FDJ upon its success and delivered the sincere greetings of its comrades in Russia.
16. The main inspiration within the FDJ comes from the German emigres who were resident in England during the Hitler era, and these persons hold most of the leading positions at the higher levels of the organization.
17. Policy with regard to fraternization between Germans and Russians follows that of the Russians. Until recently there was no disapproval of friendly relationships but, following the recent Russian declarations upon this subject, a strong disapproval is now shown.

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