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Olga Malashkina

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ABSTRACTS

ABSTRACT (DEUTSCH)

Die Potsdamer Konferenz von 1945, die sich mit dem Wiederaufbau nach dem Krieg befasste, wies der UdSSR das ehemalige Deutsche Eigentum zu. Um die Kontrolle über verschiedene Unternehmen in ihren Besatzungszonen in ganz Europa, einschließlich Österreich, zu behaupten, überarbeitete die UdSSR den Begriff Demontage und übernahm eine weit gefasste Auslegung des Begriffs "Deutsches Vermögen," was ihre wirtschaftliche Präsenz insbesondere in Österreich beeinflusste. Zwischen 1945 und 1946 konsolidierte die Sowjetunion ihre wirtschaftlichen Aktivitäten in Österreich durch: das sowjetische Erdölunternehmen — SMV (ab September 1945), die Donauschiffahrtsgesellschaft — DDSG (ab Februar 1946) und die Verwaltung für sowjetisches Eigentum in Österreich — USIVA (ab März 1946). Diese Entwicklungen führten zu einem Phänomen sowjetischer Unternehmen im Ausland, das Selbstverwaltung und Selbstfinanzierung im Rahmen der von der sowjetischen Regierung festgelegten Preise unter der Leitung des von Anastas Mikojan geführten Ministeriums für Außenhandel ermöglichte. Zur Koordinierung dieser wachsenden Interessen und zur Überwachung des gesamten durch Reparationen erworbenen Auslandsvermögens gründete die Sowjetunion am 10. April 1946 die GUSIMZ (Hauptverwaltung für sowjetisches Eigentum im Ausland). Die Ziele waren harte Devisen und materielle Ressourcen, außerdem diente sie als politisches und wirtschaftliches Druckmittel, insbesondere bei den Verhandlungen über den österreichischen Staatsvertrag.

Anfangs lukrativ, sahen sich die sowjetischen Wirtschaftsunternehmen ab 1948 zunehmenden Herausforderungen gegenüber — insbesondere durch die Umsetzung des Marshallplans, der die österreichische Wirtschaft belebte und neue Konkurrenz entstehen ließ. In den 1950er Jahren führten die Abwertung des Schillings und Handelsbeschränkungen zu weiteren Einschränkungen sowjetischer Aktivitäten, was eine strategische Umorientierung auf die Sowjetischen Märkte und Ostblockländer nach sich zog. Um dem Schillingmangel entgegenzuwirken, eröffnete die UdSSR ein Netzwerk von Diskontläden in Österreich, über das Waren aus Osteuropa verkauft wurden. Ab 1952 wurde die USIA zudem zu einem Hebel zur Unterstützung der KPÖ.

Diese Forschung, gestützt auf neu freigegebene Quellen russischer Archive und amerikanischer Nachrichtendienste, zielt darauf ab, die Verwaltungsstruktur, wirtschaftlichen Strategien und politischen Verflechtungen der sowjetischen Präsenz in Österreich während der Besatzungszeit (1945–55) zu beleuchten.

USIA, GUSIMZ, Österreich, Deutsches Eigentum, Reparationen, Mikojan, das Außenhandelsministerium, der Marshallplan, der Kalte Krieg.

ABSTRACT (ENGLISH)

The Potsdam Conference of 1945, while addressing post-war reconstruction, assigned certain former German assets to the USSR. To assert control over various enterprises within the areas it occupied in Europe, including Austria, the USSR reinterpreted the term “removal” and adopted an expansive interpretation of “German assets” contained in the Potsdam Conference decisions. In doing so, it strengthened its economic presence, particularly in Austria.

Between 1945 and 1946, the Soviet Union consolidated its economic activities in Austria through the Soviet oil enterprise — SMV (from September 1945), the Danube Shipping Company — DDSG (confiscated and reorganized under Soviet authority in February 1946), and the Administration for Soviet Property in Austria — USIVA (from March 1946). These developments produced a distinctive phenomenon: Soviet enterprises operating abroad with self-financing rights (*khozraschet*) under the Ministry of Foreign Trade, headed by Anastas Mikoyan.

To coordinate these expanding interests and oversee all foreign property obtained through reparations, the Soviet Union established GUSIMZ (the Main Directorate of Soviet Property Abroad) on April 10, 1946. Its goals included acquiring hard currency and material resources; additionally, it served as an instrument of political and economic leverage, particularly during the contentious negotiations surrounding the Austrian state treaty.

Initially dominant, Soviet economic operations faced growing challenges following the launch of the Marshall Plan in 1948, which revitalized the Austrian economy and increased competition. By the 1950s, Schilling devaluation and trade embargoes further constrained Soviet enterprises, leading to a strategic shift towards USSR and the Eastern Bloc markets. To combat Schilling shortage, the USSR opened a network of discount retail shops in Austria, channeling goods via Eastern Europe. Moreover, from 1952 onward, USIA became a tool in the pursuit of ‘democratization’ and in supporting the Communist Party of Austria.

This research, drawing on Soviet sources and US intelligent service documents, including newly declassified ones, seeks to illuminate the administrative structure, economic strategies, and political entanglements of the USSR’s presence in Austria during the occupation period (1945–55).

USIA, GUSIMZ, Austria, German assets, reparations, *khozraschet*, Mikoyan, the Ministry of Foreign Trade, the Marshall Plan, the Cold War.

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INTRODUCTION

Following the conclusion of World War II in Europe, a period of reconstruction began. The Potsdam Conference (July 17–August 2, 1945) among other issues, addressed the challenges faced by the devastated Soviet economy. At the conference, the USSR insisted on receiving war reparations from Germany's former foreign assets. For several reasons, some of these assets were located in Austria. Thus, since 1945, the scope of the USSR's economic interests extended to Austria.

Terminology that secured the Four Victorious Powers' (USSR, US, UK and France) rights to assets was supposed to help them filter out German property from, for example, Austrian or Jewish property. Although the terminology appeared to be applied as accurately as possible, the USSR began to interpret it in the broadest sense, which caused disputes. Beginning with a chaotic takeover in 1945, the USSR gradually developed a completely innovative approach to managing its foreign assets. In its Austrian occupation zone, the USSR relied on three major economic organizations that worked independently of each other: from September 1945 on the Soviet oil enterprise — SMV, from February 2, 1946 on the Danube Shipping Company — DDSG, and from March 28, 1946 on the Administration for Soviet Property in Eastern Austria — USIVA (*Upravleniye Sovetskim Imushchestvom v Vostochnoy Avstrii*) that managed expropriated factories, various trade companies and agricultural lands.

Within this context, the emergence of Soviet foreign assets that were both manageable and profitable occurred, whereas previously Soviet foreign property referred only to the buildings and land of embassies and trade missions under the Ministry of Foreign Trade. These new conditions forced the Soviet management system to create on April 10, 1946, a completely new organization, which served as the parent organization for all newly established branches managing Soviet property abroad, including the aforementioned SMV, DDSG, and USIVA. The new organization was given the name GUSIMZ (*Glavnoye Upravleniye Sovetskim Imushchestvom Za granitsey*) — the Main Administration of Soviet Property Abroad.

Operating abroad, GUSIMZ provided the USSR with hard currency, as well as machinery, industrial and consumer products, which the country urgently needed. Moreover, GUSIMZ served as a tool of both political and economic pressure: for instance, in Austria, USIVA and its

enterprises remained for many years an obstacle to the state treaty negotiations between the USSR and Austria.

In the early stages of the occupation, USIVA took advantage of its monopoly position and dictated pricing policy in the Austrian market. However, following the launch of the Marshall Plan in Austria in 1948, the economic performance of Soviet enterprises gradually began to decline, largely due to the emergence of competing firms. Moreover, in 1949, USIA (formerly USIVA) experienced the devaluation of the Schilling, and later in the 1950s, the USSR encountered an embargo and a ban on the sale of USIA goods produced in Austria to Western countries. As a result, the USSR had to turn to its domestic market and the markets of the Soviet Bloc. Another solution was the establishment of a chain of USIA retail discount stores.

Political shifts in the USSR after Stalin's death in 1953 led to progress in resolving the Austrian question. As a result of diplomatic overtures, the Moscow Memorandum of April 1955 laid the groundwork for Austria's full sovereignty. The State Treaty, signed on May 15, 1955, required the USSR to return all former German assets to Austria for a compensation.

CURRENT STATE OF RESEARCH AND EXISTING GAPS

A literature review shows a growing interest among both Austrian and foreign researchers in the USIA and GUSIMZ since 1950s. To date, certain progress has been made in investigating their functioning, structure, and in identifying the location of relevant documents.

The Soviet researchers, specializing in Austrian history, mainly focused on peace restoration in Europe, the denazification of Austria and steps made by the USSR towards the signing of the state treaty, not mentioning however sensitive issues of the occupation. A paper summarizing the works of Soviet authors from the 1950–1960s—including V. Beletskiy, A. Yefremov, Yu. Yudanov—was published by Revekka Mnukhina in 1967.¹

One of the first attempts of Austrian scholars to systematize information about USIA and GUSIMZ

¹ Revekka Mnukhina, "Osnovnyye problemy noveyshey istorii Avstrii v osveshchenii sovetskikh istorikov," *Problemy vseobshchey istorii* (Moskva: Izdatel'stvo Leningradskogo Universiteta, 1967): 119–29.

activities was carried out in 1958 in the form of a report.² The report remained a fundamental reference until 1976 and 1978, when Waltraud Brunner³ and Otto Klambauer⁴ submitted their PhD theses based on Austrian archival sources. Their works examined various aspects of USIA and GUSIMZ, including the structure, establishment, and objectives. A distinctive feature of Brunner's research is its in-depth analysis of the legal dimensions of the occupation, particularly issues concerning former German assets and their subsequent integration into Austria—topics that were also explored in the works of Wilhelm Bukovics.⁵ Later in 1983, Otto Klambauer together with Ernst Bezemek deepened the research on USIA, providing updated information on the number of USIA retail shops and the volume of former German assets in Lower Austria.⁶ Still, most current publications refer to the 1978 work by Otto Klambauer and the joint 1983 work by Otto Klambauer and Ernst Bezemek, which are partly based on 1958 data, collected from the *Niederösterreichisches Landesarchiv*.

Not only Austrian historians paid attention to the existing gap in knowledge of Soviet occupation period but also the researchers from the US. Surprisingly they provided even more accurate and detailed information on the activities of USIA and GUSIMZ in Austria during the occupation.⁷ Current researchers attribute such awareness to access to CIA reports that collected data on Soviet enterprises in Austria throughout the period.⁸

In 1993, Hubert Steiner in his work *“Die USIA-Betriebe, ihre Gründung, Organisation und*

² *Die Sowjetische Besatzungswirtschaft in Österreich. Endbericht über die Ergebnisse eines Forschungsauftrages* (St. Pölten: Niederösterreichisches Landesarchiv, 1958).

³ Waltraud Brunner, “Das Deutsche Eigentum und das Ringen um den Österreichischen Staatsvertrag: 1945–55” (Phil Diss., Universität Wien, 1976).

⁴ Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978).

⁵ Wilhelm Bukovics, *Das Deutsche Eigentum in Österreich und seine rechtliche Behandlung auf Grund des Ersten Staatsvertragsdurchführungsgesetzes* (Wien: Manz, 1956).

⁶ Otto Klambauer, Ernst Bezemek, Andreas Kusternik, Helmuth Feigl (Hrsg.), “Die USIA-Betriebe in Niederösterreich. Geschichte, Organisation, Dokumentation,” *Studien und Forschungen aus dem Niederösterreichischen Instituts für Landeskunde* 5 (1983).

⁷ For instance, William B. Bader, *Austria between East and West, 1945–55* (Stanford: Stanford University Press, 1966).

⁸ Martin Krenn, “Das Burgenland in Akten der Central Intelligence Agency (CIA). Eine quellenkundliche Miszelle,” *Burgenländische Heimatblätter Amt der Burgenländischen Landesregierung* 79 (2017): 73–5; Walter M. Iber, “Von Spionen, Saboteuren und antisowjetischen Agitatoren Zur sowjetischen Herrschaftspraxis in den Wirtschaftsenklaven SMV und USIA 1945–55,” *Terror und Geschichte* 2 (2011): 139–50, Doi: 10.7767/boehlau.9783205791782.139.

Rückgabe in die Österreichische Hoheitsverwaltung,” completed the picture of Soviet economic policy by providing details on the procedure and transfer conditions of USIA enterprises during the post-Stalinist period.⁹ However, these works could not answer all questions, as primary sources issued on the Soviet side were evacuated by the Soviets in 1955 and were not available, which left gaps in areas such as legal matters, production output, staff subordination, and training. After the collapse of the USSR, efforts were made to access relevant documents in Russian archives, and the thesis written by Wolfgang Wagner in 1998 became the first based on the discovered Soviet materials.¹⁰

In 2005, Austria’s anniversary year, a turning point was reached in the study of the Soviet occupation, with several publications presenting hundreds of declassified and previously unknown documents from Russian archives. These works provide scholars with valuable information tailored to their research needs and continue to serve as essential references for those studying the period. The book by Wolfgang Mueller¹¹ gives a deep analysis and represents political aspects of the Soviet occupation. Researchers may find such themes as political intentions and motivation of Soviet occupation authorities, the structure and functions of the Soviet part of the Allied Commission (*SChSK*), interactions between Moscow and the leaders of Austrian Communist Party (KPÖ), a brief period of the provisional government of Karl Renner, collaboration to strengthen Communist movement in Austria, etc. “A Cold war over Austria,” published in 2018 and supported with documents from Soviet archives, placed the issue of the Austrian state treaty in the context of international policy and gave clear explanation to such matters as the suspension of negotiations in 1949 and a transit period after Stalin’s death.¹²

Another comprehensive two-volume work¹³ edited by Stefan Karner presents both papers on various aspects of the occupation and documents in both Russian and German. It structured into

⁹ Hubert Steiner, “Die USIA-Betriebe, ihre Gründung, Organisation und Rückgabe in die österreichische Hoheitsverwaltung,” *Mitteilungen des Österreichischen Staatsarchivs* 43 (1993): 206–20.

¹⁰ Wolfgang Wagner, “Die Besatzungszeit aus sowjetischer Sicht. Die Errichtung der sowjetischen Besatzungsmacht in Österreich von 1945 bis 1946 im Spiegel ihrer Lageberichte“ (Geisteswiss. Diplom-Arbeit, Universität Wien, 1998).

¹¹ Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–55 und ihre politische Mission* (Wien: Böhlau Verlag, 2005).

¹² Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality and the End of East–West Occupation, 1945–55* (Lanham: Lexington, 2018).

¹³ Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005).

chapters: plans of a post-war reconstruction of Austria, everyday life in the Soviet occupation zone and the state treaty agreement. The volume does not explore economic interests in depth, with the exception of the paper by Michail Prozumenščikov¹⁴ that shows how Stalin's death enforced the transformation of Soviet policy towards Austria and within two years made it possible to sell USIA companies with the following economy benefits for the Soviet side.

Examination of some broader economic issues of the occupation such as the ERP financial help¹⁵ and the amounts that the USSR earned in the form of hidden reparations,¹⁶ ERP counter-propaganda,¹⁷ embargo policy¹⁸ and the "cost" of the state treaty¹⁹ contributed to the expansion of the concept of the occupation, as well as the Cold War, which was also expressed in economic confrontation. However, these works void macroeconomic environment of late 1940s, including Bretton Woods agreements, Schilling devaluation of 1949 and its impact on Austrian and Soviet policy after 1949.

Walter M. Iber has made a significant contribution to the study of Soviet economic activity in Austria, particularly to research on the SMV. He remains the only Austrian historian who has had access to the now-restricted fond 107 (GUSIMZ and USIA) of the Russian State Archive of the Economy (RGAE). Relying on the discovered documents, he showed that the oil industry in Eastern Austria served, de facto, as "hidden reparations" to the Soviet Union. Moreover, he outlined SMV administrative structure, SMV leadership, the daily routine of the SMV workforce,

¹⁴ Michail Prozumenščikov, "Nach Stalins Tod," in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 729–54.

¹⁵ Andrea Komlosy, "The Marshall Plan and the Making of the "Iron Curtain" in Austria," in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, eds. Günter Bischof and Dieter Stiefel (New York: Routledge, 2000), doi.org/10.4324/9781351303521.

¹⁶ Dieter Stiefel, Günter Bischof, *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98* (Wien: Ueberreuter Verlag, 1999).

¹⁷ Barbara Stelzl-Marx, "Feindbild Marshall-Plan. Sowjetische Wirtschaftspropaganda im Kalten Krieg," in *Krieg und Wirtschaft. Von der Antike bis ins 21. Jahrhundert*, ed. Wolfram Dornik, Johannes Gießauf, Walter M. Iber (Innsbruck–Wien–Bozen: StudienVerlag, 2010), 575–94.

¹⁸ Gunnar Adler-Karlsson, *Der Fehlschlag: zwanzig Jahre Wirtschaftskrieg zwischen Ost und West* (Wien: Europa-Verlag, 1971). Gertrude Enderle-Burcel, *Gaps in the Iron Curtain: economic relations between neutral and socialist countries in Cold War Europe* (Krakow: Jagiellonian University Press, 2009).

¹⁹ Roman Sandgruber, "Das wirtschaftliche Umfeld des Staatsvertrages," in *Die Gunst des Augenblicks: neuere Forschungen zu Staatsvertrag und Neutralität*, ed. Manfred Rauchensteiner, Robert Kriechbaumer (Wien: Böhlau Verlag, 2005).

including the *Werkschutz*.²⁰ In the study “Das Schwere Erbe der “USIA-Zeit” on the heavy legacy of the USIA period, Walter M. Iber provides a systematic analysis of the often-neglected long-term economic consequences of the Soviet occupation in Austria. In doing so, he draws, among other things, on the results of the 1958 audit conducted by Austria, which revealed significant structural and financial deficiencies in former Soviet enterprises.²¹

Recent books have also focused on GUSIMZ and USIA management structure²² and everyday life aspects of Soviet Administration²³ advancing our knowledge of inner processes. However, until now, the identities behind USIA and GUSIMZ remained largely undiscovered. The use of abbreviated forms of names in Soviet documents—for example, the initial “V,” which could refer to either Vladimir or Vasilii—lead to errors in the names of even top personnel.²⁴ Some leadership remained unidentified.²⁵ This thesis provides comprehensive tables detailing the full names, birth and death years, and professional backgrounds of both top- and middle-level management of GUSIMZ and USIA based on information from the personal files of ministerial employees. Despite the fact that the USSR’s administrative system functioned as a highly centralized bureaucracy, personal background still exerted some influence. Moreover, the appointment of managers with specific expertise—for instance, from the oil industry—to top positions in GUSIMZ often reflected the strategic importance of particular industries for the USSR.

One of the GUSIMZ departments (VI Department) supervised Finland, which as well as Austria remained economically and socially connected to both Western and Eastern Europe. In the book “Reassessing Cold War Europe,” Sari Autio-Sarasmo re-examines the Cold War history by

²⁰ Walter M. Iber., “Erdöl statt Reparationen. Die Sowjetische Mineralölverwaltung (SMV) in Österreich 1945–55,” *Vierteljahrshefte für Zeitgeschichte* 57, no. 4 (2009): 571–605, doi.org/10.1524/vfzg.2009.0055. Walter M. Iber., *Die sowjetische Mineralölverwaltung in Österreich: zur Vorgeschichte der OMV 1945–55* (Innsbruck–Wien: StudienVerlag, 2011).

²¹ Walter M. Iber, “Das Schwere Erbe der “USIA-Zeit,” in *250 Jahre der Rechnungshof: unabhängig, objektiv, wirksam; gestern, heute, morgen; Kontrolle zahlt sich aus*, edited by Armin Laussegger and Hans-Georg Windhaber (Wien: Rechnungshof, 2011), 193–207.

²² Gerhard Baumgartner, Die USIA Betriebe im Burgenland, in: Burgenländisches Landesarchiv (Hrsg.), “Befreien–besetzen–bestehen“ Das Burgenland von 1945–55, *Burgenländische Forschungen* 90, Eisenstadt (2005): 162.

²³ Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–55* (Wien: Böhlau Verlag, 2012).

²⁴ Ibid., 284.

²⁵ Csaba Békés, Borhi László, Peter Ruggenthaler, and Trasca Ottmar, *Soviet Occupation of Romania, Hungary, and Austria 1944/45–1948/49* (Budapest–New York: Central European University Press, 2015), 128.

emphasizing interactions, exchanges, and cooperation, rather than focusing solely on conflict. The work explores economic interests in Soviet post-war policy toward Finland and analyses scientific and technical cooperation between the Soviet Union, Finland, and West Germany during the Cold War. By highlighting these interactions, the book challenges the rigid “Iron Curtain” narrative, revealing how scientific, technical, economic, and cultural links functioned across bloc lines. It provides a detailed account of how knowledge and technology were transferred, negotiated, and adapted despite political and ideological barriers.²⁶

RESEARCH QUESTIONS

This thesis intends to develop the knowledge of economic side of the Soviet occupation of Austria, clarify the origin, structure and scope of competence of both GUSIMZ and USIA, its role as a tool of avoiding embargo restrictions, as well as the Soviet management system of late Stalinism and its implementation in Austria, the role of USIA in the strengthening the KPÖ and, moreover, background of the personnel. Broadly, the research questions will be organized in order to investigate the areas:

1. Legal aspects: What decisions on reparations did the Four Powers reach at the Potsdam Conference? Why did the USSR leave some assets on-site despite the Potsdam Conference’s decision to *remove* former German assets from occupied zones? Had the USSR possessed any property outside its borders before 1945? When did the USSR start on-site management? How did the USSR interpret the definition of former German property? How did Austria fight the USSR’s attempts to seize enterprises? What was a volume of German assets under Soviet control during 1945–55?

To understand the context, it is essential to wonder if the USSR ever had foreign property. What was the difference between the foreign property run by Soviet Trade Missions and by GUSIMZ? How did the USSR interpret the definition of former German property, and in what ways did this interpretation shape the USSR’s actions on the ground? This leads to examining how Austria resisted the USSR’s efforts to seize enterprises through an expanded interpretation of the term “former German property.” Finally, to gauge the scale of this issue, I investigate the volume and value of German assets under Soviet control from 1945 to 1955.

²⁶ Sari Autio-Sarasma, Katalin Miklóssy (eds.), *Reassessing Cold War Europe* (London–New York: Routledge, 2011).

2. Founding: Why did the USSR form one more managing body over former German assets in addition to the Trophy Department and the Department for Reparations and Supplies? Who launched USIA and GUSIMZ systems? Who elaborated their structure? Did USIA operate according to Austrian or Soviet law? For what reason was the structure of GUSIMZ and USIA changed in 1947? How were these management bodies supervised and controlled by Moscow?

In my thesis, I analyze the probable limitations of earlier Army-related bodies: the Trophy Department and the Reparations Department. The discovered documents showed the background behind the creation of a centralized institution for managing Soviet foreign property, as it reflected the concept of the post-war economic integration into the occupied countries. Central to the analysis is the question of how these Soviet managing bodies functioned in a hybrid legal environment shaped by both Austrian and Soviet frameworks. The coexistence and negotiation of these legal systems highlight a deeper tension between ideological governance and pragmatic economic administration during a critical phase of postwar reconstruction. The thesis further explores the reasons behind the structural reorganization of GUSIMZ and USIA in 1947 — a moment of strategic recalibration that aligned Soviet economic operations in Austria with broader shifts toward the *khozraschet* (self-financing) model. Then I analyze supervision and control mechanisms by the USSR. The thesis discovers a remarkable capacity for legal and institutional flexibility.

3. Personnel: Who were USIA and GUSIMZ chiefs and personnel, what was their background? Did they have to receive special education? Which higher educational institutions prepared personnel for USIA and GUSIMZ? What was the role of the Ministry of Foreign Trade in that education? Where were the GUSIMZ and USIA offices located?

My hypothesis was that the effective functioning of GUSIMZ and USIA relied on the cultivated cadres of technocrats and administrators who were ideologically aligned and professionally prepared for the specific challenges of managing foreign industrial and commercial property within a hybrid legal space. By exploring which Soviet higher educational institutions trained the personnel, and the role of the Ministry of Foreign Trade in that process, I revealed several educational institutions with GUSIMZ-related curriculum. In parallel, the thesis maps the physical geography of USIA and GUSIMZ offices.

4. The Military Bank: How were the Soviet-controlled enterprises provided with cash schillings? What banking system did the USSR form in Eastern Austria? What was its structure and

subordination? Was it unique or regular to Soviet banking system? Did the Bank perform transactions only with the USSR or with free-market countries as well? What accounting principles did it have?

My inquiry emerges from an analysis of how Soviet authorities not only seized industrial assets and real estate but also constructed a parallel monetary infrastructure to manage and profit from these holdings. At the core of this infrastructure was a specialized banking system known as the Soviet Military Bank No. 2111. This system acted as a financial artery for Soviet operations, enabling the circulation of local currency within a tightly controlled Soviet economic sphere. By asking how schillings were provided, what institutional structure the banking system assumed, and to what extent it conformed to or diverged from conventional Soviet financial models, I highlight the administrative creativity applied by Soviet authorities in foreign economic zones. Special attention is given to the Bank's legal and organizational subordination. In addition, I analyze whether the Military Bank operated exclusively within a closed ruble-schilling exchange framework or whether it conducted transactions with actors from the Western bloc. This opens broader questions about permeability and interaction between Soviet and free-market financial systems during the early Cold War, and whether Austria served as a testing ground or exception in Soviet foreign banking.

5. The Pound-Dollar monetary system, the 1949 devaluation and trade restrictions: How did Dollar devaluation affect Austrian schilling? What caused the USIA crisis in 1949, and could it be connected to the devaluation? Was the introduction of low-price retail shops a measure to address the shortage of money? Why did the USSR set the redemption amount for the enterprises at 150 million dollars during the negotiations in 1949? What was the embargo policy of the US and Austria against the USSR? How did the Soviet Union manage to avoid restrictions via KPÖ transport companies?

The thesis explores whether the economic disarray contributed to the financial crisis within USIA, caused by schilling devaluation, and if it prompted reactive strategies such as the creation of low-price retail shops to mitigate public dissatisfaction and stabilize enterprise operations. My analysis contextualizes this economic turbulence within broader Cold War negotiations in 1949. Moreover, the thesis investigates the external economic pressures facing the USSR, particularly the embargo policies implemented by the United States and later by Austria. These policies sought to isolate the Soviet bloc from access to Western technology, capital, and trade. The thesis sheds light on how the Soviet Union circumvented above-mentioned restrictions through strategic use of the

Austrian Communist Party and its affiliated transport companies. These logistics operations functioned as covert conduits for embargoed goods, revealing a sophisticated infrastructure of economic evasion that blurred the lines between legal trade, political influence, and shadow logistics.

6. *Oktoberstreik* and USIA: What was the context of relations between the KPÖ, USIA and Central Committee of the All-Union Communist Party of Bolsheviks? How many USIA employees and *Werkschutz* took part in the strike in September and October? What was the reason for calling off the strike?

This thesis investigates the *Oktoberstreik* 1950 through the lens of the relationship between USIA, KPÖ, and TsK VKP(b). By asking about the context of relations between them, the thesis explores how KPÖ acted as both a transmission belt of Soviet influence and an independent actor embedded within the Austrian socio-political fabric. The thesis interrogates the motivations behind the strikes: were they rooted in wage disputes, bureaucratic dysfunction, or a deeper political disillusionment with the Soviet model in practice? Additionally, the research probes the militarized edge of postwar politics in Austria by asking if any paramilitary organizations supported KPÖ. The case of USIA and the involvement of Austrian communists shows how ideology, governance, and local agency came into conflict in the early Cold War.

7. What was the consequence of the strike for USIA's further development? What economic remedies were applied to USIA? Why did the USSR reject the short treaty?

I examine the economic and political implications of the 1950 strike in Soviet-controlled enterprises in Austria, with a particular focus on its impact on the post-strike strategy of TsK VKP(b) towards USIA and the broader question of Soviet occupation policy in crisis. This tension triggered a reevaluation within the Soviet apparatus about the sustainability and adaptability of its economic governance in Austria. By asking what the consequences of the strike were for USIA's development, I explore how Soviet authorities responded to this moment of dissent, through reorganization, technocratic adjustments, or further centralization, and how these responses shaped Soviet policy in the years that followed. A further line of inquiry concerns the political context of the so-called 'short treaty' proposal of 1952–53, under which the USSR might have agreed to earlier withdrawal from Austria in exchange for specific security guarantees. Despite USIA's deepening economic crisis, the USSR rejected the treaty, and this research asks why. The answer may lie not only in Cold War strategic calculations but also in the symbolic and material value the

Soviet leadership attributed to USIA as a tool of KPÖ strengthening in the approaching parliamentary elections in 1953.

8. How did the Soviet policy change after Stalin's death? What was Mikoyan's proposal on the further fate of USIA? What was the reason for changing the Head of GUSIMZ and USIA in 1954?

I explore the shift in ideological, institutional, and strategic foundations of Soviet foreign economic governance in the immediate post-Stalin era, focusing specifically on USIA and its coordinating body, GUSIMZ. A central question concerns normalizing relations with Austria, modifying property claims, and deal with the rising inefficiencies in the administration of Soviet-controlled enterprises. An important aspect of this transformation was Anastas Mikoyan's proposal on the future of USIA. As a senior Soviet official and proponent of trade liberalization and pragmatic diplomacy, Mikoyan advocated for a recalibration of the Soviet presence in Austria. His stance is understood in the thesis as emblematic of the broader shift from Stalinist rigidity to Khrushchev-era *realpolitik*. Closely tied to these dynamics is the question of leadership change in GUSIMZ during its final year of operation in 1954–55. The replacement of its head is treated as a symptom of bureaucratic realignment and a response to growing dissatisfaction in Moscow with inefficiency, corruption, or political liabilities associated with the existing administration. Ultimately, this research situates the Soviet withdrawal from Austria not simply as the outcome of high-level diplomacy (culminating in the 1955 with the state treaty) but also as the product of deeper epistemic shifts within Soviet governance. USIA and GUSIMZ thus become lenses through which I observe how the USSR attempted to resolve tensions between ideological commitment, economic reality, and international reputation in the wake of Stalin's death.

9. What kind of officials from the Ministry of Foreign Trade were involved in the state treaty negotiations? What levels of authority did they have? What was the role of officials of the Ministry of Foreign Trade in the signature state treaty-related agreements? The end of USIA and GUSIMZ: What was the reason for the Soviet Union in selling USIA companies? What was the reason for the USSR to dismiss a chain of retail shops on July 27, 1955, the day of the state treaty ratification?

This thesis investigates the institutional architecture and personnel logic behind the Soviet Union's engagement in the state treaty signature, with a particular focus on the role of officials from the Ministry of Foreign Trade. The Soviet presence in Austria, particularly through economic bodies, was not only about resource extraction and political leverage but also about establishing a system of governance that blurred the lines between military occupation, economic exploitation, and

foreign diplomacy. As the USSR prepared to renegotiate its position in Austria, personnel from the Ministry of Foreign Trade emerged as key figures, bridging the technical and the political. Their involvement in treaty talks marked a shift from the occupation-based rule toward legal normalization and diplomatic codification of Soviet interests. The thesis examines how the participation of these officials, rather than military or purely political agents, reflected a changing conception of power. By investigating the ranks, backgrounds, and authority levels of these officials, the thesis reveals a deeper epistemic transformation in how the Soviet state configured its foreign policy expertise in the early Khrushchev period.

Why did the USSR agree to sell off USIA companies? This divestment was interpreted as a strategic concession, signaling the USSR's recognition that the cost of maintaining an economic exclave had begun to outweigh its benefits. Closely tied to that divestment process was the role of the Ministry of Foreign Trade in the lead-up to and signing of the Austrian state treaty. The ministry provided both the technical expertise and the bureaucratic authority needed to frame the Soviet withdrawal as a managed, legally coherent, and economically justified process. A symbolic event was the dissolution of the Soviet-controlled retail shop chain on July 27, 1955 — the very day of the treaty's ratification. The retail shops, which had served as both material support for Soviet personnel and ideological showcases of socialist consumer culture, were swiftly dismantled to align with the public narrative of full withdrawal and legal normalization.

METHODOLOGICAL BACKGROUND

This thesis is based on a multi-source historical analysis of the period from 1945 to 1955, focusing on Soviet economic activities at Soviet-controlled enterprises in Austria (which had been German-owned from 1938 to 1945) and on Cold War tensions between the USSR and the US in Austria. The primary methodological framework is grounded in historical analysis, drawing on Soviet archival documents, CIA reports, newspaper articles, and the relevant literature on the period. Questionnaire interviews were not employed in this study, as the events under analysis pertain to a distant historical period, and information obtained through such methods could be inaccurate due to respondents' memory bias. As an alternative, personal data of the Rax-Werke factory workers were analyzed, providing a more reliable basis for analysis.

Soviet documents, from the State, Economic and Party archives as well as CIA declassified materials were analyzed both quantitatively and qualitatively that gave insights into the internal

policies and strategies of all sides of the conflict in the post-war time. The integration of newspaper articles from this period introduces a third layer of analysis, focusing on public discourse and media portrayals of the Cold War and its economic aspects. Newspapers, as a key vehicle for mass communication, reveal how the conflict was framed for the public, the narratives surrounding key events, and the ideological polarization in the media. During 1945–55, the Four Powers sought to promote diversity in the media, at the same time Administrations pursued its own goals through “own” newspapers: *Österreichische Zeitung* — the USSR, *Wiener Kurier* — the US, *Weltpresse* — the UK, and *Welt am Abend* — French.

The methodological approach incorporates elements of historical analysis, content analysis, and critical discourse analysis, enabling a comprehensive examination of both state and public narratives. Referring to these disparate sources, I offer a manifold picture of the founding, development and end of the Soviet enterprises in Austria, as well as the goals of Soviet economic presence in Austria, and the transformation of its economic approaches.

NOTE ON SPELLING, TRANSLITERATION AND DATES

Since the text contains references to sources and books in English, Russian and German, it is important to note how transliteration and translation were carried out. Transliteration of Russian-language literature and Russian names, e.g. newspaper articles, shorten forms of organization’s names, personnel and officials’ family names was carried out according to the BGN/PCGN system: the initial “Е” becomes “Ye,” “ч” — “ch,” “я” — “ya,” “Дмитрий” — Dmitriy, “й” — “y” at the end, “ц” — “ts,” “Ю” — “Yu,” and “Юрий” — “Yuriy.” The soft sign “ь” is represented by the apostrophe “опись” — “opis’.”

The considered period was “a mature Stalinism,” and the vocabulary used by Soviet bureaucracy had some specific peculiarities. Apparently, the most significant work devoted to that “new language” is “*Yazyk dokumentov kak obrazets Sovetskogo myshleniya*” (“The language of documents as a model of Soviet thinking”) by Börries Kuzmany.²⁷ Since some names changed during the period 1945–55, they are presented according to their historical usage at the time: prior

²⁷ Börries Kuzmany, “*Yazyk dokumentov kak obrazets Sovetskogo myshleniya*,” in *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov*, ed. Gennadiy Bordyugov, Wolfgang Mueller, Norman M. Naimark, Arnold Suppan (Moskva: AIRO-XXI, 2006), 33–44.

to November 1947 — USIVA, after November 1947 — USIA, prior to November 1952 — TsK VKP(b), after November 1952 — TsK CPSU, etc. German proper names, e.g. names of companies, cities, political parties, people's names, as well as titles of newspaper articles remain in their German-language form.

All dates cited in the footnotes are presented in the “day/month/year” format.

SOURCES

As mentioned above, interest among researchers in the topic of the occupation of Austria increased sharply after 1955. Initially, researchers examined primary sources that remained in Austria, including outgoing German-language orders and documentation, as well as internal papers issued according to factory directors' orders. A large volume of internal documentation was held in the archives of Wiener Neustadt and St. Pölten. Due to the absence of documents of Soviet origin, some Austrian and German researchers submitted requests to the USSR Main Archive. As a part of this research, I studied the requests stored in fonds R5142 and R5325 of the State Archive of the Russian Federation (GA RF). A large number of requests began to arrive at the Main Archive in the 1970s, apparently related to the *détente* that had begun by then. Thus, requests for the issuance of files on the history of the SVAG (the Soviet military administration in Germany that collaborated with GUSIMZ) were received in 1974,²⁸ 1975²⁹ and 1976.³⁰ Most of these applications were rejected, and only the GDR Trade Mission in the USSR was allowed to display some papers at an exhibition in Leipzig. The reasoning behind the refusal to examine the documents is interesting: 1) the documents are in closed storage, 2) they still have not been examined by Soviet historians; therefore, they will only be released once they have been reviewed.

It was only in 1979, in preparation for the visit of Austrian President Rudolf Kirchschläger to the USSR (June 15–18, 1979), when Hugo Portisch passed on a request to Leonid Brezhnev to provide documents related to the Soviet occupation of Austria for inclusion in a documentary. After

²⁸ GA RF R5142/1/1038/56, Perepiska s Glavarkhivom SSSR i drugimi uchrezhdeniyami o dopuske inostrannykh issledovateley k rabote s dokumentami TsGAOR SSSR, zaprosy del po teme SVAG, 05.07.1974.

²⁹ GA RF R5142/1/1063, Zapros Torgovogo predstavitel'stva GDR v SSSR na yarmarku v Leyptsige o vydache dos'ye po teme SVAG, 01–07.1975.

³⁰ GA RF R5142/1/1103/9, Perepiska s Glavarkhivom SSSR i drugimi uchrezhdeniyami o dopuske inostrannykh issledovateley k rabote s dokumentami TsGAOR SSSR, Zaprosy del po teme SVAG, 1976.

preliminary approval from the leader of the USSR, Hugo Portisch sent an official request to the Main Archive.³¹ An important factor contributing to the approval was the USSR's independent decision to make certain materials public: the same year a brochure of documents on the period 1938–79 was prepared.³² As a result, Hugo Portisch received both paper documents and video footage, which he later incorporated into the documentary “Österreich II.”

Most modern Russian archives provide access for researchers, although since 2025, the State Archive of the Russian Federation (GA RF) has set restrictions on issuing files to students and researchers from foreign institutions, which, however, did not affect my research as all materials were collected between 2021 and 2023. If a cited archival document has already been published by other historians, I reference the book or article in which it appears; in all other cases, the cited archival document constitutes my own original finding.

In GA RF, in the fond R5446 (the Council of Ministers of the USSR), *opis*’ 48, 48a, 49 and 49a, I discovered documents from the earliest period of the occupation and studied the initial stages of the GUSIMZ system development. The documents explained inconsistency between the Potsdam agreement that obliged to evacuate assets and their actual management on-site — the USSR justified managing enterprises on-site by interpreting the word “removal.” Another set of documents in the fond R5446 relates to the change in the type of management and the transition of GUSIMZ to *khozraschet*, which is also studied for the first time, as previously it was believed that Soviet-controlled enterprises worked in a command economy system. One of the most important sets of documents relates to the work of the Currency Committee under the Council of Ministers of the USSR (fond R5446, *opis*’ 49a, 50a, 51a), a previously unstudied organ in GUSIMZ and USIA external management and currency allocation. The protocols of the USIA Trade Union meetings (fond R5452, *opis*’ 30b) reveal Soviet employees’ inner debates on everyday problems they face in Austria and subsequent social policy of USIA towards personnel from the USSR.

In the Russian State Archive of Economy, I examined the entire fond 413, which led to the discovery of previously unexplored documents: on the work of the Soviet Military Bank No. 2111,

³¹ GA RF R5325/3/3386, Dokumenty po voprosam dopuska inostrannykh issledovateley v gosarkhiv, ispolneniya zaprosov i obmena kopiyami dokumentov s arkhivnymi uchrezhdeniyami Avstrii, FRG, Yaponii, tom 1, 20.03–27.07.1981.

³² Igor’ Zemskov, Andrei Gromyko, *SSSR–Avstriya, 1938–79: Dokumenty i materialy* (Moskva: Ministerstvo inostrannykh del, 1980).

staffing schedules for Soviet employees of GUSIMZ and USIA, and annual reports of educational institutions under the Ministry of Foreign Trade, curricula planning and lectures' content. At the same time, a scope of GUSIMZ documents in the fond 107 in RGAE was again classified in 2010s and still unavailable.

The State Russian Archive of Social and Political history (RGASPI) was important due to the personal fond of Anastas Mikoyan containing his orders issued to GUSIMZ and key details of his trip to Austria in 1957.

The Russian State Archive of Contemporary History (RGANI) holds documents issued after 1952, including lists of Soviet Part of Allied Commission in Austria (*SChSK*) employees with personal data. This made it possible to identify the Head of the Economic Department of *SChSK*, who was responsible for overseeing the economic activities of USIA and SMV as well as the implementation of the Resolution of the Council of Ministers of 01.11.1951, which made USIA a means of economic support for the KPÖ.

Discoveries from Russian archives resulted in the recognition of the Ministry of Foreign Trade's crucial role in the formation of GUSIMZ and USIA. Furthermore, it became clear that the management of GUSIMZ was primarily focused on economic objectives and was mainly overseen by the Ministry of Foreign Trade and the Ministry of Finance, rather than the military units or the MGB (the Ministry of State Security).

The second largest body of documents is the FOIA collection of the CIA. The CIA was established in September 1947 as the institutional successor to the Central Intelligence Group, housed within the US. State Department. Together with CIC (Counterintelligence Corps), CIA focused on various aspects of Soviet activities in Austria,³³ especially on USIA activities after the launch of the Marshall Plan in 1948 to prevent the flow of funds to the Soviet enterprises. CIA reports provide references to USIA internal oral directives, office and lockboxes arrangements, the contents of internal documents, which indicates that there were likely informants within the USIA

³³ Siegfried Beer, "Rund um den "Dritten Mann: Amerikanische Geheimdienste in Österreich 1945–55," in *Österreich im frühen Kalten Krieg 1945–58. Spione, Partisanen, Kriegspläne*, ed. Erwin A. Schmidl (Wien/Köln/Weimar: Böhlau Verlag, 2000), 86–7.

as well. The MGB in Austria aimed to identify and detain both Austrian and Soviet workers suspected of espionage or of passing on sensitive information.³⁴

Besides enterprises, the CIA formed a pool of informants among middle and senior officials in ministries and security agencies, reliable partners in the media, i.e., the press and broadcasting, as well as in the Trade Unions. The CIA, like virtually all US services, naturally had excellent contacts with the top levels of government, especially with the Interior and Foreign Ministries, moreover with chancellor Leopold Figl and other authorities.³⁵

Although the CIA documents of the period 1945–55 are primary sources, the information provided in them is *secondary*, as it is a *retelling* of the primary information that downgrades the value of CIA documents in providing an objective picture. However, CIA documents, used as a secondary source to cross-check data against Soviet-origin documents, serve as a powerful tool for verification, for instance, impact of Anastas Mikoyan on post-war Soviet economic development and GUSIMZ creation, bookkeeping policy and, moreover, data about dumping USIA stores, in particular, the CIA documents helped to solve the problem of the stores emergence and its network expansion, the comparison of turnover figures in Soviet documents made it possible to confirm the high income and profitability of such stores for the USSR. Documents from the period of the October strike 1950 were especially useful as the information obtained provided an understanding of the number of paramilitary organizations, as well as a view of the situation from within KPÖ, where agents had infiltrated and were transmitting information from meetings.

CIA documents for the period 1947–55 have some peculiarities of design: although many papers have already been declassified, “the date of collecting information” is usually missing and we can only see “the date of distribution.” Nevertheless, the analysis of the internal content, mentions of dates and names, easily gives an understanding of the date of events.

³⁴ Walter M. Iber, “Von Spionen, Saboteuren und antisowjetischen Agitatoren Zur sowjetischen Herrschaftspraxis in den Wirtschaftsenklaven SMV und USIA 1945–55,” *Terror und Geschichte* 2 (2011): 139–50, doi: 10.7767/boehlau.9783205791782.139.

³⁵ Siegfried Beer, “Nachrichten- und Geheimdienste in Österreich, 1945–55,” in *Österreich ist frei! Der Österreichische Staatsvertrag 1955*, ed. Stefan Karner, Gottfried Stangler (Horn–Wien: Schallaburg, 2005), 223; Siegfried Beer, “The CIA in Austria in the Marshall Plan Era, 1947–53,” in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, eds. Dieter Stiefel, Günter Bischof (Wien: Ueberreuter Verlag, 1999), 198.

To study Austrian primary sources, I used the archive of the Rax-Werke enterprise and its outgoing documents (*Lohnzettel, Entlassungsblätter*). They provided an understanding of management at the micro level: the staff's appeals to the Soviet director of a plant, requests for salary increases, the situation at the plant after the transfer of the enterprise to Austria in August 1955, and the socio-cultural life of the team (concerts, clubs, etc.).

Secondary sources (Austrian newspapers) are important to differentiate by political affiliation. KPÖ, ÖVP and SPÖ-related newspapers made it possible to follow the course of the October strike 1950 and its reflection by different political currents. Soviet newspapers show the changes in Soviet position: from rejection of the Western Powers and accusations of their dragging out the negotiations (e.g. 1949, 1952, and 1954), to friendly manifestations (April–May 1955). The most notable work on the 'Soviet newspaper' theme in the Austrian question belongs to Olga Velichko, who shows the change in the USSR's general line during the entire period 1945–55 through Soviet official newspapers.³⁶

One of the goals of the research was de-anonymization of USIA and GUSIMZ employees. To do so, it was necessary to compile dossiers on a large number of personnel. Therefore, I analyzed fond 870 of the Russian State Archive of the Economy "Personal files of employees of the Ministry of Foreign Trade of the USSR," and fond 10249 of the State Archive of the Russian Federation "Personal Pensioners of the USSR" and A385 "Award Files," moreover, websites³⁷ of military personnel from 1941 to 1945, as well as the Internet photo search. Due to the fact that many GUSIMZ employees held high-ranking positions, they were entitled to be buried at the prestigious Novodevichy Cemetery catalogued by Kipnis.³⁸ As a result, the information obtained made it possible to identify a numerical predominance of top and middle management employees in GUSIMZ and USIA with financial and economic education. MGB employees were identified through a handbook by Nikita Petrov³⁹ and his website on the NKVD personnel from 1935 to

³⁶ Olga Velichko, "Poslevoennaya Avstriya v osveshchenii Sovetskoy pressy 1945–56," *Rossiysko-Avstriyskiy al'manakh: Istoricheskie i kul'turnye paralleli*, no. 2 (2006): 234.

³⁷ "Muzey Doroga pamyati," Museum 1418, accessed 31.12.2025, <https://1418museum.ru>. "Elektronnyy bank dokumentov "Podvig naroda v velikoy otechestvennoy voyne 1941–1945,"" *Proyekt Doroga pamyati*, accessed 31.12.2025, <https://podvignaroda.ru>. "Pamyat' naroda 1941–1945," *Poisk dokumentov ob uchastnikakh voyny*, accessed 31.12.2025, <https://pamyat-naroda.ru>.

³⁸ Solomon Kipnis, *Novodevichiy memorial: Nekropol' Novodevich'yego kladbishcha* (Moskva: Propilei, 1995).

³⁹ Nikita Petrov, *Kto rukovodil organami gosbezopasnosti, 1941–54: Spravochnik* (Moskva: Mezhdunarodnoye obshchestvo "Memorial": Zven'ya, 2010).

1939.⁴⁰ I also concluded that neither VKP(b) nor CPSU membership was mandatory to work abroad.

STRUCTURE OF THE THESIS

Chapter 1 covers the complex legal, political, and economic disputes between Austria and the USSR regarding the definition and ownership of former German assets after World War II. It opens by contextualizing the issue with the delayed negotiations over the Austrian state treaty, linking the difficulty to the ambiguous definition of “German assets.” The chapter then moves to the international legal foundations laid during the Moscow and Potsdam Conferences, including key declarations and overlooked terminological inconsistencies. It highlights how the USSR used vague definitions and the lack of Four-Power consensus to justify broad claims on enterprises. The ideological motivations of Soviet policy, particularly Mikoyan’s approach of long-term economic integration, are detailed as a strategic response to postwar reconstruction needs. The chapter also presents the competing Soviet strategies of dismantling versus integration and how this influenced Austrian economic sovereignty. A focal point is the Soviet Order No. 17, which solidified the USSR’s legal grip on contested assets and exposed the gaps in Allied agreements. Austrian responses through nationalization and legal arguments based on international declarations are discussed in detail. I also explore the failed Austrian efforts to buy back or limit Soviet control over enterprises. This section reveals how nationalization was entangled with broader questions of state succession and sovereignty. The chapter concludes by summarizing the scale and categorization of Soviet-controlled property, explaining how assets were seized, documented, and often justified through retroactive legal frameworks. The chapter also emphasizes the economic phenomenon of Soviet manufacturing property abroad, extending beyond mere military trophies to structured economic institutions.

Chapter 2 covers the beginning of immediate post-war Soviet administrations in Austria and culminates in the formation and operation of GUSIMZ. It outlines the limitations of earlier Soviet bodies like the Trophy Department and the Reparations Department and details the rationale behind the creation of a centralized institution for managing Soviet foreign property. Through government documents, personnel appointments, and organizational tasks, the chapter explains

⁴⁰ “Kadrovyi sostav organov gosudarstvennoy bezopasnosti SSSR. 1935–39,” accessed 31.12.2025, <https://nkvd.memo.ru>.

how GUSIMZ evolved from a concept into a fully operational administrative body. It highlights key figures, particularly Anastas Mikoyan, and shows how economic goals took precedence over security or military influence. Ultimately, the chapter provides insight into Soviet strategies for economic integration, reconstruction, and management of foreign property in occupied territories. Then it covers the political background and personnel shifts following Lavrentiy Beriia's dismissal from People's Commissar of Internal Affairs, highlighting how former security officials found roles within GUSIMZ. The text then transitions to the formation of USIVA, explaining its purpose, subordination, and coordination with GUSIMZ to secure control over former German enterprises. Legal and organizational frameworks are also detailed, including ownership classifications and labor policies based on a blend of Soviet and Austrian laws. Overall, the chapter provides a comprehensive view of how the USSR institutionalized its control over foreign economic assets through centralized, bureaucratic structures designed to serve its postwar recovery and economic ambitions. In addition, the chapter reveals the transition of GUSIMZ and USIVA from centralized command economy to *khozyaystvennyy raschet* (*khozraschet*) system within the Soviet zone of Austria. *Khozraschet* is a self-financing method of running a Soviet enterprise, where an enterprise covers its own costs from its revenues, operates on the basis of profitability and cost accounting. The chapter outlines the legal and functional introduction of *khozraschet*, describing its goals, mechanisms, and how it reshaped enterprise operations, including the creation of sales and procurement offices addressing practical contradictions between Soviet and Austrian frameworks.

Chapter 3 shows how transit to *khozraschet* caused a strategic shift from military to civilian specialists, aligning with broader political goals ahead of the London negotiations on Austria. Then it outlines the roles of key institutions such as the Academy and Institute of Foreign Trade in shaping Soviet economic specialists. The chapter also explores the evolution of educational content and priorities in response to shifting Soviet policies and the operational needs of enterprises in Austria. Moreover, it gives an overview of top management of both GUSIMZ and USIA, their structure, location of their offices and hiring process. In addition, the chapter explores the dual nature of labor and social policies within USIA enterprises in Austria, highlighting how Soviet citizens received exclusive benefits and cultural programming while Austrians were included in social initiatives such as sports and education. A particular emphasis is placed on women, who were encouraged through propaganda and organizational efforts (e.g. the League of Democratic Women) to engage in social and political life as part of a broader socialist agenda, though they remained largely in subordinate roles.

Chapter 4 considers the Military Bank No. 2111 establishment as a strategic financial tool that evolved from initial plans for a joint-stock Commercial Bank to a quasi-military institution deliberately placed outside Austrian jurisdiction. It explains the legal, political, and logistical challenges faced by Soviet authorities, and how they circumvented Austrian laws to ensure full control over financial operations in their occupation zone, ultimately solidifying the Bank's role in managing Soviet economic interests. It then examines how the Bank maintained correspondent accounts with both Eastern bloc and Western banks and how it processed international and domestic transactions, including currency exchanges, embargoed goods purchases, and hard currency transfers, revealing its involvement in both regulated and ambiguous fiscal practices like unpaid tax accumulation. In addition, it presents the institutional hierarchy and financial flows between the Ministry of Finance, the State Bank, and USIA, demonstrating how the State Bank wielded more autonomy and influence than GUSIMZ or USIA in managing Soviet economic interests abroad resulted in forming the shadow economy in Austria. Then, the chapter outlines the final financial negotiations following the state treaty and how USIA, though operating in a market economy, adhered strictly to Soviet accounting practices.

Chapter 5 begins by framing the Cold War economic conflict in Austria through an interactive lens, emphasizing mutual escalation between the US. and USSR. It then details the structure and centralization of Soviet planning, showing how GUSIMZ and USIA production strategies evolved to meet both political and economic demands. It then examines Soviet economic planning in Austria during the phase of the anticipated signing of the state treaty in 1949, detailing the USSR's decision to invest 500 million schillings and close non-essential USIA enterprises as a strategic step tied to political expectations. It then shifts to the unexpected fallout from the currency crisis, notably the devaluation of the British pound, which triggered a severe schilling shortage in Austria and forced the USSR to reverse course by reopening factories and introducing dumping-price retail stores. The chapter then discusses Austria's early postwar resistance to Soviet economic control, emphasizing its refusal to form joint-stock companies with the USSR and its strategic move toward nationalization of former German-owned enterprises to reclaim economic sovereignty. It then explores Austria's alternative attempts to regain control over its economy through legal measures, proposed company buyouts, and the passage of protective economic laws in 1951, which created barriers to Soviet-controlled firms like USIA. The chapter continues by illustrating the challenges USIA faced in navigating Austria's licensing, resource allocation, and export regulations, while also noting the population's mixed reaction to East-West trade restrictions. Finally, the chapter highlights how the USSR circumvented these restrictions through organizations like

Yuzhvneshtrans and Intrac GmbH, which facilitated transport and trade logistics across borders despite growing Austrian regulatory pressures.

Chapter 6 begins with origins of the economic crisis of 1950, showing how inflation, reduced aid, and agricultural tensions undermined Austrian stability and limited KPÖ influence despite their attempts to exploit working-class grievances. It then details the escalation of strikes in late September, emphasizing the role of the Communist Party of Austria, its coordination with Soviet authorities, and the broader political context, including the Korean War and Soviet priorities. Then the chapter explores the power dynamics between the KPÖ, USIA, and the Soviet Union. Finally, the chapter shifts to the economic reasons behind the strike's collapse, emphasizing the Soviet Union's refusal to support strike-related compensation, which undercut the KPÖ's credibility and effectively ended the strike movement.

Chapter 7 is structured around the political and economic consequences of the failed *Oktoberstreik* and how this failure spurred a Soviet reassessment of its strategy in Austria. It begins by examining the weakening influence of the KPÖ and the growing strength of right-wing forces, which led the Soviet leadership to initiate reforms aimed at strengthening communist control. These reforms targeted USIA operations, including increased salaries and the creation of new commercial structures such as the Central Commercial Bureau and *SChSK* Economic Department to navigate economic restrictions and enforce centralized trade control. It then shows how since November 1951 political priorities, particularly supporting the KPÖ, began to outweigh economic goals, leading to the deliberate promotion of communist personnel within USIA enterprises and their use as tools of political influence. The chapter proceeds to analyze growing tensions between USIA administrators and the KPÖ due to conflicting interests and miscommunications. Finally, it discusses the short treaty in the context of Soviet economic policy.

The years 1953–54 constituted a pivotal transition in Soviet economic policy toward Austria, driven by shifts in power and priorities in Moscow after Stalin's death. The decisions taken after March 5, 1953, were intended both to secure allies and to form coalitions against rivals. Followed leadership struggles within the Soviet Union directly shaped decisions on the future of USIA enterprises and the broader occupation policy.

Chapter 8 details the political reshuffling and administrative reorganizations in the Soviet leadership following Stalin's death, highlighting shifts in trade ministries and the impact on Soviet–Austrian relations. It then explores the economic crisis of the USIA enterprises, driven by

the loss of Soviet orders and unprofitability, and the USSR's evolving strategies including investment plans, downsizing, and attempts at reorganization. The narrative progresses into Austria's diplomatic efforts to negotiate the state treaty and Trade Agreement with the USSR, amid a broader policy of *détente*, while the USSR simultaneously linked Austrian sovereignty to the unresolved German question. Finally, the chapter concludes with the deteriorating performance of Soviet enterprises, failed reform proposals, rising Austrian opposition to Soviet presence, and a hardening Soviet stance, setting the stage for developments in 1955.

Chapter 9 is structured around Austria's path to regaining full sovereignty in 1955 through a combination of diplomatic negotiations and economic arrangements, particularly concerning the return of former German property. It begins with Soviet political shifts and Austria's initial diplomatic outreach, followed by detailed accounts of the Soviet–Austrian negotiations that led to the Moscow Memorandum, culminating in the signing of the state treaty in Vienna. Then it continues with the negotiation and signing of multiple economic agreements between Austria and the USSR following the Austrian state treaty, focusing on deliveries of goods and crude oil, compensation payments, and the resolution of administrative matters tied to the transfer of Soviet-controlled enterprises. It then details the logistics and political context of the transfer of USIA plants to Austria on August 13, 1955, including debates over nationalization versus privatization, workers' concerns, and adjustments to tax and legal frameworks. In addition, it gives an overview of the verification and implementation of the delivery agreements, highlighting the fulfillment and accounting of Austria's obligations under the July 12 protocol. Following that, a series of bilateral agreements between Austria and the USSR in October 1955 were signed, they regulated trade, payments, and shipping for a five-year term and specified mutual commodity deliveries. It then outlines a hierarchical summary of all major economic agreements and signings from July to October 1955, distinguishing between intergovernmental, organizational (GUSIMZ–Austria), and trade representative levels. Finally, the chapter closes with the dissolution of GUSIMZ.

1. 1945: HOW THE SOLUTION CREATED A PROBLEM

Although negotiations over the state treaty began in 1946, it was approved only in 1955. The protracted negotiations were partly caused by differing opinions between the Four Powers on the definition and return conditions of “German assets.” The difficulty with the definition had its roots in Austria’s pre-war history and the formalization of its legal status.

With the Anschluss in 1938, Austria ceased to exist as a sovereign country. Since 1943, the Allied anti-Hitler coalition pursued a course to abolish the *Anschluss* and declare it illegal. As an option of the post-war reorganization, Winston Churchill proposed the concept of the Danube Confederation that would absorb Austria as well. At a time when the Organization of the United Nations did not exist yet and the League of Nations was already inactive; the future of post-war Europe was decided in the format of Conferences. In October 1943, the Three Powers organized the Moscow Conference and issued Moscow Declaration, in which the Ministers of foreign affairs of the USSR, the UK and the US declared that “Austria will be restored as a free and independent state,” declared the annexation (*Anschluss*) of Austria by Germany “null and void,” moreover, they declared the country “the first free country to fall a victim to Hitlerite aggression.”⁴¹ The declaration also reminded Austria of its responsibility (as a state) for participation in the war on the side of Germany. The shift in emphasis from the people’s responsibility to the state responsibility was driven by Stalin’s initiative and later created a legal basis “for reinforcing its claims for Austrian reparation payments at the Potsdam Conference of 250 million dollars to the Allies.”⁴²

In April–May 1945, Austria was occupied by Allied forces and freed from National Socialist rule. This military occupation stemmed from the war’s circumstances and aimed to both separate Austria from Germany and restore it as a sovereign nation.⁴³

⁴¹ “Moskovskaya Deklaratsiya, 30.10.1943,” Published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 38.

⁴² Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality and the End of East–West Occupation, 1945–55* (Lanham: Lexington, 2018), 11.

⁴³ Gennadiy Bordyugov, Wolfgang Mueller, Norman M. Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 14.

On the Soviet side, the issues of economic recovery, compensation for damages, and reparations emerged long before the Potsdam conference. The turnover at the Eastern front initiated discussions on the ways of further restoration of Soviet economy and concepts for the political development of Eastern and Central European countries. Ivan Maisky, a diplomat, proposed the concept of governments of People's Front. "As Maisky wrote in January 1944, he expected to achieve this goal and establish socialism in Europe within 30 to 50 years after the end of the war. There were no plans to bring about revolutions by force, 'rapid Sovietization' and the immediate establishment of purely communist regimes in the Soviet sphere of influence, since this would have led to a conflict with the Western Powers, which Stalin had to be interested in avoiding for the time being due to the weakening of his country as a result of the war. Rather, Soviet influence and communism should be spread in an 'evolutionary' way. A domino in this long-term, pan-European Soviet conception was undoubtedly Austria. A socialist Austria, together with a likewise socialist Germany, would carry Soviet influence beyond the immediate Soviet sphere of influence and beyond the areas of Europe occupied by the Soviet army."⁴⁵

Following the political development of the region, in the autumn of 1944, two concepts of economic development arose. Georgiy Malenkov, the Deputy Chairman of the Council of People's Commissars, and Anastas Mikoyan, the People's Commissar of Foreign Trade, presented their approaches to the post-war restoration: Georgiy Malenkov advocated the maximum transfer of industrial equipment from Germany to the Soviet Union, while Anastas Mikoyan insisted on the economic development policy and economic integration into the occupied countries, i.e. a systematic approach instead of the chaotic takeover.⁴⁶ "Mikoyan's main idea was the possibility of a long period of the Soviet occupation of Eastern Germany and the resulting need to find political and psychological contact with groups of the German population. Of course, Anastas Mikoyan did not refuse to pump out reparations, but he insisted on introducing a system into this

⁴⁴ A version of this chapter was earlier published in "The impact of the ambiguous legal terminology used during the Potsdam Conference on Austria's development (1945–55)," *3. Tagung des Jungen Netzwerks Rechtsgeschichte 2* (2025): 187–94.

⁴⁵ Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–55 und ihre politische Mission* (Wien: Böhlau Verlag, 2005), 40.

⁴⁶ Mikhail Pavlov, *Anastas Mikoyan, Politicheskii portret na fone sovetskoy epokhi* (Moskva: Mezhdunarodnyye otnosheniya, 2010), 205–7.

matter, as he was against aimless destruction.”⁴⁷ Of course, this applied not only to Germany but also to all countries of the Soviet presence. “Anastas Mikoyan proposed to organize the work of the Soviet organs in the occupied territories under the general supervision of the Ministry of Foreign Trade, which was under his control.”⁴⁸

The post-war restoration was a global agenda: in July 1944, in the city of Bretton Woods, the US organized a conference, whose purpose among other goals was the creation of the International Monetary Fund—IMF—to ensure currency stability, and the International Bank for Reconstruction and Development—IBRD—to help rebuild the economies of Europe through loans.⁴⁹

In relation to loans, the US president Franklin Roosevelt promised to lend the USSR \$1 billion at an interest rate of 0.5 %, with repayment to begin 16 years after extension of the credit. In 1944, they negotiated a 500-million-dollar credit with the repayment to 30 years with an interest rate 2–3 %.⁵⁰ In early January 1945, the Treasury Secretary Morgenthau proposed to raise a loan to \$10 billion at 2 % interest for the purchase of American products. However, on January 10, 1945, Morgenthau encountered unsympathetic responses from both President Roosevelt and Secretary of State Stettinius — Roosevelt did not want to discuss credits until after the forthcoming Yalta Conference, however, at Yalta, the question of \$10 billion was never raised again; only the issue of reparations was discussed.⁵¹ Moreover, the same year, the USSR did not ratify the Bretton Woods agreements, i.e. refused from the aid of the International Bank for Reconstruction and Development.

Since 1946, in the USSR the Fourth Five-Year Plan began (1946–50); its purpose was to restore the national economy, which total direct property losses in the occupied territories in 1946 the

⁴⁷ Boris Nikolayevskiy, *Taynyye stranitsy istorii* (Moskva: Izdatel'stvo gumanitarnoy literatury, 1995), 209–10.

⁴⁸ Mikhail Pavlov, *Anastas Mikoyan. Politicheskii portret na fone sovetskoy epokhi* (Moskva: Mezhdunarodnyye otnosheniya, 2010), 206.

⁴⁹ “The IMF in History,” The International Monetary Fund, accessed 31.12.2025, <https://www.imf.org/en/About/Timeline>.

⁵⁰ John Lewis Gaddis, *The United States and the Origins of the Cold War, 1941–47* (New York: Columbia University Press, 1972), 178–9.

⁵¹ Ibid., 191–3; Charles L. Mee, *Meeting at Potsdam* (New York: Franklin Square Press, 1995), 145.

USSR estimated at 679 billion rubles.⁵² In 1948, the Minister of Finance of the USSR Voznesenskiy estimated it at 677 billion rubles, and together with direct military costs and additional costs caused by the war (in pre-war prices) — 1,890 billion rubles or 357 billion US dollars (in pre-war prices).⁵³ In 2015, the Federal State Statistics Service published archival data from the Central Statistical Office of the USSR (*TsSU*) on wartime economic losses, compiled in the early postwar months. Total material losses were estimated at 677 billion rubles in prewar prices, close to Voznesensky's figures.⁵⁴

The USSR sought to restore prewar production levels and surpass them. Reparations, as a source of restoration among other issues, were considered at the Potsdam Conference, held from July 17 to August 2, 1945. There Josef Stalin renounced reparation claims against Austria, and the Four Powers focused on the reparations from Germany totaling 20 billion dollars, however, no agreement was reached until the last day of the conference, August 1.

Under Secretary of State Joseph Grew, a definition of the term for use in the negotiations was issued: *“No shares shall be considered for control or disposal as German shares by the Soviet Union for its individual benefit until it is established that they were acquired by Germans in predatory transactions... Shares which meet such verification (that is, when it can be clearly established that they have become German property through legal transactions) shall be administered according to general principles established by the Four Powers with respect to the treatment of German property in formerly hostile or neutral states.”*⁵⁵

However, this description escaped the attention of three leaders and was forgotten in the rush of the last few hours. As a result, only the term “German external assets” was written off in the text.⁵⁶ Moreover, the Four Powers agreed that instead of percentage distribution of German assets, they

⁵² “Deutsche Betriebe werden für Oesterreich arbeiten,” Österreichische Volksstimme, 09.07.1946, 1; “Ueber den Uebergang der deutschen Vermögenswerte im östlichen Österreich in das Eigentum der Sowjetunion,” Österreichische Zeitung, 09.07.1946, 1.

⁵³ Nikolay Voznesenskiy, *Voyennaya ekonomika SSSR v period Otechestvennoy voyny* (Moskva: Gosudarstvennoye izdatel'stvo politicheskoy literatury, 1948), 12; Ibid., 162.

⁵⁴ Dmitriy Fomin, “Poslevoyennaya ekonomika SSSR: faktory vosstanovleniya,” *Terra Economicus* 21, no. 1 (2023): 49.

⁵⁵ Waltraud Brunner, *Das Deutsche Eigentum und das Ringen um den Österreichischen Staatsvertrag: 1945–55* (Phil Diss., Universität Wien, 1976), 28.

⁵⁶ „Log of President Harry S. Truman's Trip to the Berlin Conference, 1945,” Rose A. Conway Papers, accessed 31.12.2025, <https://catalog.archives.gov/id/79443350?objectPage=129>.

would use zonal control over it. The USSR's refusal to collect reparations on a percentage basis in favor of territorial reparations is another argument in favor of economic development policy and economic integration into the occupied countries. For the USSR in Austria, its occupation zones included Lower Austria, Burgenland, Mühlviertel, districts of Vienna—II, IV, X, XX, XXI, and from September 1, 1954, XXII, XXIII. According to the agreement, “productive capacity not needed for permitted production shall be removed in accordance with the reparations plan recommended by the Allied Commission on Reparations and approved by the Governments concerned or if not removed shall be destroyed.”⁵⁷

Although the Potsdam Conference seemed to have provided for many nuances, some of Potsdam agreement formulations caused unpredictable decisions of Soviet side in relation to the former German property. The first decision was to interpret the definition “German assets” in the broadest way, i.e. everything on Austrian territory that was legally registered as the property of Germany or of German natural or legal persons.⁵⁸

The second unpredictable decision was to justify any further exploitation of assets *on-site* in Bulgaria, Finland, Hungary, Romania, Eastern Germany and Eastern Austria. In line with the concept of economic integration, the USSR reinterpreted the word “removal” in the Potsdam Conference decisions, arguing that in Russian it could also mean the *transfer of rights* to the USSR without physically removing enterprises from their territories. Previously, however, it had been understood only as authorizing the *removing* of equipment.⁵⁹

In order to manage assets in the occupied territories, including Eastern Austria, at the beginning of 1946, the USSR formed GUSIMZ under the supervision of Anastas Mikoyan. As a CIA report stated, “after the war, Mikoyan may have played a key role in formulating the early (1945–46) Soviet reparations program in Germany. Since then, he [...] has been, perhaps, the most active of

⁵⁷ Ibid., 125.

⁵⁸ RGASPI 17/128/909/72, Otvetnoye pis'mo politicheskogo predstavatelya SSSR pri avstriyskom pravitel'stve E.D. Kiseleva ministru inostrannykh del Avstrii K. Gruberu, 10.05.1946. First published in A. Vatlin, B. Kotov, A. Sorokin, *SSSR i Avstriya na puti k Gosudarstvennomu dogovoru. Stranitsy dokumental'noy istorii 1945–55* (Moskva: Politicheskaya entsiklopediya, 2015), 94.

⁵⁹ State Archive of the Russian Federation (GA RF) R5446/49a/251/4, O spiske sovetskikh predpriyatiy, sostave sovetskikh gosudarstvennykh aktsionernykh obshchestv, organizatsii ikh raboty i plane proizvodstva na 1947 god. Varianty argumentatsii v obosnovaniye nashego prava na ostavleniye izymayemykh iz germanskoy sobstvennosti predpriyatiy na territorii Germanii, 27.12.1946–08.01.47.

the current leadership in the pursuit of trade and goodwill in non-bloc countries.”⁶⁰ Over time, Mikoyan’s strategy of economic expansion laid the economic foundation for the integration of the countries occupied by Soviet troops—except for Austria—into the Eastern Bloc. It is noteworthy that it was Anastas Mikoyan who was appointed the Head of the CMEA (the Council for Mutual Economic Assistance) after being removed from the post of Minister of Foreign Trade in March 1949.

Thus, leaving the part of the property in the occupied countries and registering it as Soviet, the USSR formed the economic phenomenon of Soviet manufacturing property abroad, as all earlier cases were precedents for foreign ownership of lands and houses under Soviet Embassies⁶¹ and Trade missions⁶², and abroad investments through the Ministry of Foreign Trade organizations associated with the export-import transactions: “*Gosstrakh*” — the state insurance agency of the USSR, “*Mezhdunarodnaya Kniga*” — a company responsible for the export of Soviet books, periodicals, stamps and music to other countries of the world, “*Intourist*” — a Soviet tour operator for foreign tourists in the Soviet Union, “*Soyfrakht*” — a chartering organization with granted monopoly on hiring foreign ships and leasing Soviet ships for the transportation of cargo, etc.⁶³

The Austrian government opposed capturing of enterprises by pointing out that a significant part of the most important German assets in Austria was formed through German violence and the appropriation of Austrian property by Germans. In its claims, the Austrian government relied on the London Conference (January 5, 1943), which declared any German transaction regarding property invalid. Meanwhile, the counterargument of the USSR was that the declaration of January 5, 1943, implied acts of economic violence that were committed only in countries fighting against Germany. In Austria, this was not the case. The position of the USSR and the Austrian government what to consider “German assets” led to a conflict between them, exposing legal uncertainty of the term, which the Four Powers forgot to specify.

⁶⁰ CIA-RDP79R00890A001000080033-2, “Mikoyan trip to United States,” distributed on 18.12.1958.

⁶¹ Russian State Archive of Economics (RGAE) 7733/31/1514/1, Materialy po voprosu o sovetskom imushchestve za granitsey – registratsionnyye listy ob uchete kapitalovlozheniy SSSR za granitsey, tom I, 12.03.1946.

⁶² RGAE 7733/31/1516/1, Godovyye otchety ministerstv i vedomstv po kapital’nym vlozheniyam SSSR za granitsey za 1946 god, dated 1946.

⁶³ Moreover, these assets remained in the Department of Foreign Property of the Ministry of Foreign Trade after GUSIMZ foundation. RGAE 413/13/5083/1, Bukhgalterskiy otchet Otdela zagranimushchestva Minvneshtorga SSSR za 1946 g. i ob’yasnitel’naya zapiska k otchetu, dated 03.1946.

While the strategy of the USSR was the seizure of enterprises, the Austrian government wanted to get ahead by nationalization.⁶⁴ However, it raised the issue of the succession principle — whether Austria could inherit the First Republic or not. Various declarations of the Four Powers called Austria annexed, i.e. Austria, as a sovereign country did not exist, thus, nationalization was not possible. An opposite opinion stated that Austria was never legally annexed, as there was no legalization from other countries. According to this interpretation, Austria was temporarily occupied and had the right of succession.⁶⁵

The first attempts to nationalize former German enterprises were made on September 5, 1945. Although all three Austrian parties (SPÖ, ÖVP, and KPÖ) approved the proposal nationalizing the power industry, the mines, and the oil industry, the USSR refused to approve the legislation.⁶⁶ The reason for the ban on nationalizing enterprises was not known at the time. It later became clear, however, that some of the enterprises slated for nationalization were, according to the USSR, former German property that the Soviets intended to use for their own purposes.⁶⁷ The next attempt was made on January 13, 1946, when the Socialist Party of Austria (SPÖ) presented to the Parliament a draft of a law called “the Nationalization of Industry.” After a long parliamentary debate, on July 26, 1946, the First Nationalization Law (BGBl. No. 168/1946) was passed, providing for the nationalization of large banks, the iron and steel industry, mining, oil industry, engineering and electrical industry. “The list included 26 firms with 48 enterprises that were under actual control of the Soviet administration, and 11 firms that were an object of claims by the USSR.”⁶⁸ Companies that were included in the list for nationalization but were under actual Soviet control — Berndorfer Metallwarenfabrik Arthur Krupp A.G., Gebrüder Böhler & Co., Elin A.G., AEG-Union, Sirius-Grünbach, Schmidhütte Krems, Simmering-Graz-Pauker A.G. für Maschinen, Kessel- und Waggonbau, Wiener Lokomotivfabrik A.G., Hofherr-Schrantz Landwirtschaftliche Maschinenfabrik A.G., Wiener Brückenbau- und Eisenkonstruktions- A.G., Mannesmann-Trauzl A.G., Vereinigte Wiener Metallwerke A.G., G. Rumpel A.G., St. Egydyer Eisen- und Stahl-

⁶⁴ Felix Butschek, *Die österreichische Wirtschaft im 20. Jahrhundert* (Wien: Österreichisches Institut für Wirtschaftsforschung, 1985), 78.

⁶⁵ Waltraud Brunner, “Das Deutsche Eigentum und das Ringen um den Österreichischen Staatsvertrag: 1945–55” (Phil Diss., Universität Wien, 1976), 4.

⁶⁶ William B. Bader, *Austria between East and West, 1945–55* (Stanford: Stanford University Press, 1966), 127.

⁶⁷ Heinrich Siegler, *Österreichs Weg zur Souveränität, Neutralität, Prosperität, 1945–59* (Bonn–Wien–Zürich: Siegler & co. Verlag für Zeitarchive, 1959), 13.

⁶⁸ Aleksandr Yefremov, *Sovetsko–Avstriyskiye otnosheniya posle Vtoroy Mirovoy voyny* (Moskva: Gospolitizdat, 1958), 60.

Industrie-Gesellschaft, Schöller-Bleckmann Stahlwerke A.G., Stahl- und Temperguß A.G., DDSG and oil industry.⁶⁹ The above-mentioned companies became the subject of a conflict, as the Austrian authorities questioned the legality of their transfer to the USSR, since their origin was considered ambiguous. As a result, Austrian authorities refused to register these enterprises. In its turn, the USSR refused to pay taxes related to the enterprises and their activities (except for property, salary taxes, and social security payments).⁷⁰ The First Nationalization Law was followed by the Second Nationalization Law (BGBl. No. 81/1947)⁷¹ passed on March 26, 1947, and referred to the companies, businesses and installations for the generation and distribution of electrical energy. The Ybbs-Persenbeug power plant that was under construction by the USSR, was also a subject of transfer.

Though the nationalization went against the Second Control Agreement and was bound to provoke disagreement among the Four Powers, its approval was associated with the “cooling” of the climate of negotiations between the USA and the USSR. Moreover, the UK and the USA renounced their share of the property and transferred to Austria the factories they had confiscated earlier.

Besides nationalization, yet another way to reduce the Soviet share in the Austrian economy was purchase of Soviet-controlled companies. At the end of 1946, Austria was ready to buy 44 USIA companies and several SMV enterprises within five years. The Soviet side rejected the proposal on the grounds that Austria lacked money and would use funds from Western European or American banks to buy companies and thus become dependent or influenced by the Western Powers.⁷² However, the USSR from time to time leased out or sold enterprises with Soviet share of less than 50 %, which subsequently were identified as not of interest to the USSR. For instance, in November 1947, it was proposed to sell 27 enterprises and rent out 20.⁷³ The same year, Vsevolod Merkulov, a former NKVD/MGB official and GUSIMZ Head from 1947 to 1950, sent

⁶⁹ “Verstaatlichungsgesetz,” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://ris.bka.gv.at/Dokumente/BgblPdf/1946_168_0/1946_168_0.pdf.

⁷⁰ “Die USIA hat keine Lohn-steuer zurückbehalten,” *Österreichische Volkstimme*, 18.05.1949, 3.

⁷¹ “2. Verstaatlichungsgesetz,” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://ris.bka.gv.at/Dokumente/BgblPdf/1947_81_0/1947_81_0.pdf.

⁷² Gerhard Geissl, “Die Probleme des industriellen Wiederaufbaus in der sowjetischen Besatzungszone (1945–55) mit einer Darstellung der Situation im Raum Wiener Neustadt” (Diplom Arbeit, Wien, 1997), 71.

⁷³ GA RF R5446/49a/387/26–27, O dopolnitel’noy programme proizvodstva i plane kapital’nykh zatrat na 1947 god po Glavsovszanimushchestvu pri Sovete Ministrov SSSR, 02–11.11.1947.

another report to the Council of Ministers about Austria's intention to buy factories, and it was agreed to sell the factories that had been intended for dismantling.⁷⁴

THE ORDER NO. 17

The attempt of Austria to nationalize and buy enterprises took place against the backdrop of an unexpected decision by the USSR. Due to the information vacuum, the Austrian government could not know about the transfer of former German assets in Eastern Austria to the Soviet ownership on the basis of the Resolution of the Council of Ministers of the USSR of March 28.⁷⁵ According to the proposal made by Yevgeniy Kiselev and Andrei Smirnov on February 5, 1946, the Resolution of March 28 was to be issued for the *second time* as a separate Order, that later became known as an "Order No. 17" and was announced on July 5 in the form of *TASS* radio-interview with a General Vladimir Kurasov, the High Commissioner in Austria.⁷⁶ The next day, July 6, the Order No. 17 was published in all major Austrian newspapers, though the text of the publication still did not provide a definition of what the USSR considered former German property.⁷⁷

The next day, July 7, the official negative reaction of the Austrian government was published in the newspaper *Wiener Zeitung*.⁷⁸ For clarification and commentary, on July 9, the newspapers *Volksstimme* and *Österreichische Zeitung*⁷⁹ published an interview with a General Georgiy Tsinev, the Deputy High Commissar. There, the USSR for the first time provided a definition of "German assets"—those on Austrian territory that belonged to German natural or legal persons up to March

⁷⁴ GA RF R5446/49/62/1–30, O vykupte Sovetskim Soyuzom v Avstrii predpriyatiy i po tamozhennym voprosam, 15.01–30.12.1947.

⁷⁵ "Projekt Postanovleniya Soveta Ministrov SSSR o perekhode nemetskogo imushchestva i nemetskikh aktivov v Vostochnoy Avstrii v sobstvennost' SSSR, 28.03.1946," First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 430–6.

⁷⁶ Otto Klambauer, "Die sowjetische Wirtschaftspolitik in Österreich 1945–55," in *Sowjetisierung oder Neutralität? Optionen sowjetischer Besatzungspolitik in Deutschland und Österreich 1945–55*, eds. Andreas Hilger, Mike Schmeitzner, Clemens Vollnhals (Göttingen: Vandenhoeck & Ruprecht, 2006), 440.

⁷⁷ "Ein russischer Befehl über das Deutsche Eigentum," *Wiener Zeitung*, 06.07.1946, 2.

⁷⁸ "Österreichs Recht auf sein Eigentum," *Wiener Zeitung*, 07.07.1946, 1.

⁷⁹ "Deutsche Betriebe werden für Österreich arbeiten," *Österreichische Volksstimme*, 09.07.1946, 1; "Ueber den Uebergang der deutschen Vermögenswerte im östlichen Österreich in das Eigentum der Sowjetunion," *Österreichische Zeitung*, 09.07.1946, 1.

15, 1938; all assets that Germans brought to Austria or established on Austrian territory after March 15, 1938; assets purchased by Germans after March 15, 1938 provided that the former owners received compensation corresponding to the value of the respective assets at the time of sale. Subsequently, relying on this definition, the USSR took under control industrial and transport enterprises, trading companies, oil fields, banks with material values, estates, lands and forests, real estate and German patents in its zones of occupation. The appeal by the Austrian government and former owners to the USSR, claiming that part of the property had been bought out at a price significantly lower than the market value during the process of “Aryanization” of Jewish assets ran into the Soviet counterargument that the compensation had already been received in one form or another, and that double compensation would be unfair.

Indeed, in 1946, the Soviet interpretation of “former German property” did not speak directly about “Aryanization” or forced seizure, therefore, in 1947, another point in the interpretation of the definition appeared: “until it is proven that it was taken from its previous owners by force. Anything transferred without any compensation or by way of Aryanization must be returned to the owners who held it before the Anschluss.”⁸⁰ In particular, the updated interpretation appeared in the proceedings regarding whether to accept the assets of the motorcycle factory “Csepel Motorkerékpárgyár” in Hungary, previously owned by Manfréd Weiss and later transferred to Hungary under the Aryanization law. The updated interpretation proved decisive in preventing the USSR from accepting the plant; subsequently, it was nationalized by the Hungarian government.⁸¹ This case also demonstrates that the adopted definition was applied universally across all GUSIMZ-related countries.

The Order No. 17 was dated retroactively — June 27 (the day before the Second Control Agreement of June 28, 1946).⁸² This maneuver by the USSR can probably be viewed as follows: the Order No. 17 only officially announced, duplicated and made known the previous Resolution on USIA founding on March 28 that was supposed to be published for the second time. Perhaps, the Soviets were waiting for the right moment of publication. By July, the USSR benefited from

⁸⁰ RGAE 413/13/5433/27, Spravki i perepiska o byvshikh nemetskikh aktivakh v Vostochnoy Avstrii i ob avstriyskikh kapitalovlozheniyakh v stranakh Vostochnoy Yevrope, 20.01–28.12.1947.

⁸¹ RGAE 413/13/5231/3, Merkulov i Sviridov stavyat vopros otnositel'no polucheniya aktsiy kontserna Vays Manfred, 30.01.1947.

⁸² Upper Austrian State Archive (OÖLA), District Administration of Perg, Box 160, Order No. 17 of the Supreme Commander of the Soviet occupation forces in Austria, Kurasov, on the transfer of German property to the possession of the USSR, 27.06.1946. It was previously published by Austrian historians.

the fact that “the Second Control Agreement contained an advantage for the Soviets that has often been overlooked: it gave each of the Four Powers the possibility of autonomously managing the question of German assets without interfering by the Three Powers. From American reports, Foreign Minister Gruber had received the “definite impression” that “the Soviet side had made this agreement possible only on condition that the Soviet Union was given a free hand with respect to disposing of German assets located within its zone.”⁸³ Thus, the Four Powers could no longer challenge the Order (according to the rules of the First Control Agreement), and the Second Control Agreement fully allowed the USSR to pursue its “independent” policy. The Order No. 17 legally secured the property that had already been held and gave *carte blanche* for further seizures.

The Austrian government disagreed with the USSR in its interpretation of the term, appealing to the London Declaration of January 5, 1943 that “the Governments making this Declaration and the French National Committee reserve all their rights to declare invalid any transfers of, or dealings with, property, rights and interests of any description whatsoever which are, or have been, situated in the territories which have come under the occupation or control, direct or indirect of the Governments with which they are at war, or which belong, or have belonged to persons (including juridical persons) resident in such territories, This warning applies whether such transfers of dealings have taken the form of open looting or plunder, or of transactions apparently legal in form, even when they purport to be voluntarily effected.”⁸⁴ On July 10, Leopold Figl voiced this during his speech at Parliament. In turn, the USSR’s counterargument was that the London Declaration mentioned countries that fought in World War II *against* Hitler’s Germany.

Mark Clark, the US High Commissioner, questioned the legitimacy of the Order No. 17 and pointed out the negative effects of the Order on the pending negotiations on former German property in his note on July 6.⁸⁵ On July 16, the US renounced its shares of German assets in its occupation zone and transferred former German property into trust management to the Austrian government. After that, on July 26, as was noted above, the Parliament passed the nationalization law BGBl. No. 168/1946, which, however, “in the opinion of the Legal Department of the

⁸³ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality and the End of East–West Occupation, 1945–55* (Lanham: Lexington, 2018), 34.

⁸⁴ “Inter-Allied Declaration Against Acts of Dispossession Committed in Territories Under Enemy Occupation or Control,” the Commission for Looted Art in Europe, accessed 31.12.2025, <https://www.lootedartcommission.com/inter-allied-declaration>.

⁸⁵ Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978), 192.

American part of the Allied Commission, the Nationalization Law legally violated the Second Control Agreement. Though this opinion was hidden from the Soviets.”⁸⁶

According to the USSR, the countdown of Soviet ownership of property in Eastern Austria had begun on March 28, 1946, and according to the Austrian side — in July 1946. Nonetheless, since 1945–46, the USSR had relied on income from Soviet-controlled enterprises, including oil fields in Lower Austria, and delayed returning them to Austria, which became an obstacle in the state treaty negotiations.

THE SOVIET-CONTROLLED ASSETS IN AUSTRIA: VOLUME AND VALUE

As the Soviet Army crossed the Austrian border in March 1945, the identification and recording of assets was carried out by the Trophy Administration (*Trofeinoye Upravlenye*) of the Third Ukrainian Front with headquarters in Mödling. At that time, according to a CIA report, “the origin of Soviet assets in Austria was based on military law and was under the orders of the commander of the occupation army, or in other words, under those of the appropriate division in the War Ministry.”⁸⁷ Then the task of identification and recording of assets was transferred to the Trophy Administration of the Central Army Group formed on June 10, 1945 on the territory of Austria and Hungary with headquarters in Baden. At these stages, the discovered assets were called *trophies* and were *subject to removal* from the territory. The term “former German property” (*Deutsches Eigentum*) appeared only after the Decisions of the Potsdam Conference on August 2, 1945. The juridical basis for this was Article IV of this Agreement when all former German property in Austria became the property of that occupying power in whose zone it laid.⁸⁸

Thus, the period between the entry of the Soviet Army into the territory of Austria and the establishment of USIA can be divided into several phases in relation to the captured property. In the first phase (from April to August 1945), everything that had any value and was subject to requisition or dismantling and, if not needed by the occupation troops, was sent to the USSR. Dismantling was carried even on the territory of Styria, where the Soviet army stayed 11 weeks

⁸⁶ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality and the End of East–West Occupation, 1945–55* (Lanham: Lexington, 2018), 23.

⁸⁷ CIA-RDP81-01043R003700130004-9/1, “Soviet Occupation Economy in Austria,” distributed on 27.08.1959.

⁸⁸ „Log of President Harry S. Truman’s Trip to the Berlin Conference, 1945,” Rose A. Conway Papers, accessed 31.12.2025, <https://catalog.archives.gov/id/79443350?objectPage=128>.

only, according to Stefan Karner, it examined and took away various plants, including Austro-Fiat, Vogel und Noot, Pengg-Bührlen in Mitterdorf, with a stock of 120 machine sets, including: 50 mills, 45 hydraulic presses with a capacity of 60 to 300 tons, 42 electric furnaces, 20 metalworking benches, the technical documentation, the equipment of the factory laboratory, and many more.⁸⁹ In the second phase (from August 1945 to March 1946) only plants of military importance were dismantled or those considered to be German property according to the decisions of the Potsdam conference. This circumstance later played a key role in the approval of the compensation, which the USSR government demanded from Austria. The amount of 150 million dollars was the cost of the “empty” factories from which the USSR had removed equipment before March 1946.⁹⁰ In the third phase (after the establishment of GUSIMZ and USIA in spring 1946), according to a CIA report, the dismantling was limited to arms and explosives plants.⁹¹

According to Soviet archival documents, data on former German property on Austrian territory was collected by the Reparations and Supplies Department of the *SChSK*, the USSR Trade Mission in Austria,⁹² and the Financial Administration of the Soviet Military Administration in Germany (SVAG). Modern researchers claim that “out of 3,600 million dollars of German foreign assets (purchasing power in 1938–39), 1,500 million dollars or 42 % of total assets, or 62 % of German assets in Europe, were located in Austria.”⁹³ German-owned companies typically operated branches all over Austria, and when the USSR seized up those located within its occupation zones, many companies became fragmented. This was the case, for example, with Porr A.G. when its Eastern part became incorporated into USIA. “The rest branches located in the Western occupation zone formed the “Betriebsgesellschaft mbH — the so-called “West-Porr.” It was engaged in most of the projects of the reconstruction period after World War II. After the end of Austria’s

⁸⁹ Stefan Karner, “Sowjetische Demontagen in der Steiermark 1945,” *Sonderbände der Zeitschrift des Historischen Vereins für Steiermark* 26 (2010): 662–71; Stefan Karner, “Zu den Anfängen der sowjetischen Besatzung in Österreich 1945/46,” in *Die Gunst des Augenblicks: neuere Forschungen zu Staatsvertrag und Neutralität*, ed. Manfred Rauchensteiner (Wien: Böhlau Verlag, 2005), 176–7.

⁹⁰ More details on this issue are provided in chapter V.

⁹¹ CIA-RDP81-01043R003700130004-9/2, “Soviet Occupation Economy in Austria,” distributed on 27.08.1959.

⁹² The USSR Trade Mission in Austria was restored on 02.01.1946, by the Resolution of the Council of People’s Commissars No. 3212-982s of 29.12.1945.

⁹³ Dieter Stiefel, “Coca-Cola kam nicht über die Enns... Die ökonomische Benachteiligung der sowjetischen Besatzungszone,” in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, eds. Günter Bischof and Dieter Stiefel (Wien: Ueberreuter Verlag, 1999), 114.

occupation and the signing of the state treaty in 1955 the two parts of the company were amalgamated.”⁹⁴

Since 1946, the number of captured enterprises in Austria fluctuated: while new enterprises were being identified, older ones were closed or merged. According to the Soviet reports, the number rose from 136 by November 1, 1946,⁹⁵ to 240 in 1947,⁹⁶ to 291 in 1948,⁹⁷ and to 436 in 1954.⁹⁸

Volume and value of USIA, 1946–55			
Year	Number of enterprises	Number of USIA workers ⁹⁹ out of 500,000 employees in industry ¹⁰⁰	Value of enterprises
November 1, 1946	136	27,600 (5.52 %)	534 mill. rubles
January 1, 1947	240	46,200 (9.24 %)	587 mill. rubles
January 1, 1948	291	52,600 (10.52 %)	443 mill. rubles
January 1, 1949	<i>no data</i>	52,800 (10.56 %)	458,1 mill. rubles ¹⁰¹
Early 1954	436	46,600 (9.32 %)	<i>no data</i>
August 13, 1955	returned 263	45,800 (9.16 %)	150 mill. dollars (600 mill. rubles)

⁹⁴ Herbert Matis, *Von der frühen Industrialisierung zum Computerzeitalter* (Wien: Böhlau, 2006), 211.

⁹⁵ The value of 136 USIA companies (excluding SMV and DDSG) was estimated as 534 million schillings. RGAE 413/13/5433/30, Spravki i pereziska o byvshikh nemetskikh aktivakh v Vostochnoy Avstrii i ob avstriyskikh kapitalovlozheniyakh v stranakh Vostochnoy Yevrope, 20.01–28.12.1947.

⁹⁶ The report compiled by the Department of Austria in the Ministry of Foreign Trade, on 01.01.1947, estimated USIA assets for 587 million rubles (equal to 587 million schillings). RGASPI 82/2/474/1, Zapiska V. Merkulova V. Molotovu o predstavlenii v Ministerstvo finansov SSSR i Gosplan SSSR svodnogo bukhgalterskogo otcheta za 1946 god, 20.09.1947.

⁹⁷ The value of 291 USIA companies (excluding SMV and DDSG) was estimated as 443 mill. rubles. RGASPI 84/1/30/14–19, Anastas Mikoyan — Stalinu o proizvodstvennom plane GUSIMZ na 1947 god, 23.01.1947.

⁹⁸ The Russian State Archive of Contemporary History (RGANI) 5/28/224/70, Informatsiya nachal'nika otdela po vnutripoliticheskim voprosam Upravleniya Verkhovnogo komissara SSSR v Avstrii A.G. Kolobova o nekotoindeedrykh voprosakh politicheskoy raboty na predpriyatiyakh USIA i SNU. [Not later than 09.06.1954] First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 560.

⁹⁹ RGANI 5/28/331/329–333, Spravka zamestitelya nachal'nika Upravleniya sovetского imushchestva v Avstrii i Finlyandii A.K. Kurmazenko o predpriyatiyakh, vkhodivshikh v sostav USIA, 25.11.1955. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 600–1.

¹⁰⁰ Manfred Mugrauer, *Die Politik der KPÖ 1945–55* (Vienna University Press, 2020), 672.

¹⁰¹ RGASPI 82/2/474/44, Merkulov — Stalinu ob itogakh khozyaystvennoy deyatelnosti GUSIMZa za 1948 god, 20.07.1949.

The equal number of workers in 1947 and 1954, despite the number of enterprises in 1954 being twice as high, indicates that a significant portion of USIA enterprises had been closed or merged in the 1950s, as confirmed by Soviet reports from 1954–55. As part of the thesis, the most comprehensive list of USIA enterprises has been compiled, showing that most of them were already under Soviet control by December 1947.¹⁰² This explains why the United States began preparing its anti-monopoly campaign through the ERP as early as 1947.¹⁰³

The CIA concluded that for ten years, these factories remained the most important in the eyes of the Soviet Union: J. M. Voith, Wiener Kabel und Metallwerke, Ariadne Draht und Kabelwerke, St. Egydyer Stahl und Industrie Werke A.G., Ybbstalwerke der Gebrüder Böhler & Co. A.G., Mannesmann-Trauzl A.G., Wiener Brückenbau, Österreichische Automobilfabrik A.G., Rax-Werke GmbH, Goertz A.G., Osram GmbH, AEG Union, Siemens-Schuckert-Werke A.G., Waagner-Biro, Hiag-Werke, Donau-Chemie A.G., and two administrations outside USIA — DDSG and SMV.¹⁰⁴ According to a CIA report, “the percentage of Austria’s industrial capacity represented by USIA enterprises in 1955 ranged up to 10 %, with estimates as high as 30 % for the Vienna metropolitan area alone.”¹⁰⁵

The Austrian authorities also estimated that USIA accounted for approximately 10 % of Austria’s industrial capacity in 1955. In particular, 100 % in locomotive construction; about 45 % in railway freight cars; around 40 % in boiler and pipeline construction; approximately 30 % in steel casting and bridge construction, as well as in the electrical engineering industry; 20–25 % in the foundry industry; about 12 % in mechanical engineering; and roughly 5 % in the automobile industry and the production of metal goods.¹⁰⁶ However, for the Austrian authorities, the number of USIA enterprises during the occupation period remained uncertain,¹⁰⁷ and “as late as 1953, the Americans criticized the Austrians for not having been able to collect economically relevant data for the USIA

¹⁰² See the table of USIA enterprises (1946–55) in Annex.

¹⁰³ *Special industry reports, Austrian Treaty Commission, US Delegation* (Vienna, November 1947).

¹⁰⁴ CIA-RDP83-00415R013400020007-3/42, “Activities of USIA,” distributed on 17.11.1952.

¹⁰⁵ CIA-RDP79-01093A000800040008-9/11, “Recent Austro–Soviet economic relations,” distributed on 11.02.1955.

¹⁰⁶ Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978), 313.

¹⁰⁷ In 1951, the Austrian Ministry of Finance attempted to compile a list of USIA companies in a document entitled “Bundesminister für Finanzen, betreffend die Steuerleistung der vom russischen Element verwalteten Betriebe (USIA-Betriebe),” accessed 31.12.2025, https://parlament.gv.at/dokument/VI/J/270/imfname_509334.pdf.

complex (such as turnover, value added, or capital equipment at repurchase costs).”¹⁰⁸ As a result, in 1953 the Federal Economic Chamber (*Wirtschaftskammer Österreich*) sent a questionnaire for businesses across Austria to determine whether they belonged to USIA. However, the effort failed, and a list that closely approximated the status of Soviet confiscations was later presented in parliament — by Vice-Chancellor Adolf Schärff in May 1955 and by Eduard Weikhart, an SPÖ member, in July 1955: 251 enterprises were identified in Vienna, 7 in Burgenland, and 139 in Lower Austria.¹⁰⁹

In 1978, Otto Klambauer examined specific companies and found¹¹⁰ that in 1955, the J. M. Voith plant in St. Pölten accounted for 100 % of Austria’s turbine production capacity; Wiener Lokomotivfabrik for 100 % of locomotive production; Strakosch & Boner for 100 % of washing machine production, Hofherr-Schrantz for 80 % of tobacco machine production, and Teudloff-Vamag for 57 % of valves and hydrants. In the metallurgical industry, only a few companies were of decisive importance — for instance, Stahl- und Temperguß A.G. (Traisen), which produced 100 % of Austrian reinforcement steel; Gustloff-Werke in Hirtenberg, which produced 100 % of hunting cartridges; and Hans Bilstein¹¹¹ produced 100 % of hydraulic tools; and Osram produced 50 % of Austria’s incandescent lamps. Austria’s cable industry also relied heavily on USIA companies: Ariadne, Wiener Kabel- & Metallwerke A.G., and Sichtermann. In the mining and metallurgy industry, Sirius Grünbach coal mine controlled 80 % of Austria’s hard-coal production, Mühldorf graphite mine produced 100 % of the country’s silt graphite, and Böhler plant (Ybbstalwerke) accounted for 60 % of rolled-steel production. Thus, Soviet-controlled plants either occupied a near-monopoly position in the Austrian economy or were critical suppliers in Austria’s domestic market.

For a considerable time, according to a CIA report, Austrian businesses have been dependent on specific goods, which they still required from Soviet-controlled factories and vice versa. For instance, Steyr bought approximately 1.7 million dollars’ worth of goods from the USIA complex of which about 90 % were not available elsewhere in the domestic market. In turn, the department

¹⁰⁸ Hans Seidel, “Austria’s Economic policy and the Marshall Plan,” in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, edited by Günter Bischof and Dieter Stiefel (New York: Routledge, 2000), 275.

¹⁰⁹ Otto Klambauer, Ernst Bezemek, Andreas Kusternik, Helmuth Feigl (Hrsg.), “Die USIA-Betriebe in Niederösterreich. Geschichte, Organisation, Dokumentation,” *Studien und Forschungen aus dem Niederösterreichischen Institut für Landeskunde* 5 (1983), 40–1.

¹¹⁰ Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978), 314–6.

¹¹¹ Ibid., 315. Otto Klambauer refers to “Hans Bildstein,” though this brand written with an error.

of bearings production at Steyr-Daimler-Puch, regularly supplied USIA plants with bearings. In 1951, these deliveries amounted to about 280,000 dollars or 8.4 % of their total domestic sales of 3.3 million dollars more than a third of the sales to USIA consisted of embargoed goods. Since that time, the percentage share of deliveries to USIA has decreased, but the absolute amounts rose because of the general spurt in economic output. Steyr contended that a large part of their bearing shipments to USIA was incorporated in products for the Austrian economy, for instance: in 1952, J.M Voith placed an order for 2,000 dollars' worth of bearings in St. Pölten. These bearings were needed for turbochargers in diesel motors, to be delivered to the Simmeringer Waggonfabrik, another USIA firm. The latter installed these diesel motors in rail motor cars that it was building for the Austrian Federal Railways.”¹¹²

Identification of former German assets continued in Austria until 1950, when Vsevolod Merkulov, the Head of GUSIMZ from 1947 until 1950, issued the proposal to stop it.¹¹³ The motive was the prior decision made by the USSR regarding “the reduction of reparation payments by Germany”: (a) The cost of already identified assets is included in the amount of 3,658 million dollars, which, according to the decision of the Soviet government, will be paid by Germany in fulfillment of its reparation obligations by the end of 1950; (b) In the decision of the Soviet government, the remaining part of reparation payments was finally determined in the amount of 3,171 million dollars and the source of their coverage — goods from current production; (c) In the event that further former German assets are identified, it will be necessary to decrease the current product deliveries from Germany by an amount commensurate with the value of the newly identified assets.” Then, on July 18, 1950, the Resolution No. 2600-1028s by the Council of Ministers of the USSR announced the cessation of work to identify former German assets.

Moreover, 1950 marked the conclusion of the Fourth Five-Year Plan (1946–50). Soviet historiography claimed that it was completed ahead of schedule — in 4 years and 3 months, and the overall 1940 level was reached by 1947.¹¹⁴ On average, victorious countries of World War II returned to their prewar economic levels within 1.5 years; neutral countries did so in 1.3 years,

¹¹² CIA-RDP79T01049A001000050002-3/19, “Security trade controls in Austria,” distributed on 22.01.1954.

¹¹³ RGASPI 17/137/108/103, Otchet GUSIMZ za 1949 god, issued in 1950; RGASPI 82/2/474/107, Kopiya zapiski V.Merkulova na imya I.V.Stalina o prekrashchenii vyyavleniya byvshikh germanskikh aktivov v Rumynii, Bolgarii, Finlyandii i Avstrii, 06.1950.

¹¹⁴ *Istoriya sotsialisticheskoy ekonomiki SSSR. Tom 6. Vosstanovlenie narodnogo khozyaystva SSSR. Sozdaniye ekonomiki razvitogo sotsializma, 1946–1960*, redaktor Ivan Gladkov (Moskva: Nauka, 1980), 17; Ibid., 51.

while defeated states required about 4.4 years.¹¹⁵ Western countries, however, benefited from the Marshall Plan, from which the USSR was excluded. Instead, the Soviet Union relied on reparations secured by the Potsdam decisions, though the significance of this support was never acknowledged by the Soviet side. All the contribution was attributed to the advantages of socialist management, the growth of socialist competition, the increase in labor productivity and the will of the Soviet people. Historian Dmitriy Fomin concludes¹¹⁶ that the restoration of the Soviet economy can be explained by the internal investment factor only by 19.4 % and by 80.6 % — by external factors: Lend-lease, reparations, etc. If the Soviet economy had relied exclusively on internal investment resources, the recovery would not have occurred until 1952.

The significant role of external investment resources—in particular, reparations—in the post-war reconstruction of the USSR's economy has long been recognized by non-Soviet researchers.¹¹⁷ Recent estimations show that the USSR in the form of hard currency, trophies, goods and reparations received at least 19.9 billion dollars,¹¹⁸ with Austria's share from 1–1.41 billion dollars to 1.45 billion dollars¹¹⁹ (according to the currency rate of 1950s). At the same time, Austria received 1.6 billion dollars from UNRRA and ERP aid.¹²⁰ Internal GUSIMZ estimates¹²¹ during 1946–50 were as follows: deliveries of goods to the USSR from Hungary, Romania, Bulgaria, Finland, Eastern Austria, Eastern Germany and third countries (excluding trophies) amounted to 3,498.2 million rubles (850 million dollars¹²²), while GUSIMZ's contribution to the USSR state budget totaled 7,393.8 million rubles (1,848.45 million dollars).

¹¹⁵ Dmitriy Fomin, "Poslevoyennaya ekonomika SSSR: faktory vosstanovleniya," *Terra Economicus* 21, no. 1 (2023): 52.

¹¹⁶ *Ibid.*, 55.

¹¹⁷ Werner Markert, *Osteuropa-Handbuch. Sowjetunion: das Wirtschaftssystem* (Köln: Böhlau Verlag, 1965), 483; Franz Rupp, *Die Reparationsleistungen in der sowjetischen Besatzungszone* (Bonn: Bundesministerium für gesamtdeutsche Fragen, 1951); Mark Harrison, "Accounting for War: Soviet Production, Employment, and the Defence Burden, 1940–45," *the Journal of Military History* 103, no.5 (2008), doi:10.2307/2650085; Philip Hanson, *The Rise and Fall of the Soviet Economy: An Economic History of the USSR 1945–91* (New York: Routledge, 2014), 30.

¹¹⁸ Dmitriy Fomin, "Poslevoyennaya ekonomika SSSR: faktory vosstanovleniya," *Terra Economicus* 21, no. 1 (2023): 57.

¹¹⁹ Walter M. Iber, "Zur wirtschaftlichen Ausbeutung Österreichs durch die sowjetische Besatzungsmacht, 1945–1955/63," in *Krieg und Wirtschaft. Von der Antike bis ins 21. Jahrhundert*, ed. Wolfram Dornik, Johannes Gießauf, Walter M. Iber (Innsbruck–Wien–Bozen: StudienVerlag, 2010), 568.

¹²⁰ Hans Seidel, *Österreichs Wirtschaft und Wirtschaftspolitik nach dem Zweiten Weltkrieg* (Wien: Manz, 2005), 284.

¹²¹ RGASPI 82/2/432/236, Itogi GUSIMZ za 1946–50, 21.04.1951.

¹²² The exchange rate in 1951 was 4 rubles for 1 dollar.

2. 1945–47: FOUNDING OF USIVA AND GUSIMZ¹²³

Meanwhile, the rising number of various former German assets left on the Soviet-occupied territory of Austria required administration. On June 10, 1945, on the territory of Austria and Hungary, with headquarters in Baden, the Central Army Group was formed.¹²⁴ One of its Departments was the Trophy Department headed by Yefim Borisov (the birth name Yefim Minkov¹²⁵ (born 1900–died 1978), a Major General since 1945. The Trophy Department was engaged in the identification, accounting, dismantling and exporting the property of various origin from the Soviet-controlled Austrian territory to the USSR without any economic management at a place (except for the Soviet oil enterprise — SMV). On July 15, 1945, the Soviet part of Allied Commission in Austria formed the Department of Reparations and Supplies, and nominally appointed Anastas Mikoyan (in Moscow) the Head for 1945 only (Anastas Mikoyan was most likely chosen for a more orderly export by forces of the Ministry of Foreign Trade).

In 1945, the idea of a new structure, which would run the Soviet and mixed joint-stock enterprises, manage production, import produced goods into the USSR, or sell them to the third countries and the domestic Austrian market, appeared in the Soviet government. Two previously formed bodies on the territory of Austria, the Trophy Department of the Central Army Group and the Department for Reparations and Supplies under the Soviet part of Allied Commission, did not have enough competence and functionally no longer corresponded to the new tasks as were mainly focused on identifying and transporting the former German property.

Gradually the USSR in its zone of the occupation of Austria formed several managing bodies: from September 1945 — Soviet Oil Administration, SMV, from February 2, 1946 — the Danube Shipping Company, DDSG. The first attempt at centralized control over various manufacturing

¹²³ A version of this chapter was earlier published in “The foundation of GUSIMZ, USIVA, their functioning, and the evolution (1945–47),” *Zeitgeschichte* 52, no. 4 (2025): 457–77.

¹²⁴ Central Archive of the Ministry of Defense of the Russian Federation (TsAMO RF) 3/11556/18/156–159, Direktiva Stavki Verkhovnogo Glavnokomandovaniya No. 11096 komanduyushchemu 1-m Ukrainskim frontom o pereimenovanii fronta v Tsentral'nyu gruppu voysk, 29.05.1945.

¹²⁵ Emanuel Ioffe, “Belorusskie yevrei v bor'be s natsizmom v 1941–45,” *Zhurnal rossiyskikh i vostochnoyevropeyskikh istoricheskikh issledovaniy* 11, no. 4 (2017): 73; “Borisov (Minkov) Yefim Mikhaylovich,” Internet-proyekt po uvekovechivaniyu pamyati voynov–yevreyev, accessed 31.12.2025, www.jewmil.com/biografii/item/300-borisov-minkov-efim-mikhajlovich.

enterprises was indicated in a letter¹²⁶ from Ivan Konev, a general and Commander-in-Chief of the Central Army Group, to Vyacheslav Molotov dated December 14, 1945. In that letter, by analogy with Law No. 5 “Vesting and Marshalling of German External Assets,” adopted at the 10th meeting of the Control Council for Germany on October 30, 1945, Konev proposed to create an organization for the management and accounting of newly obtained Soviet property in Austria with subordination to the Central Army Group.

STAGES OF USIVA DEVELOPMENT

Probably, from the end of 1945, Vyacheslav Molotov influenced by Ivan Konev became the developer of administrative organ that would manage former German asset in Eastern Austria. The first mentioning of the new managing body we find in the report of February 5, 1946, by Yevgeniy Kiselev, a diplomat and a political adviser to the Soviet High Commissioner in Austria from July 1945 until April 1948, and Andrei Smirnov, a diplomat and the Head of the 3rd European Department of the NKID/the Ministry of Foreign Affairs from 1943 until 1949. They reported that in order to manage the former German assets in Eastern Austria, a draft of the project was submitted to the Council of People’s Commissars.¹²⁷ According to that draft, the Administration had to be subordinated to the Soviet Trade Mission in Austria. Another draft by Ivan Konev was submitted to the Council of Ministers of the USSR in the second half of March 1946. It subordinated the new managing body to the Central Army Group and streamlined the work.¹²⁸ Nevertheless, on March 28, 1946, the Council of Ministers of the USSR issued the secret Resolution No. 675-265s and placed the Administration under the control of the Ministry of

¹²⁶ AVP RF 06/7/26/322/100–101, Pis'mo voyennogo komissara Avstrii Ivana Koneva Vyacheslavu Molotovu ob ustanovlenii i uchete nemetskogo imushchestva v sovetskoy zone okkupatsii Avstrii, 14.12.1945. First published in Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–55 und ihre politische Mission* (Wien: Böhlau Verlag, 2005), 150.

¹²⁷ RGASPI 17/128/909/59–62, Doklad Smirnova i Kiseleva Molotovu „O polozhenii s germanskimi zagranichnymi aktivami v Avstrii,” 05.02.1946. First published in A. Vatlin, B. Kotov, A. Sorokin, *SSSR i Avstriya na puti k Gosudarstvennomu dogovoru. Stranitsy dokumental'noy istorii 1945–55* (Moskva: Politicheskaya entsiklopediya, 2015), 81.

¹²⁸ AVP RF 06/8/22/312/4–7a, Proyekt postanovleniya Soveta Ministrov SSSR o peredache nemetskogo imushchestva i nemetskikh aktivov v Vostochnoy Avstrii v sobstvennost' SSSR, 03.1946. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 430–6.

Foreign Trade headed by Anastas Mikoyan.¹²⁹ The newly formed Administration got the name “The Administration of Soviet assets in Eastern Austria” or USIVA (*Upravleniye Sovetskim Imushchestvom v Vostochnoy Avstrii*). According to the proposal made by Yevgeniy Kiselev and Andrei Smirnov on February 5, 1946, the Resolution was issued twice: by the Council of Ministers on March 28, 1946, and as a separate order, known as the Order No. 17, by Kurasov on June 27 (published on July 6), 1946. Therefore, the Order No. 17 only officially announced, duplicated and made known the actual situation on the Soviet property in Eastern Austria. Thus, the Soviet side considered the property ownership countdown in Eastern Austria starts since March 28, 1946.

The rather quick launch of GUSIMZ and USIVA, within a couple of months—from February to April—was an attempt to resist and get ahead of the Austrian government to nationalize the former German enterprises, taking them under the Soviet control.

As a result, in addition to existing SMV and DDSG, from March 28, 1946, the USIVA began to manage Soviet enterprises on the territory of Eastern Austria. The name USIVA, according to a CIA report, was used from March 28, 1946, until November 1947, and then, for unknown reasons, was changed to the Administration of Soviet Assets in Austria, or USIA (*Upravleniye Sovetskim Imushchestvom v Avstrii*).¹³⁰

Between March 1945 and June 1947, USIVA had no autonomy from GUSIMZ and was not an independent Administration. The policy of GUSIMZ prescribed USIVA the full economic, managerial dependence, including production plans and distribution of products of the Directorates. The Heads and the Deputy heads of both GUSIMZ and USIVA were appointed by Anastas Mikoyan, the Minister of Foreign Trade.

STAGES OF GUSIMZ DEVELOPMENT

Since early 1946, the Council of People’s Commissars of the USSR, represented by Vyacheslav Molotov, Anastas Mikoyan and Nikolay Voznesenskiy, instructed the specialists of the State Planning Commission (*Gosplan*), the Ministry of Foreign Affairs and the Ministry of Foreign

¹²⁹ R5446/48a/294/122, Kurasov sekretaryu TsK VKP(b) Malenkovu i zamestitelyu predsedatelya Soveta Ministrov SSSR Mikoyanu., 08.05.1946.

¹³⁰ CIA-RDP82-00457R001000490008-3, “USIVA transactions,” distributed on 23.10.1947.

Trade to create a new Administration to manage the acquired Soviet foreign assets. The first mentioning of the project we find in a document¹³¹ of February 9, 1946, signed by Mikhail Saburov, the First Deputy Chairman of the State Planning Committee of the USSR from 1944 to 1946, and Aleksey (the birth name Solomon) Lozovskiy, Deputy People's Commissar for Foreign Affairs from 1939 to 1946. They proposed to name the new body — the Central Industrial Administration of Foreign Enterprises (*Tsentral'noye Promyshlennoye upravleniye zarubezhnymi predpriyatiyami*). On February 14, 1946, another version of the name was proposed¹³² — the Central Economic Administration of Foreign Enterprises (*Tsentral'noye khozyaystvennoye upravleniye zagranichnymi predpriyatiyami*). By February 28, 1946, Mikhail Saburov and Aleksey Krutikov, the First Deputy Minister of Foreign Trade of the USSR from 1938 to 1948, gave it a different name — the All-Union People's Commissariat for the Management of Soviet and Mixed Foreign Enterprises¹³³ (*Obshchesoyuznyy narodnyy komissariat po upravleniyu Sovetskimi i smeshannymi zagranichnymi predpriyatiyami*).

On March 16, 1946, Mikhail Saburov and Aleksey Krutikov proposed to Stalin the project of the Formation of the Central Administration of Soviet Property Abroad (*Tsentral'noye Upravleniye Sovetskim imushchestvom za granitsey*).¹³⁴ There we find the tasks of the new Administration formulated for the first time: management of Soviet enterprises abroad and Soviet administrations in mixed joint-stock companies, usage of hard currency and products in the interests of the restoration and economic development of the USSR. In addition, the Administration was entrusted with control over the use of capital of Soviet and mixed joint-stock enterprises and their development.

Anastas Mikoyan, undoubtedly, as the author of the concept of long-term economic integration with the occupied countries and the Minister of Foreign Trade, played a leading role in the

¹³¹ GA RF R5446/48a/249/84, Perepiska po organizatsionnym voprosam, kadram i sostavu Ministerstva vneshney trgovli: predlozheniye Mikhaila Saburova i Aleksey Lozovskogo Vyacheslavu Molotovu, Anastasu Mikoyanu i Nikolayu Voznesenskomu, 09.02.1946.

¹³² GA RF R5446/48a/249/86–87, Perepiska po organizatsionnym, kadrovym i shtatnym voprosam Ministerstva vneshney trgovli: proyekt ob obrazovanii tsentral'nogo upravleniya sovetskim imushchestvom za granitsey, 14.02.1946.

¹³³ GA RF R5446/48a/249/100, Perepiska po voprosam organizatsii, lichnogo sostava i shtata Ministerstva vneshney trgovli: Saburov i Krutikov Molotovu s izmenennymi predlozheniyami, 07.03.1946.

¹³⁴ GA RF R5446/48a/249/82, Perepiska po organizatsionnym, kadrovym i shtatnym voprosam Ministerstva vneshney trgovli: Krutikov i Mikhail Saburov Stalinu s proyektom, 16.03.1946.

development of these projects. He was to submit the draft of the Resolution on the structure and staff for approval by the Council of People's Commissars and equip the Administration with managerial personnel. For this purpose, he cooperated with his experts¹³⁵ from the Ministry of Foreign Trade: Sergey May (born 1883–died 1956), law Professor, and Lazar' Frey (born 1890–died 1977), Doctor of Economic Sciences (1940), Professor.

As a result, on April 10, 1946, the Council of Ministers signed the Resolution¹³⁶ on the formation of the Main Administration of Soviet Property Abroad — GUSIMZ (*Glavnoye Upravleniye Sovetskim Imushchestvom Za granitse*) covering the tasks:

- (a) Manage the Soviet foreign enterprises and the Soviet part in mixed joint-stock companies;
- (b) Develop the financial and production plans and the capital investment plans;
- (c) Draw up plans for the sale of products;
- (d) Select and appoint employees of Soviet foreign enterprises and its Soviet part in mixed joint-stock companies.

One of the most important goals of the new body was to saturate the ruined Soviet economy with hard currency, goods and equipment from technologically advanced countries such as Germany and Austria.

The same Resolution appointed Vasiliy Sergeyev, the Deputy Minister of Foreign Trade,¹³⁷ Head of GUSIMZ. He held this position from 1946 to 1947¹³⁸ and from 1950¹³⁹ to 1954. The same Resolution instructed Vasiliy Sergeyev to develop GUSIMZ structure, and together with Aleksey Kuznetsov, the Head of the Personnel Department of the TsK VKP(b) from 1946 to 1949, provide GUSIMZ with personnel. Moreover, the Resolution directed Sergeyev to obtain approval for GUSIMZ's organizational structure and salary scheme from the State Personnel Commission—headed by Lev Mekhlis from 1946 to 1950—which was granted on June 13. Finally,

¹³⁵ RGAE 413/13/4789/8, Doklad Vasiliya Sergeyeva Anastasu Mikoyanu o besede s professorami May i Frey ob upravlenii sovetskimi predpriyatiyami za granitse, 05–06.1946.

¹³⁶ GA RF R5446/1/276/164, Postanovleniye Soveta Ministrov SSSR No. 811 “Ob obrazovanii pri Ministerstve Vneshney torgovli Glavnogo Upravleniya Sovetskim imushchestvom za granitse,” 10.04.1946.

¹³⁷ RGAE 870/257/4297, Lichnoye delo Sergeyeva Vasiliya Alekseyevicha, rabotnika Ministerstva vneshney torgovli SSSR, 1940–55. In many cases, Sergeyev is mistakenly named Vladimir, for instance, in Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–55* (Wien: Böhlau Verlag, 2012), 184.

¹³⁸ RGASPI 17/3/1056/26, O naznachenii nachal'nika GUSIMZ, 10.04.1946; GA RF R5446/1/276/163, Postanovleniye Soveta Ministrov No. 810 “O naznachenii nachal'nika GUSIMZ,” 10.04.1946.

¹³⁹ GA RF R5446/1/437, Postanovleniye Soveta Ministrov No. 4421 “O nachal'nike GUSIMZ,” 27.10.1950.

on August 29, 1946, the Resolution of the Council of Ministers approved GUSIMZ statute, structure and the monthly salary budget of 846,425 rubles for 620 staff.¹⁴⁰ On October 3, the staffing schedule was reduced to 472 employees with a monthly salary budget of 662,700 rubles and was valid until June 25, 1947, when the next reorganization of GUSIMZ followed.¹⁴¹ At the time when GUSIMZ was subordinate to the Ministry of Foreign Trade, its structure was organized with accordance to the structure of the Ministry of Foreign Trade.¹⁴²

After GUSIMZ's final approval on August 29, 1946, it took control over already existing Administrations of Soviet Property in Eastern Germany (USIG), Eastern Austria (USIA), and authorized representatives for coordinating the actions of the Soviet part of joint-stock companies in Hungary and Romania,¹⁴³ where later local Administrations appeared. Administrations running former German assets also existed in Yugoslavia (1947–48), Bulgaria (since 1946), Finland (since 1946), and former Japanese assets in Manchuria and North Korea (since 1948). All branches had a common abbreviation USI, with an additional final letter — the name of the country. For instance, USIG — for Germany. However, the whole economic and production authority was concentrated in GUSIMZ.

The creation of GUSIMZ coincided not only with the transformation of the People's Commissariats into Ministries but also with a radical change in the personnel of the Ministry of State Security. Along with Beriya's resignation from the post of People's Commissar for Internal Affairs and his transition to the leadership of the Soviet atomic project in 1945, almost all 'Beriya people' who previously held senior positions in the NKVD–NKGB–MGB, received other appointments, and GUSIMZ, as a newly formed Administration, became a haven for many dismissed after Beriya in 1946–47. For instance, on May 7, 1946, Vsevolod Merkulov was fired from the post of Minister of State Security of the USSR (MGB) and on August 30, 1946, by the Decision of the Politburo of the TsK VKP(b) was appointed the Deputy Head of GUSIMZ for the

¹⁴⁰ GA RF R5446/1/283/89, Postanovleniye Soveta Ministrov No. 1926 "Ob utverzhdenii polozheniya i struktury GUSIMZ," 29.08.1946.

¹⁴¹ RGAE 7733/31/2164/45, Shtatnoye raspisaniye i smeta administrativno-khozyaystvennykh raskhodov GUSIMZ na 1946 god, dated 1946.

¹⁴² RGAE 413/13/4789/1, Vasiliy Sergeyev — zamestitelyu predsedatelya Goskomiteta po kadram Kuzinu o shtatnom raspisanii GUSIMZ, 23.05.1946.

¹⁴³ GA RF R5446/48a/294/23, Ob utverzhdenii Polozheniya i struktury Glavnogo upravleniya sovetским имуществом за гранитсей. Prilozheniye, 29.08.1946.

management of Soviet enterprises in Romania, Hungary and Austria.¹⁴⁴ The same day, Bogdan Kobulov was appointed the Deputy Head of GUSIMZ for the management of Soviet enterprises in Germany.¹⁴⁵ Soon other former MGB members, for instance, Konstantin Savitskiy, Ivan Gudkov, Vladimir Dekanozov, Lev Vlodzimirskiy, Vladimir Baltadzhi got various positions in GUSIMZ as well.

On September 20, 1946, by the order of Lavrentiy Beriia¹⁴⁶ two Deputy Heads, Vsevolod Merkulov and Bogdan Kobulov, were allocated with personal and highest salaries in GUSIMZ system — 5,000 rubles per person per month, which was approved by Anastas Mikoyan, the Minister of Foreign Trade, in the Resolution No. 667-L,¹⁴⁷ while their regular monthly salary according to the staffing schedule was only 2,700 rubles per person per month. Their assistants, Ivan Gudkov and Konstantin Savitskiy, were paid an extra 1,050 rubles per person monthly to the regular rate. For reference, average Soviet salaries at that time ranged from 400 to 800 rubles per month.¹⁴⁸

Meanwhile, the percentage of MGB-related personnel in GUSIMZ was proportionately small: they were mainly concentrated in “Wismut” uranium extraction company in Germany, and were never appointed to other strategically important financial, production economic departments, such as Central Commercial Bureau. The documents show that neither former nor current MGB employees had a major impact on the economic development of GUSIMZ and USIVA. For instance, Lev Vlodzimirskiy was the Head of Personnel department of GUSIMZ, Vladimir Baltadzhi was the Head of Administrative Directorate of GUSIMZ responsible for equipment, living accommodations of the personnel and other routine administrative matters, Bogdan Kobulov was the Head of USIG (*Upravleniye Sovetskim Imushchestvom v Germanii*), Vladimir Dekanozov was the Deputy Head of GUSIMZ for two years only (highly likely in Germany). The management of GUSIMZ pursued primarily economic goals and the true influence on the economy and finance

¹⁴⁴ RGASPI 17/3/1060/16, O naznachenii Merkulova zamestitelem nachal'nika GUSIMZ, 30.08.1946.

¹⁴⁵ RGASPI 17/3/1060/16, O naznachenii Kobulova zamestitelem nachal'nika GUSIMZ, 30.08.1946.

¹⁴⁶ RGAE 7733/31/1503/110, The Resolution No. 11350-r by the Council of Ministers of the USSR: Ustanovit' dlya MVT 2 personal'nykh oklada, 19.09.1946.

¹⁴⁷ RGAE 7733/31/2164/30, Shtatnoye raspisaniye i smeta administrativno-khozyaystvennykh raskhodov GUSIMZ na 1946 god, Prikaz Ministra vneshney torgovli No. 667-L o povyshenii dolzhnostnykh okladov, 07.10.1946.

¹⁴⁸ RGAE 1562/41/113/161, Statisticheskaya tablitsa Tsentral'nogo statisticheskogo upravleniya SSSR

“Srednemesyachnaya denezhnaya zarabotnaya plata rabochikh i sluzhashchikh po otraslyam narodnogo khozyaystva SSSR v 1940, 1945 i 1950–1955 godakh”.

came from specialists from the Ministry of Foreign Trade and the Ministry of Finance, and not by the military units or MGB, which meant, in that case, the USSR prioritized budget restoration and integration over favoritism.

LEGAL MATTERS

Since the spring–autumn of 1945, the USSR proposed the governments of Hungary, Romania and Austria to create mutual joint-stock companies, in which 51 % of shares would belong to the USSR. While Hungary and Romania accepted the idea, the Austrian government rejected the idea of the SANAPHTA enterprise for oil exploration, production, and processing, which led to a dispute between Austria and the USSR. From that point on, both sides attempted to claim ownership of various companies by invoking their designation as ‘former German property.’ The Austrian government had its own plans for the enterprises related to former German property, as they could contribute to the restoration of the Austrian economy. While the solution for the USSR was actual seizure of enterprises, the Austrian government considered a legal measure — nationalization.

Right from the beginning of the economic activities of Soviet enterprises under USIVA, there was a question of the legal form of companies, their internal structure and labor policy. By the middle of 1946, Anastas Mikoyan, Vasiliy Sergeyev together with Sergey May and Lazar’ Frey agreed upon legal matters: if 100 % of the shares of a company belonged to the USSR, such enterprise received the status of Soviet joint-stock company; if the USSR possessed from 50 % to 100 % — a mixed Soviet–Austrian joint-stock company.¹⁴⁹ The Soviet Union preferred to get rid of firms with less than 50 % Soviet shares and sell them to Austria. The management, accounting and bookkeeping of Soviet joint-stock enterprises had to be carried out according to Soviet law,¹⁵⁰ while collective agreements and labor policy had to be carried out according to the restored Austrian law. On June 28, 1945, the Austrian Government (not yet recognized by the Allied powers) reinstated the law BGBI. No. 292 of May 11, 1921, adopting it as BGBI. No. 29/1945,¹⁵¹

¹⁴⁹ RGAE 413/13/4789/13, Vasiliy Sergeyev — Anastasu Mikoyanu ob upravlenii sovetskimi predpriyatiyami za rubezhom, 05.06.1946.

¹⁵⁰ Ibid.

¹⁵¹ “Maßnahmen auf dem Gebiete des Angestelltenrechtes während der Zeit der Übergangswirtschaft,” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1945_29_0/1945_29_0.pdf.

entitled “Measures in the Field of Employment Law during the Transitional Economic Period,” which entered into force immediately. Restoring Austrian law, the Austrian Government sought to normalize the labor policy as quickly as possible. In particular, it authorized the conclusion of collective agreements and regulated compensation in cases of dismissal. Subsequently, on October 3, 1945, the Austrian Government initiated amendments¹⁵² and enacted BGBl. No. 186/1945.¹⁵³ The Allied Commission had reviewed¹⁵⁴ and approved¹⁵⁵ both labor policy laws by November 10, 1945.

GUSIMZ AND USIVA TRANSFORMED TO KHOZRASCHET

A distinctive feature of the Soviet occupation zone in Austria was the coexistence of two different economic systems within the same territory: a free-market economy and a socialist command economy. In 1946, GUSIMZ centralized control over production planning, distribution, pricing, and product assortment. However, by early 1947, the Head of GUSIMZ acknowledged that the organization’s original structure had proven unsuccessful and “no longer satisfied the tasks of GUSIMZ. In terms of the volume of work and the variety of functions, GUSIMZ sharply differs from other Ministries, Main Directorates and Committees. The intention behind establishing the new structures and appointing new staff is to create bodies within the General Administration that would have practical authority and responsibility for overseeing the conditions and operations of enterprises and organizations under their control abroad. [...] The boards of Soviet joint-stock companies are being transformed into self-supporting, subordinated to GUSIMZ on the same basis on which the existing import and export associations are subordinate to the Ministry of Foreign Trade. The boards are entities responsible for the overall management and supervision of the enterprises under their authority, and they are accountable to the leadership of the Main Administration for the performance and condition of these enterprises.”¹⁵⁶

¹⁵² *Protokolle des Kabinettsrates der Provisorischen Regierung Karl Renner 1945, Protokolle des Kabinettsrates 12. September 1945 bis 17. Dezember 1945, Band 3*, ed. Peter Mähner (Wien: Verlag der Österreichischen Akademie der Wissenschaften, 2003), 96.

¹⁵³ “Abänderung und Ergänzung des Gesetzes vom 26. Juni 1945 über Maßnahmen auf dem Gebiete des Angestelltenrechtes während der Zeit der Übergangswirtschaft, St. G. Bl. No. 29,” *Staats- und Bundesgesetzblatt 1945–2003*, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1945_186_0/1945_186_0.pdf.

¹⁵⁴ *Gazette of the Allied Commission for Austria*, no.1 (Allied Commission, 1945), 8.

¹⁵⁵ *Ibid.*, 28.

¹⁵⁶ GA RF R5446/49a/288/163, Vsevolod Merkulov Stalinu s obsuzhdeniyem novogo proyekta GUSIMZ, 10.05.1947.

The transfer of responsibilities to the enterprises occurred in several stages and extended over the first two quarters of 1947. On January 8, 1947, the secret Resolution No. 22-12 of the Council of Ministers of the USSR established joint-stock companies in GUSIMZ and received *khozraschet* rights.¹⁵⁷ It is a method of running a Soviet enterprise, dating back to Lenin's New Economic Policy (NEP), in which it compares the costs of production and the results of its economic activity in monetary terms, covers the costs with income from the sale of its products and, moreover, generates accumulation, ensures the profitability of production. The enterprise settles with the workshop for the delivered products. The cost-accounting system encourages break-even operations. Non-productive expenses, such as raw materials and fuel, are reduced, and production costs decrease. Since then, enterprises have been interested not only in producing products but also in selling them. For that reason, since March 1947, a new USIVA department—the Central Commercial Bureau (CCB)—*Tsentral'naya kommercheskaya kontora (TsKK)* had been launched. Its purpose was to direct sales and purchases for all Soviet factories in Austria and transactions with other countries. It controlled, executed and negotiated business for all sections of USIVA, and the disposal of all no longer profitable Soviet-controlled German assets. At that time, according to a CIA report, the director of the Central Commercial Bureau was a Captain German Marinbakh (born 31.08.1916–died 2015), and the deputy director — engineer Aleksandr Fuchs.¹⁵⁸ Since June 1947, the Central Commercial Bureau appeared in every USIVA Department.¹⁵⁹ Apparently, *khozraschet* was provided to GUSIMZ by the Ministry of Finance each following year through a special order.¹⁶⁰

Although centralized economic planning did not disappear, enterprises gained greater freedom. The recently declassified CIA documents provide details about the functions of general managers at USIVA factories in the conditions of self-management.¹⁶¹ Since 1947, the managerial authority encompassed a broad range of responsibilities essential to the operation and development of the

¹⁵⁷ GA RF R5446/49a/288/201, The Resolution No. 22-12 is mentioned in the text of “O meropriyatiyakh, svyazannykh s organizatsiyey GUSIMZ,” 13.05–06.06.1947.

¹⁵⁸ CIA-RDP82-00457R000400370011-9, “New USIVA Selling and Purchasing Office in Vienna,” distributed on 18.03.1947.

¹⁵⁹ CIA-RDP82-00457R000800050005-7, “Inspection of USIVA; Change in general structure of organization,” distributed on 29.07.1947.

¹⁶⁰ GA RF R5446/51a/623/Entry No.124, Kniga ucheta No. 1 sekretnykh dokumentov MID, MVT i GUSIMZ za 1949 god. O predostavlenii khozraschetnykh prav GUSIMZ, 15.01.1949.

¹⁶¹ CIA-RDP82-00457R000300500010-6, “Directives to managers of USIVA-controlled factories,” distributed on 17.02.1947.

factory. These included the power to enter into and terminate financing contracts, negotiate the procurement of materials and installations, and manage financial operations such as obtaining credit, opening accounts, and allocating funds for the factory's needs. The manager was also authorized to hire and dismiss personnel at various levels and to propose the dismissal of higher officials to USIVA. Commercially, the manager could, with USIVA's approval, enter into sales contracts for the factory's finished products both within the Soviet Zone and abroad, and initiate industrial and commercial relations with other USIVA enterprises and with Austrian firms. Additionally, the manager was empowered to propose factory alterations, oversee essential restorations and repairs crucial to continued operations, and maintain order while supervising routine maintenance and repairs. Lastly, the manager could exercise discretion in using the manager's fund for approved alterations, as sanctioned by the Administrative Proposals Office.

Moreover, the responsibilities of the factory manager encompassed comprehensive oversight of technical, economic, and financial operations, requiring a deep and continuously expanding understanding in these areas. The manager was charged with supervising senior officials and guiding the overall development and organizational structure of the factory. A core duty involved determining and organizing the production process in alignment with the factory's nature and capacity, while ensuring the production schedule is fulfilled in terms of quality and quantity, and at the lowest feasible cost. To maintain efficiency, the manager had to minimize unnecessary expenses and anticipate restoration and repair needs, confirming their completion in writing. Ensuring uninterrupted production also involved timely procurement of materials, energy, labor, and financial resources. The manager was legally obligated to implement safety measures against accidents, negligence, and fire, and had to ensure the optimal use of all factory resources, including raw materials, installations, and finished goods. In addition, the manager had to prepare detailed reports on factory operations according to USIVA's directives, oversee the review of proposals aimed at improving organizational efficiency, and enforce strict discipline and standardized work processes. A thorough knowledge of Austrian laws and regulations relevant to economic and legal aspects of factory operations was also required. Lastly, the manager had to stay informed about the conditions and interests of factory personnel—workmen, employees, and technical staff—and strive, where possible, to improve their material, cultural, and living standards.

Some categories of *khozraschet* were in contradiction with Austrian labor legislation. For instance, self-financing implied piecework payment for the delivered products, not wages, as it was established in Austria. The Soviet side admitted challenges in terms of management and

planning.¹⁶² The cost price, yet another key factor of *khozraschet*, in the conditions of insufficient investment in depreciation, became a bottleneck by 1950, when the cost of production increased, and the final price of the product could no longer withstand competition.¹⁶³

In the history of the USSR, a self-financing approach was used only a few times: during the NEP (from 1922 to 1928), Aleksey Kosygin reform (from 1965 to 1970) and Perestroika (from 1985 to 1991). Each of these periods can be characterized by certain peculiarities. If we collect all their characteristics and break them down into categories: attitude to commodity economy, to labor incentives, etc., we get a table with a set of parameters (characteristics). By choosing parameters, we can systematize, highlight or even distinguish new “types” of *khozraschet*. This idea of systematization was proposed in the book by two economists Raymundas Rayatskas and Mikhail Plakunov.

Name of a variable parameter and its options¹⁶⁴
1.Attitude to commodity economy under socialism
a) commodity economy is completely compatible with socialism; b) there is an autonomous turnover of funds, both working capital and fixed assets, therefore business entities must operate in a self-financing and self-sufficiency mode; c) autonomous turnover of only working capital is permissible — business entities must operate in self-sufficiency mode; d) commodity production under socialism is limited, the operation of the law of value is completely or almost completely controlled by the state; cost indicators are needed for accounting and control of efficiency.
2.Economic interests and material incentives and responsibilities
a) in acts of exchange, business entities and economic agents are guided by their interests, which may or may not coincide with the interests of society; b) material rewards or punishments depend on the fulfillment of tasks established by a higher organization; c) cost indicators, money are used for generalized accounting of labor costs.

¹⁶² RGASPI 82/2/474/14–19, Merkulov dokladyvayet Molotovu ob itogakh raboty GUSIMZ za 1946 god, 09.1947.

¹⁶³ GA RF R5452/30b/2/57, Protokol No. 6 sobraniya chlenov profsoyuza rabotnikov USIA, 11.04.1950;
GA RF R5452/30b/7/69, VII konferentsiya chlenov profsoyuza rabotnikov USIA, 30.05.1953.

¹⁶⁴ Raymundas Rayatskas, Mikhail Plakunov, *Ekonomicheskiye dogmy i upravlencheskaya real'nost'* (Moskva: Ekonomika, 1991), 141, accessed 31.12.2025, <https://disk.yandex.ru/i/96-be3VVRVuP8Q>.

3.Economic separateness of business units
a) there is economic separateness of business units due to the social division of labor; b) there is no objective need for economic separateness of business units under socialism.
4.Independence of economic units
a) the task of the economic unit is to monitor effective demand, decisions on production planning, pricing, development, labor organization and wages are made by economic units independently; b) the task of the economic unit is to monitor demand and fulfill planned targets established from above for certain cost indicators, such as profit, profitability, growth in labor productivity, etc., while prices are set centrally; c) the economic unit must fulfill established targets for several cost indicators, for the release of basic types of products, capital investments and new equipment, as well as for several indicators characterizing the technical level of production and product quality; d) only operational and production independence is allowed in order to reduce production costs when fulfilling a plan that fully covers all production and economic activities of the economic unit.
5.Relations with the owner of the means of production
a) an economic entity may be the owner of all or part of the means of production assigned to it; b) an economic entity owns the means of production, paying rent for them to the owner (company), depreciation remains in the possession of the economic entity; c) an economic entity owns the means of production and pays rent to the owner, and the rent for fixed assets includes interest and depreciation; d) an economic entity does not own the means of production, but only disposes of them, rent is paid and in the case of fixed assets includes depreciation; e) the means of production are provided free of charge and can be withdrawn at the discretion of the owner or his agent.

In the form of a formula, the *khozraschet* of the 1920s will look like 1c2a3a4b5c. Aleksey Kosygin reform of 1965 — 1c2b3a4c5c.¹⁶⁵ What is the formula for GUSIMZ/USIVA? Based on the above-mentioned freedoms of economic activity granted in 1947 — 1c2b3a4b5c: the enterprise operates as a formally self-sufficient economic unit, responsible for covering its own costs and maintaining

¹⁶⁵ Ibid., 141–5.

internal financial balance. Although endowed with economic separateness, autonomy is tightly circumscribed by higher administrative authorities. Managerial incentives are structured through material rewards and penalties tied to the fulfillment of centrally defined tasks. The enterprise must observe market demand but ultimately conforms to plan targets imposed from above, including indicators such as profit, profitability, and labor-productivity growth. Prices for its output are not market-determined but set centrally, limiting its ability to adjust through price mechanisms. The unit is treated as the nominal owner or steward of its means of production, for which it pays rent incorporating both interest and depreciation charges. Collectively, these features create a system that blends formal economic accountability with substantive hierarchical control.

To determine the uniqueness or non-uniqueness of this type, we should turn to the topic of the foreign trade monopoly that existed in the USSR since 1918 and was carried out through the Ministry of Foreign Trade. It should be noted that the Ministry of Foreign Trade monopoly extended to all organizations in the USSR, even if they were not part of the Ministry of Foreign Trade. Until 1928–29, All-Union Foreign Trade Organizations, as well as many organizations in the domestic market of the USSR, worked in the *khozraschet* mode, and with the beginning of the transition to the command economy (Five-Year Plans), All-Union Foreign Trade Organizations remained in the *khozraschet*, since they worked abroad in the conditions of the free market. For the same reasons, after several months of operation, a decision was made to transition GUSIMZ to the *khozraschet* system. It turns out that the *khozraschet* of GUSIMZ should first be compared with All-Union Foreign Trade Organizations.

The hypothesis is that the distinguishing parameter of GUSIMZ/USIVA in comparison with All-Union Foreign Trade Organizations was the “volume of production,” as All-Union Foreign Trade Organizations were only trade intermediary. GUSIMZ/USIVA combined two key functions—production and access to foreign markets—thereby creating a structure that effectively served as a unique “version” of *khozraschet*.

The day after the completion of the Moscow round of negotiations on the state treaty—where, among other things, the fate of German assets in Austria were discussed—on April 25, 1947, by the Resolution of the Council of Ministers of the USSR No. 1292, GUSIMZ was withdrawn from the Ministry of Foreign Trade and subordinated to the Council of Ministers of the USSR. Vsevolod

Merkulov was appointed Head of GUSIMZ and Vasiliy Sergeyev — his Deputy.¹⁶⁶ On June 6, 1947, the Resolution of the Council of Ministers of the USSR No. 1919-491s established the above-mentioned joint-stock companies in USIVA: *Avtovelo*, *Kraska*, *Kabel'*, *Marten*, *Pod'yomnik*, *Tekstil'*, *Vkus*, and *Tsement*.¹⁶⁷

Avtovelo produced automotive and fine mechanics; *Kraska* produced chemicals. Paint and lacquer plants as well as automotive repair plants and bicycle plants were subordinate to it; *Kabel'* produced electrical equipment. Plants subordinate to this *Kabel'* produced all types of electrical machinery and equipment, cables, photographic equipment, optical equipment, and storage batteries; *Marten*, metallurgy and coal. All USIVA ferrous and non-ferrous metallurgical plants were subordinate to it, including iron foundries, steel rolling mills, and some non-ferrous processing plants. This was considered the second most important joint-stock company; *Pod'yomnik* produced machinery and precision instruments. Its largest plant was Voith; *Tekstil'*, light industry, including textiles and leather goods. Several textile plants producing yarn and cloth as well as leather goods factories were subordinate to this joint-stock company; *Vkus*, food and other consumer goods. Subordinate to this joint-stock company were several sugar refineries as well as alcohol, cognac, and vodka plants and some food canning plants; *Tsement*, construction and construction materials. Cement plants and plants producing various construction materials as well as construction firms were subordinate to this A/O. One of these construction firms was “A.PORR” and was engaged in the construction of office buildings, homes, schools, bridges, etc., both for USIVA and for Austrian concerns.

On June 6, the Resolution of the Council of Ministers of the USSR No. 1920 established the GUSIMZ Collegium of specialists with financial, personnel, law and oil industry background: Sergey Yatrov (responsible for oil industry of Austria, Romania and Hungary),¹⁶⁸ Viktor Yemchenko (the First Deputy Chairman of the Soviet State Bank, responsible for currency and financial issues), Dmitriy Ramzaytsev (a specialist of international commercial arbitration, responsible for legal issues), Georgiy A. Malyavin (in 1937, he was the Deputy Commissar of

¹⁶⁶ GA RF R5446/1/300/217, Postanovleniye Soveta Ministrov SSSR No. 1292 “Ob organizatsii pri Sovete Ministrov SSSR Glavnogo Upravleniya Sovetskim imushchestvom za granitsey,” 25.04.1947.

¹⁶⁷ GA RF R5446/49a/288/201, O meropriyatiyakh, svyazannykh s organizatsiyey GUSIMZ, 13.05–06.06.1947.

¹⁶⁸ Previously, Sergey Yatrov was an unidentified top manager. Csaba Békés, Borhi László, Peter Ruggenthaler, and Trasca Ottmar, *Soviet Occupation of Romania, Hungary, and Austria 1944/45–1948/49* (Budapest–New York: Central European University Press, 2015), 128.

textile industry), and Bogdan Kobulov (USIG Head).¹⁶⁹ The Collegium met to address key issues, including summing up the results of the financial year and reviewing the production plan for the next year. The decision of the Collegium was formalized as the Decision of the Chief Executive (in 1947 — Vsevolod Merkulov).¹⁷⁰

Since 1947, profitability and self-sufficiency became most important criteria of GUSIMZ and USIVA productivity, which followed in a high demand of specialists trained to work in the conditions of the free market. Therefore, the curriculum of the Higher Educational Institutions of the Ministry of Foreign Trade and the Ministry of Finance has undergone changes. On April 29, 1947, the Deputy Head of the Department of Educational Institutions within the Ministry of Foreign Trade reported on the introduction of a new curriculum and specialized training within the GUSIMZ system.¹⁷¹ As part of this initiative, the subject “Market Conditions” was introduced at the Institute of Foreign Trade. Nevertheless, it could not satisfy the high demand for accounting, planning, and economic specialists immediately¹⁷² — the earliest work practice for the students of the Fourth and Fifth year of education of the Institute of Foreign Trade began in Austria only on January 18, 1948.¹⁷³

EXTERNAL MANAGEMENT AND CONTROL

Although GUSIMZ, operating under the *khozraschet* system, enjoyed greater autonomy in production, the Soviet mechanisms of organizational control remained intact. We should differentiate external management (plan assignments, allocation of funds, etc.), internal management and external control (verification of implementation).

1) It was typical for the USSR that an enterprise was given a plan and allocated funds for operational activities. The following Administrations managed GUSIMZ externally: the Ministry of Foreign Trade, the Ministry of Finance, the State Personnel Commission, the State Planning

¹⁶⁹ GA RF R5446/1/303/97, Postanovleniye Soveta Ministrov SSSR No. 1920 “O sostave kollegii Glavnogo Upravleniya Sovetskim Imushchestvom za granitsey pri Sovete Ministrov SSSR,” 06.06.1947.

¹⁷⁰ Records of the meetings of the Collegium can be found in the Register of secret documents: GA RF R5446/51a/623–630, Knigi ucheta sekretnykh dokumentov MID, MVT i GUSIMZ za 1949 god.

¹⁷¹ RGAE 413/13/5160/60, Otchet o rabote Otdela uchebnykh zavedeniy Ministerstva vneshney trgovli za 1946 god, 29.04.1947.

¹⁷² RGASPI 82/2/474/14–19, Doklad Merkulova Molotovu ob itogakh raboty GUSIMZ za 1946 god, 09.1947.

¹⁷³ GA RF R5446/50/3980/17, Doklad Merkulova Mikoyanu o studencheskoy praktike v Avstrii, 14.01.1948.

Commission and the State Bank, the Currency Committee, the Central Committee of the VKP(b) and finally the Council of Ministers.

2) At the same time, *khozraschet* rights allowed GUSIMZ to have a verdict at its own level. Internal management of GUSIMZ and USIVA can be named “collegial” since April 1947, i.e. management carried out by a group of authorized persons (collegium), with responsibility for a certain area of activity.

3) External control on plans implementation, central government and Party decisions, adherence to relevant laws, regulations, and various forms of the “Socialist discipline” was carried out by the Ministry of Foreign Trade (while subordinated to it, from 1945 until 1947 and from 1953 until 1955) and by the Ministry of State Control — *Goskontrol*’ that had the power to make on-the-spot inspections, audit books, and operate a system of periodic control over industrial enterprises and all other state establishments. The purpose of the inspection system was to promote fulfillment of government resolutions and production goals through exposure and elimination of defects in the financial and production operations of enterprises.

One form of control was the reports that GUSIMZ and USIVA sent to the above-mentioned ministries for further planning of activities. For instance, the Austrian Desk at the Ministry of Foreign Trade of the USSR collected USIA reports to study its role in the Austrian economy, its activities, as well as those of the Austrian government on political, economic, and financial issues. Yet another organization controlling enterprises was the Soviet Trade Mission in Austria. Reports were then sent to the Desk of Austria in the Ministry of Foreign Trade. It contained relevant information and proposals for further development and strengthening Soviet trade and economic relations. One of these reports dated September 30, 1946, contains crucial economic analysis of individual sectors of the Soviet zone of occupation: textile, paper, leather, engineering and metallurgy.¹⁷⁴ The purpose of the analysis was to provide an approximation of the needs of these industries and subsequent export opportunities. For instance, the report proposed supplying 70–80 % of manufactured products to the USSR domestic market as war compensation.

¹⁷⁴ RGAE 413/13/4983/1–3, Sovetskoye torgovoye predstavitel'stvo v Avstrii dokladyvayet zamestitelyu narkoma vneshney torgovli Ivanu Semichastnovu kratkiy analiz otdel'nykh otrasley promyshlennosti sovetskoy okkupatsionnoy zony Avstrii, 15.03.1946.

3. STAFF

Since the establishing of USIVA on March 28, 1946, vacancies had been occupied by specialists from the Central Army Group with relevant specialties, such as engineers and economists.¹⁷⁵ In the event of personnel shortages, requests for additional staff were directed to Anastas Mikoyan, who oversaw the establishment of GUSIMZ and USIVA.¹⁷⁶ In 1947 with their turn to self-financing or *khozraschet*, there was urgent need of Soviet personnel of various specialties able to work in free-market conditions, either in GUSIMZ Central Office in Moscow and on-site in Austria.

The year 1947 for USIVA was marked not only by a shift in the approach to economic activity but also by a transition from Soviet military personnel to civilian specialists. At the beginning of 1947, most positions at enterprises and factories were occupied by military engineering specialists. However, in October 1947, according to declassified CIA documents, the process of demobilizing military personnel and replacing them with civilian specialists in USIVA began.¹⁷⁷ In addition, the rotation of the military specialists and their withdrawal from military positions was the preparation of the USSR for negotiations on the Austrian issue for the V Session of the Council of Foreign Ministers in London from November to December 1947. It would help the Soviets assert that USIVA was deprived of military personnel and consisted of only technical specialists.¹⁷⁸

The dismissal of Yefim Borisov, USIVA Head, in October 1947 looked like changing a military specialist to a civilian one, but according to the CIA, his resignation was primarily attributed to the anti-Semitic campaign that took place in the USSR from 1947 to 1953, as it was linked to his Jewish background.¹⁷⁹ The shift also coincided with the name transformation: in early November 1947, USIVA (*Upravleniye Sovetskim Imushchestvom v Vostochnoy Avstrii*) was changed to USIA (*Upravleniye Sovetskim Imushchestvom v Avstrii*).

¹⁷⁵ GA RF R5446/48a/249/122, Doklad Kurasova Molotovu i Malenkovu o nabore sotrudnikov USIA, 08.05.1946.

¹⁷⁶ GA RF R5446/48a/249/123, Anastas Mikoyan — Vasiliyu Sergeyevu o kadrakh i shtatnom raspisanii GUSIMZ, 24.05.1946.

¹⁷⁷ CIA-RDP82-00457R000900850007-6, “Changes in USIVA factory administrations,” distributed on 07.10.1947.

¹⁷⁸ CIA-RDP82-00457R001000490008-3, “USIVA transactions,” 28.10.1947.

¹⁷⁹ CIA-RDP82-00457R001000030005-6, “Removal of USIVA Chief Borisov predicted,” distributed on 07.10.1947.

EDUCATIONAL PROGRAMS AND STUDENTS

Despite the transfer of GUSIMZ to the jurisdiction of the Council of Ministers in April 1947, the Ministry of Foreign Trade continued to fully supervise GUSIMZ and USIVA and be a supplier of personnel. Consequently, the Academy of Foreign Trade, the Institute of Foreign Trade, and the training and professional development courses for qualified employees of the Ministry of Foreign Trade took a leading role in preparing the personnel. All these educational institutions were located in one building at 4 Babushkin pereulok (now — 4 Luk'yanova Street) in Moscow. Their curriculum was compiled based on the orders of Anastas Mikoyan, the Minister of Foreign Trade (except for the years from 1949 to 1953, when he was discharged).

Each educational institution had its own specialization: the All-Union Academy of Foreign Trade, founded in 1931 by Anastas Mikoyan, prepared top and middle managers in the field of foreign trade. The Charter of the Academy of Foreign Trade established a 3-year term of study. Entrance exams were held in the Fundamentals of Marxism-Leninism (in the scope of the university), Russian language and literature (in the scope of secondary school), foreign language (in the scope of the university). The Charter noted that “the composition of the Academy’s students is completed from members and candidates of the All-Union Communist Party aged 22–30 years (in exceptional cases — 33), with completed higher education in technical, economic, legal and other specialties. During their stay at the Academy, students undergo industrial practice in the USSR and abroad.”¹⁸⁰ The Regulation on Foreign Practice stated that “students are sent on internships abroad to strengthen their foreign-language skills, gain practical work experience in a foreign organization, learn about the host country’s economy, foreign-trade practices, and culture, and collect the materials needed for their diploma thesis. For the period of practice, Academy students are placed at the disposal of the Trade Representative or the Head of the Supply Department, who bears personal responsibility for organizing and conducting practice according to the Academy program.”¹⁸¹ In 1946, the Academy released first post-war students, among them was Pyotr Gritchkin, the future USIA Head from 1954 to 1955.¹⁸²

¹⁸⁰ RGAE 413/13/4796/5–17, Sbornik ofitsial’nykh dokumentov, uchebnykh materialov i informatsii ob Akademii Vneshney Torgovli, dated 1946.

¹⁸¹ RGAE 413/13/4796/30, Sbornik ofitsial’nykh dokumentov, uchebnykh materialov i informatsii ob Akademii Vneshney Torgovli, dated 1946.

¹⁸² Pyotr Aleksandrovich Gritchkin (born 10.08.1912–died 25.11.1989). In 1946, he graduated from the Academy of Foreign Trade. In 1946–49, he was the Deputy Trade Representative of the USSR in Austria; in 1949–51, he was a Trade Representative of the USSR in Austria; in 1951–53, he was the Head of the Second Import Directorate of

The Institute of Foreign Trade offered a 5-year course in the faculties: Commercial, Monetary and Financial, Legal and Transport Departments. It prepared trained personnel for operational and computing tasks. The enrollment did not require a complete higher education. Educational program also assumed industrial practice in the USSR and abroad.¹⁸³

Another difference was the gender composition of the educational institutions. Although the Academy's charter permitted both men and women to be enrolled, in practice no more than one woman per year was admitted. By contrast, women constituted at least 40 % of the students at the Institute of Foreign Trade—321 out of 803 (in 1946). In the staffing rosters of GUSIMZ and USIVA, however, women were absent from top management and were concentrated in operational roles, including accounting, typing, and translation.

The educational institutions' curricula were a direct reflection of the Soviet government's intentions regarding the needs of the GUSIMZ system, and enterprises in Austria, in particular. Between 1945 and 1946, student training at the Institute and Academy of Foreign Trade was not yet oriented toward asset management, as the principle of on-site property administration was still being developed. During this period, the USSR primarily focused on exporting property from the occupied territories as war trophies, and therefore, students were assigned exclusively to the Reparations and Supplies Department of the *SChSK* or the Trade Mission of Austria.

Special training of new personnel for asset management began immediately after the reorganization of GUSIMZ on April 25, 1947. Already on April 29, Petr Baranov, the Deputy Head of the Department of Educational Institutions, reported that “to meet the Ministry's demand for mid-level accountants, recruitment into accounting courses was planned to be completed in 1947, considering the needs of GUSIMZ. Priority was to be given to individuals who not only possessed secondary education but also had prior accounting experience and required specialized training for work in Soviet GUSIMZ enterprises abroad and in mixed joint-stock companies.”¹⁸⁴ Since then, new subjects were approved by the Ministry's leadership and incorporated into the

the Ministry of Foreign Trade in Moscow, engaged in the import of foreign technology and equipment, in 1954–55 was Head of USIA; RGAE 870/244/7159, Lichnoye delo Petra Aleksandrovicha Gritchina, sotrudnika Ministerstva vneshney trgovli SSSR, 1943–71.

¹⁸³ RGAE 413/13/5160/19, Otchet Departamenta uchebnykh zavedeniy Ministerstva Vneshney Torgovli o rabote za 1946 god.

¹⁸⁴ RGAE 413/13/5160/61, Otchet Departamenta uchebnykh zavedeniy Ministerstva Vneshney Torgovli o rabote za 1946 god, 29.04.1947.

Academy's program. According to the reports of the Ministry of Foreign Trade, the teachers took specific obligations to provide the relevant assistance to the organizations of the Ministry of Foreign Trade system and GUSIMZ. For example, at the Academy, GUSIMZ specialists gave lectures: A. Garin, the Head of Legal Department — "Organizational structure of GUSIMZ and legal provisions of Soviet and mixed joint-stock companies abroad," Kabalevskiy, an engineer — "Enterprises of Soviet and mixed joint-stock companies, their products and raw material base," and "Fundamentals of production accounting and costing in GUSIMZ enterprises," Timofey Kaplun, the Deputy Chief at Sales and Supply Department — "Commercial activities of Soviet enterprises abroad," and "Market conditions of the main types of raw materials and products of GUSIMZ," A. Rukhlenko, Planning and economic Department — "Peculiarity of planning in the system GUSIMZ," Nikolay Grachev, the Deputy Chief Accountant — "Fundamentals of production accounting and costing in enterprises Fundamentals of production accounting and costing in enterprises."¹⁸⁵ Overall, for delivering 20 lectures at the Institute of Foreign Trade, Vsevolod Merkulov, the Head of GUSIMZ, received a formal letter of gratitude.¹⁸⁶

In 1947, the Institute introduced a course titled "the Doctrine of the Market Conditions" for third-year students.¹⁸⁷ Since 1948, two new disciplines were introduced at its Commercial, Currency and Finance faculties — "Organization and planning of enterprises" and "Industrial accounting and calculation."¹⁸⁸ On October 20, 1948, the Council of Ministers of the USSR issued Order No. 15279/r establishing training courses at the Institute of Foreign Trade for GUSIMZ chief accountants, deputy chief accountants, and accountant-auditors.¹⁸⁹ Upon completing the courses, students prepared diploma theses that examined issues arising from the needs of the newly established GUSIMZ system: "Oil Industry of Austria" (by M. Rostovtsev), "Ferrous Metallurgy of Austria" (by A. Kichatov),¹⁹⁰ and "Organization of Management and Commercial Activities of Soviet Industrial Enterprises Abroad" (by N. Oznobin).¹⁹¹

¹⁸⁵ RGAE 413/13/5963/145–148, Prilozheniye 6 i 8. Plan organizatsii seminarских zanyatiy po izucheniyu ekonomiki otdel'nykh stran dlya studentov 3 kursa Akademii na 1947–48 uchebnyy god, Vvodnyye leksii, 06.1948.

¹⁸⁶ RGAE 413/13/5964/4, Otchet Instituta Vneshney Torgovli o rabote za 1947–48 uchebnyy god.

¹⁸⁷ RGAE 413/13/5618/6, Otchet Instituta Vneshney Torgovli o rabote za 1946–47 uchebnyy god.

¹⁸⁸ RGAE 413/13/5962/11, Otchet Ministerstva Vneshney Torgovli o rabote uchebnykh zavedeniy za 1948 god.

¹⁸⁹ RGAE 1/2/3170/57–58, Zapros v Gosudarstvennuyu shtatnuyu komissiyu, 10.09.1949.

¹⁹⁰ RGAE 413/13/5617/128, Otchet Vsesoyuznoy Akademii Vneshney Torgovli po uchebnoy i nauchnoy rabote za 1946–47 uchebnyy god, 07.1947.

¹⁹¹ RGAE 413/13/5963/62, Otchet Vsesoyuznoy Akademii Vneshney Torgovli o rabote za 1947–48 uchebnyy god, 06.1948.

Despite the efforts, the reports of educational institutions reveal the negative aspects of the educational process. For instance, the transcript of the speech of the Academy graduates at a meeting with the Deputy Minister on November 1, 1947, reveals that the subject “Conjuncture of World Commodity Markets” provided too superficial knowledge, and was labeled as one of the weakest disciplines in the Academy. Another drawback concerns language instruction: the German vocabulary offered is inadequate, especially with respect to economic terminology. In the specialization phase, the chosen foreign language is not linked to the study of the economies of the countries in which that language is used.¹⁹²

The curricula at the Institute and Academy implied industrial practice in GUSIMZ system in the USSR and abroad, including Austria. However, delays in the processing of exit visas by the VKP(b)/CPSU Central Committee disrupted industrial training schedules abroad; in many cases, training occurred outside the country of the target language. The number of Institute of Foreign Trade students who undertook practical training at GUSIMZ was as follows:

- 1) From November until December 1947: (a) 71 out of 163 students of year IV; (b) 57 out of 136 students of year V.¹⁹³
- 2) From September 1, 1950, to January 18, 1951, year V students: 53 students had practice at GUSIMZ.¹⁹⁴
- 3) From 1951 to 1952: 42 students had practice at GUSIMZ.¹⁹⁵
- 4) From September 1, 1954, to January 1955: 39 students had practice at GUSIMZ.¹⁹⁶

In 1950, the Academy launched training for year III students at the Directorates and Departments of GUSIMZ. The primary purpose of the practical training was to familiarize students with the GUSIMZ system and to help them acquire practical skills in operational work. In particular, the training covered the position and organizational structure of GUSIMZ; the activities of its territorial, sectoral, and functional departments; the system for organizing and planning the work of Soviet enterprises abroad; the characteristics of individual joint-stock companies in different

¹⁹² RGAE 413/13/5616/19–22, Stenogramma zasedaniya vypusnikov Akademii Vneshney Torgovli, sostoyavshegosya 1 noyabrya 1947 goda v Ministerstve Vneshney Torgovli, 01.11.1947.

¹⁹³ RGAE 413/13/5964/27–30, Otchet Instituta Vneshney Torgovli o rabote za 1947–48 uchebnyy god, dated 1948.

¹⁹⁴ RGAE 413/13/6902, Otchet Instituta Vneshney Torgovli o rabote za 1950–51 uchebnyy god academic year, dated 1951.

¹⁹⁵ RGAE 413/13/7090/38, Otchet Instituta Vneshney Torgovli o rabote za 1951–52 uchebnyy god academic year, 06.1952.

¹⁹⁶ RGAE 413/13/7683/23, Otchet Instituta Vneshney Torgovli o rabote za 1954–55 uchebnyy god, dated 1955.

countries; the system for planning supplies for GUSIMZ and for the national economy of the USSR.

In addition, the Deputy Head of GUSIMZ approved the lectures series suggested by the Academy, which was delivered by senior GUSIMZ staff: legal status of Soviet property abroad and the structure of the Main Directorate; planning of production and business activities of Soviet enterprises abroad; organization and technology of commercial work in the Main Directorate system; issues of supply and delivery in the Main Directorate system; features of accounting and analysis of business activities of Soviet enterprises abroad.¹⁹⁷

In January 1952, the Academy established a new department — Economics and Organization of Soviet Enterprises Abroad. Its leadership was assigned to M. Zalutskiy, Head of GUSIMZ's Planning and Financial Department, and to V. Kontorovich, Candidate of Economic Sciences. The department also organized seminars and international training programs for students.

Apparently, the turning point in the activities to curtail GUSIMZ and USIA was Stalin's death in 1953.¹⁹⁸ The Resolution No. 77-75 of the Council of Ministers, issued on January 18, 1954, required the Academy to improve the teaching of social disciplines. Consequently, the Academic Council of the Academy of Foreign Trade adopted a new curriculum, discontinued the GUSIMZ specialization, and abolished the Department of Economics and Organization of Soviet Enterprises Abroad. At the same time, the Resolution of the Council of Ministers No. 272, issued on February 12, 1954, relieved Vasiliy Sergeyev of his duties as Deputy Minister of Foreign Trade and Head of GUSIMZ and appointed Yakov Yushin to replace him.¹⁹⁹ After 1954, the number of students assigned to GUSIMZ for practical training declined. The final training placement in Austria likely

¹⁹⁷ RGAE 413/13/6900/23–24, Otchet Vsesoyuznoy Akademii Vneshney Torgovli o rabote za 1950–51 uchebnyy god.

¹⁹⁸ Michail Prozumenščikov, "Nach Stalins Tod," in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 729–53.

¹⁹⁹ Yakov Vasil'yevich Yushin (born 1907–died after 1982). Before 1954, he was a Deputy Minister of Oil Industry and Member of its Board. An author of several books about Oil industry. In 1957–83, he worked in the central office of *Gossnab*; RGAE 8627/21/643, Lichnoye delo rabotnika Ministerstva neftyanoy promyshlennosti Yakova Vasil'yevicha Yushina, 01.03.1946–23.10.1954; RGAE 157/12/1793, Lichnoye delo kadrovogo rabotnika Gossnaba Yakova Vasil'yevicha Yushina, 23.05.1957–31.08.1983.

occurred between September 1 and October 1, 1954, when nine Academy students undertook their practical training at USIA.²⁰⁰

THE STRUCTURE OF USIA AND GUSIMZ, AND THEIR TOP MANAGERS

Indeed, the All-Union Academy of Foreign Trade served as the principal source of top-managers for both GUSIMZ and USIA. According to CIA estimates, about 20 Academy graduates²⁰¹ worked at USIA, whose staff averaged roughly 475 employees.²⁰² Overall, the number of Academy graduates employed at USIA remained limited because USIA hired only students with excellent or good academic records.

Soviet documents provide names of specialists graduated from the Academy of Foreign Trade and the Institute for the GUSIMZ and USIA system: Pyotr Alekseyevich Gritchin (USIA Head, 1953–55), Anatoliy Krut'ko (a mechanical engineer and USIA Deputy Head, 1954–55, V. Likhanov (deputy assistant of GUSIMZ Head in 1950 and deputy assistant of USIA Head in 1952), Aleksandr Kurmazenko (the Deputy Head of the united Administration for Austria and Finland, 1953–55), and minor GUSIMZ officials — V. Kuplenskiy, Petr Kaftanov, Boris Oleynik, N. Oznobin, V. Merkulov (not a relative of Vsevolod Merkulov), V. Kabanin, N. Komarov, etc.

The analysis of documents and staffing schedules allows us to detect USIA Heads by year.²⁰³ An important piece of evidence in this regard is a CIA report, which confirms that the Soviet policy towards Head Chiefs was 24–30 months of abroad work and then recall to Moscow.²⁰⁴ USIA Heads worked on-site in Austria, while the chief of GUSIMZ's II Directorate (Austria) worked in Moscow. For instance, in 1949, the chief of USIA on-site was Tikhomirov and the chief of GUSIMZ's II Directorate in Moscow was Nikanorov; in 1952, the chief of USIA on-site was Krivoshein and the chief of GUSIMZ's II Directorate — Akopov.

²⁰⁰ RGAE 413/13/7682/52–67, Otchet Vsesoyuznoy Akademii Vneshney Torgovli o rabote za 1954–55 uchebnyy god, 14.09.1955.

²⁰¹ CIA-RDP82-00046R000400060004-7/3, "Foreign Trade Academy in Moscow," distributed on 22.06.1954.

²⁰² GA RF R5446/49a/381/6, Ob ofitsial'nykh zarplatakh sovetskikh rabochikh v Avstarii, 10.1947.

²⁰³ See the table of USIA Heads in Annex.

²⁰⁴ CIA-RDP82-00457R004900130002-6, "Personnel changes in USIA's Construction and Building Materials Administration," distributed on 22.05.1950.

With respect to USIA's structure, Otto Klambauer observed that it closely resembled that of USIG, which featured the same departmental layout and chain of command.²⁰⁵ Hubert Steiner offered the most precise description of USIA's structure and hierarchy, and his account has since been confirmed by recently declassified CIA materials as well as newly uncovered Soviet documents. Between 1946 and 1955, the top tier of USIA's hierarchy remained constant: the Head and his deputies on technical matters, on commercial matters with subdepartments (ORT (*Otdel Roznichnoy Torgovli*) — the Retail Department, commercial department, financial department, conjuncture bureau) and chancellery with subdepartments (First department, planning and economic department, legal department, personnel department, audit department, economic department, Chief accountant).²⁰⁶ Sometimes instead of the chancellery, the documents mention the third Deputy — Assistant on personnel. The USIA Head passed instructions to directors of the joint-stock companies:²⁰⁷ *Avtovelo, Kabel', Kraska, Marten, Pod'yomnik, Tekstil', Vkus, Tsement, Les* (agriculture and forest products, manufacturing paper, barrels and other wood products). In general, both Soviet and CIA documents usually “forget” to specify yet another company “Wien-film am Rosenhügel” that functioned until 1955 and was a part of USIA as well.

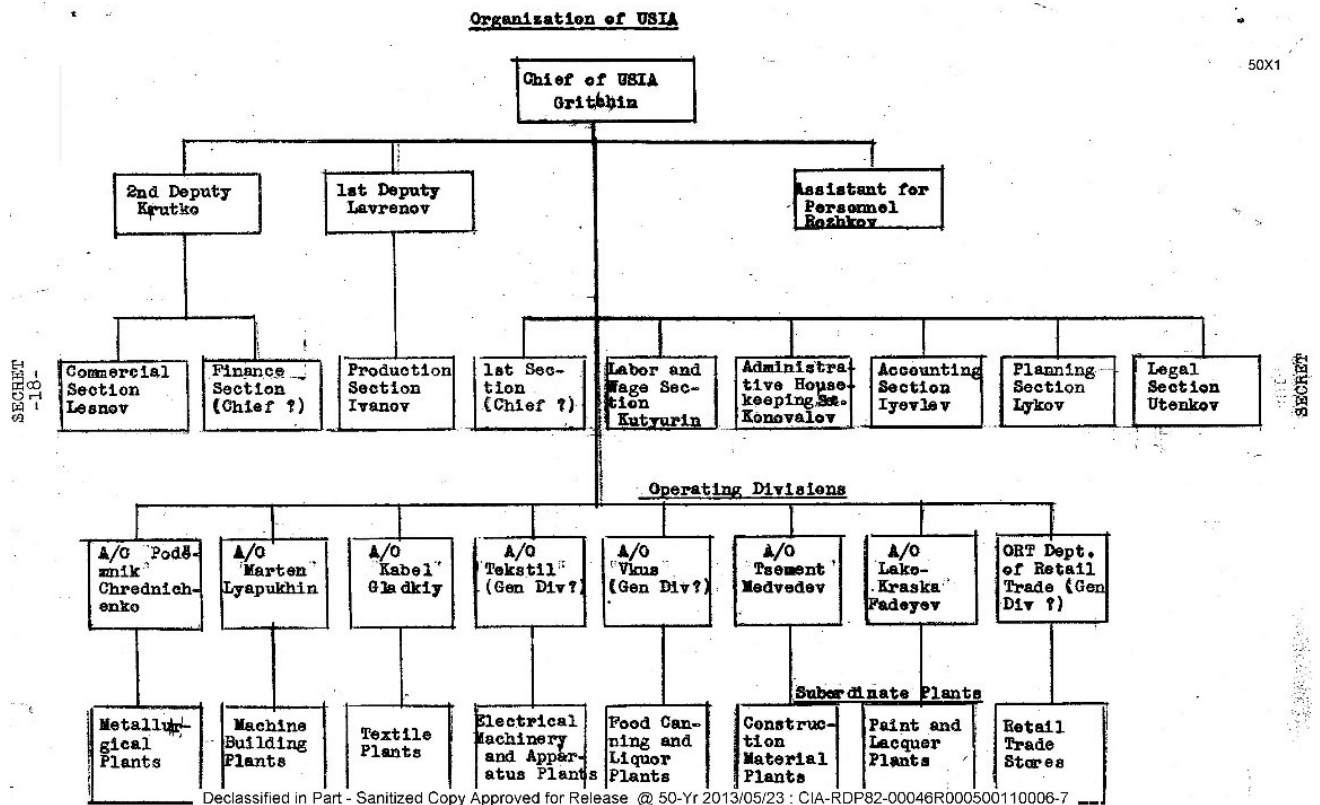
The year 1954 brought the most serious changes — the whole USIA top management was replaced: the Head, deputy chiefs, heads of various sections, such as the Commercial Section, Finance Section, Administration Section, Political Section, etc. As an example, the CIA provides scheme of USIA in its final stage:²⁰⁸

²⁰⁵ Otto Klambauer, “Die USIA-Betriebe“ (Phil. Diss., Universität Wien, 1978), 276.

²⁰⁶ CIA-RDP82-00046R000500110006-7/18, “GUSIMZ and USIA,” distributed on 31.05.1955; GA RF R5446/86a/10820/6, Skhema USIA v 1952, dated 02.1952; Hubert Steiner, “Die USIA-Betriebe, ihre Gründung, Organisation und Rückgabe in die österreichische Hoheitsverwaltung,” *Mitteilungen des Österreichischen Staatsarchivs* 43 (1993): 206–8.

²⁰⁷ CIA-RDP82-00046R000500110006-7/10–11, “GUSIMZ and USIA,” distributed on 31.05.1955.

²⁰⁸ CIA-RDP82-00046R000500040004-8/2–3, “Soviet attempts to strengthen their position in Austria,” distributed on 29.04.1955.



In early 1954, Pyotr Gritchin was appointed USIA Head. According to a CIA report, "he would pass instructions to the general directors of *Kabel'*, *Marten*, *Pod'yomnik*, *Tekstil'*, *Vkus*, *Tsement*, and *Lako Kraska*. If the instruction is to be passed to a lower level, each director would then call a meeting of chiefs of sections in his department and plant directors."²⁰⁹

In subordination to the Head, there were two deputies and one assistant. Lavrenov, the Deputy for technical matters and Chief Engineer, had the principal responsibilities: (a) Overall responsibility for the condition of machinery and equipment in USIA plants and the approval of plans for capital investment and capital repairs in USIA plants; (b) Supervision of production plan fulfillment by USIA plants; (c) Overall responsibility for safety and fire prevention measures in USIA; (d) Supervision of chief engineers in USIA's staff sections and operating divisions.

²⁰⁹ CIA-RDP82-00046R000500040005-7/1, "Channel for Government and Party Directives from Moscow to Soviet Industrial Enterprises in Austria," distributed on 29.04.1955.

Anatoliy Krut'ko,²¹⁰ the Deputy for Commercial matters, “had the principal responsibilities: (a) Responsibility for guaranteeing and executing commercial agreements for USIA; (b) Overall responsibility for dispatching salesmen to various countries to obtain orders for USIA plants; (c) Responsibility for the procurement of raw materials; (d) Supervision of the procurement of credit from the Military Bank for USIA administrative units and plants, and the utilization of this credit; (e) The commercial and finance staff sections of USIA were subordinate to Krut'ko.”

Rozhkov, an assistant of USIA personnel matters for both Soviet and Austrian personnel, came to USIA in 1953 from Eastern Germany. According to a CIA report, “he had a staff of about five to eight assistants whose main functions included watching over the “minds” and behavior of USIA employees, regulating leaves, and setting up foreign language classes for Soviet officials.”²¹¹

After transferring the enterprises to Austria, on August 13, 1955, USIA was dissolved. Its Head, Pyotr Gritchin, remained in Austria until the beginning of 1956 to settle his responsibilities within the USIA framework. He outlined his rich experience of working in Austria, as well as in the Federal Republic of Germany and the People's Republic of Bulgaria, in his work “*Nekotoryye voprosy organizatsii raboty sovetskogo zagranapparata*,” which contains a description of episodes that took place during work in Austria.²¹² In 1956, he was appointed a Chief at a newly established All-Union Foreign Trade Organization *AVTOEKSPORT*.

As for GUSIMZ, in August 1946, the staffing schedule was approved,²¹³ outlining the structure of its central office that included the functional departments: Administration of enterprises of the oil and coal industry, Administration of enterprises of the mining and metallurgical industry, Administration of enterprises of mechanical engineering, machine tool building, instrument making, precision mechanics and electrical industry, Administration of enterprises of the chemical

²¹⁰ Anatoliy Kirillovich Krut'ko graduated from the Academy of Foreign Trade in 1948. Until 1953, he worked in USIG. In 1954–55, he worked in USIA; RGAE 870/250/14272, tom II, Lichnoye delo Anatoliya Kirillovicha Krut'ko, rabotnika Ministerstva vneshney torgovli SSSR, 1948–66.

²¹¹ CIA-RDP82-00046R000500110006-7/6, “GUSIMZ and USIA,” distributed on 31.05.1955.

²¹² P. Gritchin, “*Nekotoryye voprosy organizatsii raboty sovetskogo zagranapparata*, 1979–81,” archived 17.05.2022, https://web.archive.org/web/20220517201436/http://%D0%BF%D0%B5%D1%82%D1%80%D0%B3%D1%80%D0%B8%D1%82%D1%87%D0%B8%D0%BD.%D1%80%D1%84/?page_id=9.

²¹³ RGAE 1/2/2026/243, Materialy po rassmotreniyu i utverzhdeniyu shtatov Minvneshtorga SSSR, 06–10.1946; GA RF R5446/1/283/89, Postanovleniye Soveta Ministrov No. 1926 “Ob utverzhdenii polozheniya i struktury GUSIMZ,” 29.08.1946.

industry, Administration of enterprises of the forestry and pulp and paper industry, Administration of enterprises of the Light, Textile and Food industries, Administration of Sea and River transport, Administration of civil aviation, Planning and Economic Department, Currency and Financial Department, Geological exploration department, Supply department, Commercial department, Personnel department, Legal department, Department of labor and wages, Technical department, Central accounting office, Audit Department, Administrative and Economic Department, Secret and Encryption Department, Secretariat of the administration, Control and Inspection group, Translation Bureau, Technical library and Archive.

In April 1947, GUSIMZ was subordinated to the Council of Ministers of the USSR and transitioned to a *khozraschet* model. A new regulation significantly expanded GUSIMZ's functions and responsibilities: the functional departments were dissolved and replaced with 15 boards of joint-stock companies organized by industry sector — *Avtovelo, Kraska, Kabel', Marten, Pod"yomnik, Tekstil', Vkus, Tsement, Les, etc.* A main board was established under the Head of GUSIMZ, and regional representatives were appointed in various countries to coordinate Soviet enterprise activities and maintain relations with local government bodies. To manage Soviet enterprises abroad, branches of the joint-stock companies were set up within these countries, grouping enterprises by relevant sectors.

In December 1948, the structure of GUSIMZ underwent changes: in the central office, the boards of joint-stock companies such as *Pod"yomnik, Avtovelo, Tekstil'*, etc. were liquidated. In their place, the country-specific Departments were created and were officially approved by Mikoyan's Resolution on March 30, 1949.²¹⁴ In the emerging Cold War, this transformation could have been caused by general shift of GUSIMZ towards 'secrecy,' as the figures of the departments could not convey the essence and geography of their activities: I Department (Germany); II Department (Austria); III Department (Hungary); IV Department (Romania); V Department (Bulgaria); VI Department (Finland); VII Department (the Far East); VIII Department (Wismut in Germany). Each Department managed the above-mentioned joint-stock companies. A separate Department was formed for Mongolia with the joint-stock company "Ulaanbaatar Railway." Another separate

²¹⁴ GA RF R5446/51a/624, Entry No.812, Kniga ucheta No. 2 sekretnykh dokumentov MID, MVT i GUSIMZ za 1949 god: o prisvoenii numerov upravleniyam GUSIMZ (s rezolyutsiyey Mikoyana), 30.03.1949.

Department was formed in the People's Republic of China (Manchuria) with the joint-stock companies “*Dal'energo*” and “*Neftepererabotka*” managed by the Ministry of Armed Forces.²¹⁵

The year 1952 and especially 1954–55, was a time of sale of Soviet enterprises and the liquidation of branches of Soviet joint-stock companies abroad.²¹⁶ So far, by December 1954, only three directorates subordinate to GUSIMZ remained: Directorate for Mining and Mineral Resources (it controlled oil enterprises, including SMV), the Directorate for China, and the merged Directorate for Austria and Finland run by Vishnyakov, the Head, the Aleksandr Kurmazenko, the Deputy Head.²¹⁷

A CIA report says, that due to liquidation process, in September or October 1954, GUSIMZ suffered a drastic cut in personnel, about 75 %.²¹⁸ This is confirmed by the staffing schedule of GUSIMZ, which in 1954 numbered 1,025 units, and in 1955 (considering the Directorate for Austria and Finland in operation) — 393 units.²¹⁹

The Resolution of the Council of Ministers No. 272 of February 12, 1954, dismissed Vasilii Sergeyev, the Head of GUSIMZ, from the position of Deputy Minister of Foreign Trade. The same Resolution appointed Yakov Yushin the Deputy Minister of Foreign Trade. Although the Resolution did not directly mention GUSIMZ, under the existing management structure the position of Head of GUSIMZ was required to be occupied by a Deputy Minister of Foreign Trade. Consequently, Sergeev's dismissal from the deputy ministerial post automatically entailed his removal from GUSIMZ. Notably, Yakov Yushin was an oil specialist who had previously worked in the Ministry of the Oil Industry. His appointment therefore reflected the USSR's priorities in the forthcoming state-treaty negotiations: once agreement had been reached on the \$150 million

²¹⁵ Vladimir Zakharov, *Deyatel'nost' Upravleniya SVAG po izucheniyu dostizheniy nemetskoy nauki i tekhniki v Sovetskoy zone okkupatsii Germanii, 1945–49* (Moskva: Rossiyskaya politicheskaya entsiklopediya, 2007), 622.

²¹⁶ Ibid.

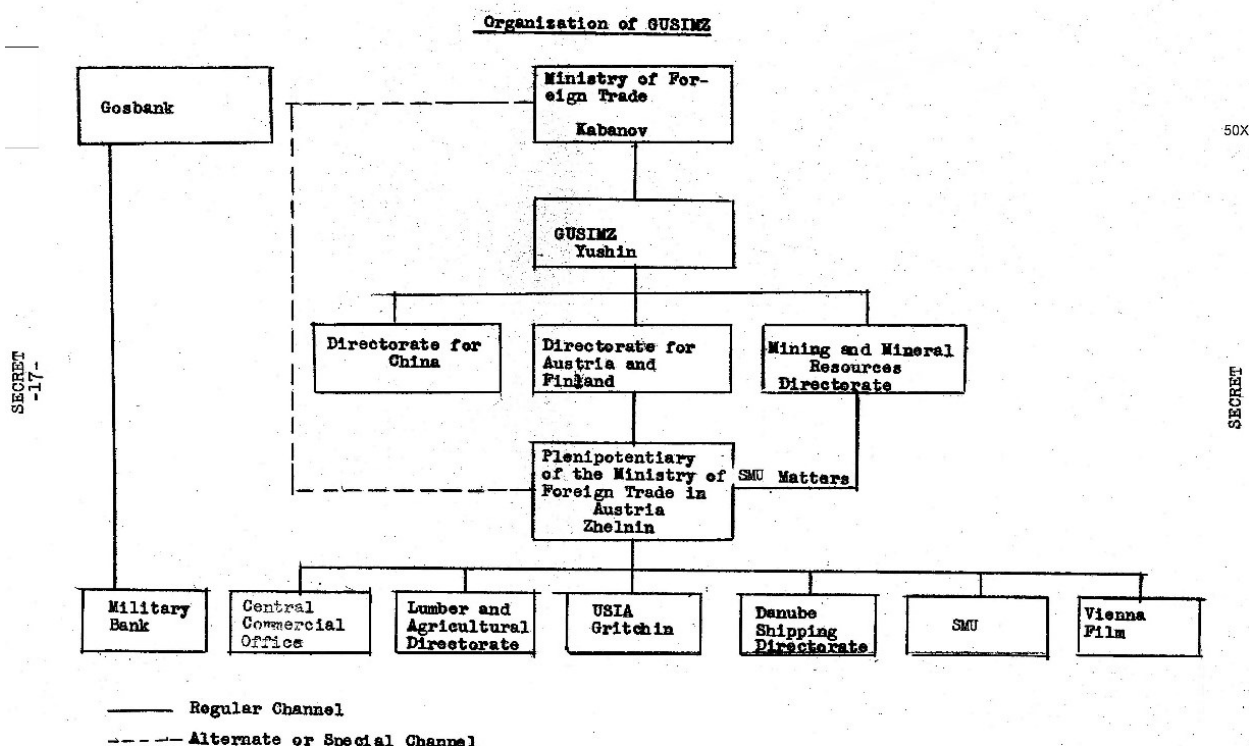
²¹⁷ Aleksandr Kurmazenko (born 1917–died after 2007). In 1948, he graduated from the Academy of Foreign Trade. RGAE 870/250/17638, tom II, Lichnoye delo rabotnika Ministerstva vneshney torgovli SSSR Kurmazenko Aleksandra Kirillovicha, 1948–85. Aleksandr Kurmazenko is most famous for the USIA final report: RGANI 5/28/331/329–333, Spravka zamestitelya nachal'nika Upravleniya sovetского imushchestva v Avstrii i Finlyandii A.K. Kurmazenko o predpriyatiyakh, vkhodivshikh v sostav USIA, 25.11.1955. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 598–602.

²¹⁸ CIA-RDP82-00046R000500110006-7/2, “GUSIMZ and USIA,” distributed on 31.05.1955.

²¹⁹ RGAE 7733/44/1155/93, tom I, Shtatnoye raspisaniye GUSIMZ po Ministerstvu vneshney torgovli na 1955 god.

payment, attention was expected to turn to the oil question. A CIA report says that from 1954 until GUSIMZ's dissolution, the chain of command was as follows:²²⁰

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The scheme indicates that in 1953–55 a liaison position existed between the II Directorate of GUSIMZ and USIA. This post was created to coordinate Soviet economic operations in Austria—such as between USIA and the SMV—at the Austrian level rather than in Moscow, as had been the case prior to 1953. The position had been occupied by Sergey Zholnin (born 1902–died 1982). After he transmitted instructions from the Soviet government to Soviet industrial elements in Austria, these directives were received by the Trade Mission, the Lumber Directorate, the DDSG, USIA, and other organizations. For operational work, according to a CIA report, “Sergey Zholnin²²¹ had a Soviet staff of about 15 individuals and was granted directional authority over all Soviet economic organizations in Austria with power to make on-the-spot decisions on most matters and send reports directly to the Minister of Foreign Trade, avoiding regular GUSIMZ channels whenever necessary in order to speed up action on important matters and avoid bureaucratic red tape.” In the CPSU papers, Sergey Zholnin was known as the “authorized

²²⁰ CIA-RDP82-00046R000500110006-7/17, “GUSIMZ and USIA,” distributed on 31.05.1955.

²²¹ CIA-RDP82-00046R000500110006-7/4, “GUSIMZ and USIA,” distributed on 31.05.1955. The document incorrectly states the last name as “Zhelnin.”

representative of the USSR Ministry of Foreign Trade in Austria,” but in fact he held a position of GUSIMZ Commissioner, established in the office of the Soviet High Commissioner for Austria by the CPSU Politburo Resolution No. 4352-1947ss of November 1, 1951.

In relation to previous Heads of GUSIMZ, an investigation by the Ministry of State Control was launched in the spring and summer of 1954. It established that due to the fault of the former Chiefs of GUSIMZ and USIA, many identified former German assets in Eastern Austria by 1950 were not accepted into the ownership of the Soviet Union, and some of the accepted enterprises were illegally returned to their former owners. According to USIA data of July 20, 1950, 140 industrial enterprises and firms, 69 commercial enterprises, 27 agricultural estates, etc. remained unaccepted into the ownership. The Soviet Union suffered significant material losses because GUSIMZ and USIA, acting without authorization from the USSR government, returned several acquired assets to their former owners and demolished certain key facilities. The Ministry of State Control considered it necessary to apply to the Chief Prosecutor of the USSR for investigation and bringing those responsible to justice. Georgiy Malenkov instructed the Ministry of Foreign Trade to provide explanations and take measures. He also instructed Anastas Mikoyan to consider the issue of the former German assets in Eastern Austria that were identified but not accepted.²²²

However, the subsequent careers of the chiefs suggest that they were never held accountable for their activities in GUSIMZ: Vsevolod Merkulov was executed within the framework of the “Beria case” in 1953; Vasiliy Sergeyev, after his dismissal in 1954, remained a member of the Collegium of the Ministry of Foreign Trade and, on 21 July 1955, was appointed the representative of the Main Administration for Economic Relations with the People’s Democracies in India²²³ established in January 1955 under the Council of Ministers. This Administration was created to manage the expanding economic cooperation with the Countries of People’s democracy and was responsible for supplying equipment, designing projects, and participating in industrial construction.²²⁴

Despite the negotiations that began in the spring 1955, regular operations regarding GUSIMZ continued to exist. For example, in June 1955, the staffing schedule of the Ministry of Foreign

²²² RGASPI 82/2/441/89, Ministr gosudarstvennogo kontrolya Zhavoronkov — v Sovet Ministrov SSSR o neprinyatykh aktivakh v Vostochnoy Avstrii, 08.1954.

²²³ GA RF R5446/1/643/349, Postanovleniye Soveta Ministrov SSSR No. 1324, dated 21.07.1955.

²²⁴ RGASPI 84/1/119/28, Diktovka vospominaniy Mikoyana, 1960s.

Trade was registered,²²⁵ in which Yakov Yushin, the Head of GUSIMZ and the Deputy Minister of Foreign Trade, was assigned with a salary of 5,000 rubles; Pyotr Shmakov, Ivan Lebedev, and I. Golodov were Deputy Head Officers with a monthly salary of 4,500 rubles. P. Levitsky was the Head of SMV, Yevgeniy Zaporozhtsev was the Chief Accountant of GUSIMZ, and P. Karabanov was the Head of the Administrative and Economic Department. In total, excluding security personnel, there were 368 positions, with a salary budget of 516,265 rubles. GUSIMZ was dissolved on June 1, 1956.²²⁶

THE HIRING PROCESS FOR MIDDLE MANAGERS

The USSR was a country where the right to leave the country had to be obtained with exit visas. The system could not compromise these rules even to organize the work of its enterprises abroad. To meet its staffing needs, GUSIMZ submitted draft Resolutions detailing the required number of personnel to the Central Committee of the VKP(b), which in turn circulated them to the relevant ministries. The ministries then selected and recruited suitable candidates from among their employees. The exchange of data on candidates took place at the level of the Central Office of each Ministry and the Staff Department of GUSIMZ. The employment procedure did not require compulsory membership of the Communist Party of Bolsheviks. In particular, the required documents were an employment record book and a passport.²²⁷

The approximate amount of work is shown in the report of the Ministry of Food Industry in 1948.²²⁸ Its Staff Department was obliged to recruit 28 people into GUSIMZ and thus had to call 100 people for job interviews from April to November 1948. Many people often declined opportunities to work abroad for a variety of reasons, one of which was the challenge of securing employment afterward for those who had worked abroad.²²⁹ After candidates fitting the criteria were selected, the Ministry of Foreign Trade formed a request to the Commission for Foreign Travel under the Central Committee of the Central Committee of the All-Union Communist Party

²²⁵ RGAE 7733/44/1155/93, Shtatnoye raspisaniye Ministerstva vneshney torgovli na 1955 god, 30.06.1955.

²²⁶ See the table of GUSIMZ Heads in Annex.

²²⁷ GA RF 5452/30/674/2–7, Tsentral'nyy komitet profsoyuza rabotnikov vneshney torgovli. Poryadok priyema na rabotu i uvol'neniya rabochikh i sluzhashchikh, 06.08.1951.

²²⁸ RGAE 8543/8/862/7, Informatsiya o khode vypolneniya Postanovleniya Sekretariata TsK VKP(b), 19.03.1948.

²²⁹ RGASPI 82/2/427/199, Vsevolod Merkulov — Stalinu po kadrovomu obespecheniyu GUSIMZ, 11.06.1949.

of Bolsheviks to allow employees travel abroad (from June 1947 to May 1949, the Commission was called the Bureau for Foreign Travel and the USSR Entries at the Council of Ministers).

The Commission for Foreign Travel under the Central Committee of the Communist Party of Bolsheviks had excessive work of processing the files and various kinds of papers necessary for traveling abroad. This led to delays of staff departure and student practice abroad. It interfered with the educational process and setting up the production in Austria and other countries. Moreover, it affected GUSIMZ hiring policy: the staffing schedules from 1947 to 1955 show the same people at different positions, as the employment of new people abroad was associated with a huge amount of bureaucratic work, and the pool of new employees was artificially shortened by Soviet ideology and Communist party demands.

Each new candidate had to pass three stages: 1) the formation of an “exit case;” 2) final decision-making; 3) the Ministry of Foreign Affairs issued a Soviet abroad passport, provided an employee with currency and a train ticket on the route Moscow–Kyiv–Lviv–Chop–Vienna. Only the Heads and the deputies of GUSIMZ and USIA traveled by planes. For traveling families with children, the Ministry of Foreign Trade provided an option of boarding school, located in the same building with GUSIMZ at 9A Bol’shaya Pirogovskaya Street in Moscow.

One of the options for going abroad through GUSIMZ was a business trip. GUSIMZ managed various enterprises with advanced equipment, which was of interest to Ministers and directors of enterprises in the USSR. A request to send specialists, usually engineers, to certain factories to study documentation or order equipment for Soviet enterprises was sent to the Head of GUSIMZ. For instance, in 1949, the Ministry of Forestry and Paper Industry sent four engineers to the Voith plant to select technical documentation and exchange experience.²³⁰

The salaries for Soviet workers were equal to salaries of abroad institutions of the Ministry of Foreign Trade, and first were established by the Council of Ministers, then by the State Staff Commission, and since 1953, due to the death of Lev Mekhlis, the Chief of the State Staff Commission, its functions were taken over by the Ministry of Finance. The examples of monthly salaries and staffing schedules of GUSIMZ proposed by Vasiliy Sergeyev on behalf of the Council of Ministers in 1946: the Head — 3,000 rubles, the Deputy Head — 2,700 rubles, a Head of Directorate of enterprises in the light, textile and food industries — 2,800 rubles. The lowest

²³⁰ GA RF R5446/51a/4349/1, O komandirovke chetyrekh inzhenerov na zavod Voith v Avstrii, 11.10.1949.

salaries were always assigned to a secretary-stenographer — 600 rubles.²³¹ For reference, the average Soviet salaries during this period ranged from 400 to 800 rubles per month²³² (in 1946 currency rate of ruble to schilling was 1 to 1).²³³

Salaries for Austrian workers were established according to Austrian Collective Agreements, in particular, the documents²³⁴ of USIA plant “Rax-Werke” (Wiener Neustadt) show that in case of adjusting wages, a Work Council would contact the director (the Soviet employee). In 1953, the living wage was 925 schillings. In 1951, salaries were as follows: a bookkeeper earned 1,186 schillings; a foreman, 1,500–1,800 schillings; and a regular worker, 1,198 schillings.

ADDRESSES AND FILIALS

From March 1946 to November 1947, USIVA operated in the Soviet occupation zone of Vienna at Graf-Starhemberg-Gasse 4–6 in the Fourth District. From November 1947 until 1955, under its new name, USIA, it was based at Trattnerhof 1 in the First District. For security and management reasons, the USSR required the Soviet-controlled companies’ headquarters to move to the Soviet zone.²³⁵

USIA’s parent body, GUSIMZ, was based in Moscow. As GUSIMZ was initially subordinated to the Ministry of Foreign Trade, it operated out of ministry facilities; from 1946 to 1949, its headquarters were located at 9A Bol’shaya Pirogovskaya Street, in the same building as a boarding school for children whose parents worked abroad.

After subordination to the Council of Ministers and expansion of GUSIMZ’s activities, such as the establishment of new branches in Manchuria and North Korea, opening training courses of chief accountants, deputy chief accountants and accountants-auditors, it required additional premises. On February 12, 1948, by order of the Council of Ministers of the USSR No. 1505r,

²³¹ RGAE 413/13/5190/93–107, Projekt Sergeyeva o shtatnom raspisanii GUSIMZ, 11.06.1946.

²³² RGAE 1562/41/113/161, Statisticheskaya tablitsa Tsentral’nogo statisticheskogo upravleniya SSSR “Srednemesyachnaya denezhnaya zarabotnaya plata rabochikh i sluzhashchikh po otraslyam narodnogo khozyaystva SSSR v 1940, 1945 i 1950–1955 godakh.”

²³³ See the table of currency exchange rates in Annex.

²³⁴ State Archive of Wiener Neustadt, Box 138, Rax-Werke Lohnlisten, 1951.

²³⁵ Hans Seidel, *Österreichs Wirtschaft und Wirtschaftspolitik nach dem Zweiten Weltkrieg* (Wien: Manz, 2005), 403.

GUSIMZ was additionally given premises in the building of the Ministry of Internal Affairs at 36 Chkalova Street²³⁶ and 23 Yakovlevskiy Lane (the building of a former secondary school No. 340).²³⁷ Moreover, by Order of the Council of Ministers of the USSR No. 9869/rs of July 21, 1948, and the decision of the Moscow City Executive Committee No. 3/51 of January 30, 1948, GUSIMZ was provided with buildings at 8 Yakovlevskiy Lane and 15/2 Mishina street for GUSIMZ carpool.²³⁸

However, these premises were not enough for the growing organization. In 1949, Vsevolod Merkulov applied to the Ministry of Light Industry so that it would vacate the premises of Moscow garment factory No. 16 at 25th Anniversary of October Street, 10/2 and transfer it to GUSIMZ.²³⁹ After that application was rejected, the Resolution of the Council of Ministers of the USSR No. 4411-1870s of October 24, 1950, obliged the Ministry of Internal Affairs to hand over the entire building at 36 Chkalova Street to GUSIMZ.²⁴⁰ The archive of GUSIMZ occupied the first floor of the building at 23 Lyalin Lane, building B. On 1 October 1954, its Administrative and Economic Department (*AKhO*) moved to new premises at 17 Bol'shaya Gruzinskaya Street in Moscow.

Moreover, in June 1950 Vsevolod Merkulov appealed to the Council of Ministers with a request to begin construction of a 100-apartment residential building at 1st Borodinskaya Street in Moscow and a dacha village for 70 houses for GUSIMZ in Moscow region. The projected cost of the entire construction program amounted to 22 million rubles, which was expected to be financed through the import and sale of surplus output from Soviet enterprises in 1950–51. By agreement with the GDR government, 70 standard summer houses were imported. Additional construction materials and equipment—plumbing, elevators, parquet, metal structures, and cladding and floor tiles—were likewise to be obtained from abroad.²⁴¹

²³⁶ RGAE 1/2/2818/25–26, Merkulov — Mekhlisu s pros'boy o vydelenii pomeshcheniya, 27.03.1948.

²³⁷ The actual address of School No.340 was nearby — 25/27 Lyalin Lane.

²³⁸ GA RF R5446/50/3980/96, Merkulov Mikoyanu o peredache oborudovaniya i materialov, 27.07.1948.

²³⁹ GA RF R5446/80/3422/7–8, Perepiska po obshchim i organizatsionnym voprosam GUSIMZ, 14.11.1949.

²⁴⁰ GA RF R5446/86a/7800/1–5, O peredache doma 36 po ulitse Chkalova na balans GUSIMZ, 23.08–02.10.1952.

²⁴¹ RGASPI 84/1/64/47, O stroitel'stve zhil'ya dlya rabotnikov GUSIMZ, 20.06.1950.

SOCIAL POLICY IN GUSIMZ AND USIA

Within USIA, labor policy was implemented in accordance with Austrian law; however, in the cultural sphere and in certain areas of social policy, the USSR was able to follow its own “Soviet path” and transform USIA enterprises into a showcase of socialism. An employee’s origin and a native language divided staff into 2 groups: the Soviets and Austrians, and each enjoyed social benefits from his or her citizenship. For instance, the Trade Union of Foreign Trade employees under the guidance of All-Union Central Council of Trade Unions (*VTsSPS*) offered activities in Russian for Soviet citizens and their family members, such as trips to Semmering resort hotel “Maria Schutz,” boarding schools and pioneer camps, lectures, excursions, access to newspapers and magazines, and open-air sport activities. The annual budget for such events was always over one million schillings, for instance, in 1950: 1,049,723 schillings that were kept in the Soviet Military Bank No. 2111.²⁴²

Soviet social policy towards Austrian citizens was propagated in the newspaper *Mitteilungsblatt des Zentralen Kulturreferates der USIA* and the magazine *Welt Illustrierte* that posted the agenda of the upcoming events and articles on the importance of comprehensive self-development and socializing. Within the framework of sports events, such as football, weightlifters, tourist club, ski courses, chess section, dancing, etc., the Soviet administration promoted gender equality making no distinctions between men and women in sport competitions and social life.²⁴³ Equality was promoted not only in the forms of sport but also in education and work.²⁴⁴

The social policy towards women employed at USIA enterprises had not yet been considered. Previously, regarding the occupation of 1945–55, scholars touched upon the topic of violence against Austrian women,²⁴⁵ everyday life and duties of Soviet women accompanying their husbands,²⁴⁶ and the changing role of women in Austrian society, when in the absence of a large

²⁴² GA RF R5452/30b/1/130, IV konferentsiya chlenov profsoyuza rabotnikov USIA, 03–04.02.1950.

²⁴³ “Ein reiches kulturelles Leben,” *Welt Illustrierte*, 11 (185), 12.03.1950, 7.

²⁴⁴ “Lehrlinge bei Siemens-Schuckert,” *Welt Illustrierte*, 44 (218), 29.10.1950, 7.

²⁴⁵ “Pis'mo voyennogo komendanta Veny N.P. Lebedenko Glavnokomanduyushchemu TSGV I.S. Konevu o sovershennykh v Vene protivozakonnykh aktov,” First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 420–4.

²⁴⁶ Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–55* (Wien: Böhlau Verlag, 2012), 581.

number of men, it was necessary to take up masculine work.²⁴⁷ Indeed, in the context of the economic crisis, Austrian women were recruited *en masse* into production, thus becoming one of the groups of workers in the post-war years. It was generally new for Austria, as “such a role was unthinkable for the society of the time as marriage and family were seen as the desirable goals in life for women.”²⁴⁸

In 1948, the *Mitteilungsblatt des Zentralen Kulturreferates der USIA* issued an article encouraging women for activism: “For almost a decade, women were kept away from political and social life by the ruling regime on the grounds that politics was not for women at all, as it violated the sanctity of women. In other words, women were supposed to be immersed in their narrow household so that they had no time to think, otherwise they would be aware of their strength, and the reaction would lose a cheap tool in them. In our companies, we want to make women realize how important it is for their development if they take an active part in future life. In all companies where women work, we elect a manager who receives requests and suggestions on cultural issues and passes them on to the Central Cultural Department, thus being in constant contact. When events are organized in the interests of women, one can say with certainty that all women organize their inner domestic work in such a way that such events become a necessity for them. From this they draw the realization that they will only receive complete equality if they help to create a new world.”²⁴⁹

Although cultural work was not formally linked to party work, it was far from apolitical, and USIA cultural advisers functioned as important instruments of influence.²⁵⁰ After November 1, 1951, according to the Resolution of the Council of Ministers of the USSR, KPÖ through the appointed cultural referents promoted itself in order to gain votes in the Work Councils. Moreover, women were supposed to fight for equality through the organisation established by KPÖ in 1948 — the League of Democratic Women (*Bund Demokratischer Frauen*).²⁵¹ KPÖ turned its attention to a

²⁴⁷ Gerhard Baumgartner, Die USIA Betriebe im Burgenland, in: Burgenländisches Landesarchiv (Hrsg.),

“Befreien – besetzen – bestehen” Das Burgenland von 1945–55, *Burgenländische Forschungen* 90, Eisenstadt (2005): 139.

²⁴⁸ Ibid., 154.

²⁴⁹ “Die Frau in unseren Betrieben,” *Mitteilungsblatt des Zentralen Kulturreferates der USIA*, 2, February 1948, 2.

²⁵⁰ “Keine Lüge ist zu dumm,” *Mitteilungsblatt des Zentralen Kulturreferates der USIA*, 06.1949, 1.

²⁵¹ In January 1953, the League of Democratic Women consisted of 30,000 members, including 21,000 in the Soviet zone. At Soviet enterprises, the number of League of Democratic Women cells was 88, with 3,600 members.

RGANI 5/28/70/13–14, Iz doklada Verkhovnogo komissara SSSR v Avstrii V. Sviridova i politicheskogo predstavatelya SSSR v Avstrii P. Kudryavtseva o khode zasedaniya Politbyuro ot 01.11.1951 “Ob uluchshenii raboty SChSK v Avstrii,” 21.03.1953.

new category of voters—women—due to gender election imbalance (initially, this resulted from the dismissal of former NSDAP members and the reintegration of war prisoners).²⁵²

Through its publications, the Soviet Union promoted in Austria the concept of the working woman as an equal citizen, socially engaged and able to pursue her career. For instance, the *Mitteilungsblatt des Zentralen Kulturreferates der USIA* propagated “the fight for their full equality together with the struggle of the working class for socialism. In the country of socialism, women receive the same pay as men for the same work, and all professions are open to them. In 1948, there were 250,000 female engineers and technicians, 126,000 female doctors and 800,000 female teachers in the Soviet Union. More and more women are taking part in political life. 45.2 % of Trade Union councils are women, 451 out of 1,000 people’s judges are women, 27,000 women are chairmen of the Soviets, 277 women are represented in the Supreme Soviet of the USSR, 480,000 women are deputies of the local Soviets, 10 women hold ministerial posts. Over 500,000 women take part in the state administration.”²⁵³

Although in the 1920s–1930s, Soviet women were legally granted equal social and political rights with men (to participate in the workforce, access to education, legal recognition women’s formal equality in marriage and family relations, including the right to divorce and property rights), contrary to propaganda statements, few women occupied high management positions in the USSR in high Stalinist time: the share of women among local Soviet deputies rose from 33.1 % in 1933 to 41 % in 1941; in the Supreme Soviet of the USSR, the share women rose from 16.5 % in 1937 to 25.8 % in 1950.²⁵⁴ At USIA enterprises, women performed only operational duties: accountants, translators, typists, bookkeepers, clerks, and referents. Moreover, the demographic and economic situation forced Soviet women to combine paid work and domestic life—old and new responsibilities complemented each other.

²⁵² RGASPI 17/128/1087/73–96, 100–106, Zapisi besed G. Korotkevicha s rukovoditelyami KPA, 16.04.1947.

First published in Gennadiy Bordyugov, Wolfgang Mueller, Norman Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 216.

²⁵³ “Internationaler Frauentag 1950,” *Mitteilungsblatt des Zentralen Kulturreferates der USIA*, 03.1950, 1.

²⁵⁴ The percentage of women in the USSR population rose from 52 % in 1939 to 55 % in 1959. The average share of women in the national workforce rose from 38.9 % in 1940 to 47.5 % in 1950.

Zhenshchiny v SSSR v 1987 godu. Statisticheskiye materialy (Moskva: Finansy i statistika, 1987), 4–7.

4. THE SOVIET MILITARY BANK NO. 2111

Some studies on USIA provide information about the Soviet Military Bank No. 2111. William B. Bader, for example, demonstrated that the Bank oversaw USIA, SMV, and DDSG, and operated independently of Austrian law. The PhD Theses by Waltraud Brunner²⁵⁵ and Otto Klambauer²⁵⁶ revealed the financial policy of the Bank. In 1993, Hubert Steiner published the missing data about the Bank's dissolution in 1955.²⁵⁷ However, what was the structure of the Bank, its subordination to other Soviet financial institutions, the extent of its influence on USIA, and how it operated transactions with Eastern Bloc and third countries, the names of its employees remained unclear. The documents that I found in the State Archive of Economics provide missing information on the above-stated research questions as well as the initial phase of the formation of the Soviet banking system.

BANK REFORM

In 1930–32, in the USSR a reform took place, which resulted in the liquidation of private and cooperative credit organizations and the restoration of the state monopoly on banking activities. By May 1932, in the system of the People's Commissariat of Finance of the USSR the functions of the State Bank and long-term investment banks were finally delimited. Whereas the scope of activities of the State Bank included the organization of money circulation and settlements, cash execution of the budget, conducting international payments and planned lending to the national economy, the smaller specialized banks—the divisions of the State Bank—were supposed to provide loans for capital construction, finance transport, communications, agriculture and exercise control over the expenditure of funds allocated to economic entities. The purpose of such a strict “separation” of funds allocated for “capital construction” and for “operational” activities of enterprises was caused by “clear planning of both the construction and operational activities of

²⁵⁵ Waltraud Brunner, “Das Deutsche Eigentum und das Ringen um den Österreichischen Staatsvertrag: 1945–55” (Phil Diss., Universität Wien, 1976), 168.

²⁵⁶ Otto Klambauer, “Die USIA-Betriebe” (Phil Diss., Universität Wien 1978), 191–6.

²⁵⁷ Hubert Steiner, “Die USIA-Betriebe, ihre Gründung, Organisation und Rückgabe in die österreichische Hoheitsverwaltung,” *Mitteilungen des Österreichischen Staatsarchivs* 43 (1993): 218.

business entities.”²⁵⁸ By 1932, there was already Commercial and Industrial Bank, All-Russian Cooperative Bank, Central Bank for Public Utilities and Housing Construction, Agricultural Bank, Trade Bank, and *Vneshtorgbank*.

The specificity of the Commercial and Industrial Bank was the financing of capital construction of industry and electrical facilities. The Bank was entrusted with the financing of capital construction of all state enterprises and construction organizations of union, republican and local significance. As a result, this was a major factor in determining the type of bank selected for the restoration of Soviet-controlled factories in 1946.

Vneshtorgbank of the USSR held a special place as it was allowed to conduct foreign exchange transactions. The Bank provided services to legal entities involved in foreign trade and to individuals who had the right to store foreign currency, provided foreign trade loans, conducted international currency transactions, and carried out settlements on the export and import of goods and the provision of services. *Vneshtorgbank* controlled the *Sovzagranbanks* opened by the USSR all over the world. At the beginning of the Second World War, the USSR did not have a *Sovzagranbank* in Austria.

FIELD BANKS

With the outbreak of World War II, the USSR had a need for mobile bank branches to provide settlement services to troops. On August 9, 1940, in order to streamline the work of field offices, field branches and field cash desks of the State Bank, the Council of People’s Commissars of the USSR adopted Resolution No. 1419-556 “The regulations on the Administration of Field Institutions of the State Bank of the USSR.” On August 22, 1941, the Council of People’s Commissars adopted the Resolution No. 1998-901 “On the Organization of the Administration of Field Institutions of the State Bank of the USSR.”²⁵⁹

²⁵⁸ Tosunyan Garegin, Aleksandr Vikulin, Ashot Ekmalyan, ed. Boris Topornin, *Uchebnik Bankovskoye pravo Rossiyskoy Federatsii* (Moskva: Yurist, 2003), 318.

²⁵⁹ Vitaliy Zastavnyuk, “Polevyye uchrezhdeniya Gosbanka v gody Velikoy Otechestvennoy voyny,” *Den’gi i kredit*, no. 4 (2008): 37–40.

Significant changes in the work of field institutions occurred in 1944 due to the Soviet troops entering the territories of other countries, as it required funding for the army in foreign currency. The movement of military units from one state to another required field institutions to constantly carry out operations to exchange currencies. The management of field institutions and field offices of the State Bank of the USSR paid great attention to issues of timely receipt and delivery of currency to the territories occupied by Soviet troops. In particular, the Soviet Union received military schillings (the *Allierte Militärbehörde* series) that were issued in the UK for the Four Powers. The first tranche of 1,550.640 million schillings at a par value of 1 schilling and 50 groschen arrived at the Arkhangel'sk port in August 1944. The money was accepted and transported to a special Moscow depository in the Field Office of the State Bank. On August 12, 1945, the second tranche of 900 million schillings, issued by the Currency Section of the Allied Commission in Austria, was apparently delivered directly to Austria.²⁶⁰

Since late March 1945, the task of the State Bank's field cash desks was to promptly supply Soviet troops with military schillings. Moreover, they were responsible for receiving, storing and sending trophy foreign currency captured by military units, i.e. the Field Bank carried out transactions with trophy assets. A couple of week later, the Resolution No. 7967 of the State Defense Committee (*GKO*)²⁶¹ prohibited the circulation of the Soviet ruble on the territory of Austria.

CREATION AND DISSOLUTION OF THE SOVIET MILITARY BANK NO. 2111

As USIVA developed since February 1946, there was need in a full-fledged stationary bank in Austria. On February 5, 1946, Yevgeniy Kiselev, a diplomat and a political adviser to the Soviet High Commissioner in Austria from July 1945 until April 1948, reported to Vyacheslav Molotov that “four banks were identified with our intention to open a joint-stock Commercial and Industrial Bank.”²⁶² This intention to open a joint-stock Commercial and Industrial Bank is confirmed by

²⁶⁰ RGAE 7733/32/1414/1–2, Perepiska s vedomstvami po voprosam poslevoyennykh denezhnykh sistem, pis'mo MID SSSR o raschetakh s angliyskim pravitel'stvom za izgotovleniye avstriyskikh deneg v 1944 gody, 16.08.1947.

²⁶¹ RGASPI 644/1/387/62–64, Postanovleniye No. 7967 Gosudarstvennogo Komiteta Oborony „O poryadke finansirovaniya chastey Krasnoy Armii na territorii Avstrii,” 02.04.1945.

²⁶² RGASPI 17/128/909/61, Doklad nachal'nika 3-go Yevropeyskogo otdela NKID SSSR Smirnova i politicheskogo sovetnika Verkhovnogo komissara SSSR v Avstrii Kiseleva Molotovu, 05.02.1946. First published in A. Vatlin, B. Kotov, A. Sorokin, *SSSR i Avstriya na puti k Gosudarstvennomu dogovoru. Stranitsy dokumental'noy istorii 1945–55* (Moskva: Politicheskaya entsiklopediya, 2015), 80.

the Draft Resolution of the Council of Ministers as of mid-March 1946 on the formation of USIVA.²⁶³ The choice of this type of bank was not accidental, and was determined by the goal that the Soviet leadership set for the second, third and fourth quarters of 1946 — namely capital construction and restoration of captured enterprises for further profit extraction. The Commercial and Industrial Bank ideally fitted the task. It was planned to open it on the basis of one of the ex-German banks in Vienna. However, the obstacle was the location of all identified former German banks — they were the International District I, not in the Soviet sector. Therefore, by the founding of USIVA on March 28, 1946, the Bank had not yet been established. In April–May 1946, Yakov Golev, the Head of the State Bank, complained to Anastas Mikoyan and requested to resolve the situation by opening *Vneshtorgbank* instead of the Commercial and Industrial Bank, as it was permitted to carry out foreign exchange operations.²⁶⁴

According to the rules, any newly formed *Sovzagranbank* had to become an independent entity in economic activity. It had to be registered at a place of its location and had to carry out all its foreign exchange and financial operations in accordance with local banking and tax legislation. According to CIA, “the original intention was to incorporate Soviet Military Bank into the banking system under Austrian banking statutes and also through the acquisition of a banking concession thereby fitting it into Austrian legal and economic forms.”²⁶⁵ This is exactly what the Soviet Union did in Eastern Germany, where the opened branches were equivalent in status to the branches of the Soviet State Bank.

However, as the conflict between the Soviet and Austrian sides grew regarding the origin of the Soviet-controlled property and its potential nationalization, a different method was chosen. In order to minimize the risks of seizure or blocking the capital, the USSR invented a new banking form, which allowed the new Bank to stay outside the jurisdiction of the Austrian government, and at the same time carry out all transactions through the State Bank and the USSR Ministry of Finance, and stay under control of professional financiers, without any instructions from the Soviet military command. Thus, according to a CIA report, “the created Soviet Military Bank No. 2111

²⁶³ AVP RF 06/8/22/312/4–7a, Projekt postanovleniya Soveta Ministrov SSSR o peredache nemetskogo imushchestva i nemetskikh aktivov v Vostochnoy Avstrii v sobstvennost' SSSR, 03.1946. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 430–6.

²⁶⁴ RGASPI 82/2/420/99, Yakov Golev — Molotovu i Mikoyanu o peredache byvshikh nemetskikh bankov SSSR, 04–05, 1946.

²⁶⁵ CIA-RDP81-01043R003700130004-9/219, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

was a quasi-military bank.”²⁶⁶ The trick was with its name that “made it clear that it was connected to an occupation power and was its official organ, which took it outside the authority of the Austrian officials.”²⁶⁷ At the same time, the Soviet Military Bank No. 2111 was not part of the GUSIMZ and USIA system and was not subordinated to them, while they, in turn, critically depended on the issuance of currency by the Bank throughout 1946–55.

Although the Western Powers attempted to make the Soviet Military Bank issue at the Allied Council meeting, the USSR consistently refused to discuss the matter. In the absence of any agreement on the transfer of frozen German bank accounts, the Austrian government could not prevent the transfer.²⁶⁸ Shortly after the Bank establishment, Karl Renner, the Federal Chancellor of Austria, filed a complaint with the Allied Control Commission, stating that the creation of this Bank contradicted Austrian legislation, specifically the Austrian “Schilling Law” of September 20, 1924, by expropriating funds from blocked accounts in the national currency.

Thus, the Bank was established in the summer of 1946, and the beginning of its operational activities can be considered the Order of Yefim Borisov of July 4, 1946, which obligated all credit and financial institutions of the Soviet occupation zone of Austria to transfer all funds from former German accounts to the Field cash desk No. 2111 of the State Bank of the USSR. According to CIA data, “the original capital of the Bank was 534 million reichsmarks, which were confiscated as trophy money from the Reichsbank in Vienna, Graz, and Leoben, as well as from commercial banks in Vienna and Lower Austria. The accounts of the Field Bank No. 2111, according to the report of the National Bank of Austria to the CIA, also likely included military schillings printed for the USSR — the second tranche of 900 million schillings from the UK.”²⁶⁹ Hans Seidel claims a slightly fewer amount of captured money — 519.4 million reichsmarks.²⁷⁰ Then, on July 25, 1946, Yefim Borisov ordered to conduct all financial transactions involving Soviet property in Austria (USIVA, DDSG, and SMV) exclusively through the Field Bank No. 2111. A *Wiener Kurier* article, dated 2 August 1946, reporting on the establishment of Military Bank No. 2111 at

²⁶⁶ CIA-RDP82-00046R000400150004-7, “Soviet Military Bank in Vienna,” distributed on 14.10.1954.

²⁶⁷ CIA-RDP82-00457R001300660007-5/1, “Soviet Economic Activity,” distributed on 16.03.1948.

²⁶⁸ William B. Bader, *Austria between East and West, 1945–55*, 126.

²⁶⁹ CIA-RDP81-01043R003700130004-9/218, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

²⁷⁰ Hans Seidel, “Währungsreform und Besatzung in Österreich 1945–47,” *Wirtschaft und Gesellschaft* 25, no. 3 (1999): 288.

Graf-Starhemberg-Gasse 4–6, provided confirmation of the commencement of its operations.²⁷¹ In November 1947, the Soviet Military Bank, along with recently renamed USIA, was relocated to the first floor of Trattnerhof 1.

By acquiring an independent position and effectively operating outside Austrian authority, the Bank became an instrument for promoting Soviet interests. For example, it refrained from blocking accounts in Austrian Schillings during the 1947 currency exchange, thereby endangering Austria's financial stability.

After signing the state treaty, there were lengthy negotiations on the future of the operating loans of the Soviet Military Bank No. 2111. According to a CIA report, by July 16, 1955, the Bank held 762,887,874.48 schillings in its accounts²⁷² (rounded in Soviet documents to 762.9 million schillings).²⁷³ On July 16, 1955 an agreement was reached whereby the Austrian Control Bank (ÖKB) would take 33.3 % share (i.e. 251,752,998 schillings) of the Military Bank's working capital, and the rest 508,900,000 schillings Austria had to transfer to the USSR in two installments: 150,000,000 schillings the day following the entry of the Agreement into force, and 358,900,000 schillings within seven days after the transfer of all enterprises. The Soviet side declared that after July 16, the Military Bank's ability to operate in terms of granting loans would be suspended. The Austrian representatives also stated that the companies would have to turn to Austrian banks if they needed new loans.²⁷⁴

TASKS OF THE SOVIET MILITARY BANK NO. 2111

According to a CIA report, the Soviet Military Bank was “the accounting and treasury center of the entire economic system in Austria. It gave necessary plant credits and watched over the use

²⁷¹ “Russen eröffnen “Bank” in Wien,” *Wiener Kurier*, 02.08.1946, 8.

²⁷² CIA-RDP81-01043R003700130004-9/218, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

²⁷³ RGAE 413/13/7559/15–22, Kопия писем, kotorymi 26.07.1955 goda v Vene obmenivalis' zamestitel' ministra vneshney torgovli Yushin i vitse-kantsler Kamits o poryadke vozmeshcheniya oborotnykh sredstv predpriyatiy, finansiruyemykh sovetskim bankom, 26.07.1955.

²⁷⁴ Hubert Steiner, “Die USIA-Betriebe, ihre Gründung, Organisation und Rückgabe in die österreichische Hoheitsverwaltung,” *Mitteilungen des Österreichischen Staatsarchivs* 43 (1993): 218.

made by the individual administrations of investment credits.”²⁷⁵ The Soviet side defined the activities of Bank No. 2111 as “providing credit and settlement services, as well as cash servicing for Soviet enterprises in Austria that were part of GUSIMZ under the Ministry of Foreign Trade of the USSR, as well as Soviet organizations not part of the Ministry of Foreign Trade, representatives and firms from countries of people’s democracy, and some KPÖ firms in Austria.”²⁷⁶

Trade between USIA and the Soviet bloc countries was based on overall goods exchange agreements concluded between the Central Commercial Bureau and the Foreign Trade Ministries of Albania, Bulgaria, Hungary, GDR, Poland, Romania, and Czechoslovakia including both imports and exports. According to a CIA report, “some of the above-mentioned countries preferred dealing with USIA on a cash basis. For instance, all coal deliveries from Czechoslovakia were paid for in cash. Bulgaria dealt with USIA only through the Austrian National Bank in order to be sure of own money.”²⁷⁷ The final report of the Bank balance of April 1955 shows that it carried current and correspondent accounts of East Germany and Romania.²⁷⁸

At the same time, the Military Bank No. 2111 had correspondent accounts with all Austrian banks (Creditanstalt, Länderbank, Giro Zentrale, Sparkasse), *Garkrebo* in the GDR, *Mosnarbank* in London, and a branch of Creditanstalt in Switzerland.²⁷⁹ Moreover, according to a CIA report, Länderbank served as a reserve bank in case of the withdrawal of Soviet troops. By 1948, the Military Bank No. 2111 had opened an account there.²⁸⁰

In the conditions of lack of licenses for their own products, USIA had to pay for the embargo merchandise, purchase raw materials for its production and sell goods outside of Austria through intermediaries in free-market countries. As many of them accepted only US dollars as a means of

²⁷⁵ CIA-RDP81-01043R003700130004-9/221, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

²⁷⁶ RGAE 413/13/7583/3, Dokumenty (zapisi besed, spravki, pis'ma) o torgovo-ekonomicheskikh otnosheniyakh SSSR s Avstriyey, tom II, 1955.

²⁷⁷ CIA-RDP82-00457R015500170010-5/1, “Reported Financial Crisis in the USIA Administration,” distributed on 29.12.1952.

²⁷⁸ RGAE 413/13/7583/3–4, Dokumenty (zapisi besed, spravki, pis'ma) o torgovo-ekonomicheskikh otnosheniyakh SSSR s Avstriyey, tom II, 1955.

²⁷⁹ Ibid.

²⁸⁰ CIA-RDP82-00457R001300660007-5/1, “Soviet Economic Activity,” distributed on 16.03.1948.

payment, the accounts in the Soviet Military Bank No. 2111 contained US dollars, as well as schillings and Soviet rubles. In relation to Swiss francs, transactions were one-time and there was no permanent account in Swiss francs at the Military Bank No. 2111.

However, by 1952, several Austrian intermediaries with commercial ties to the USIA were reluctant to conduct payments through the Soviet Military Bank No. 2111 due to fears of possible persecution by the Austrian authorities. As a result, GUSIMZ permitted some Soviet enterprises to open accounts in private Austrian banks, through which they could conduct payments to Austrian companies. It allowed Austrian companies to conceal their business and commercial ties to the USIA.²⁸¹

To finance its activities, GUSIMZ received foreign currency and rubles from the Ministry of Finance through its Currency Department, upon the request of the Head of GUSIMZ. For instance, in February 1947, Aleksandr Dobrovol'skiy, the Deputy Head of GUSIMZ and the Deputy Minister of Finance of the USSR from March 1945 until July 1946, wrote to Ivan Zlobin, the Head of the Currency Department of the Ministry of Finance, requesting credits to pay salaries to employees living abroad.²⁸² For ruble transactions, in October 1946, an account No. 151409 was opened in the Moscow Budget Department of the State Bank.²⁸³ From October 1947 to 1951, an active account was 195409.²⁸⁴ Some Soviet joint-stock companies were registered in another branch of the State Bank in Moscow — the Commercial Bank. Thus, on February 25, 1949, Mikhail Mikhin (born 1901–died 1963), the Deputy Head of GUSIMZ and the former Deputy Chairman of the State Bank's board, asked Ivan Zholnin, at that time the Deputy Minister of Finance, to open loan accounts for the newly established offices in Hungary and for the maritime and river transport.²⁸⁵

For operations between GUSIMZ and the Currency Department of the Ministry of Finance, the Military Bank No.2111 opened an account at the Foreign Operations Department — *Upravleniye Inostrannykh Operatsiy (UINO)* of the State Bank in Moscow. The Soviet Military Bank No. 2111

²⁸¹ GA RF R5446/86a/10799/67–68, Voprosy proizvodstvenno-finansovoy deyatel'nosti GUSIMZ, 17.01.1952.

²⁸² RGAE 7733/32/1456/13, A. Dobrovol'skiy — Ivanu Zlobinu o denezhnom obespechenii GUSIMZ, 07.02.1947.

²⁸³ RGAE 7733/31/2164/41, Shtatnoye raspisaniye i smeta administrativno-khozyaystvennykh raskhodov GUSIMZ na 1946 god, 17.10.1946.

²⁸⁴ RGAE 7733/32/2220/4, Shtatnoye raspisaniye i smeta administrativno-khozyaystvennykh raskhodov GUSIMZ na 1947 god, 28.10.1947.

²⁸⁵ RGAE 7733/34/1269/26–136, Mikhail Mikhin — Ivanu Zlobinu o zakrytii i otkrytii schetov, 25.02.1949.

transferred the hard currency from Austria to the *UINO* accounts of the State Bank in Moscow, and then *UINO* labeled such transfers with the note “received from GUSIMZ” “for the income of the Soviet Union’s state budget.”²⁸⁶ Moreover, the first tranches from USIA began to arrive only in 1947.²⁸⁷ The accounts were as follows: in 1947 — *UINO* current account No. 371259²⁸⁸; in 1948 — *UINO* account No. 1210035; in 1954 — account No. 1210037.²⁸⁹ For the conversion of Soviet rubles to schillings and vice versa, exchange rate certificates from the State Bank were used.

One of the most ambiguous transactions in favor of the *UINO* of the State Bank was unpaid taxes from USIA to the Austrian budget.²⁹⁰ Disagreements between the Austrian government and the Soviet Union (USIA) regarding the former German property resulted in refusal to register the USIA companies, and in turn, the USSR, starting from 1946, refused to pay taxes related to the enterprises and their activities (except for property, salary taxes and social security payments) to the Austrian budget. As we know from the Soviet fiscal policy in Austria, the Military Bank did not pay taxes but only accumulated them on a separate account.

The transactions from the Military Bank No. 2111 to the State Bank in Moscow were credited to certain accounts. However, the tax transaction in 1949 was a special case, as this type of payment was carried out for the first time and the accountants did not know where to deposit the money. Thus, the *UINO* transferred a part of the unpaid taxes, 1.250 million rubles, to the account “unclarified receipts” in the Currency Department of the Ministry of Finance under credit note No. 60083 for further transfer to the Budget Department of the Ministry of Finance. On November 5, 1949, a confidential reply was received from the Budget Department of the Ministry of Finance, indicating the account to which the payment had to be transferred.²⁹¹ The archival file also contains the corresponding pay slips.

²⁸⁶ RGAE 7733/33/1103/36, Zamestitel' nachal'nika Denezhnogo departamenta Ministerstva finansov — starshemu bukhgalteru Moskovskogo otdeleniya Gosbanka, 12.03.1948.

²⁸⁷ GA RF R5446/49a/251/65, O perechne sovetskikh predpriyatiy, organizatsii aktsionernykh obshchestv i proizvodstvennom plane na 1947 god, 27.12.1946.

²⁸⁸ RGAE 7733/32/1456/12, A. Dobrovol'skiy — Ivanu Zlobinu o denezhnom obespechenii GUSIMZ, 07.02.1947.

²⁸⁹ RGAE 7733/43/1416/53, Perepiska s GUSIMZ po finansovo-ekonomicheskim voprosam, 07.01–27.12.1954.

²⁹⁰ RGAE 7733/34/1269/27, Perepiska s Glavnym upravleniyem sovetskogo imushchestva za granitsej pri Sovete Ministrov SSSR po finansovo-ekonomicheskim voprosam, tom II, 26.10.1949.

²⁹¹ RGAE 7733/34/1269/27, O zachislenii postupivshey summy, 28.10.1949.

According to the documents of the Ministry of Finance, funds were transferred through a hierarchical chain that began with the Ministry of Finance, passed through the Currency Board of the Ministry of Finance to the account of the Foreign Operations Department (UINO) of the State Bank, then moved to Soviet Military Bank No. 2111 in Austria and ultimately reached the USIA firms.²⁹²

STRUCTURE OF THE BANK AND ITS SUBORDINATION TO THE MINISTRY OF FINANCE OF THE USSR

At the time of GUSIMZ founding, April 10, 1946, and the founding of USIVA, March 28, 1946, the State Bank was subordinate to the Council of People's Commissars, and between May 1946 and April 1954, it was subordinate to the USSR Ministry of Finance.²⁹³ Since 1946, there was a hierarchical chain running from the USSR Ministry of Finance through Gosbank, then from its Field Office Administration to the Soviet Military Bank No. 2111.²⁹⁴

According to a CIA report, the Soviet Military Bank No. 2111 in occupied Austria operated through a highly differentiated banking structure designed to regulate production, investment, and inter-enterprise relations with strict central oversight:²⁹⁵

1) Department of Internal (Mutual Check) Accounts maintained current checking accounts for all Soviet enterprises in Austria. Each Soviet enterprise in Austria presented a financial statement to the Bank upon the sale of its finished products to Austrian enterprises and to other Soviet enterprises in Austria. If the balance was on the debit side, the current checking account of the enterprise was closed. In such cases, the enterprise had advanced compulsory credit to settle its accounts with other enterprises at a 9 to 11 % annual interest charge.

²⁹² RGAE 7733/33/1103/36, Zamestitel' nachal'nika Denezhnogo departamenta Ministerstva finansov — starshemu bukhgalteru Moskovskogo otdeleniya Gosbanka, 12.03.1948; RGAE 7733/32/1456/12, A. Dobrovol'skiy — Ivanu Zlobinu o denezhnom obespechenii GUSIMZ, 07.02.1947; RGAE 7733/35/1382/17–18, Raschetnyye spravki po finansirovaniyu GUSIMZ, Nachal'nik AKhO Baltadzhi — v Valyutne upravleniye Ministerstva Finansov, 21.06.1950.

²⁹³ Documents related to the work of the State Bank are stored in the archive of the Russian State Archive of Economics (RGAE) Fund 2324 (*Gosbank*) and Fund 7733 (the Ministry of Finance of the USSR).

²⁹⁴ GA RF R5446/1/307, Postanovleniye Soveta Ministrov No. 2697 "O strukture i shtatakh Pravleniya Gosbanka," 28.07.1947.

²⁹⁵ CIA-RDP82-00046R000500140004-7, "Soviet Military Bank in Vienna," distributed on 18.05.1955.

- 2) Department of Foreign Accounts carried out settlements with Austrian and foreign companies.
- 3) Department of Accounts for Capital Repairs to which all enterprises contributed from 1 to 1.5 % of the value of the enterprise. Then they were distributed it to enterprises in need.
- 4) Department of Accounts for Capital Construction managed accounts for all Soviet plants in Austria, which dealt with capital construction. A sum of money was set aside by the Bank for the current year for each Soviet plant or enterprise in Austria. The plants were obliged to submit approved capital construction estimates to the Bank for each planned project. The Bank then financed the construction in accordance with these approved estimates. Capital construction estimates which ranged between one and three million Austrian schillings had to be approved by the Chief of USIA. Capital construction estimates above three million Austrian schillings had to be approved by GUSIMZ in Moscow.
- 5) Credit Department — a standard credit rate was 2.5 %, extra-standard rate was 8–9 %, and overdue credit was charged 11–12 %.²⁹⁶ The Soviet Military Bank set a 20 % rate when it issued money from its reserve funds stored in the Länderbank. Therefore, a mentioning of a 20 % rate in the documents gives an understanding of the origin of the credit money.²⁹⁷ Generally, the absence of enterprises' own funds in their accounts is attributed to the USSR's concern that these enterprises and their capital could be returned to Austria at any moment.²⁹⁸

THE ACCUMULATION OF FUNDS AND THE FORMATION OF THE SHADOW ECONOMY IN AUSTRIA

Analysis of the CIA and Soviet documents from the period 1945–55 show that the main mechanisms and sources of accumulation of Austrian schillings in the Bank, besides USIA operations, were:

- 1) Placement of 900 million military schillings, issued in the UK by agreement for the USSR in 1944;²⁹⁹

²⁹⁶ CIA-RDP81-01043R003700130004-9/223, "Soviet Occupation Economy in Austria," distributed on 27.08.1959.

²⁹⁷ CIA-RDP82-00457R001600680003-1/2, "Relations of Laenderbank with Soviet elements," distributed on 13.07.1948.

²⁹⁸ See the table of the Bank's directors in Annex.

²⁹⁹ CIA-RDP81-01043R003700130004-9/218, "Soviet Occupation Economy in Austria," date of distribution 27.08.1959.

- 2) The confiscation of Reichsmarks and their subsequent exchange for new banknotes of the Austrian National Bank in 1945 and 1947;³⁰⁰
- 3) Exchange of schillings during the monetary reform in 1947: by agreement between Soviet and Austrian authorities, the National Bank exchanged schillings for the Military Bank as 1 to 1. However, the Military Bank exchanged schillings for Soviet enterprises as 1 to 3;³⁰¹
- 4) Compulsory submission of schillings by Soviet enterprises to the Bank, resulted in a chronic shortage of money in companies. The maximal amounts were withdrawn by the Military Bank No. 2111 from the enterprises in 1949, so that in case of the state treaty signing, USIA companies would have no money left in their accounts. In April–May, the cash reserve in the accounts of the companies was kept at the level of the 30-day need of an enterprise;³⁰²
- 5) Reservation of the amount of unpaid taxes to the Austrian budget.³⁰³

The above-mentioned mechanisms enabled the Soviet Military Bank No. 2111 to accumulate large sums of schillings on its accounts — up to 10 % of all schilling amount in Austria at any given time during 1945–55.³⁰⁴ Subordinated to the Ministry of Finances, it pursued its own independent from USIA financial policy in Austria.

After large Soviet investments and the subsequent Schilling inflation of 1949, USIA companies faced a shortage of funds. To combat it, USIA enterprises had to make sales at the black market. Evidence of this was found in several CIA reports³⁰⁵ and even once in a *SChSK* report: “It should be taken into account that USIA’s excess profits were generated by conducting many transactions at overrated prices in an environment of lack of control by Austrian authorities.”³⁰⁶ The subsequent embargo policy of the US and Austria caused a shortage of schillings in the Bank itself.

³⁰⁰ Ibid.

³⁰¹ CIA-RDP82-00457R001300660007-5, “Soviet Economic Activity,” distributed on 16.03.1948.

³⁰² CIA-RDP82-00457R003200570008-3/1, “USIA preparations for an Austrian state treaty,” distributed on 03.10.1949.

³⁰³ GA RF R5446/51a/8040/10, *Otchetnost’ po ispolneniyu valyutnykh planov po valyutnoy kasse Gosbanka*, 10–11.1949.

³⁰⁴ RGASPI 82/2/780/97, Kosygin — Stalinu ob ispol’zovanii izlishkov schillingov, 06.1949.

³⁰⁵ CIA-RDP82-00457R001500940003-3/2, “Analysis of USIA trends,” 10.08.1948;

CIA-RDP82-00457R003100640006-5/1, “Reductions and other changes in USIA during May and June 1949,” distributed on 14.09.1949.

³⁰⁶ RGASPI 17/137/111/33–34, *Otchet SChSK za 1947 god*, issued in 1948.

ACCOUNTING PRINCIPLES

Despite the fact that the USIA operated outside the USSR in the country of free-market economy and was organized on a self-financing basis (*khozraschet*), and principles of cost recovery and self-sufficiency, its work was subordinated to the paradigm of the command economy. Therefore, it had a production plan, and had to budget income and expenses, develop new plans typical for state enterprises, as well as to prepare quarterly reports on the actual achievement of planned indicators, which used standard financial and economic performance analysis algorithms.

The accounting system employed by Soviet enterprises operating in Austria was shaped by the ideological and structural foundations of the socialist economy, which diverged fundamentally from the principles governing accounting in free-market systems:

- 1) In free-market economy, accounting reflects the process of reproduction based on private ownership, while in socialism it reflects the process occurring under public socialist ownership;
- 2) In free-market economy, accounting is limited to the framework of a single enterprise, while in socialism, accounting is part of a unified system of national economic accounting;
- 3) In free-market economy, accounting is a private matter for individual entrepreneurs, while in socialism, accounting is conducted according to a chart of accounts, unified for the entire sector of the economy;
- 4) In free-market economy, the task of accounting is to identify profit, while in socialism, the goal of accounting is to reflect the fulfillment of the entire economic plan by the enterprise [...] ³⁰⁷

Another feature of Soviet accounting was the rejection of double-entry bookkeeping, which, since the 1930s, was viewed as a method or technique of accounting, rather than an objectively operating principle.

The financial reports³⁰⁸ show that there was no difference in accounting approach towards the USIA, SMV and DDSG, as their management and reporting were conducted according to the Soviet regulations and were carried out by the Ministry of Finance of the USSR in coordination with the Central Statistical Office of the USSR (*TsSU*). USIA and DDSG accounting reports were

³⁰⁷ Yaroslav Sokolov, *Istoriya bukhgalterskogo ucheta* (Moskva: Finansy i statistika, 2004), 205.

³⁰⁸ RGAE 7733/33/1104/124–129, Perepiska GUSIMZ po finansovo-ekonomicheskim voprosam, priyem i rassmotreniye godovykh otchetov i balansov Upravleniy, 04.02.1948; RGAE 7733/32/1459–1607, Bukhgalterskiy otchet kompaniy za 1947 god.

processed by the Currency Department of the Ministry of Finance. The balance of income and expenses was regulated by the Budget Department of the Ministry of Finance.

First, each individual plant would prepare an accounting report and send it to the administration of industrial plants, such as *Kabel'*, *Marten*, etc. The compiled reports from all its joint-stock companies were sent to the Central Accounting Department of the USIA. Then, the USIA would send a consolidated report to the Central Accounting Department of GUSIMZ, which, in turn, would forward it to the Currency Department of the Ministry of Finance headed by Semyon Il'vovskiy from 1948 until 1959. These reports were needed to prepare the budget for the next year. Currently, accounting, and financial reports of USIA individual plants and statements from the GUSIMZ budget account are stored in the State Archive of the Economics.³⁰⁹

The fiscal year started on January 1 and ended on December 31,³¹⁰ and annual accounting reports were submitted in the spring of the next year. For example, all enterprises in Austria submitted the 1947 report between March 20 and April 10, 1948. In accordance with the regulation of the People's Commissariat of Finance of July 29, 1936, No. 1372, quarterly accounting reports also existed.

Each report was prepared using forms approved by the Ministry of Finance and the Central Statistical Office (*TsSU*). For instance, Form No. 2 "Profit and Loss", Form No. 4 "Report on the Fulfillment of the Plan for the production of Raw materials and goods."

To convert foreign currency into rubles, it was necessary to use the exchange rate references of the Soviet State Bank for the corresponding dates. For example, from January 1 to December 31, 1948, the exchange rate of 100 schillings was equal to 50 rubles.³¹¹

The specifics of working abroad required modifications in the reporting forms. The Ministry of Finance suggested including into the Forms, for instance, "information on the sale of goods imported into the USSR as part of the profits of joint enterprises abroad." Other categories we find in the reports between individual plants and USIA: administration dues, profit tax, maintenance of plants, supplementary expenditures for social purposes, amortization, investment overdrafts,

³⁰⁹ RGAE 7733/32/1456–1606, Departament inostrannykh investitsiy Ministerstva finansov SSSR, 1947.

³¹⁰ GA RF R5446/49a/251/8, Projekt ustava aktsionernogo obshchestva, 1947.

³¹¹ RGAE 7733/33/1104/82, Semyon Il'vovskiy — glavnomu bukhgalteru GUSIMZ o kurse valyut, 1948.

accounting for deliveries to the administration and of payments, taxes that were not paid to the Austrian budget, etc.³¹²

The specifics of working abroad also required trained accountants. One of the centers for training Soviet accountants for the GUSIMZ and USIA was the Financial Academy of the Ministry of Finance of the USSR, the Institute of the Ministry of Foreign Trade, and the accounting courses of the GUSIMZ.

While the entire accounting system of GUSIMZ was represented only by the Central Accounting Department located in Moscow, the accounting system of the USIA was divided into two departments located in Vienna: the Central Accounting Office and the Bookkeeping section in the Personnel department.

According to a CIA report, the Central Accounting Office of GUSIMZ checked and approved budgets for the various production administrations, including the Central Commercial Bureau,³¹³ and kept financial records for all USIA plants in conjunction with the Soviet Military Bank No. 2111. USIA Chief Accountant controlled finances of both USIA central office and production administrations (*Kraska, Les*, etc.) For instance, he obtained balances from administration of industrial plants, made out total quarterly and yearly balances and forwarded them to GUSIMZ.³¹⁴ The Finance Section of the Accounting Office studied the cost of production in USIA plants.³¹⁵

The Bookkeeping Section in the Personnel Department of Administrative and Housing Section (*AKhO*) handled and supervised all salary matters of USIA employees.³¹⁶ However, the system of piece-rate payment in Soviet-controlled enterprises conflicted with Austrian labor laws, which required hourly wages and included provisions for Christmas and vacation bonuses.

³¹² CIA-RDP81-01043R003700130004-9/230, "Soviet Occupation Economy in Austria," distributed on 27.08.1959.

³¹³ CIA-RDP82-00046R000400070008-2/9, "USIA Trade," distributed on 07.07.1954.

³¹⁴ CIA-RDP82-00046R000500110006-7/8, "GUSIMZ and USIA," distributed on 31.05.1955.

³¹⁵ CIA-RDP79R01141A000100180002-8/10, "Soviet methods of Economic penetration in Austria," distributed on 23.10.1952.

³¹⁶ CIA-RDP82-00457R002300720003-8/3-7, "Organization of Administration of Soviet property in Austria (USIA)," distributed on 18.02.1949.

5. 1947–49: THE ECONOMIC COLD WAR

The Cold War influenced many dimensions of life, ranging from ideology to culture, therefore, the economy was not an exception. This thesis draws on newly uncovered CIA and Soviet documents to analyze the Marshall Plan as an economic countermeasure to USIA. In addition, the thesis examines another source of East–West conflict — the Soviet Union’s refusal to ratify the Bretton Woods agreements in 1945. When it comes to a question “who started first,” I refer to Geir Lundestad notes in “How (not) to Study the Origins of the Cold War;”³¹⁷ three distinct approaches can be applied to this period: “responsibility of the USSR, responsibility of the US and interactive approach, in which responsibility falls on both sides.” The Soviet and CIA documents reveal that the events unfolded like a chess match: each move drew the opponent further into the “game,” often making the situation increasingly complex, thus, making the interactive approach the most applicable in the case of Austria. What did the escalation of the economic conflict lead to, and how did it affect USIA?

By the beginning of 1947, three Administrations—SMV, DDSG, and USIVA—were fully operational in the Soviet occupation zone of Austria and managed former German assets under the guidance of GUSIMZ. The USSR turned GUSIMZ into a spearhead to increasingly penetrate the economies of the occupied countries of Europe — Hungary, Romania, Bulgaria, Finland, Eastern Austria, and Eastern Germany. After that, the Marshall Plan became a tool of economic leverage to oust the USSR from the Austrian market and to pressure it to withdraw from Austria, as the United States was unwilling to engage in an open military confrontation in Europe. Moreover, after the formation of CMEA in 1949, the US launched embargo policy through COCOM.

In order to facilitate a steady influx of goods and hard currency in the conditions of the free-market economy, it became necessary to reorganize the structure of GUSIMZ, which in turn led to changes in USIA as well. By 1948, USIA had undergone structural and functional changes, and all enterprises gained greater independence from GUSIMZ in their business operations, allowing them to better adapt to the changing market and, consequently, generate more goods and hard currency for the USSR’s budget.

³¹⁷ Geir Lundestad, “How (not) to study the origins of the Cold War,” in *The Cold War (Critical Concepts in Military, Strategic, and Security Studies)*, ed. Steven Casey (London: Routledge, 2013), 72–88.

USIA PRODUCTION PLANNING

When USIA subordinated to the Ministry of Foreign Trade, the development of a production plan was as follows: the Council of Ministers issued an order to the Ministry of Foreign Trade to develop and submit a production plan. Then the plan was elaborated with participation of Anastas Mikoyan, Aleksey Kosygin (the Chairman of the Currency Committee under the Council of Ministers), Arseniy Zverev (the Minister of Finance of the USSR), Vasiliy Sergeyev (GUSIMZ Head), and Aleksandr Kuptsov (the Deputy Chairman of the USSR State Planning Committee — *Gosplan*).³¹⁸ When *Gosplan* was negotiating the GUSIMZ production plan for the next year, it collected applications from various organizations, Ministries and officials that needed goods from GUSIMZ enterprises. In practice, the orders could be placed either:

- 1) On spare schillings of the State Bank cash desk;
- 2) On account of profits (*v schet pribyley*);
- 3) On account of reparations (*v schet reparatsiy*).

Purchasing on spare schillings of the State Bank cash desk was the rarest case, as the USSR preferred to conserve hard currency and instead relied on clearing arrangements, barter, or manufacturing. For example, in 1946, the Estonian Council of People's Commissars asked *Gosplan* to purchase 11 artesian pumps in Austria or Czechoslovakia. In its turn, *Gosplan* instructed the People's Commissariat of Foreign Trade to find the possibility of manufacturing these pumps in Austria instead of purchasing.³¹⁹

On account of profits meant that the order would be placed with Soviet-controlled factories and the purchasing organization would pay for it in rubles after delivery to the USSR. Among such orders, there were both consumer goods and machinery: phones, strings for harps, etc.³²⁰ The very fact of ordering and using products from outside the Soviet bloc was not publicly disclosed in the

³¹⁸ GA RF 5446/49a/268/109–111, Raspredeleniye oborotnykh sredstv po stranam v sootvetstviy s proizvodstvennym planom na 1947 god v Avstrii, Vengrii, Rumynii, Bolgarii, GDR i Finlyandii, 26.03.1947.

³¹⁹ GA RF R5446/48a/292/17, Vasiliy Nikitin — Zamestitelyu predsedatelya Gosplana SSSR Anastasu Mikoyanu o zakaze nasosov, 1946.

³²⁰ GA RF R5446/51a/623/entry 495, Ob izgotovlenii v 1949 gody na svetskomm zavode Voith v Avstrii dlya Ministerstva lesnoy i bumazhnoy promyshlennosti 15 spichechnykh avtomatov, 19.02.1949; GA RF 8512/3/229/1, Kopiya predlozheniya firmy Voith torgpredu Avstrii na postavku komplekta oborudovaniya bumazhnoy fabriki melovannykh bumag, 16.05.1949; GA RF R5446/48a/292/25, Ministr vnutrennikh del Kruglov — Mikoyanu po povodu zakupki 100 kommutatorov u firmy Elin, 1946.

USSR, in line with the policy of combating “kowtowing to the West” and the campaign to promote “Soviet scientific and technological supremacy” that the Soviet authorities had been conducting since 1946. Among the population, this policy fostered the belief that the USSR was self-sufficient. To justify orders from abroad, the authorities could claim that the factories involved in production were considered *Soviet*.

Orders on account of reparations were applicable in all GUSIMZ-related countries except Austria as it was exempted from reparations at the Potsdam conference. However, in 1946, when the organization of production in Austria was at its initial stage and surrounded by secrecy, officials had little idea about the correct wording of the order. Nikita Khrushchev made the most prominent mistake after his incognito travel to Austria in the summer of 1946, where he inspected several Soviet-controlled enterprises. In August 1946, Khrushchev asked *Gosplan* to place an order in Austria for the supply of laboratory equipment worth 2 million rubles for the Academy of Sciences of Ukraine on account of reparations. *Gosplan* responded that reparations were not collected in Austria in favor of the USSR and Khrushchev’s request could not be considered.³²¹

Finally, the plan for industrial production of GUSIMZ and USIA was approved by the Currency Committee, the State Planning Committee, the State Supply Committee, and the Council of Ministers. For instance, the production plan for 1947 was approved by the Council of Ministers on January 8, 1947.³²² Anastas Mikoyan specified that GUSIMZ production volumes were estimated by country and affected both mixed joint-stock companies with at least a 50 % Soviet share and companies 100 % owned by the USSR.

According to the 1947 plan, total output of GUSIMZ production (excluding Germany) amounted to 1,070.7 million rubles,³²³ together with German enterprises: 4,691.6 million rubles. Out of which, the goods worth 212 million rubles were to be imported to the USSR, and the (unspecified) hard currency equal to 226.4 million rubles were to be transferred the USSR budget, 118.7 million schillings (equal to 118.7 million rubles) of which would come from Austria.

³²¹ GA RF R5446/48a/293/10–16, Sovet Ministrov Ukrainskoy SSR v Gosplan s pros’boy dat’ zakaz, 28.08.1946.

³²² RGASPI 84/1/30/14, Anastas Mikoyan — Stalinu o proizvodstvennom plane GUSIMZ na 1947 god, 23.01.1947.

³²³ RGASPI 84/1/30/14–19, Anastas Mikoyan — Stalinu o proizvodstvennom plane GUSIMZ na 1947 god, 23.01.1947.

When calculations were made by country, the estimates were expressed in local currencies. However, due to the instability of exchange rates and domestic prices, the USSR converted these local currencies into rubles or US dollars.

The total output of production per country in 1947 ³²⁴					In comparison to 1946, the output increased by	
Country	Local currency					In rubles
Germany	no data				3,620.9 million rubles	no data
Hungary	608.4 million forints				276.7 million rubles	+90.2 %
Romania	1261.6 billion lei				277.5 million rubles	+26.6 %
Bulgaria	1569.4 million leva				29.0 million rubles	+42.6 %
Finland	248.4 million Finnish marks				9.7 million rubles	+142,5 %
Eastern Austria	477.8 million schillings. <i>By quarter in million schillings</i>				477.8 million rubles	+84.8 %
	I	II	III	IV		
	100	113	121	144		

According to Soviet officials, the 84.8 % increase in output in the Soviet occupation zone of Austria was explained by the fact that, in the first half of 1946, the plants either did not belong to the USSR or were not fully operating. It is supported by Soviet documents for 1947–49: the commissioning of new plants was the main driver of output growth and was often noted in the reports.³²⁵ For instance, in 1947, Siemens-Schuckert-Werke A.G. provided a four-fold increase in the electrical engineering industry. Therefore, the second half of 1946 was primarily a start-up period for Soviet enterprises abroad, a period of organizational restructuring — as many of them required restoration repairs and additional equipment.

The total output of GUSIMZ production (including Germany) for 1947 amounted to 4,691.6 million rubles, of which Germany's share: 3,620.9 or 77.10 %; the share of Eastern Austria (USIA) in the total production was 477.8 million rubles or 10.18 %. From 1946 to 1955, USIA always took the second place in GUSIMZ production share after Germany. It can be explained by the Nazi

³²⁴ Ibid.

³²⁵ For instance, RGASPI 82/2/425/368, Merkulov informiruyet o rabote sovetskikh predpriyatiy za rubezhom za 1948 god, 26.09.1948. The USIA yearly output and revenue see in Annex.

Germany economic policy from 1938 to 1945, when up to 62 % of companies in Austria were nominally German-owned.

The main goods planned for export from Austria (USIA) to the USSR in 1947³²⁶	
Name	Amount
Petroleum products from Eastern Austria	272.5 thousand tons
Electrotechnical products including: electric motors up to 100 kW over 100 kW	32.2 million rubles 9,505 units 114 units
Power transformers, total capacity	434.2 thousand kilovolt-ampere
Welding units	275 units
Thermal furnaces	50 units
Aluminum cable and wire	242 kilometers
Copper cable and wire	2,941 kilometers
Battery plate	500 thousand units
Timber materials	28 thousand cubic meters

Anastas Mikoyan acknowledged that profits from enterprises in all countries hosting GUSIMZ branches were subject to heavy taxation. To avoid excessive taxation, GUSIMZ instructed managers to reduce the profitability of Soviet enterprises, i.e. to sell goods to the Soviet Union or its foreign trade organizations at reduced prices.³²⁷ This factor can significantly change the idea reported sums of USSR's imported products as they may not reflect their true market value. Therefore, when analyzing Soviet import data, it is essential to account for these artificial price adjustments, as the USSR likely underestimated the actual economic value of imported goods.

The reports on the economic activity of GUSIMZ and USIA were quarterly, semi-annual and annual. Then they were sent to the State Planning Committee and the Ministry of Finance to draw up a plan for the next year. Due to the operation of *khozraschet* system, the reporting categories were the volume of manufactured products, the cost of manufactured products, the cost of goods sold, the cost of goods shipped to the USSR, the amount transferred to the USSR budget.

³²⁶ RGASPI 84/1/30/14–19, Anastas Mikoyan — Stalinu o proizvodstvennom plane GUSIMZ na 1947 god, 23.01.1947.

³²⁷ RGASPI 82/2/425/19, Merkulov informiruyet o rabote sovetskikh predpriyatiy za rubezhom za 1948 god, 26.09.1948.

The results of economic activity and sales of products of 291 Soviet-controlled enterprises and joint-stock companies employed 48,470 workers in Austria (USIA) in 1947 were characterized by the fact that most products were sold on the Austrian domestic market, where the sales of products reached 92.6 %.³²⁸

Yet another reason for the income increase was the specifics of converting schillings and other currencies into rubles: the accountants of GUSIMZ used exchange rate references from the Ministry of Finance. At the time of preparing and adopting the plan for 1947, the exchange rate of the Schilling to the Ruble was 1:1.³²⁹ However, the devaluation of the Schilling against the Ruble by the end of the year (November 21, 1947) changed this ratio. For the preparation of the 1947 GUSIMZ financial report (with the deadline for submission on April 10, 1948), Semyon Il'vovsky, the Deputy Head of the Currency Department of the Ministry of Finance, wrote to Konstantin Aksenov, the Chief accountant of GUSIMZ, that for the conversion of Austrian Schilling into the Ruble for the period from January 1, 1947 to December 31, 1947, they have to apply the exchange rate of 2 schillings equal to 1 ruble.³³⁰ The ratio 2:1 was valid until January 18, 1950, when the Resolution of the Council of Ministers No. 51-11 changed it: from January 18 to March 1, 1950, 4.9 schillings were equal to 1 ruble,³³¹ and since March 1, 1950, 100 schillings for 15.39 rubles.³³² Thus, the annual output was planned at one price but at the end of the year was calculated at another; therefore, the final revenue in rubles reported in annual accounts was often much higher than planned. In addition, the production plan was generally adjusted after six months.

It should be noted that the devaluation of the Schilling in 1947, carried out by the National Bank of Austria, became yet another source for the USSR to obtain hard currency through administrative resources. Vladimir Kurasov, the High Commissioner in Austria, was tasked by the Currency Committee with securing the Austrian government's approval to exchange old schillings for new

³²⁸ RGASPI 82/2/424/2–21, Bukhgalterskiy otchet GUSIMZ za 1947 god, dated 08.1948.

³²⁹ RGASPI 84/1/30/22, Anastas Mikoyan — Stalinu o proizvodstvennom plane na 1947 god, 23.01.1947.

³³⁰ RGAE 7733/33/1104/82, Perepiska GUSIMZ s Ministerstvom Finansov po finansovo-ekonomicheskim voprosam, dated 03.1948.

³³¹ RGASPI 82/2/1117/19–20, Kursy obmena schillinga, 1950; GA RF R5446/86a/10799/44, Voprosy proizvodstvenno-finansovoy deyatel'nosti GUSIMZ, 17.07.1952.

³³² Ibid.

ones at a 1:1 rate, instead of a rate 1:3 specified by the law.³³³ In November 1947, The Military Bank No. 2111 collected almost all the schilling reserves from Soviet enterprises and exchanged almost all its schilling reserves through the National Bank of Austria. However, according to a CIA report, Soviet-controlled enterprises received schillings back from the Bank at a 1:3 exchange rate, which led to a shortage of money and, as a result, a lack of raw materials. This forced USIA companies to turn to the black market to sell goods in order to earn money.³³⁴

Meanwhile, a project to regulate the transfer of enterprises to Austria was prepared. In October 1947, a draft settlement of the issue of former German assets — the so-called “Cherrière plan” was presented. It provided the USSR with the transfer of 50 % of oil production in Austria, as well as $\frac{1}{3}$ of the exploration areas located in Eastern Austria. In the field of oil refining, French proposals retained oil refineries with a total capacity of 300 thousand tons per year for the Soviet Union. Regarding the Danube Shipping Company, the French proposed that Austria give up in favor of the Soviet Union those German assets of the DDSG that were in Hungary, Romania and Bulgaria. As for all other German assets in Eastern Austria, the USSR was to receive compensation for them with supplies of goods worth 100 million dollars over ten years. Although the Cherrière plan was supported by the Americans and the British, Moscow concluded that it could not serve as a fair basis for resolving the issue of German property.

In January 1948, the Soviet side presented its proposals on former German assets. Under these proposals, the USSR was to retain $\frac{2}{3}$ of its rights to oil production, rights to explore $\frac{2}{3}$ oil-bearing areas in Eastern Austria for 50 years, the oil refineries with a capacity of 450 thousand tons of crude oil per year, the assets of the Danube Shipping Company in Hungary, Romania and Bulgaria and 25 % of its assets in Austria itself. In addition, the USSR was to receive compensation of 200-million-dollar over two years for the USIA enterprises transferred to Austria. Any disputes arising over the question of German assets were to be resolved through bilateral negotiations between the USSR and Austria. These proposals were rejected by the Western countries, which sought to reduce the extent of the German assets claimed by the USSR.³³⁵

³³³ GA RF R5446/49a/5263/120, Valyutnyy komitet, Protokol No. 11 “Ob ispol’zovanii izlishkov schillingov,” 30.06.1947; Austrian Federal Law BGBl. No. 250/1947 of 19.11.1947 “Bundesgesetz über die Verringerung des Geldumlaufs und der Geldeinlagen bei Kreditunternehmungen.”

³³⁴ CIA-RDP82-00457R001300660007-5, “Soviet Economic Activity,” distributed on 16.03.1948. RGASPI 17/137/111/33, Otchet SChSK za 1947 god, distributed in 1948.

³³⁵ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality and the End of East–West Occupation, 1945–55* (Lanham: Lexington, 2018), 125–31.

Within a year, the Soviet side determined and fixed the amount for the transfer of the enterprises: by the end of 1948, it was set at 150 million dollars. This figure had first appeared in the spring of 1945, when the Soviets inventoried the German assets in Eastern Austria after the movable assets had been removed. Thus, the 150-million-dollar valuation reflected the worth of the ‘empty’ plants. According to a CIA report, “the assessment was prepared in reichsmarks and then converted to schillings at a 1:1 rate. New equipment was purchased through Soviet Military Bank loans, and Soviet-controlled firms received valuable equipment on a rental basis from USIA. Since the Soviets considered all installed machinery as its property, there was a threat that the removal of the machinery would paralyze production, or the Soviets would offer to rent or sell it as well.”³³⁶

By the end of 1948, the total value of Soviet property abroad (in Eastern Germany, Eastern Austria, Finland, Hungary, Romania, Bulgaria, Yugoslavia, Manchuria and identified property in Albania) was estimated by the USSR as 6,011 million rubles (100 %). The share of Austria alone was estimated as 7.6 %, or 458.1 million rubles (equal to 86.43 million dollars), it took the second place after Germany, whose share was 82.5 %, or 4,957 million rubles. Out of 6,011 million rubles, 72.7 % became the property of the Soviet Union as former German assets, and the remaining 27.3 % were formed through allocations from the state budget of the USSR, through funds invested by other ministries and departments in Soviet foreign enterprises, and in small amounts through the use of captured property.³³⁷

In 1948, GUSIMZ was no longer a branch of the Ministry of Foreign Trade and instead functioned as a main directorate under the Council of Ministers. Although there is no information on whether the Ministry of Foreign Trade was involved in the development of the production plan, Anastas Mikoyan remained the main supervisor of GUSIMZ, and the procedure for adopting the production plan remained the same and continued to involve the State Planning Committee, the State Supply Committee, the Currency Committee and the Council of Ministers.

On February 9, 1948, the Currency Committee considered³³⁸ GUSIMZ annual plan of production for 1948 and later it was adopted by the Resolution No. 510-194ss of the Council of Ministers.

³³⁶ CIA-RDP82-00457R002300020002-6/2, “Status of CEM and USIA equipment in Soviet-controlled plants in Austria,” distributed on 10.02.1949; CIA-RDP82-00457R002300160002-1, “Treaty preparations by USIA Construction and Building Materials Administration,” distributed on 25.01.1949.

³³⁷ RGASPI 82/2/474/44, Merkulov — Stalinu ob itogakh khozyaystvennoy deyatelnosti GUSIMZa za 1948 god, 20.07.1949.

³³⁸ GA RF R5446/50a/6316/22–100, Protokol No. 6 zasedaniya Valyutnogo Komiteta, 09.02.1948.

The features of the GUSIMZ Currency Plan for 1948 were as follows:

- 1) A reserve of 110,326 thousand rubles was created for possible tax payments to the Austrian budget, in case of the state treaty agreement, and could not be spent;
- 2) Starting in 1948, GUSIMZ received German securities totaling 138.4 million dollars.³³⁹ In particular, in Austria, unofficial sales through local intermediaries were envisaged;
- 3) To obtain additional income, it was proposed to sell seized German patents.³⁴⁰

Although the USSR joined the agreement on German patents concluded at the Inter-Allied Commission on Reparations conference in London on July 27, 1946, it declared itself not bound by several provisions of the Agreement—particularly those concerning German foreign patents and the right of the Allied governments to exclude certain German patents from its scope. Since the Western Powers lacked any practical means of ensuring Soviet compliance with all aspects of the Agreement, they were forced to accept the Soviet decision.³⁴¹

It all affected the results of economic activity of Soviet enterprises and joint-stock companies abroad in 1948:³⁴² the output of products by Soviet enterprises and enterprises of joint-stock companies abroad in 1948 amounted to 7,310.2 million rubles or 129.9 % of the plan. This included 5,448.4 million rubles received from Germany alone or 132.7 % of the plan. In addition, GUSIMZ's income from the sale of former German assets and captured property amounted to 268.8 million rubles (188 % of the plan).

Hard currency income of GUSIMZ for 1948 was equal to 1,399.7 million rubles, including the profit of Soviet enterprises equal to 1,177.1 million rubles. Overall, in 1948, goods worth 875.8 million rubles, or 131.4 % of the plan were shipped to the USSR and third countries: 642.5 million rubles or 157.9 % of the plan shipped to the USSR alone, and 233.3 million rubles or 90 % of the plan shipped to third countries. GUSIMZ transferred 1,374.7 million rubles to the USSR budget or 161.4 % of the plan. It means that from the hard-currency income of 1,399.7 million rubles, 1,374.7 million rubles were credited to the USSR budget, leaving GUSIMZ with 25 million rubles.

³³⁹ RGASPI 82/2/425/359, Merkulov — Molotovu o prodazhe nemetskikh tsennykh bumag, 1948.

³⁴⁰ RGASPI 82/2/425/399, Merkulov — Molotovu o prodazhe nemetskikh patentov, 05.11.1948.

³⁴¹ Vladimir Zakharov, *Sovetskaya voyennaya administratsiya v Germanii, 1945–49. Deyatel'nost' Upravleniya SVAG po izucheniyu dostizheniy nemetskoy nauki i tekhniki v Sovetskoy zone okkupatsii Germanii* (Moskva: Politicheskaya entsiklopediya ROSSPEN, 2007), 619.

³⁴² RGASPI 82/2/426/31, Otchet GUSIMZ za 1948 god, 02.1949.

Economically, 1948 was a key year by many measures: it marked the first year of the Marshall Plan's implementation for Austria, as well as the year when the USSR and Soviet bloc countries adopted a joint resolution on the feasibility of coordinating foreign economic policy and pricing in mutual trade. Following this, at Stalin's initiative, a plan for joint actions to study and comprehensively develop the raw material base of the Soviet bloc countries was created. In December 1948, the project for the establishment of CMEA gained widespread attention in Moscow. During this economic confrontation, the USIA faced yet another major crisis.

THE POUND-DOLLAR MONETARY SYSTEM AND THE DEVALUATION OF 1949

The beginning of 1949 was marked by Anastas Mikoyan's dismissal from the post of Minister of Foreign Trade, during which he ceased supervision of GUSIMZ for a year.³⁴³ Nevertheless, he restored his influence over GUSIMZ in 1950 after Merkulov's discharge and the reappointment of Vasiliy Sergeyev. The report of the CIA confirmed that "in the period of 1951–52, when GUSIMZ was independent from the Ministry of Foreign Trade, the influence of Mikoyan on GUSIMZ's affairs was quite noticeable and a number of memorandums went daily from the Legal Department of GUSIMZ to Mikoyan."³⁴⁴

Meanwhile, in the spring of 1949, the Soviet State Bank decided to invest excessive schillings in its accounts. The Currency Committee elaborated an investment plan: the USSR had to invest almost all available schillings and close factories prepared for the transfer. However, against the background of the devaluation of the Pound sterling a large-scale Schilling devaluation occurred. Under the new conditions, the existing Soviet economic system was unable to earn money and fill the gap in the budget but desperately needed schillings to pay workers, run enterprises and subsidize the Central Army Group in Austria. Moreover, in 1949, the state treaty was not signed and the USSR had to reopen and relaunch USIA enterprises that had sold all machinery and equipment, for instance, according to a CIA report, C.P. Goerz, Sager & Wörner, Philipp Holzmann AG., Vianova Bau AG., and A. Porr AG.³⁴⁵ To combat the schilling shortage and earn some money, the USSR took extreme measures and opened retail stores with dumping prices,

³⁴³ RGASPI 84/1/51/49, O poryadke rassmotreniya voprosov, svyazannykh s vneshnimi svyazyami, 09.04.1949.

³⁴⁴ CIA-RDP82-00046R000400160002-8, "Chief Directorate of Soviet Property Abroad (GUSIMZ)," distributed on 04.10.1954.

³⁴⁵ CIA-RDP82-00457R003400240003-9, "Soviet sales of machinery and equipment from USIA construction firms," distributed on 02.11.1949.

significantly lower than Austrian ones. This chapter considers the monetary and production policy of USIA under the circumstances of the state treaty negotiations, the Cold War and inconsistent decisions of Soviet apparatus of late 1940s.

THE BEGINNING OF THE DOLLAR ERA: BRETTON WOODS

In July 1944, in the city of Bretton Woods the US organized a conference, attended by 730 delegates from 44 states of the anti-Hitler coalition. The Soviet delegation was headed by Mikhail Stepanov, the Deputy People's Commissar of Foreign Trade of the USSR from 1938 to 1947. The purpose of the conference was to sign the agreements that would regulate international monetary and financial relations after the end of World War II. This is how the International Monetary Fund—IMF—and the International Bank for Reconstruction and Development—IBRD—were established. The intention of the IMF was to help rebuild the economies of Europe following World War II. To do so, it was given three critical missions: promoting international monetary cooperation, supporting the expansion of trade and economic growth, and discouraging policies that would harm prosperity.³⁴⁶ The most important condition for achieving this goal was the issuance of loans to any countries in dollars, maintaining the stability of the currencies of the participating countries by providing funds to equalize their balances of payments. For this purpose, at the conference the principles of currency exchange rates were formed: the Dollar was pegged to gold (one troy ounce of gold = \$35), the Dollar became the key world currency, and the currencies of the countries participating in the agreement had to be tied to the Dollar at a strong, stable rate. The parties agreed that changes in exchange rates would be implemented through revaluation or devaluation.³⁴⁷

Since then, the Dollar has become the main basis of monetary stability, the main means of foreign exchange interventions and reserve assets, and, of course, the predominant means of international payments. Overall, the Bretton Woods system remained in effect until the early 1970s. Even though the Soviet Union signed the Bretton Woods agreements, in December 1945, Josef Stalin refused to ratify it.

³⁴⁶ “The IMF in History,” The International Monetary Fund, accessed 31.12.2025, <https://www.imf.org/en/About/Timeline>.

³⁴⁷ Harold James, *International monetary cooperation since Bretton Woods* (International Monetary Fund: Oxford University Press, 1996), 45–53.

Ratification would have required the Soviet Union to provide transparency in its economic statistics, allow international oversight, and accept rules that limited the use of bilateral trade arrangements. First, Stalin saw this as incompatible with the command economy and with his insistence on absolute political control. By rejecting Bretton Woods, Moscow affirmed its refusal to integrate into a Dollar-centred market economy, making clear that two incompatible economic blocs were emerging. Second, as the US envisioned Bretton Woods as the founding for global economic cooperation, Washington considered the refusal as a sign that Moscow did not intend to collaborate on shaping the postwar world economy. It marked one of the first major institutional rifts between the former Allies — economic partition of the world into free-market and socialist spheres. What could have been a shared economic foundation for peace instead became another line of confrontation, with the Dollar and the Ruble symbolizing opposing worlds. This perception fed directly into early Cold War policies, including the Truman Doctrine in 1947 and the Marshall Plan in 1948. Although the USSR rejected global economic cooperation, complete escape from the global influence of the Dollar was impossible, especially in Austria, a country with a market economy.

THE DOLLAR-POUND CRISIS IN THE GREAT BRITAIN

The United Kingdom joined the IMF on December 27, 1945, becoming one of the first 40 nations to enter the global organization. At the same time, it was granted a loan in the amount of 3.75 billion dollars but under very strict conditions: the UK could use this amount for 5 years, from 1946 to 1951, the repayment of the loan was to begin after a six-year grace period, with interest calculated at 2 % per annum, and was to continue for 50 years. By receiving a loan from the IMF, the UK pledged to restore the free exchange of the Pound for the Dollar and reduce customs duties on imports.

However, in 1946, price controls were abolished in the United States, which led to a sharp increase in the prices of export goods. For this reason, the loan received by the UK was spent during just 1946. Since there was a catastrophic shortage of money. In July 1947, the government, fulfilling its obligations, introduced a free exchange of the Pound for the Dollar. However, after a month, the free currency exchange was abandoned. The UK experienced an acute financial crisis, and the government was forced to reduce food imports, which led to a sharp rise in food prices.³⁴⁸ To receive financial aid, the country decided to join the Marshall Plan. In July 1948, a bilateral

³⁴⁸ Alain Naef, *An Exchange Rate History of the United Kingdom 1945–92* (Cambridge University Press, 2022), 5–8.

agreement was signed with the United States on the implementation of the Marshall Plan in the Great Britain. Under this four-year plan, it received almost 2.7 billion dollars, more than 2.3 billion dollars of which was in the form of goods supplies, and the rest as loans. During these years, the country was forced to allow American controllers onto its territory to monitor the use of the loans.

The situation was complicated by the fact that in 1949, due to another crisis, the United States reduced import purchases in the countries of the sterling zone and the influx of dollars into Britain decreased, while at the same time Britain continued to purchase American goods for dollars. From May to August 1949, imports from the United States saw an up to six-fold increase.³⁴⁹ This led to a decrease in British gold and foreign exchange reserves. Between June and September, Exchange Equalization Account (EEA) sold over £86 million of gold to buy dollars, so its dollar and gold reserves dropped by more than 40 %: from £318.2 million in January to £ 190.2 million in early September [...].³⁵⁰ As a result, in order to protect its financial system, on September 18, 1949, the Labour government devalued the pound sterling by 30.5 %, the value of the Pound decreased from 4.03 to 2.8 dollars.³⁵¹

Thus, the fundamental cause of the devaluation was a structural trade deficit of the United Kingdom with the United States. Another cause was a minor recession in the United States in the second quarter of 1949, followed by speculation against the pound. Finally, political pressure from the United States played a role. The devaluation was predictable.³⁵² The devaluation weakened the importance of the pound as an international currency and strengthened the position of the Dollar.

THE 1949 AUSTRIAN CURRENCY DEVALUATION

Until late 1940s, the Pound–Dollar relationship was the foundation of the global monetary system. Consequently, when the pound was devalued against the dollar, countries within the sterling zone or those linked to the British Pound experienced similar devaluations of their currencies against the Dollar. During the brief summer–autumn period of 1949, a significant devaluation of 35 national currencies took place, for instance, in Ireland, New Zealand, Canada, France, Australia, Egypt, Israel, India, Burma, Ceylon, Denmark, Italy, Norway, Sweden, Finland, Holland and

³⁴⁹ Ibid., 18.

³⁵⁰ Ibid., 23.

³⁵¹ “Deval'vatsiya angliyskogo funta,” *Pravda*, 19.09.1949, 4.

³⁵² Alain Naef, *An Exchange Rate History of the United Kingdom 1945–92* (Cambridge University Press, 2022), 22.

others. Devaluations occurred in earlier times as well, such as during the 1930s, but that process took several years to unfold. In contrast, in 1949, it happened within just a few weeks.

Although the depreciation of the Austrian schilling followed the pound throughout the second half of 1949 (in June, the exchange rate was \$1 = 25–27 schillings, on September 28, it was \$1 = 32 schillings),³⁵³ officially, the Austrian Ministry of Finance carried out the devaluation after the October parliamentary elections.

The decision to devalue Schilling was announced at a press conference on November 21, 1949.³⁵⁴ It was determined that each exporter had to transfer 40 % of the foreign currency received to the Austrian National Bank at the basic rate of 14.40 schillings per 1 dollar. It could sell the rest on the open foreign exchange market at the respective premium rate of 26 schillings per 1 dollar. In addition to the official or “basic rate,” a free foreign exchange market was set up under the supervision of the Austrian National Bank, on which the “premium rate” was determined based on supply and demand, provisionally set at 26 schillings for 1 dollar. This rate applied to foreign countries — travel, tourism, etc. Between the basic rate of 14.40 schillings and the premium rate of 26 schillings, a Mixed rate of 21.36 schillings was set for 1 dollar. All Marshall Plan deliveries with a few exceptions were to be paid for at a Mixed rate, especially raw materials, industrial coal, machines, etc., which were previously paid for at the rate of 10 schillings per 1 dollar.³⁵⁵

THE CONSEQUENCES OF THE DEVALUATION FOR USIA

By 1949, the USIA had its currency plan³⁵⁶ and a production plan.³⁵⁷ According to calculations by the State Bank of the USSR, proper execution of the plan would generate 390.151 million rubles equal to 780.302 million schillings in revenue for the State Bank’s foreign exchange office

³⁵³ GA RF R5446/51a/8037/22–39, Protokoly zasedaniy Valyutnogo Komiteta. Povestka dnya zasedaniya: ob ispol’zovanii izlishkov avstriyskikh schillingov, 29.10.1949.

³⁵⁴ “Neuregelung des Dollar-Schilling Kurses heute erwartet,” *Wiener Kurier*, 21.11.1949, 1.

³⁵⁵ “Die Folgen der Abwertung,” *Österreichische Volksstimme*, 22.11.1949, 2.

³⁵⁶ GA RF R5446/51a/8271/Zapis’ No. 36, Zhurnal No. 1 ucheta sekretnykh dokumentov po gruppe Valyutnogo Komiteta za 1949 god, The Resolution of the Council of Ministers of the USSR No. 439-165s on GUSIMZ Monetary Plan for 1949, 01.02.1949.

³⁵⁷ GA RF R5446/51a/374/22, Valyutnyy Komitet. Protokoly k materialam zasedaniy: nachal’nik TsSU V.Starovskiy — upravlyayushchemu delami Soveta ministrov SSSR Chaadayevu. Mentioned the Resolution of the Council of Ministers of the USSR No. 23-7ss and No. 43-10ss of 03.01.1949.

between March and December 1949. After deducting expenses of 202.838 million rubles, the reserves were expected to amount to 340.552 million rubles, or 681.104 million schillings, by January 1, 1950. That amount would represent 10 % of Austria's monetary circulation and would substantially exceed the USSR's requirement for Austrian currency. Therefore, on March 17, 1949, Vasiliy Popov, the Chairman of the Board of the State Bank of the USSR, 1948–58, submitted to the USSR Monetary Committee a proposal to use surplus Austrian schillings from the State Bank's foreign exchange treasury.

Vasiliy Popov's proposal was to place orders at USIA and Austrian enterprises in the amount of 500 million schilling: 430 million schillings — at Soviet-controlled enterprises, and 70 million schillings — at Austrian companies. The minimum cash balance of the State Bank was proposed of 150 million schillings. The State Planning Committee of the USSR agreed with Vasiliy Popov's proposal, and the Currency Committee obliged the Ministry of Foreign trade, the State Planning Committee and GUSIMZ to provide the Council of Ministers with a list of goods, materials and equipment to be purchased and delivered to the USSR with the deadline by April 1.³⁵⁸ Among the ordered goods, there were 300 motors of different power, 400 cubic meters of plywood, 700 tons of newsprint, electrical measuring instruments, diesel tractors, etc.³⁵⁹

The next meeting of the Currency Committee was held on April 26, 1949, to decide the amount of the minimum balance of schillings in the Soviet State Bank that would allow Soviet enterprises to carry out production activities, and whether unpaid taxes were to be transferred to the USSR budget. It coincided with the VI Session of the Council of Foreign Ministers, held from May 23 until June 20, which also addressed the economic articles of the state treaty.

VI SESSION OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS AND THE USIA TRANSFER PREPARATION

At the VI Session, the most detailed discussions focused on Article 35 of the state treaty draft, which regulated German assets — particularly the settlement payments of 150 million dollars in a freely convertible currency and the transfer of Soviet-controlled enterprises. The fate of DDSG

³⁵⁸ GA RF R5446/51a/8033/ 94–114, Povestka dnya zasedaniya Valyutnogo komiteta pri Sovete ministrov: ob ispol'zovanii izlishkov avstriyskikh schillingov, 29.03.1949.

³⁵⁹ GA RF R5446/51a/494/70, O zakupke tovarov v Avstrii za schet svobodnogo ostatka avstriyskikh shillingov v kasse Gosbanka. The Resolution of the Council of Ministers of the USSR No. 2786-1158s, issued on 25.06.1949.

remaining under Soviet control “raised concerns on the part of the Western Powers and the Austrians about letting the USSR have docks or piers, especially in Vienna; it could pose a security risk if the Soviets tried to use these facilities strategically.”³⁶⁰ The solution would be to place them under Austrian laws and subject to Austrian police control.

On June 19, at the Council of Foreign Ministers, the Draft Agreement of the Four Ministers on the Austrian Treaty was presented by the Soviet Delegation. Although the draft of Article 35 remained unapproved, the newspaper *Pravda* published a *communiqué* on June 21, 1949. It reported that agreements on all controversial articles had been reached, and “the Deputy Ministers will soon resume their work in order to reach an agreement on the entire draft treaty no later than September 1, 1949.”³⁶¹ The “final” version of the draft of Article 35 assumed that the Soviet Union was to transfer to Austria property, rights, and interests held or claimed as German assets, as well as war industrial enterprises and associated equipment, buildings, land, and certain industrial and transportation equipment held or claimed as war booty. In return, Austria was to pay the Soviet Union 150 million US dollars in freely convertible currency over a period of six years. As for the Danube Shipping Company (DDSG), the Soviet Union was to receive its assets located in Hungary, Romania, and Bulgaria, as well as 100 % of the assets of the Danube Shipping Company located in Eastern Austria. As for the Soviet Oil Administration (SMV), the Soviet Union was to receive, for a period of 30 years, concessions to oil fields equivalent to 60 % of Austria’s 1947 oil production of all exploration areas in Eastern Austria that qualified as German assets under the Potsdam Agreement and were currently in Soviet possession, along with property rights to all buildings, installations, equipment, and other assets associated with those oil fields. The Soviet Union would have the right to conduct exploration in these areas for 8 years and, upon discovery of oil, to extract oil for a period of 25 years starting from the moment of discovery.³⁶²

Since June 1949, the USSR began to curtail USIA production. We find confirmation of Soviet curtailing activities not only in Soviet documents but also in CIA reports. One of them says that “the USSR formed an assessment commission that decided what material assets to sell on-site and what to transfer to the USSR. *Avtovelo*, *Kabel*’, *Kraska* and other USIA joint-stock companies

³⁶⁰ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 127–8.

³⁶¹ “Kommyunike Soveta ministrov inostrannykh del,” *Pravda*, 21.06.1949, 2.

³⁶² “Draft Agreement of the Four Ministers on the Austrian Treaty by the Soviet Delegation at the Council of Foreign Ministers,” Office of the Historian of The Department of State, accessed 31.12.2025, <https://history.state.gov/historicaldocuments/frus1949v03/d521>.

disposed of all stocks of raw materials and partly manufactured goods, which were not allocated for production quotas. Enterprises not engaged in a 500-million schilling order from the USSR were under systematic dismissals of administrations.”³⁶³

The draft of Article 35 also assumed that the reserved taxes would become the property of the USSR, and on June 25, the Council of Ministers of the USSR, by the secret Resolution No. 2786-1158s, obliged GUSIMZ to contribute reserved taxes in the amount of 230 million schillings to the Soviet state budget, and set the minimal reserve in the Military Bank of 350 million schillings (contrary to 150 million proposed earlier).³⁶⁴ The same Resolution approved the list of goods to be purchased for 500 million schillings: electrical equipment, railway rolling stock, motor vehicles, agricultural machinery and equipment, and various consumer goods. On August 6, the Resolution of the Council of Ministers of the USSR No. 3375-1407s obligated the Ministry of Foreign Trade to purchase them, and the Resolution of the Council of Ministers of the USSR No. 3332-1398 changed the currency plan and payment plan of GUSIMZ for the second half of 1949. According to the Ministry of Foreign Affairs, of October 1, 1949, orders totaling 490 million schillings were placed in Austria in the proportions as follows: 423 million in Soviet enterprises, 67 million in Austrian enterprises.³⁶⁵ The remaining orders of 10 million would be placed in October 1949.³⁶⁶ This order was also important because, if the state treaty had been concluded, the USSR would have received only cash, while the goods would have been unavailable for some time — they would have had to be purchased at a regular market price.

From July 1 until September 2, 1949, in London, a new session of the Council of Foreign Ministers was held. The Soviet-controlled press in Austria, in particular the USIA newspaper “*Mitteilungsblatt des Zentralen Kulturreferates der USIA*,” reported that the state treaty was “just around the corner.”³⁶⁷

³⁶³ CIA-RDP82-00457R002900310008-2, “Reductions in USIA Personnel and Stocks; Acceleration in USIA Exports to USSR,” distributed on 28.06.1949.

³⁶⁴ RGASPI 82/2/780/98, Projekt postanovleniya Soveta Ministrov SSSR ob ispol'zovanii avstriyskikh shillingov, 06.1949.

³⁶⁵ GA RF R5446/51a/494/70, Prilozheniye 1 i 2, O priobretenii tovarov v Avstirii s ispol'zovaniyem svobodnogo ostatka avstriyskikh schillingov v kasse Gosudarstvennogo banka, 16.07–06.08.1949.

³⁶⁶ GA RF R5446/51a/8032/57, Arseniy Zverev — Prezidiumu Soveta Ministrov SSSR o khode vypolneniya postanovleniya ot 6 avgusta, 18.10.1949.

³⁶⁷ “Wirtschaftsplanung in Österreich,” *Mitteilungsblatt des Zentralen Kulturreferates der USIA*, 07.1949, 4–5; “Wirtschaftsplanung in Österreich,” *Mitteilungsblatt des Zentralen Kulturreferates der USIA*, 08.1949, 1.

The more the Soviet Union advanced in agreements, the more steps it took to curtail USIA production and prepare it for the transfer to Austria. Moreover, in December 1950, the Five-Year Plan for the restoration of the national economy was ending, and the closure of production would have seemed justified.

On July 1, 1949, Vsevolod Merkulov, the Head of GUSIMZ, gave the detailed instructions to Tikhomirov, a new Head of USIA from mid-1949 until 1950, what to do with production and goods “so that by the time the actual transfer of enterprises the Soviet Union would have time to extract the maximum possible benefits,” The same day Merkulov also informed Stalin about the details, the most important points of which were as follows: ³⁶⁸enterprises were instructed to avoid stockpiling products and to reduce raw material and supply inventories to the bare minimum needed for production. Measures were coordinated with the Soviet Command in Austria to support Austrian communists and loyal workers, including transferring some to Soviet-controlled enterprises and granting them cash benefits before the handover. Since the transfers to the Austrian government were rushed and the enterprises lacked working capital, full recovery of earlier loans for materials and products was deemed unfeasible. Moreover, the enterprises were instructed to store no more than 25 % of standard material stocks and no more than three days' worth of product output, with excess inventory stored in supply company warehouses. Inventory should be sold primarily for cash in schillings to the Purchasing Commission of the Ministry of Foreign Trade, with proceeds used to pay off the enterprise's debts, including loans, taxes, and profits, until fully settled. Enterprises were also required to collect any remaining profits and taxes, transferring them to a special bank account, and provide weekly coded reports on the progress of these withdrawals.

During the process of collecting taxes and profits, the Military Bank No. 2111 was authorized to lend up to 350 million schillings to enterprises, supply offices, and the Central Commercial Office, secured by inventory assets and bills of exchange, with repayment due by December 1, 1949. Capital construction for USIA enterprises was halted as of July 1, 1949, except for projects essential to meet the current year's production plan. By October 1, 1949, all remaining trophy property, except for real estate and fixed assets designated for liquidation, were to be sold. In addition, an action plan was to be created for the removal of technical documentation, including drawings, processes, and patents, from enterprises that were to be transferred to the Austrian government. To do that, 40 responsible employees were to be appointed, and their names were to be reported to the Main Directorate by August 15, 1949. All actions were to be carried out with

³⁶⁸ RGASPI 82/2/486/42–47, Vsevolod Merkulov — Stalinu i Tikhomirovu o likvidatsii USIA, 01.07.1949.

the understanding that the 1949 savings and supply plan for income in the USSR and third countries would remain unchanged.

By the time the new session began in New York on September 23, 1949, the documents reflected the ongoing Soviet efforts to implement Merkulov's Directive of July 1. This directive appeared to have ordered preparations for the withdrawal of Soviet assets and a gradual curtailment of economic activity in Austria. The documents from both Soviet and the US side provide evidence of subsequent Soviet economic activities resulting from it. For instance, on September 26, CIA reported that a joint-stock company *Avtovelo* maintained only a monthly supply of raw materials for its companies³⁶⁹ that can be explained by the desire to avoid the transfer stocks of materials and money to Austria. Indeed, at that time, the Soviet side preferred conducting transactions in cash alone: the land at Marz, Esterhazy Burgenland was leased for cash. In general, money in the amount of a reserve of more than one month were to be transferred to the Soviet Military Bank.³⁷⁰ This practice reflects a clear Soviet attempt to convert property into immediate liquid assets and avoid any obligation or loss stemming from a potential transfer of property back to Austrian control. Another CIA report highlighted the position of the Austrian government in the above-stated circumstances: realizing that the USSR urgently needed to sell off its stockpiles in warehouses and get rid of some assets, it discouraged any commercial engagements—buying or leasing—with USIA, warning that such transactions could be nullified after the end of the Soviet occupation.³⁷¹ The GA RF document dated October 11 referenced a request from Grigoriy Orlov, the Minister of Forestry and Paper Industry from 1944 to 1958, for an urgent visit by engineers from his ministry to the Voith plant. Grigoriy Orlov emphasized the urgency because the state treaty could be finalized at any moment, thereby making the documentation permanently inaccessible after the transfer.³⁷² On October 29, Vsevolod Merkulov proposed to consider the issue of increasing wages in the context of inflation in the first quarter of 1950, because in the upcoming possible conclusion of the state treaty and the proposed transfer of enterprises to Austria, the majority of Soviet workers would be recalled in the near future and the USIA apparatus would be significantly reduced.³⁷³

³⁶⁹ CIA-RDP82-00457R003200290001-1/1, "Recent changes in USIA policy," distributed on 26.09.1949.

³⁷⁰ CIA-RDP82-00457R003200570008-3/1, "USIA preparations for an Austrian state treaty," distributed on 03.10.1949.

³⁷¹ CIA-RDP82-00457R003200610001-5/2, "Miscellaneous Information on USIA," distributed on 26.09.1949.

³⁷² GA RF R5446/51a/4349/6, O komandirovke chetyrekh inzhenerov na zavod Voith v Avstrii, 11.10.1949.

³⁷³ GA RF R5446/51a/8037/22–39, Protokoly zasedaniy Valyutnogo komiteta. Povestka dnya zasedaniya 29.10.1949.

The year 1949 witnessed several divergent actions of the Soviet government: production would have to be carried out under the conditions of the closure of some enterprises that were not loaded with orders from the Soviet Union. Of course, in this case the seriousness of the USSR's intentions to conclude the state treaty and reasons to stop negotiations remain a topic of debate among researchers. For instance, Walter M. Iber suggested that suspending was caused by the discovery of Matzen oil field between January and April 1949, as Matzen oil reserves were exceptionally substantial, and its loss was highly undesirable.³⁷⁴ Peter Ruggenthaler concluded was that a decisive factor laid in the conflict between Stalin and Tito. By November, the conflict with Yugoslavia had intensified, making it highly likely to be the real trigger for the shift in the USSR's position. If troops were withdrawn from Austria, and consequently from Hungary and Romania, the USSR would forfeit a crucial strategic position for launching attack.³⁷⁵ Alexey Filitov holds the same opinion.³⁷⁶ Stourzh and Mueller in their work "A Cold War over Austria" claimed that Soviet policy was to proceed with the negotiations while leaving it open until the very end whether to sign it or not. At first, during summer negotiations "all sides wished to accomplish quick results sacrificing one's own wishes in the interest of a quick conclusion. However, the conflict between Stalin and Tito was peaking in open clashes and no one knew which direction it would take. The conventional image of the two blocs had become somewhat disorderly, and it was hard to predict who would support whom, for what reasons and when."³⁷⁷

The discovered USIA documents suggest that curtailing of the enterprises lasted until late October —mid-November 1949. By that time the entire schilling mass from the Military Bank had been spent, the material assets of USIA enterprises were sold, and investments and capital construction were suspended. Thus, by 1950, in the condition of galloping inflation, trade restrictions and postponed state treaty, the USIA was left with minimal reserves of schillings. It should also be noted that although the oil sales accumulated great income, according to the Soviet

³⁷⁴ Walter M. Iber, "Erdöl statt Reparationen. Die Sowjetische Mineralölverwaltung (SMV) in Österreich 1945–55," *Vierteljahrshefte für Zeitgeschichte* 57, no. 4 (2009): 571–605, doi.org/10.1524/vfzg.2009.0055.

³⁷⁵ Peter Ruggenthaler, Stefan Karner, "Stalin, Tito und die Österreichfrage. Zur Österreichpolitik des Kreml im Kontext der sowjetischen Jugoslawienpolitik 1945 bis 1949," *Jahrbuch für Historische Kommunismusforschung* (2008): 81–105.

³⁷⁶ Aleksey Filitov, "Sovetskiy Soyuz i vyrabotka gosudarstvennogo dogovora s Avstriyey," in *Rossiia v mire: obrazy i grani vzaimodeystviya. Sbornik statey*, ed. A.O. Chubar'yan (Moskva: Izdatel'stvo Ves' Mir, 2019), 329.

³⁷⁷ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 133.

policy it did not replenish the USIA budget. As a result, from early 1950 until 1955, the enterprises were on the verge of bankruptcy.

HOW THE USSR FOUND A WAY OUT: THE USIA RETAIL STORES

Indeed, the year 1949 brought an economic crisis to the world. The inner Soviet measure was to untie the Ruble from the US Dollar: on March 1, 1950, the Ruble was tied to the gold standard of 0.222168 grams of pure gold, the Ruble exchange rate in relation to foreign currencies was based on the gold content of the Ruble: 4 rubles for 1 US dollar instead of 5.3 rubles, 11.2 rubles for 1 pound sterling instead of 14.84 rubles.³⁷⁸

The economic crisis affected USIA as well, generally through the devaluation of Schilling, the Marshall Plan, poor management at USIA plants and USSR mistakes in investment planning. CIA was also aware that since the spring of 1950, “USIA has experienced serious financial difficulties. In view of the fact that Moscow refuses to advance hard currency for the purchase of necessary schillings, Soviet directors of USIA have tried various means of relieving this schilling shortage.”³⁷⁹ At the same time, the revenue from SMV was not allowed to cover the USIA budget. Therefore, some solutions were required to inject schillings into USIA enterprises. The Resolution of the Council of Ministers³⁸⁰ No. 3420-1435 of August 13, 1950, founded a network of dumping price retail stores selling goods from the West (for example, Italy, Switzerland, France, etc.³⁸¹) and, according to a CIA report, from Soviet bloc countries “through barter trade agreements with USIA plants.”³⁸² Therefore, through a network of established retail outlets, USIA could market unsold domestically manufactured goods, inexpensive surpluses acquired through compensation agreements, and goods imported for resale from the West.

³⁷⁸ “O perevode kursa rublya na zolotuyu bazu i o povyshenii kursa rublya v otnoshenii inostrannykh valyut,” *Pravda*, 01.03.1950, 2.

³⁷⁹ CIA-RDP82-00457R006600160004-2/1, “USIA retail stores,” distributed on 06.01.1951.

³⁸⁰ RGASPI 17/164/208, Postanovleniye Soveta Narodnykh Komissarov SSSR No. 3420-1435 „Ob organizatsii roznichnoy trgovli pri USIA,” 13.08.1950. First published in the book by Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–55* (Wien: Böhlau Verlag, 2012), 282.

³⁸¹ RGASPI 82/2/486/123–124, O besposhlennom vvoze tovarov, 07.08.1950.

³⁸² CIA-RDP82-00046R000500110006-7/11, “GUSIMZ and USIA,” distributed on 27.04.1955.

Goods were imported through the Eastern border by Intrac GmbH, *Yuzhvneshtrans* and Central Army Group. Although the Resolution was signed on August 13, 1950, various studies contain references to retail stores supplying Soviet citizens in Austria back in the mid-1940s. This chapter provides a detailed history of the creation of a network of Soviet retail stores in Austria.

To improve Army consumer services and fill its need for food and commodities, since 1941 a system of the *Voyentorgs* (military stores) was formed. With the entry of the Soviet Army troops onto the territory of Austria, it offered a wide network of stalls, auto shops, canteens, tailor's and shoemakers' workshops, hairdressers, photographers, watchmakers and other enterprises. In Austria, purchases for the *Voyentorgs* were handled by *Zakupotshnaya Torgovlaya Kontora* (Purchasing and Trade Office), formed in the spring of 1945.

In the spring of 1946, the USSR formed civilian-controlled Directorates GUSIMZ and USIA, whose specialists needed food and commodities as well. As a result, in Austria, the Soviet system demonstrated one of its characteristics: restricting Soviet citizens' access to local free-market stores and obliging employees buying in Soviet shops.³⁸³ Each group of Soviet consumers had to buy goods from "their" Soviet distributor, confirming their membership with a document, whereas the shop was inaccessible to outsiders.

To provide food and commodities for civilian specialists from factories, in the areas with no shops of the Ministry of Trade (there were none in Austria), the USSR organized the state retail enterprise—the ORS stores—*Otdel rabochego snabzheniya* (the Workers Supply Service). An example of the operation of ORS stores is given in the thesis by Otto Klambauer, in which he cites a newspaper *Arbeiter-Zeitung* of May 5, 1948, on the opening of a new ORS store.³⁸⁴

For administrative employees of USIA there was *Kooperativ Sovetskikh Rabotnikov v Avstrii* (Consumer Cooperative of Soviet Employees in Austria). According to a CIA report, "the *Kooperativ* supplied all people working for Soviet official and economic offices."³⁸⁵ Interestingly, how Soviet documents report these categories of buyers: "military" and "Soviet" (rather than civilian).

³⁸³ Boris Dobrodeyev, *Bylo—ne bylo* (Moskva: PROZAIK, 2010), 129.

³⁸⁴ Otto Klambauer, "Die USIA-Betriebe" (Phil. Diss., Universität Wien, 1978), 401.

³⁸⁵ CIA-RDP81-01043R003700130004-9/200, "Soviet Occupation Economy in Austria," date of distribution 27.08.1959.

Since the end of 1948 or late May–early June 1949, subordination of the retail shops of the Workers Supply Service (ORS) and the *Kooperativ* were transferred from USIA to Soviet military authorities (*Voyentorg*), headed by Parkansky, and his Deputy Chief — Godunov. Soon the provision deteriorated significantly and caused great dissatisfaction among civilian workers.³⁸⁶

The Resolution of the Council of Ministers No. 3420-1435 of August 13, 1950,³⁸⁷ in addition to the already existing network of *Voyentorg* stores, opened *extra* 100 stores with dumping prices for Soviet civilian workers. The department responsible for the new stores was called ORT—*Otdel Roznichnoy Torgovli*—the Retail Department, with the headquarters at 26 Argentinierstraße, in the fourth district of Vienna. ORT became an additional joint-stock company alongside existing companies such as *Marten*, *Avtovelo*, and others.³⁸⁸ With the emergence of the civilian ORT network, *Voyentorg* again stopped serving civilians.

Goods for these stores were supplied in accordance with the Resolution of the Council of Ministers of the USSR dated August 13, 1950.³⁸⁹ The Soviet part of the Allied Commission for Austria issued permits to the Soviet-controlled freight forwarding company *Yuzhvneshtrans* and to the to the KPÖ-owned logistic company Intrac GmbH for the right to import food and industrial goods. CIA report says that on the territory of Austria, these goods were transferred to ORT, which sold them in newly opened retail stores. Thus, goods arrived duty-free and could be sold without paying taxes and fees, offering prices below market, in the conditions of galloping inflation.

According to a CIA report, the Soviet joint-stock company “*Vkus*” engaged in the purchase of goods in the USSR and abroad, also opened its own retail stores and leased others through Bezimpex GmbH, a KPÖ-owned enterprise. However, in the end, “*Vkus*” retail stores were merged with ORT chain.³⁹⁰

³⁸⁶ GA RF R5452/30b/1/89, IV konferentsiya chlenov profsoyuza – rabotnikov USIA, 03–04.02.1950.

³⁸⁷ This Resolution is first mentioned in the book by Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–55* (Wien: Böhlau Verlag, 2012), 282.

³⁸⁸ See the USIA scheme in Chapter 3.

³⁸⁹ RGASPI 84/1/74/157, Nachal'nik GUSIMZ Vasiliy Sergeyev, A. Mikoyan I. Grigor'yan v Politbyuro TsK VKP(b), 29.11.1951.

³⁹⁰ CIA-RDP81-01043R003700130004-9/204, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

CIA report shows that ORT was subordinated to the Head of USIA, operating through the Deputy for the commercial sector: ³⁹¹ the Head of USIA → Deputy for the commercial part → ORT.

The executive personnel of ORT consisted of Director-General — N. Tuligolovets; Deputy Director-General — V. Loktishov; Chief Accountant — S. Abrosimov; Business Manager — M. Landerl.

Until December 1953, all USIA retail stores were directly subordinate to the Retail Trade Department in Vienna. The stores submitted their orders and financial accounting to the Department and received deliveries directly from the USIA Central Warehouse. This procedure was considered unsatisfactory as the retail stores had no storage facilities and consequently had to order goods in small quantities and at frequent intervals. This placed a heavy accounting burden on the Retail Trade Department in Vienna and caused inefficiency in delivery.

A CIA report concludes that “the main task of ORT was to sell goods at retail prices against schillings.”³⁹² For these schillings, the Soviets and the Eastern Bloc could procure important commodities and even procure currency on the black market, which again in turn could be used to purchase hard-to-get commodities. Another CIA report adds that there were some political and propagandistic advantages: a) cheap goods during a period of scarcity fostered the impression that the Soviet economic system outperformed the free market; b) USIA stores acted as KPÖ propaganda offices, collecting signatures for Communist initiatives such as the Peace Council and anti-atomic bomb campaigns; c) Soviet stores brought damage to merchants of free market economy; d) these stores also supported the KPÖ by providing well-paid jobs to members and sympathizers, while depriving the Austrian state of taxes and customs duties and creating an unsupervised sector that harmed the national budget.³⁹³

The system of Soviet retail stores existed not only in Austria but in GDR. One of the most detailed descriptions we find in Otto Klambauer dissertation: on October 27, 1948, the German Economic Commission announced establishing a chain of stores known as H.O. Läden in the Soviet zone “in order to give the population of the zone the opportunity to purchase additional commercial consumer goods and food outside of the rationed supply. On November 15, 1948, the first H.O.

³⁹¹ CIA-RDP80-00810A004000780002-0, “Organization of the Retail Trade Division of USIA,” 07.05.1954.

³⁹² CIA-RDP79-01093A000500040001-9/8-9, “Soviet control and procurement agencies in Austria,” distributed on 22.03.1954.

³⁹³ CIA-RDP81-01043R003700130004-9/206, “Soviet Occupation Economy in Austria,” distributed on 27.08.1959.

store, a state-owned enterprise, opened and subsequently expanded into a chain of H.O. stores throughout the GDR. The purpose of setting up 110 stores was firstly to siphon off the excess purchasing power that was ‘endangering the currency’ by offering scarce goods at inflated prices and thus to help finance the state budget. Secondly, they put owners of private stores in difficulty through insufficient goods allocation and often caused them to sell their stores.” However, the tasks of H.O. Läden and ORT shops were completely different: H.O. stores sold goods that were not in shortage and had a regular price level, while the USIA stores were supposed to lure Austrian buyers with dumping prices. However, both H.O. Läden and ORT shops have something in common regarding damaging private trade.³⁹⁴

A CIA report shows that USIA stores for civils were divided into department stores and specified ones: meat, grocery, etc. and had practically everything for sale: food, carpets, radios, perfumes etc.,³⁹⁵ as well as cameras, typewriters, calculating machines, textiles, shoes.³⁹⁶ CIA document provides evidence of low prices of 1954: “bicycles obtained in Eastern Germany were sold for 250 Austrian schillings, while Austrian stores sold them for 1,200–1,300 Austrian schillings. On another occasion, radios made in Hungary were sold for 300 Austrian schillings, while equivalent radios were sold in Austrian stores for 600–800 Austrian schillings.”³⁹⁷ The source explained these low prices by “tremendous overproduction of some consumer items. For instance, bicycles in Eastern Germany were turned out apparently with no other thought than to fulfill and overfulfill the plan and eventually had to be unloaded at these extremely low prices.”³⁹⁸ Judging by the above-mentioned prices from CIA documents and on shop signs,³⁹⁹ in average, USIA stores were able to undersell consumer goods by 80 %, and food by 18 %. It forced Austrian shopkeepers into bankruptcy and upsetting the prevailing price structure.⁴⁰⁰

A CIA report explains that the lower prices compared to regular Austrian stores were due to ORT paying no customs duties or taxes (except for property, salary taxes and social security payments).

³⁹⁴ Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978), 245–7; Ibid., 401.

³⁹⁵ CIA-RDP81-01043R003700130004-9/205, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

³⁹⁶ CIA-RDP83-00415R013400020007-3/38, “Activities of USIA,” distributed on 17.11.1952.

³⁹⁷ CIA-RDP82-00046R000500110006-7/11, “GUSIMZ and USIA,” distributed on 27.04.1955.

³⁹⁸ Ibid.

³⁹⁹ “Wien 4., Lothringerstraße 2,” ÖNB digital, accessed 31.12.2025, <https://onb.digital/result/10C3527B>.

⁴⁰⁰ CIA-RDP79R01141A000100180002-8/7, “Soviet methods of economic penetration in Austria,” distributed on 23.10.1952.

Furthermore, the stores themselves were often requisitioned and so there was no rent to pay.⁴⁰¹ Sometimes in order to find suitable locations for these stores, Administration approached several small shop owners in the Soviet Sector with the proposition to lease their shops to USIA for a monthly rental of 500–3,000 schillings.⁴⁰²

In 1950, the Soviet Union explained such pricing in a service report due to “the duty-free import from other countries. Trade is conducted beyond the scope of Austrian authorities control, without observing Austrian price laws and without paying any taxes and fees.”⁴⁰³ At the same time, realizing the illegality of the scheme, a Soviet magazine in 1952 clarified the pricing as follows: “It is cheaper because the intermediate trade margin is eliminated and many types of goods come from the People’s Democracies at extremely low prices.”⁴⁰⁴

Regarding the cash flow and the profits, CIA data shows that the average monthly turnover per business amounted to 170,000 schillings in 1952 and 100,000 schillings in 1954. It was arithmetically estimated that the total sales turnover of the 120 USIA retail stores in Austria during 1954 was between 982 million and 1 billion Austrian schillings.⁴⁰⁵ These numbers are overrated as the Soviet report shows that in 1952 “there were 113 Soviet retail stores in Austria. Their trade turnover in 1951 amounted to 228 million schillings, which gave 16 million schillings extra profit or 1.5 % of the USIA’s total profit.”⁴⁰⁶ In 1952, the turnover of 114 ORT shops was 355 million schillings.⁴⁰⁷

Although the profit was relatively low, GUSIMZ and the Ministry of Foreign Affairs of the USSR considered it inappropriate to close USIA stores, as it would deprive USIA of selling through these stores a significant part of the difficult-to-sell products of Soviet enterprises in Austria. Moreover,

⁴⁰¹ CIA-RDP81-01043R003700130004-9/205, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

⁴⁰² CIA-RDP82-00457R006600160004-2/1, “USIA retail stores,” distributed on 06.01.1951.

⁴⁰³ RGASPI 17/137/351/52, Koptelov — Vyshinskomu, Grigoryanu i Gribanovu v Doklade SChSK po Avstrii, 1950.

⁴⁰⁴ “Kaufhäuser für das Volk,” *Welt Illustrierte*, 9 (288), 02.03.1952, 9.

⁴⁰⁵ CIA-RDP80-00810A006800050009-6, “Anticipated Effect of state treaty on USIA Retail Division,” distributed on 13.06.1955; CIA-RDP82-00457R015500170010-5/2, “Reported Financial Crisis in the USIA Administration,” distributed on 29.12.1952.

⁴⁰⁶ RGASPI 82/2/1117/120, Vyshinskiy i Sergeyev — Molotovu o rabote sovetskikh predpriyatiy, 08.04.1952.

⁴⁰⁷ RGASPI 17/137/918/218, Otchet SChSK o khozyaystvennoy deyatelnosti sovetskikh khozyaystvennykh predpriyatiy v Avstrii za 1952 god, 19.02.1953.

the transit of goods served as financial support for the KPÖ. Overall, the importance of the shops was not merely financial but also political.

To determine the number of stores, intelligence had to identify them, but due to the fact that the stores were operating in violation of Austrian law, there were no identification marks or symbols of the USIA and the USSR on the windows. According to a CIA report, “the exact and complete identification of all USIA stores is difficult, if not impossible [...]. There are no “USIA” signs on the store fronts, but they can be identified by the posted price lists, which show lower prices for many items. They exist only in the Soviet Sector of Vienna and around Soviet Zone of Austria but occasionally the creation and operation of some elsewhere has been rumored.”⁴⁰⁸ In the Soviet Zone of Austria and the Soviet Sector of Vienna, the CIA could identify 186 shops by April 1, 1954,⁴⁰⁹ either 120 or over 200 shops in 1954.⁴¹⁰

Of course, the most accurate figures are provided by Soviet sources. Indeed, the CIA did not make a distinction between ORT Stores and *Voyentorg* units, and summarized all shops, which made the total number of stores so large — close to 200 units. In reality, the Soviet retail system consisted of 105 stores in 1951, 86 of them belonged to ORT.⁴¹¹ By December 1, 1952, the number of ORT stores was 114,⁴¹² and 126 by mid-1955.⁴¹³

At first, in 1950, the USSR understood the danger of expanding the network because of disapproval of the Austrian government. The report of Mikhail Koptelov, the political adviser and political representative of the USSR in Austria since 1948, to Vyshinskiy, the Minister of Foreign Affairs from 1949 until 1953, Vagan Grigor'yan, the Chairman of the Foreign Policy Commission of the

⁴⁰⁸ CIA-RDP79-01093A000500040001-9/8-9, “Soviet control and procurement agencies in Austria: USIA,” distributed on 22.03.1954.

⁴⁰⁹ CIA-RDP80-00810A003701230008-7/1, “USIA retail stores in Austria,” distributed on 01.04.1954.

⁴¹⁰ CIA-RDP79-01093A000500040001-9/8-9, “Soviet control and procurement agencies in Austria: USIA,” distributed on 22.03.1954; CIA-RDP80-00810A006800050009-6, “Anticipated Effect of state treaty on USIA Retail Division,” distributed on 13.06.1955

⁴¹¹ RGASPI 17/137/681/77, Otchet SChSK za III kvartal 1951 goda, issued in 1951.

⁴¹² RGASPI 17/164/659/125, Ministerstvo gosudarstvennogo kontrolya soobshchayet o sostoyanii del v USIA, 10.02.1953.

⁴¹³ RGANI 5/28/331/329–333, Spravka zamestitelya nachal'nika Upravleniya sovetskogo imushchestva v Avstrii i Finlyandii A.K. Kurmazenko o predpriyatiyakh, vkhodivshikh v sostav USIA, 25.11.1955. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 598–602.

Central Committee from 1949 until 1953, Central Committee Commission for Relations with Foreign Communist Parties), and Mikhail Gribanov, the Head of the 3rd European Department of the USSR Ministry of Foreign Affairs from 1949 until 1953, shows concerns of further growth of this network: “It is politically impractical: since trade without compliance with local legislation is widely used by local authorities for attacks against the USIA and the Soviet occupation authorities.”⁴¹⁴ However, by 1952, money shortage forced further growth of the shops’ network: “The total number of these stores, as well as their role in the Austrian trade turnover, is insignificant. It is enough to point out that, by its specific weight in the total trade turnover of Austria, the turnover of all USIA stores is less than one hundredth of 1 %. Therefore, all kinds of statements that the presence of USIA stores has some serious impact on the Austrian economy are groundless. Claims that the USIA has continued to open many new stores recently are also completely baseless.”⁴¹⁵

The Austrian government saw no intention of the Soviets to close the chain of stores, since they performed an important function in distributing stale and ‘grey’ goods without paying any duties and taxes. Then in early 1950s, the Austrian authorities attempted to influence customers and landlords of the premises by a system of fines established by the Resolution of the Ministry of Finance.⁴¹⁶ These measures probably made some effect; however, these efforts had not been very successful, and the stores had acquired a large clientele. To camouflage illegal activities of USIA shops, Vladimir Kraskevich, the Deputy High Commissioner of the USSR for Austria, and Sergey Kudryavtsev, the Deputy adviser on internal political issues, were advised to state to Chancellor Figl that “the USIA stores had been organized at the urgent request of Austrian workers and employees employed at USIA enterprises.”⁴¹⁷

The problem was discussed by officials of the Trade, Finance, Interior, and Justice Ministries and representatives of leading Austrian business and labor organizations. The measures under consideration included possible dismissal of government employees if they or their family

⁴¹⁴ RGASPI 17/137/351/52, Koptelov, predstavitel’ SChSK po Avstrii, dokladyvayet za 1950 god Vyshinskomu, Grigoryanu i Gribanovu, 1951.

⁴¹⁵ RGASPI 82/2/1117/121, Vyshinskiy i Sergeyev dokladyvayut Molotovu o rabote sovetskikh predpriyatiy v Avstrii, 08.04.1952.

⁴¹⁶ Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–55* (Wien: Böhlau Verlag, 2012), 283.

⁴¹⁷ RGASPI 82/2/1117/121, Vyshinskiy i Sergeyev dokladyvayut Molotovu o rabote sovetskikh predpriyatiy v Avstrii, 08.04.1952.

members patronized USIA stores, and cancellation of trade licenses and possibly other penalties for manufacturers and wholesalers who sold goods to USIA firms and for wholesalers and retailers who purchased anything from USIA firms to evade taxes and duties. An intensive campaign to persuade citizens not to patronize USIA stores was also contemplated. Beyond this, there was Section 132 of the Austrian Trade Ordinances, which provided that any Austrian citizen who bought goods at a store he knew did not have a trade license was subject to prosecution. For that reason, the Ministry of Trade published an official list of USIA stores, which did not have trade licenses. However, CIA reported that “the American Embassy in Vienna was doubtful about the effectiveness of such measures. Mostly, it promised only a partial solution to the problem.”⁴¹⁸

The above-mentioned restrictive initiatives made Soviets admit that the “difficulties with sales largely arise due to the boycott policy pursued by the Austrian authorities. In the first half of the year, the Austrian authorities, through their propaganda organs, called on the population to boycott goods such as wine, vodka and tobacco products in USIA stores, which allegedly undermine the state monopoly on these goods. Later, propaganda was launched for a general boycott of the USIA trading network and for holding accountable those Austrian citizens who continue to maintain business relations with USIA. The non-communist press systematically published articles about USIA activities and called for resistance to expanding USIA network in Austria.”⁴¹⁹

Nonetheless, the USIA stores existed until 1955. As they were not former German property, but “the institutions of the occupying power,”⁴²⁰ they were simply abolished without transfer to Austria after the ratification of the state treaty on July 27, 1955.

TRADE IN THE COLD WAR: POLICY AGAINST SOVIET ECONOMIC ACTIVITIES

Reports for 1946 show that among captured assets there were both small, artisanal industries and giant corporations with hundreds of workers that occupied a near-monopoly position in the Austrian market. For instance, according to the report⁴²¹ by Pyotr Gritchkin of 1946, the Deputy

⁴¹⁸ CIA-RDP79-01093A000800040008-9/20, “Recent Austro-Soviet economic relations,” distributed on 11.02.1955.

⁴¹⁹ RGASPI 17/137/677/86, Otchet SChSK za 1951 god o deyatel'nosti predpriyatiy USIA, issued in 1952.

⁴²⁰ Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978), 402.

⁴²¹ RGAE 413/13/4983/2, Obzory, informatsiya o promyshlennosti sovetskoy zony okkupatsii, 15.03–30.09.1946.

Trade representative of the USSR in Austria in 1946–49, the USSR's share in the textile industry of Austria was 35 %, in paper — 35 %, in leather — 25 %.

However, USSR reports for 1954 showed a decrease in the share of production of Soviet enterprises in Austria. According to information⁴²² from A. Kolobov, The Head of the Department for Internal Political Affairs of the Office of the USSR High Commissioner for Austria, the share of mechanical engineering in manufactured products was 36 %, electrical products — 16.7 %, leather and textile industries — 12.5 %, rolled metal — 16 %.

Although the USSR officially explained that decrease by a small contribution to the industrial modernization, USIA employees⁴²³ admitted serious influence of the Marshall Plan: new American machines and cheap raw materials made the cost of Austrian goods lower and quality higher, thereby, enhancing their competitiveness and leaving Soviet production behind. Thus, the decline in production cannot be attributed only to the unsuccessful market conditions and poor investment policy of the USSR. The strategic plans of the Three Powers to withdraw the USSR from the Austrian economy also played a significant role.

MEASURES PURSUED BY AUSTRIA AND THE US TO ABOLISH SOVIET ECONOMIC INFLUENCE. THE MARSHALL PLAN

The outbreak of the Korean War (1950–53) led to a significant increase in global raw material prices, which adversely affected Austria's terms of trade, as its production structure depended heavily on raw material imports. Consequently, the country encountered persistent balance of payments difficulties, accompanied by inflationary pressures on both prices and wages. In light of these economic strains, Austria began enacting protective legislation from the spring of 1951 onward. After consideration by the Allied Council in April 1951, the five following laws came into force in May 1951 in order to control currency and preserve scarce resources:

⁴²² RGANI 5/28/224/70–78, A. Kolobov o nekotorykh voprosakh politicheskoy raboty na predpriyatiyakh USIA i SNU, no later than 09.06.1954. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 560–70.

⁴²³ GA RF R5446/30b/2/57, Protokol No. 6 Soveshchaniya Ob'yedinennogo profsoyuza rabotnikov vneshney trgovli sovetskikh organizatsiy v Avstrii, 11.04.1950.

(1) *Foreign Trade Act*⁴²⁴ regulated both exports and imports, placing certain goods under control and subjecting them to licensing requirements. For the USIA, a particular challenge arose in securing licenses for goods manufactured by its unregistered companies; (2) *Raw materials control Act*⁴²⁵ (allocation of raw materials). Raw materials were supplied to the USIA only on the condition that the final products were sold within the Austrian domestic market and not exported to Eastern Europe. However, as most USIA products were largely uncompetitive, their primary outlets were either the Soviet bloc countries or the USSR itself. This created a dilemma for the Soviet Union: whether to secure raw materials in Austria for resale within the Austrian market, or to rely on foreign raw materials for production aimed at Western markets. Together with (3) *Price Control Act*,⁴²⁶ (4) *Reintroduction of Food Control Act*⁴²⁷ and (5) Establishing the *Economic Directorate* of the Federal government,⁴²⁸ according to a CIA report, “it contributed to various forms of denial operations directed against the Soviet bloc.”⁴²⁹

The most effective was *Raw materials control Act* (allocation of raw materials). Under this law, the Austrian government controlled the procurement and sale of certain raw materials on grounds of scarcity, preservation of foreign exchange and other commercial policy considerations. The most controlled raw materials were ferrous and non-ferrous metals, coal, mineral oils, hides, skins and Sulphur. As the allocation problem was a domestic matter, the Austrian government was required to act on its own, without the benefit of official advice from the US government. Yet there

⁴²⁴ “Bundesgesetz vom 4. April 1951 über die Regelung des Warenverkehrs mit dem Ausland (Außenhandelsverkehrsgesetz 1951),” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1951_105_0/1951_105_0.pdf.

⁴²⁵ “Bundesgesetz vom 4. April 1951 über die Lenkung des Verkehrs mit industriellen Rohstoffen und Halbfabrikaten (Rohstofflenkungsgesetz 1951),” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1951_106_0/1951_106_0.pdf.

⁴²⁶ “Bundesgesetz vom 4. April 1951, womit das Preisregelungsgesetz 1950 ergänzt und abgeändert wird (Preisregelungsgesetznovelle 1951),” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1951_108_0/1951_108_0.pdf.

⁴²⁷ “Bundesgesetz vom 4. April 1951 über die Wiederinkraftsetzung des Lebensmittelbewirtschaftungsgesetzes, BGBl. No. 28/1948,” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1951_107_0/1951_107_0.pdf.

⁴²⁸ “Bundesgesetz vom 4. April 1951 über die Errichtung eines Wirtschaftsdirektoriums der Bundesregierung,” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1951_104_0/1951_104_0.pdf.

⁴²⁹ CIA-RDP79T01049A001000050002-3/5, “Security Trade Controls in Austria,” distributed on 22.01.1954.

were clear indications of informal consultations on these questions between the US Authorities in Austria and officials from the Austrian government, though this was never openly admitted.

The Austrian population, though anti-communist, did not generally accept the restrictions on the trade with the East. Many people blamed security trade controls for the reduction in trade with the Soviet bloc, unemployment and the slowdown in industrial development.⁴³⁰

Another measure introduced by the Austrian government was the licensing of goods. This practice, common among states, involves issuing certificates of origin as well as permits for imports and exports from the customs territory. While certificates of origin primarily serve the interests of foreign partners, export licenses function as instruments of quantitative regulation within the domestic market. Such mechanisms help to prevent shortages caused by excessive exports and to limit over-importation. Regarding domestic products, however, the USIA encountered difficulties because the Austrian government refused to recognize certain Soviet-owned enterprises designated for nationalization. Lacking the necessary licenses, the USIA was reluctant to import goods from abroad, making scrap the only readily available alternative. As a result, the USIA came to monopolize the scrap trade.

Concerning foreign trade permits, there was an issue with an unregulated eastern border in Austria, where, disguised as “military cargo,” the USSR had free reign over the import and export of goods to and from Eastern Europe and the USSR. Nonetheless, according to a CIA report, “starting from early 1952, Soviet companies have been increasingly seeking licenses from the Austrian government to export shipments to countries within the Soviet Bloc (excluding the USSR). The existing export license granted the privilege to convert various currencies into schillings at the National Bank of Austria.”⁴³¹ Thus, due to the dwindling reserves of schillings in Military Bank No. 2111, necessary for covering the expenses of maintaining the Soviet Army, the USSR capitalized on this opportunity. For instance, schillings reserve on January 1, 1952, stood at 260 million, whereas by May 17, 1952, they had plummeted to 50 million schillings. At the same time, the annual expenditure on the Central Army Group amounted to approximately 153 million schillings. Indeed, the Central Army Group was dependent on Soviet-controlled companies: the longer it stayed in Austria, the longer companies had to work and replenish the schilling reserves of the Military Bank for Army maintenance.

⁴³⁰ Ibid., page 10.

⁴³¹ CIA-RDP79T01049A001000050002-3/2, “Security trade controls in Austria,” distributed on 22.01.1954.

Yet another remedy in ‘squeezing’ the USSR out of the Austrian and Western markets was the Marshall Plan, offered by the Truman Administration through the US Economic Cooperation Administration. The UNRRA aid was over by mid-1947 and the Marshall Plan was to begin in early 1948, so to prevent a \$200-million trade deficit the UK and the US offered an “interim aid.”⁴³² During the preparation for Marshall Plan launch, the question of Soviet enterprises arose: they couldn’t be fully excluded from the sphere of the US aid, as they were close tied to the rest of the economy, which made them quite important for maintaining a unified economic space (for instance, Steyr had to purchase goods from the USIA, as 90 % of them were not available elsewhere in the domestic market). At the same time, the US feared that USIA capacity would be sufficient to transfer the part of Austria under influence of the Soviet Army. This circumstance forced the US and Western Powers to adhere to the rule of “withdrawal of troops not earlier than the return of Soviet-controlled enterprises to Austria.” At first, Western Powers tried to resolve this issue diplomatically through the Cherrière plan, but the USSR did not agree to the proposed conditions. Therefore, in 1947, the committee headed by General Keyes was tasked with developing the plan to neutralize the USIVA monopoly factories in glass, metal and chemicals,⁴³³ a list of which had been collected beforehand.⁴³⁴ A CIA report provides evidence that in order to break the monopoly, enterprises in the Western zones received loans for establishing competing plants,⁴³⁵ at the same time, Burgenland, Lower Austria and correspondent Vienna zones received 19 % of allowance.⁴³⁶ Moreover, the US supplied Western (non-Soviet) zones of Austria some raw materials and equipment so that the prices and quality of the USIA products could no longer

⁴³² Hans Seidel, “Austria’s Economic policy and the Marshall Plan,” in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, edited by Günter Bischof and Dieter Stiefel (New York: Routledge, 2000), 250.

⁴³³ Arno Einwitschläger, *Amerikanische Wirtschaftspolitik in Österreich: 1945–49* (Wien–Graz: Böhlau Verlag, 1986), 62–3, 131.

⁴³⁴ *Special industry reports, Austrian Treaty Commission, US Delegation* (Vienna, November 1947); *The rehabilitation of Austria 1945–47. Österreich, Allied Commission for Austria* (Vienna: United States Allied Commission Austria, 1948).

⁴³⁵ CIA-RDP82-00457R003900400011-7, “Austrians planning construction glass factory to break USIA monopoly,” distributed on 08.12.1949; CIA-RDP82-00457R004400760005-2, “Robert Rossack’s trip to Western Austria,” distributed on 14.03.1950.

⁴³⁶ Dieter Stiefel, “Coca-Cola kam nicht über die Enns... Die ökonomische Benachteiligung der sowjetischen Besatzungszone,” in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, eds. Günter Bischof and Dieter Stiefel (Wien: Ueberreuter Verlag, 1999), 123.

withstand competition, which was acknowledged even by the workers of the USIA factories.⁴³⁷ Indeed, Lower Austria found itself in a less favourable position in the distribution of financial aid provided to Austria by the US, which caused significant difficulties in its socio-economic development.⁴³⁸

External trade of Austria, distribution in % ⁴³⁹				
Year	Exports		Imports	
	EU-12	Eastern Europe	EU-12	Eastern Europe
1922	24 %	28 %	23 %	29 %
1937	44 %	28 %	34 %	32 %
1946	28 %	22 %	38 %	23 %
1955	58 %	10 %	59 %	9 %

Overall, the US policy helped to double the share of Austrian exports and significantly increased imports to countries of Western Europe, while exports to the Eastern Europe halved and the share of external supplies in the market decreased by more than three times.⁴⁴⁰ The development from 1946 to 1955 decreased the USSR's share by more than two times in the domestic market of Austria (i.e. both Soviet and non-Soviet zone given that Austria operated as an integrated economic unit). The transcript of VII Conference of members of the Foreign Trade Workers' Union in Austria in 1953 recorded that several USIA enterprises sold most of the output to the USSR: the share of orders of Ariadna and Draht u. Kabelwerke Sichterman within the Austrian market was 1 %, of Goerz — 3 %, of AEG — 1,3 %; the rest went to the Soviet Union.⁴⁴¹

⁴³⁷ GA RF R5452/30b/2/57, Protokol No. 6 sobraniya chlenov profsoyuza rabotnikov USIA, 11.04.1950; GA RF R5452/30b/7/69, VII konferentsiya chlenov profsoyuza rabotnikov USIA, 30.05.1953.

⁴³⁸ Consequently, in November 1955, a petition was filed to the USSR for a loan of at least 350 million schillings for Lower Austria to finance road construction, as well as a loan of at least 150 million schillings for the expansion of facilities serving foreign tourists. Lower Austria proposed that these loans had to be provided for a term of up to 20 years, with instalments guaranteed by the federal and Lower Austria's governments. The USSR, however, rejected the petition. RGAE 413/13/7582/2–4, Dokumenty po torgovo-ekonomicheskim otnosheniyam s Avstriyey, tom 1, 18.11.1955.

⁴³⁹ Ibid.

⁴⁴⁰ Dieter Stiefel, "Coca-Cola kam nicht über die Enns... Die ökonomische Benachteiligung der sowjetischen Besatzungszone," in *80 Dollar. 50 Jahre ERP-Fonds und Marshall-Plan in Österreich 1948–98*, eds. Günter Bischof and Dieter Stiefel (Wien: Ueberreuter Verlag, 1999), 126.

⁴⁴¹ GA RF R5452/30b/7/69, VII konferentsiya chlenov profsoyuza rabotnikov USIA, 30.05.1953.

Sales of USIA enterprises products in Soviet and non-Soviet zones in Austria	
Year	in % of total USIA output per year
1947	92.6 % ⁴⁴²
1948	50.9 % ⁴⁴³
1950	59.5 % ⁴⁴⁴
1952	45.5 % ⁴⁴⁵
1953	40.7 % ⁴⁴⁶

On August 13, 1948, the USSR filed a protest with the Allied Commission against the concluded bilateral agreement of July 2, 1948 regarding the implementation of the Marshall Plan.⁴⁴⁷ The USSR also spread propaganda about Austria possibly falling into a US trap and called the Marshall Plan “an instrument of imperialism for achieving world domination”⁴⁴⁸ and “the hidden militarization of the country.”⁴⁴⁹

HOW THE USSR AVOIDED RESTRICTIONS AND LICENSE REQUIREMENTS. THE ROLE OF YUZHVNESHTRANS AND INTRAC GmbH

Any trade entails transporting goods to domestic or foreign markets for sale, as well as moving raw materials needed for production. In relation to USIA, goods could be transported either by land, air or water. While DDSG was a shipping firm on the water, *Yuzhvneshtrans* operated on

⁴⁴² RGASPI 82/2/474/10–21, Bukhgalterskiy otchet GUSIMZ za 1947 god, dated 08.1948.

⁴⁴³ RGANI 5/28/224/70, Informatsiya nachal'nika otdela po vnutripoliticheskim voprosam Upravleniya Verkhovnogo komissara SSSR v Avstrii A.G. Kolobova o nekotoindeedrykh voprosakh politicheskoy raboty na predpriyatiyakh USIA i SNU. [Not later than 09.06.1954] First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 560–70.

⁴⁴⁴ Ibid.

⁴⁴⁵ RGASPI 17/164/659/119, A. Pavel'yev, Ministr gosudarstvennogo kontrolya SSSR, o sostoyanii del v USIA, 10.02.1953.

⁴⁴⁶ RGANI 5/28/224/70, Informatsiya nachal'nika otdela po vnutripoliticheskim voprosam Upravleniya Verkhovnogo komissara SSSR v Avstrii A.G. Kolobova o nekotorykh voprosakh politicheskoy raboty na predpriyatiyakh USIA i SNU. [Not later than 09.06.1954] First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 560–70.

⁴⁴⁷ Wilfried Mähr, *Der Marshallplan in Österreich* (Graz–Wien: Verlag Styria, 1989), 82.

⁴⁴⁸ Ibid., 112.

⁴⁴⁹ Barbara Stelzl-Marx, „Feindbild Marshall-Plan. Sowjetische Wirtschaftspropaganda im Kalten Krieg,“ in *Krieg und Wirtschaft. Von der Antike bis ins 21. Jahrhundert*, ed. Wolfram Dornik, Johannes Gießauf, Walter M. Iber (Innsbruck–Wien–Bozen: StudienVerlag, 2010), 584.

land, whether by road, rail or plane. *Yuzhvneshtrans* was a Soviet-controlled freight forwarding office of the Ministry of Foreign trade and existed since 1935. During the occupation 1945–55, it handled the clearance of all goods shipped either from Eastern Austria beyond the demarcation line or out of Austria. According to a CIA report, *Yuzhvneshtrans* was registered in Vienna, at Wohllebengasse, 8 — the USSR Trade Mission office.⁴⁵⁰ Another CIA source stated that for transports outside of Austria, *Yuzhvneshtrans* “was obliged to obtain passports, visas, and other Austrian documents for its chauffeurs and other travelling personnel.”⁴⁵¹

With the onset of the Soviet occupation in Eastern and Central Europe, *Yuzhvneshtrans* came under the protection of *SChSK* and continued transporting cargo to and from the USSR and Soviet bloc countries, including those with GUSIMZ presence — Romania, Finland, Bulgaria, East Germany, and Hungary.

The stronger trade controls became, the less cargo *Yuzhvneshtrans* could transport, as USIA had difficulties with receiving export or import licenses in Austria, and some of the goods were subject to a ban on import and export. Since USIA trade generated profits in hard currency, the Soviet Union could not completely abandon these trade operations and started seeking a solution to continue trading under the new conditions. Thus, a two-step method was developed:

1) Military cargo transportation. In 1946, the Second Control Agreement was adopted, according to which the USSR was allowed to transfer military cargo by the Central Army Group and *SChSK* without inspection of Austrian authorities, moreover, it did not require licensing. Taking advantage of this, under the guise of military cargo, the USSR decided to export and import various kinds of USIA cargo across the eastern border, including prohibited cargo. The seamless import of raw materials and supplies from third countries for Soviet enterprises in Austria began in 1946 with the consent of Vladimir Kurasov, Commander-in-Chief of the Central Army Group.⁴⁵² Since *Yuzhvneshtrans* had the protection of the Soviet occupation authority and was able to by-pass the Austrian customs whenever desired, CIA reported that this function of the Soviet shipping agent played a great role and was one of the bases for the black marketing, for the semi-official trade of the Soviets during the occupation.⁴⁵³ Therefore, the US saw the solution in the return of USIA

⁴⁵⁰ CIA-RDP79R01141A000100180002-8/13, “Soviet methods of economic penetration in Austria,” distributed on 23.10.1952.

⁴⁵¹ CIA-RDP82-00457R002000470007-5/11, “Recent Yuzhtrans shipments,” information was obtained in 08.1948.

⁴⁵² RGASPI 82/2/486/123–124, Sertifikat o besposhlennom vvoze tovarov, 07.08.1950.

⁴⁵³ CIA-RDP81-01043R003700130004-9/214–215, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

under Austrian sovereignty, as it would immediately close the most dangerous gap in East–West trade controls.⁴⁵⁴

2) Receipt of prohibited goods with the help of Austrian intermediaries. One of the most interesting and controversial methods of obtaining and transporting prohibited goods was the use of Austrian companies owned by the KPÖ. Until 1975, the sources of funding for Austrian parties were membership fees, donations and deductions from officials. In late 1940s, the membership fees did not satisfy the party, and it sought ways to earn more money. *“The members therefore pay total of monthly fees of 675,000 schillings at best, an amount which, as impressive as it may seem at first glance, covers only a fraction of the KPÖ’s actual expenses. The costs of the organization, such as costs of agitation, posters, leaflets and the loss-making party press, significantly exceed the income from membership fees and donations. All these costs have always been covered by other sources. It would be quite wrong to assume that the USSR provided millions of schillings needed for this. Although they undoubtedly helped with certain monetary donations and their indirect support. It mainly extended to the provision of buildings, rooms, furniture, and paper, the procurement of apartments for prominent party officials, the generous placement of advertisements by the USIA companies in the communist press and the payment of the printing costs for the Soviet newspaper Österreichische Zeitung.”*⁴⁵⁵

Therefore, the USSR came up with a scheme to cut its expenses, get away from the embargo and increasing restrictions and finance the KPÖ. The primary supplier of transportation services for prohibited goods to the USSR was Intrac GmbH, the East–West trading firm officially registered on December 30, 1948. Previously, it operated under the name „International Warenaustausch und Großhandel GmbH.” Intrac GmbH was founded by Stefan Kaufmann, who had emigrated from England in 1946. Kaufmann’s family had been involved in the Upper Silesian and Polish coal mines and owned an enterprise “Polcarbon,” thereby, he was able to skillfully build up the new company. However, his concept was more far-sighted than that of the party leadership, and he soon came into conflict with the KPÖ General Secretary Fürnberg and the Chairman Koplenig. Despite Kaufmann’ loyalty to the party line, KPÖ leaders were afraid of the power that Kaufmann had achieved. Therefore, after a few years, his name was hushed up, and he enjoyed a small job as a reporter at a radio program “*Russische Stunde*.” Besides Kaufmann, the bosses of Intrac GmbH were Ernö Fürst, Hans Albin, Mr. Demmer and the “grey eminence” of the group, Paul Kessler.⁴⁵⁶

⁴⁵⁴ CIA-RDP79T01049A001000050002-3/25, “Security trade controls in Austria,” distributed on 22.01.1954.

⁴⁵⁵ “Die große Ebbe, Haushaltssorgen der Kommunistischen Partei in Österreich,” *Die Furche*, 26.01.1957, 3.

⁴⁵⁶ Ibid.

The second strongest position in East–West trade after Kaufmann’s “Intrac-Polcarbon” group was “Polcommerz” under the leadership of the very skilled engineer Eduard Gold, which endeavored to get the entire trade with Poland under control. He was actively supported by Erwin Flemmer, a young businessman, the former official of Communist Youth of Austria (FOeJ), who took over the coal wholesaler “*Am Roten Turm*” and a mineral oil company in 1951. Yet another company Wagner & Co. took over trade with the GDR, as it had been given the general agency of numerous Eastern German industrial and commercial companies.⁴⁵⁷ If the USIA complex was led primarily by the Ministry of Foreign Trade, the State Planning Committee, the Ministry of Finance, the Currency Committee, the Central Bank and others, Intrac GmbH was under directives of the Central Committee of VKP(b).

The Central Commercial Bureau of USIA assisted Intrac GmbH with duties of delivering to the East some strategic materials under the Foreign Trade Act, such as aluminum. Vice versa, Intrac GmbH could sell the barter from the Eastern Europe (in particular, Hungary, Romania, and Bulgaria) on the domestic market in Austria, thus, becoming an intermediate purchaser and reseller of the goods.

A CIA reported that in the deals between USIA and Intrac GmbH there were normally two contracts: under the first, Intrac GmbH sold the goods to USIA, procured for its eastern customer; under the second, USIA resold the goods to Intrac’s eastern customer. The goods thus became USIA goods and by means of military shipment were therefore exempt from Austrian export license formalities. For its services, USIA usually charged Intrac GmbH a commission of 5–10 % or sometimes insisted that Intrac had to buy USIA textiles or other goods of which it had difficulty in disposing. Intrac GmbH acted as a raw material purchasing agent on behalf of Soviet bloc countries.⁴⁵⁸ After a while, Intrac GmbH on a commission basis established a monopoly over restricted non-ferrous metals in Austria’s trade with the Soviet bloc countries. Despite the efforts of Austria and the US, “military shipments” had largely negated trade controls and by 1951, allowed to receive at least 6 million schillings annually.⁴⁵⁹ Over the occupation period, the party earned tens of millions of schillings.⁴⁶⁰ By the middle of 1955, Intrac GmbH had a correspondent account in Soviet Military Bank No. 2111 with the amount of 18.2 million schillings.⁴⁶¹ Thus, the

⁴⁵⁷ Ibid.

⁴⁵⁸ CIA-RDP82-00457R015300240003-7/1, “Relations between USIA and Intrac,” distributed on 15.12.1952.

⁴⁵⁹ RGASPI 82/2/1117/57–59, Rukovoditeli Kommunisticheskoy partii Avstrii Koplenig i Fyurnberg — Filippovu (Stalinu), 13.11.1951.

⁴⁶⁰ “Die große Ebbe, Haushaltssorgen der Kommunistischen Partei in Österreich,” *Die Furche*, 26.01.1957, 3.

⁴⁶¹ RGAE 413/13/7583/3–4, Sertifikat Voyennogo banka No. 2111 o deyatel’nosti, 31.05–24.10.1955.

USIA transport system was divided into two parts: the Soviet system *Yuzhvneshtrans* and the KPÖ-controlled firms.

The conclusion of the state treaty, which the Austrian communist leadership had not expected, caused major financial shocks for Intrac GmbH after it lost both direct and indirect support from the USSR. Nevertheless, Intrac GmbH continued its trade with the Soviet Union after 1955. For instance, on October 10 and 12, 1955, representatives of Intrac explored the possibility of purchasing \$100,000 worth of canned crab and fish, as well as honey. They also intended to negotiate purchasing \$300,000 worth of cotton and \$600,000 worth of feed grain, and on selling Brazilian coffee to the USSR in exchange for cotton and feed grain valued at \$1 million.⁴⁶²

The Three Powers played significant roles in supporting Austria's economic independence and reducing Soviet influence. For instance, France offered a plan of conflict resolution, which though failed. The implementation of the Marshall Plan by the United States provided economic aid and facilitated the development of domestic production capabilities, reducing Austria's reliance on Soviet-controlled enterprises and turning its foreign trade to the West. Additionally, the United States imposed export restrictions and established organizations such as COCOM to limit trade with the Eastern Bloc. The USSR employed various strategies to circumvent trade restrictions and maintain economic control in Austria. These included exploiting military cargo transportation agreements, utilizing Austrian intermediaries, such as Intrac GmbH to facilitate trade with the Eastern Bloc. Indeed, the exercise of export control frustrated due to the hole in the Eastern border and assistance of pro-communist Austrian logistic firms. Nonetheless, the effect of trade restrictions towards the USSR was overwhelming: the Soviet Bloc started to lack strategic raw materials and sales on the Austrian market declined: from 92.6 % in 1947 to 59.5 % in 1950, although the total share of Soviet enterprises in the Austrian economy was estimated up to 10 % in 1950.⁴⁶³ To combat schilling and raw materials shortage, from the summer of 1951 USIA changed the functions of its Central Commercial Bureau obligating it purchase in the East instead of Austrian market.

⁴⁶² RGAE 413/13/7582/17–18, Dokumenty (zapisi besed, spravki, pis'ma) o torgovo-ekonomicheskikh otnosheniyakh mezhdru SSSR i Avstriyey: predlozheniye Intraka Torgpredstvu, tom I, 22.02–18.11.1955.

⁴⁶³ RGANI 5/28/224/70–78, Informatsiya nachal'nika otdela po vnutripoliticheskim voprosam Upravleniya Verkhovnogo komissara SSSR v Avstrii A.G. Kolobova o nekotorykh voprosakh politicheskoy raboty na predpriyatiyakh USIA i SNU. [Not later than 09.06.1954] First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 560–70; CIA-RDP79-01093A000800040008-9/11, "Recent Austro-Soviet economic relations," distributed on 11.02.1955.

6. THE *OKTOBERSTREIK* IN 1950 AND ITS CONSEQUENCES FOR USIA

A pivotal moment in USIA's history was the communist-inspired strike movement of 1950 that have received assessments in the scientific literature ranging from a "large-scale strike" to an attempted "KPÖ coup d'état," which at its most critical stage drew heavily on the participation of USIA workers and included episodes of violence. USIA enterprises employed a large, concentrated industrial workforce in strategically important sectors, making their workers crucial for sustaining and coordinating the strike movement. The strikes placed USIA at the center of political confrontation in Austria, intensifying scrutiny of its role in Soviet occupation policy and reshaping its relationship with both Austrian authorities and Soviet leadership. The peculiarity of the thesis is the analysis of the events in the context of relations between the KPÖ–USIA–TsK VKP(b), as well as the influence of these events on the subsequent Soviet policy towards USIA based on data from Russian archives and declassified CIA documents.

THE ECONOMIC SITUATION AT THE BEGINNING OF 1950

On November 21, 1949, the largest devaluation since the Great Depression occurred: the Schilling fell by 44 % against the Dollar. According to William B. Bader, "the cost-of-living index rose from a base of 100 in April 1945 to 577.9 in October 1950, while wages rose during the same period only to 436.5."⁴⁶⁴ In the spring of 1950, Austria faced its greatest challenge in transitioning from economic hardship to a unified and sustainable economy: eliminating subsidies was a crucial measure to align Austrian prices with global prices, allowing a greater share of ERP aid to be used for economic reconstruction. The stark reality was that in 1950 "Austria faced a 100 million dollars reduction in foreign aid (from \$259.3 million to \$158.8 million). In 1949, about 28 % of Austria's investment capital came from the ERP, so a reduction in ERP aid was likely to increase unemployment. The new investment program for 1950–51, devised by the ERP and approved in May 1950, emphasized the need to balance payments, increase exports, stabilize the currency, and gradually lift agricultural subsidies."⁴⁶⁵ In particular, as was reported to the CIA, at that time the IMF proposed that Austria should: "[...] end all subsidies, except those on grains and fertilizer, by

⁴⁶⁴ William B. Bader, *Austria between East and West, 1945–55*, 161.

⁴⁶⁵ *Ibid.*, 162–3.

July 1950. Through this program, the IMF expects Austria to be able to reduce barter trade and discourage retention quotas and other special devices designed to maintain multiple rates.”⁴⁶⁶

However, as a consequence of the Korean War, world market prices rose sharply, as did consumer prices and inflation in Austria. Since Austria relied on imported raw materials, domestic prices came under increasing pressure throughout the summer of 1950. Consequently, from mid-June to mid-September, the wholesale price index rose by almost 9 %, while the wage index increased by only 3 %.

Negotiators representing the government and the Chambers of Labor, Industry, and Agriculture, along with the Trade Union Federation (ÖGB), faced a challenging task. As the debate dragged on, the situation became increasingly precarious. Farmers hoarded crops in anticipation of higher prices, leading to food shortages and skyrocketing prices not reflected in official price indexes. Consumers turned into the black market, facing even higher costs. Amid these challenges, the coalition government and the Trade Union Federation failed to address the public directly, opting for secretive negotiations instead of transparent communication. This secrecy almost resulted in disastrous consequences, as the public remained unaware of the need for crucial adjustments.⁴⁶⁷ Moreover, unable to achieve result higher than 6 % in the 1949 Parliamentary elections, according to a CIA report, KPÖ began to develop the idea of winning seats at least in the Work Councils, where at that time the SPÖ had the majority of votes, through the strikes: “Communist influence must be increased in the Trade Unions through which the Communists will direct a general strike in 1950.”⁴⁶⁸ Since then, the USIA and SMV plants acquired even greater importance for KPÖ.

RECONSTRUCTION OF THE EVENTS OF SEPTEMBER–OCTOBER 1950

In 1950, the secret negotiation of Austria’s IV Pact on wages and prices triggered spontaneous public unrest first emerged in July and August when farmers demanded higher prices for grain.⁴⁶⁹ On September 3, Vice Chancellor Schärff referred to wage and price “re-regulation.” In response,

⁴⁶⁶ CIA-RDP79-01090A000400040006-8/3, “The moderate recommendations of the International Monetary Fund,” distributed on 10.05.1950.

⁴⁶⁷ William B. Bader, *Austria between East and West, 1945–55*, 163.

⁴⁶⁸ CIA-RDP82-00457R004300580006-9/3, “Course Held at the Party School of the KPÖ in Kirchschlag, Upper-Austria,” distributed on 24.02.1950.

⁴⁶⁹ Warren Williams, “Flashpoint Austria,” *Journal of Cold War Studies* 9, no. 3 (2007): 121–2.

the Communist Party of Austria scheduled a strike for October 2, the day after the law was to take effect, apparently also aligning it with the anti-nuclear weapons march planned in Vienna on the same day.⁴⁷⁰ However, the government broadcast that the decision on the Pact would be made on September 26, thus disrupting the KPÖ's initial plans.⁴⁷¹ After all, the KPÖ called a meeting on September 26.

On September 24, a spontaneous strike broke out in Upper Austria, spreading quickly. On September 25, the first official strike took place at Voest in Linz (the US zone). On September 26, mass protests followed with the number of participants "between 20,000 and 30,000 in the main square in Linz and 15,000 in neighboring Steyr."⁴⁷²

On September 26, 1950, IV Wage and Price Agreement was officially approved by Austria's ÖGB board and the Council of Ministers. On the same day in Vienna, the KPÖ leaders Ernst Fischer, Friedrich Hexmann, and Josef Lauscher addressed the crowd of around 7,000 demonstrators gathered at Ballhausplatz. On September 27, through the radio program "*Russische Stunde*," KPÖ leaders ordered the demonstrators to return to work and await the outcome of a so-called congress of shop stewards scheduled for September 30 in Vienna.⁴⁷³

At that time, the strike was labeled as "Austrian internal affairs," and under the Second Allied Control Agreement of 1946 the Four Powers were not entitled to intervene. Despite that, the USSR took part in the followed events on the side of KPÖ (in various forms, both passive and active assistance — bringing USIA employees to the battlefields). This circumstance takes us into the realm of relationships that can be expressed as a chain TsK VKP(b)–KPÖ, KPÖ–USIA, USIA–TsK VKP(b) and can clarify the role of each side.

TsK VKP(b)–KPÖ. In the memories of Ernst Fisher, he evidenced that in the afternoon of September 26, there was a meeting with "a Soviet friend" who claimed that every day of the strike cost USIA huge sums and had less impact on the government than fulfilling the Soviet plan," and

⁴⁷⁰ "19,000 Friedensunterschriften in Floridsdorf," *Österreichische Zeitung*, 22.09.1950, 1.

⁴⁷¹ Jill Lewis, *Workers and Politics in Occupied Austria, 1945–55* (Manchester University Press: 2008), 177.

⁴⁷² Jill Lewis, "Strikes, 'Putsch' and Politics in Austria," *European History Quarterly* 30, no. 4 (2000): 540, doi.org/10.1177/0265691400030004.

⁴⁷³ Warren Williams, "Flashpoint Austria," 122.

given the global political situation, “it would be irresponsible to put Soviet comrades in additional difficulties.”⁴⁷⁴

Indeed, the strike took place in the context of the outbreak of the Korean War, as well as the opening of the V session of the UN General Assembly on September 26. An analysis of GUSIMZ and USIA’s orders and directives from 1945 to 1950 indicates that the USSR prioritized the economic benefits derived from USIA’s operations, with support for the KPÖ being a secondary (though favorable) outcome of these economic activities. Moreover, this Soviet policy was evident for the KPÖ. For example, as was reported to the CIA, in December 1948, at a meeting between USIA officials and KPÖ leaders, Felner, a party representative, remarked “the USIA Directorate has never had a high regard for the efficiency of Communist managements in USIA industries and insisted on a criterion of efficiency rather than KPÖ political activity as a basis for the retention or dismissal of USIA employees. It seems questionable that the KPÖ would be given a voice in USIA post-treaty plans.”⁴⁷⁵ Soon a priority of production targets was confirmed during the *Oktoberstreik*, when some USIA companies worked overtime to make up for the absences of the first few days.⁴⁷⁶

Further evidence of the KPÖ’s marginal significance to Stalin by late 1949 appears in the celebrations of his 70th birthday in Moscow on December 21. The KPÖ contributed a number of gifts, including a furniture set, a model of an oil derrick, and a present from a group of Austrian artists. These presents were displayed in the room No. 5 at the Moscow Pushkin Museum of Fine Arts that organized a gift exhibition remained open until August 1953.⁴⁷⁷ Stalin neither received the gifts personally nor saw any presents from KPÖ, as he did not attend the gift exhibition. The photos from Stalin’s Kuntsevo residence show that only Chinese gifts were taken home for private usage: national tapestry, two porcelain vases, etc. It brightly depicts the priority Stalin put to the Chinese Communist Party at that moment as soon as the context of festivities was the proclamation of People’s Republic of China in October 1949 and non-signature of the state treaty in Austria. At the festivities in the Bolshoi Theater, Stalin was sitting together with Mao and Wilhelm Pieck,

⁴⁷⁴ Manfred Mugrauer, *Die Politik der KPÖ 1945–55* (Vienna University Press, 2020), 658.

⁴⁷⁵ CIA-RDP82-00457R002200670002-6/3, “Soviet Preparations for the Treaty Negotiations and Post-Treaty Period,” date of info collection 18.12.1948–03.01.1949.

⁴⁷⁶ Andreas Bilgeri, “Die Oktoberstreiks 1950 und der ‚Putsch‘ als österreichischer Erinnerungsort” (Diplomarbeit, Universität Wien, 2011), 67, doi 10.25365/thesis.15652.

⁴⁷⁷ Ada Belyaeva, *Muzey na fone menyayushcheyssya epokhi: Vystavochnaya deyatel'nost' Gosudarstvennogo Muzeya izobrazitel'nykh iskusstv imeni A.S. Pushkina za 100 let* (Moskva: Indrik, 2019), 183–220.

whose influence and power raised since GDR formation on October 7, 1949, while KPÖ leaders did not receive Stalin's personal handshake and were sitting three rows behind Presidium.

The meeting of the KPÖ leadership with a Soviet representative in Vienna on September 26 and further instructions was not something standing out, as some KPÖ members had previously received propaganda training from Soviet political officers. In addition to regular meetings of *SChSK* and KPÖ officials, there were occasional visits by officials of TsK VKP(b) to Austria, where they attended meetings of the KPÖ's Central Committee bodies as observers.⁴⁷⁸

The USSR representatives were seated both at the USIA headquarters at Trattnerhof 1 and at the *SChSK* headquarters in the Hotel Imperial. Ernst Fischer mentioned that on September 26 the meeting took place at the Hotel Imperial, thereby it seems that instructions were passed through Mikhail Koptelov, the political adviser and political representative of the USSR in Austria since 1948. After that, on the evening of September 26 Friedl Fűrberg proposed "to call on the workers to end the strike, to begin several days of agitation in all federal states, and then to continue the struggle on a broader level."⁴⁷⁹

TsK VKP(b)–USIA. Mikhail Koptelov was responsible for supervising TsK VKP(b) activities in Austria and for communicating current Party positions within the *SChSK*. Accordingly, during the strike in December 1950, in which several factory committees of Soviet enterprises in Austria demanded a 15 % wage increase, Fedotov, the Head of USIA, was instructed to coordinate the with Koptelov matter in advance.⁴⁸⁰

A CIA report says that besides Koptelov, a second Soviet official was appointed specifically to deal with the strike: "to ensure close coordination with Soviet authorities, some days prior to 4 October the Central Committee assigned an unidentified Party representative to Soviet Headquarter in the Hotel Imperial in Vienna to handle Party liaison for the duration of the strike."⁴⁸¹

⁴⁷⁸ Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–55 und ihre politische Mission* (Wien: Böhlau Verlag, 2005), 167.

⁴⁷⁹ Manfred Mugrauer, *Die Politik der KPÖ 1945–55*, 658.

⁴⁸⁰ RGASPI 82/2/419/604, Vasiliy Sergeyev — Stalinu, Molotovu, Malenkovu i Berii o povyshenii zarplaty, 12.1950.

⁴⁸¹ CIA-RDP82-00457R006300010004-1/1, "Austrian Communist Reaction to the Communist Party's Strike Campaign against the Fourth Wage and Price Agreement," distributed on 28.11.1950.

At the **KPÖ–USIA** level, communication was carried out through a liaison man Robert Rossak, a Moscow-trained representative of the KPÖ who had his office in USIA headquarters at Trattnerhof 1. By 1952, he had been replaced in this post by Stuckler, and later by Vaida.

USIA AS THE OKTOBERSTREIK PARTICIPANT

Modern estimates give ranges of the strike participants between September 26 and October 5 from 200,000 to 220,000.⁴⁸² In 1950, about 500,000 people across Austria worked in industry, which meant that at least 40 % of industrial workers took part in the October strike. In total, about 581–590 companies and roughly 101,000–105,000 workers in Vienna and Lower Austria participated in the strike, including nearly 200–205 USIA enterprises of around 51,000 workers.⁴⁸³ Although the participation of USIA workers in the October strike is beyond dispute, “a claim that “after IV Wage and Price Agreement [...] the workers, mainly from factories belonging to USIA, took to the streets”⁴⁸⁴ is incorrect.”⁴⁸⁵ Alongside thousands of USIA workers, a distinct group of active participants is also identified — the *Werkschutz*. Their relationship to both the KPÖ and USIA, however, remains a matter of inquiry.

The establishment of USIA and SMV was accompanied by security measures at factories and production facilities. As was reported to the CIA, security at USIA and SMV was provided by uniformed guards from the Fire Brigades and the *Werkschutz*—an armed plant security with the headquarters at Böcklinstrasse 57, Vienna. However, the SMV Fire Brigade, headquartered at Neusiedl an der Zaya, was a separate organization. Its personnel wore uniforms distinct from those of the *Werkschutz*, and its guards were not armed.⁴⁸⁶

⁴⁸² Ronald Gruber, “Der Massenstreik gegen das 4 Lohn- und Preisabkommen im September/Oktober 1950” (PhD dissertation, University of Vienna, 1975), 343–4; Jill Lewis, *Workers and Politics in Occupied Austria, 1945–55* (Manchester University Press: 2008), 180; Manfred Mugrauer, *Die Politik der KPÖ 1945–55*, 670.

⁴⁸³ Manfred Mugrauer, *Die Politik der KPÖ 1945–55*, 671–2.

⁴⁸⁴ Peter Ruggenthaler, “Warum Österreich nicht sowjetisiert wurde sollte,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, edited by Stefan Karner, Barbara Stelzl-Marx, Tschubarjan, Alexander (Wien: Böhlau Verlag, 2005), 686.

⁴⁸⁵ Manfred Mugrauer, *Die Politik der KPÖ 1945–55*, 671.

⁴⁸⁶ CIA-RDP82-00457R002000840001-0/1, “Organization of the Austrian Communist Werkschutz,” distributed on 23.11.1948.

Manfred Mugrauer summarized hypotheses on the tasks and number of *Werkschutz*: from a “potential civil war force” of around 5,000 to several hundred “engaged in surveillance of non-communists.”⁴⁸⁷ Another question concerned external control — specifically, who was issuing the orders to *Werkschutz*. In this regard, recently declassified CIA documents say that the *Werkschutz* consisted of numerous guard squads, each squad was under the command of either *Gruppenführer* or *Zugsführer*. Each of these guard squads was made up of from 12 to 40 men, the size of the squad depended upon the size of the installation being guarded. The squads in turn were commanded by staff leaders (*Stabsführer*) responsible for entire industrial complexes. These *Stabsführer* were under the command of a Soviet officer who apparently had offices at Kantgasse, Vienna.⁴⁸⁸ These reports confirmed Mugrauer’s earlier findings that only the Main Directorate of the SMV body was authorized to issue orders to the plant’s security service, which limited its authority to property protection, while the Communist Party of Austria had no direct influence over SMV/USIA personnel policy.⁴⁸⁹

The CIA also monitored the number of *Werkschutz* due to potential risk of its turning into a base for armed bands for small-scale guerilla type act in the event of the state treaty conclusion and Soviet withdrawal.⁴⁹⁰ The CIA obtained information about the general directive from TsK VKP(b) — Soviet-backed revolutionary attempt is not to begin until after the withdrawal of Allied troops.⁴⁹¹ Due to that fact the concerns were also raised by the largest *Werkschutz* training camp formed in Zistersdorf.⁴⁹² This explains why Zistersdorf *Werkschutz* squad was mentioned in each CIA report: for instance, in 1948, 700 *Werkschutz* were reported to be equipped with revolvers, carabines, and machine guns;⁴⁹³ in 1949 — from 700 to 1,000 *Werkschutz* members

⁴⁸⁷ Manfred Mugrauer, “Der Werkschutz der sowjetisch verwalteten Betriebe,” *Mitteilungen der Alfred Klahr Gesellschaft*, no. 4 (2017): 1.

⁴⁸⁸ CIA-RDP82-00457R007800550010-2, “Miscellaneous information on the Werkschutz organization,” distributed on 05.06.1951.

⁴⁸⁹ Manfred Mugrauer, “Der Werkschutz der sowjetisch verwalteten Betriebe,” *Mitteilungen der Alfred Klahr Gesellschaft*, no. 4 (2017): 2.

⁴⁹⁰ CIA-RDP82-00457R001400120012-4, “Communist Werkschutz Forces Held in Readiness at Neusiedl a/d Zaya,” distributed on 19.03.1948.

⁴⁹¹ CIA-RDP75-00662R000100020013-8, “Possible developments in Soviet policy towards Austria,” distributed on 18.01.1949.

⁴⁹² CIA-RDP82-00457R002100260001-3, “Austrian Communist saboteurs and paramilitary groups,” distributed on 02.12.1948.

⁴⁹³ CIA-RDP82-00457R001400120012-4, “Communist Werkschutz Forces Held in Readiness at Neusiedl a/d Zaya,” distributed on 19.03.1948.

were claimed to be actually doing guard duty or have administrative posts.⁴⁹⁴ The figure of 700 *Werkschutz* is also confirmed by the OMV itself.⁴⁹⁵ In 1951, the CIA estimated the number of *Werkschutz* personnel on duty in the SMV oil fields at about 220.⁴⁹⁶ Manfred Rauchensteiner estimated the number of *Werkschutz* personnel at 2,000, of whom 700 served as operative guards.⁴⁹⁷ Manfred Mugrauer summarizes claims the figures of 1,500 to 2,000 *Werkschutz* need to be revised further downwards.⁴⁹⁸

At the time of its founding, *Werkschutz* was a security detail for Soviet-controlled enterprises and was not a combat unit of the KPÖ, which means that *Werkschutz* was not automatically equal to the KPÖ. However, as the Cold War escalated, more and more orders were issued to recruit reliable KPÖ members into *Werkschutz*. For instance, a CIA informant reported that a Soviet directive issued in mid-September 1950 instructed the heads of USIA-controlled enterprises to dismiss all USIA employees who were not members of KPÖ and who refused to participate in a *Werkschutz* training course. Moreover, that order emphasized the importance of training USIA employees to serve as shock troops for the Austrian People's Democracy.⁴⁹⁹

The first mention of *Werkschutz* being involved in demonstrations we find in CIA reports only since 1949. The report of May 7, 1949 says that KPÖ planned to ask TsK VKP(b) for 60 trucks with about 2,000 *Werkschutz* members from Zistersdorf, some of which were armed with rifles, to be transported in trucks with Soviet licenses to Vienna on the morning of May 17, 1949, to participate in May communist-inspired demonstration.⁵⁰⁰ These troops would then march from Floridsdorf (Vienna, XXI District) to Vienna I District. However, no decision on that matter was

⁴⁹⁴ CIA-RDP82-00457R002300420002-2, "Miscellaneous Information on Austrian Communist Party," distributed on 17.02.49.

⁴⁹⁵ Manfred Mugrauer, "Der Werkschutz der sowjetisch verwalteten Betriebe," *Mitteilungen der Alfred Klahr Gesellschaft*, no. 4 (2017): 3.

⁴⁹⁶ CIA-RDP82-00457R007800550010-2, "Miscellaneous information on the Werkschutz organization," distributed on 15.06.1951.

⁴⁹⁷ Manfred Rauchensteiner, *Stalinplatz 4: Österreich unter alliierter Besatzung* (Wien: Edition Steinbauer, 2005), 142–3.

⁴⁹⁸ Manfred Mugrauer, "Der Werkschutz der sowjetisch verwalteten Betriebe," *Mitteilungen der Alfred Klahr Gesellschaft*, no. 4 (2017): 3.

⁴⁹⁹ CIA-RDP82-00457R006000560011-6, "Soviet directive regarding Werkschutz training for USIA personnel," distributed on 15.10.1950.

⁵⁰⁰ CIA-RDP82-00457R002700770002-0, "Further Details Concerning Plans for Communist-inspired Demonstration," distributed on 07.05.1949.

made and *Werkschutz* were not mentioned in Austrian newspapers. Thus, the autumn strike of 1950 marked the first officially recognized mobilization of the *Werkschutz* as active strike participants.

In the second phase of the strike, the Soviet zones of Vienna became the center of strike activity, in particular, districts of Floridsdorf, Stadlau, Favoriten, and Lower Austria with the large industrial USIA-related companies. On the morning of October 3, according to what was reported to the CIA, the pro-communist squads consisting of twenty men each, were held in readiness at all Vienna headquarters for courier and other duties.⁵⁰¹ On the morning of October 4, 250 *Werkschutz* in grey coats with red armbands under the command of the Soviets blocked the Florisdorfer Bridge, poured liquid resin on the tram tracks and did not allow people to enter the center, though later a demonstration headed by Olaf unblocked the bridge. The same thing happened in Karlsplatz.⁵⁰² On 5 October, a few *Werkschutz* employees arrived in Vienna from St. Pölten Soviet-controlled J. M. Voith plant and the Soviet-controlled Zistersdorf oil fields. The squads took up positions in Soviet districts of Vienna: II, IV and X.⁵⁰³

In 1950, the *Werkschutz* members could be easily identified as they used to wear special uniform: “a gray service cap, gray trousers, and a gray blouse with green edgings around the collar and along the trousers, a shirt with necktie and a gray coat, buttoned to the neck. Each factory police officer has a belt with two ammunition pockets each with 25 rounds of ammunition and is armed with a rifle (mostly of German origin) or a pistol.”⁵⁰⁴ Moreover, “the *Werkschutz* man does not wear gaiters, and his trousers are not tucked into his high shoes. No badges of rank are visible.”⁵⁰⁵

A strong effort was being made to induce the Communist Youth of Austria (FOeJ) to participate. As was reported to the CIA, the KPÖ youth organization FOeJ, formed in 1945 and in Vienna consisted of 1,000–1,500 members older than 14 who had not received combat training and had not reached the strength level of combat experience in World War II.⁵⁰⁶ The FOeJ was under the direct control of Friedl Fűrberg, General Secretary of the Party, based in the Soviet Zone with

⁵⁰¹ CIA- RDP82-00457R006000060004-9, “Plans for Communist Demonstration,” distributed on 05.10.1950.

⁵⁰² Fritz Molden, *Vielgeprüftes Österreich : meine politischen Erinnerungen 1924–2014* (Wien: Amalthea. 2007), 71.

⁵⁰³ CIA-RDP82-00457R006300010004-1, “Austrian Communist Reaction to the Communist Party’s Strike Campaign against the Fourth Wage and Price Agreement,” distributed on 28.11.1950.

⁵⁰⁴ CIA-RDP82-00457R005500170009-8, “Factory police,” distributed on 22.06.1950.

⁵⁰⁵ CIA-RDP82-00457R007800550010-2, “Miscellaneous information on the Werkschutz organization,” distributed on 05.06.1951.

⁵⁰⁶ CIA-RDP82-00457R002700050004-7/5, “Miscellaneous information on Communists in Austria,” distributed on 01.02.1949.

main office at Felberstrasse 42-46, Vienna XV district, in the *Haus der Jugend*, and maintained the contact between FOeJ branches and the Soviet occupation forces through the KPÖ.⁵⁰⁷

A CIA report says that the purpose of the armed FOeJ squads also included traffic disruption,⁵⁰⁸ a claim that can be confirmed by the newspaper *Tiroler Nachrichten*, which reported that “during the midday hours, there were gangs of communist youths at several intersections in the Russian zone of Vienna, who attempted to bring traffic to a standstill. The demonstrators wore lead cables and lead pipes under their clothes in order to attack the police.”⁵⁰⁹ At 4 p.m. on October 4, 1950, an FOeJ action squad was to take over the Ravag radio-station. The KPÖ was also considering forming squads to occupy briefly, and to neutralize the Rot-Weiss-Rot and Alpenland radio-stations. The purpose was to achieve a Communist monopoly of radio broadcasts. Russians in civilian dress were allegedly in evidence at Vienna KPÖ headquarters, in the first district, and at FOeJ headquarters.⁵¹⁰ On October 5, Free Austrian Youth action squads with clubs and slats marched from Gußhausstrasse in IV district at around 7.30 a.m. towards the Paulaner Church in order to disrupt the tram service there with violence. “The bitterness of the passengers and passers-by turned against them. A serious scuffle ensued, in which several people were reportedly injured. At 8.45 a.m., Mayor Körner appeared on the scene and tried to bring the troublemakers to their senses.”⁵¹¹

During the *Oktoberstreik*, all references to weapons are usually limited to “street weapons.” Despite the fact that KPÖ repeatedly requested TsK VKP(b) to be supplied with guns, all requests were rejected. According to the KPÖ report, they did not have its own weapons even by October 1950.⁵¹² Soviet Army supplied KPÖ only with fuel and food,⁵¹³ thus leaving communists “incapable, without extensive Soviet support, of launching major industrial unrest or carrying out any sustained action against the government.”⁵¹⁴ Thus, TsK VKP(b) withheld weapons in order to prevent the KPÖ from carrying out independent armed actions, not coordinated with Moscow.

⁵⁰⁷ CIA-RDP82-00457R001300110009-3/3, “Freie Oesterreichische Jugend,” distributed on 13.02.1948.

⁵⁰⁸ CIA-RDP82-00457R006000060004-9, “Plans for Communist Demonstration,” distributed on 05.10.1950.

⁵⁰⁹ “KP-Streik zusammengebrochen,” *Tiroler Nachrichten*, 05.10.1950, 1.

⁵¹⁰ CIA-RDP82-00457R006000060004-9/1, “Plans for Communist Demonstration,” distributed on 05.10.1950.

⁵¹¹ CIA-RDP82-00457R006300010004-1, “Austrian Communist Reaction to the Communist Party's Strike Campaign against the Fourth Wage and Price Agreement,” distributed on 28.11.1950.

⁵¹² RGASPI 17/128/361/123–146, Otdel propagandy SChSK po Avstrii o zabastovochnom dvizhenii v Avstrii, 16.12.1950. First published in Gennadiy Bordyugov, Wolfgang Mueller, Norman Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 409.

⁵¹³ CIA-RDP82-00457R001600640009-9, “Communist leaders discuss action plans,” distributed on 29.06.1948.

⁵¹⁴ CIA-RDP79R01012A000500010001-6, “Austrian Treaty,” distributed on 22.01.1951.

According to William B. Bader, the strike on October 4 and 5 was small in number, as most workers did not join it under influence of the Trade Union and SPÖ.⁵¹⁵ However, this thesis offers another explanation: the end of the strikes had an economic rationale. The KPÖ expected financial support from TsK VKP(b): in order to continue the strikes, workers needed compensation for their days off work.⁵¹⁶ According to a CIA report “on October 2, 1950 Robert Rossak, who carries on liaison between KPÖ and USIA, stated that on 3 October, USIA headquarters would release a statement that employees would receive full pay for all time lost during the demonstrations of last week and the upcoming demonstration on October 4. This reversal of USIA’s former stand would remove a great impediment to participation in the demonstration.”⁵¹⁷

However, on the eve of October 4, the USSR announced that there would be no compensations, neither for the end of September nor the beginning of October: “the Soviets dealt a severe blow to Party plans on October 3 when USIA Headquarters announced it would not compensate those USIA employees who took time from their jobs to participate in demonstrations during the week of September 25.”⁵¹⁸ As a result, the communists were very dissatisfied with the ‘capitalist’ attitude of the USIA management.⁵¹⁹

USIA did not pay all workers who participated in the strike regardless of their political views. *Vorarlberger Nachrichten* stated that the socialist workers gathered in front of the warehouse and demanded a promise that they would be paid by the USIA administration.⁵²⁰ The absence of the compensation undermined KPÖ’s credibility and discouraged USIA workers from further strikes, particularly in 1951. A CIA report showed that “KPÖs would not risk a general strike, unless it was certain of better results than those obtained in October 1950. KPÖ leaders probably doubt, and with good reason, that a new strike would receive much popular support. USIA workers are against a new strike, since they have not been paid, as promised, for the time lost in the last strike.”⁵²¹

⁵¹⁵ William B. Bader, *Austria between East and West*, 177.

⁵¹⁶ CIA-RDP82-00457R006000060004-9/1, “Plans for Communist Demonstration,” distributed on 05.10.1950.

⁵¹⁷ Ibid., page 2.

⁵¹⁸ CIA-RDP82-00457R006300010004-1/1, “Austrian Communist Reaction to the Communist Party’s Strike Campaign Against the Fourth Wage and Price Agreement,” distributed on 28.11.1950.

⁵¹⁹ “Es galt Österreichs Leben,” *Welser Zeitung*, 05.10.1950, 1.

⁵²⁰ “Die Lage in den Bundesländern,” *Vorarlberger Nachrichten*, 05.10.1950, 1.

⁵²¹ CIA-RDP82-00457R008000130005-8, “Austrian Communist Party stand on Wage-Price Pact and New Strikes,” distributed on 21.06.1951.

7. STATE OF USIA IN 1952

CONSEQUENCES OF THE *OKTOBERSTREIK* FOR FURTHER USIA DEVELOPMENT

In its pursuit of the goal of ‘democratizing’ Austria—that is, strengthening communism and the Soviet influence—the USSR provided “all possible assistance to democratic organizations, and above all to the KPÖ, in their struggle against reaction and for a democratic and independent Austria, for peace, and for the conclusion of the state treaty between the Four Powers. However, *SChSK* failed to adequately support the democrats’ conquest of the state apparatus, which led to all administrative bodies in the zone falling under the control of non-communist forces.”⁵²² According to the above-mentioned report, in the eyes of Soviet authorities Austria was being transformed into a military stronghold and arsenal in preparation for potential conflict between the Soviet Union and the Western Powers, who disregarding their commitments to ‘democratization,’ were steering Austria towards increased authoritarianism across its institutions and all facets of national life.

By the end of 1950, several developments led the VKP(b) to recognize that its mission in Austria remained incomplete. These included the rise of the new right-wing VdU party and its growing activity across Austria, communist disappointment with the 1949 Parliamentary election results, the suppression of KPÖ-led strike in October 1950, dissatisfaction with the outcomes of the 1950 Work Council elections, and the KPÖ’s limited influence over the population in the Soviet-controlled areas. Therefore, according to a CIA report, by the end of 1950, the USSR decided to take measures to strengthen KPÖ positions.⁵²³

In August–September 1951, the commission of the Foreign Policy Department of the VKP(b) was sent to Austria. It was directed by Mikhail Gribanov, the Head of the 3rd European Department in the Ministry of Foreign Affairs, Sergey Shatilov, the Deputy Head of the Political Directorate in the USSR Ministry of War, I. Kabin, the Deputy Head of the sector for Germany and Austria in

⁵²² RGASPI 17/137/351/57–60, Iz dokladnoy zapiski Verkhovnogo komissara SSSR v Avstrii general-leytenanta V. Sviridova i politicheskogo predstavatelya SSSR v Avstrii M. Koptelova v Tsentral’nyy Komitet VKP(b) o rabote SChSK v Avstrii v 1950 godu, 18.05.1951. First published in Gennadiy Bordyugov, Wolfgang Mueller, Norman Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 430–2.

⁵²³ CIA-RDP83-00415R007800020004-9, “Soviet policy towards Austria,” distributed on 09.04.1951.

the Military-Industrial Complex of the VKP(b), and P. Baranov, the Head of the Sector in the Department of Personnel of Diplomatic and Foreign Trade Bodies of the VKP(b).⁵²⁴

By mid-October 1951, the commission concluded, in particular, “one of the most important tasks has not been accomplished—the ‘democratization’ of Austria and, first of all, the ‘democratization’ of the Soviet occupation zone of Austria. In the elections to the Parliament and to the local Councils (*Gemeinderat*) of the zone, the communists received only 5 % of the votes. The leadership of the Trade Unions is also entirely in the hands of SPÖ and ÖVP.”⁵²⁵ As a result, on November 1, 1951, the Politburo of the VKP(b) adopted the Resolution No. 4352-1947ss on measures to improve the work of the *SChSK* in Austria.⁵²⁶ With the aim of strengthening the political leadership of the Soviet part of the Allied Commission for Austria, the political adviser Mikhail Koptelov was replaced by Sergey Kudryavtsev.

In accordance with the new provision, the Council of Ministers of the USSR passed the Decree No. 986-317s on February 20, 1952, according to which the regional commanderships for Lower Austria and Burgenland were dissolved. Their tasks and positions were transferred to the High Commissioner’s authorized representatives in the respective federal states, upgrading their status. The 28 old district commanderships were replaced by 31 new district commanderships and were placed directly under the *SChSK* leadership. As a result, the Department managing military commanderships and the Political Department of the Central Army Group were dissolved.⁵²⁷

⁵²⁴ RGASPI 82/2/1117/29–30, Zapiska predsdatel'ya Komissii po vneshney politike TsK VKP(b) Grigor'yana Molotovu o sostoyanii sovetskoy propagandy v Avstrii, 11.08.51; RGASPI 82/2/1117/33–34, Zapiska zamestitel'ya predsdatel'ya Komissii po vneshney politike TsK VKP(b) Smirnova Molotovu ob usilenii sovetskogo vliyaniya v Avstrii, 07.09.1951.

⁵²⁵ RGASPI 82/2/1117/44–55, Dokladnaya zapiska Vneshnepoliticheskoy komissii TsK KPSS i Glavnogo politicheskogo upravleniya Sovetskoy Armii “O rabote SChSK v Avstrii i merakh po ukrepleniyu sovetskogo vliyaniya v Avstrii, 17.10.1951. First published in Gennadiy Bordyugov, Wolfgang Mueller, Norman Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 434–45.

⁵²⁶ RGASPI 17/162/47/11–13, Postanovleniye Politbyuro TsK VKP(b) “O merakh po uluchsheniyu raboty SChSK v Avstrii” ot 01.11.1951. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 364.

⁵²⁷ Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–55 und ihre politische Mission* (Wien: Böhlau Verlag, 2005), 60–1.

In relation to GUSIMZ and USIA, the Resolution No. 4352-1947ss obliged GUSIMZ to submit to the Council of Ministries a proposal for improving the production and economic activities of Soviet enterprises in Austria, as well as material, living and cultural conditions of their employees. The Resolution also created the position of GUSIMZ Commissioner under the High Commissioner of the *SChSK* to coordinate the production and commercial activities of USIA enterprises. GUSIMZ was instructed to submit the regulations governing the Commissioner's position.⁵²⁸

As a result, in January 1952, Vasilij Sergeyev, acting on the instructions of Anastas Mikoyan, presented to the Council of Ministers of the USSR a proposal "On measures to improve the activities of Soviet enterprises and institutions in Austria." The draft had been agreed upon with Mikhail Gribov, the Ministry of Foreign Affairs of the USSR, Nikolai Pautin, the State Planning Committee of the USSR, and Vladimir Gogosov, the State Staff Commission under the Council of Ministers of the USSR.

With regard to the USIA leadership, the measure provided for an increase in monthly salaries. In agreement with the Currency Committee⁵²⁹ and Aleksey Poskonov of the USSR Ministry of Finance, the monthly salary of the Head of USIA was raised from 4,560 to 7,798 schillings, that of the Deputy Head — from 4,270 to 6,498 schillings, and that of the Executive Director of the DDSG — from 4,270 to 6,498 schillings. The new position of the GUSIMZ representative in *SChSK*, introduced by the Resolution of November 1, 1951, assumed a salary of 8,447 schillings.⁵³⁰ In July 1952, the official currency rate was 100 schillings for 15.39 rubles.⁵³¹ For reference, average Soviet salaries at that time ranged from 400 to 800 rubles per month,⁵³² in 1951, the monthly salaries at USIA plant "Rax-Werke" (in Wiener Neustadt) were as follows: a

⁵²⁸ The regulations were approved by the Resolution of the Council of Ministers on 18.01.1952 (the Resolution No. is unknown).

⁵²⁹ GA RF R5446/86a/11890/1–13, Protocol 1 i 2, ob uvelichenii zarabotnoy platy rabotnikam GUSIMZ v Avstrii, nakhodyashchimsya v komandirovkakh v inostrannoy valyute, 12–26.01.1952.

⁵³⁰ GA RF R5446/86a/10825/2–7, Ofitsial'nyye oklady sovetskikh rukovodyashchikh rabotnikov GUSIMZ v Avstrii, 31.01–06.02.1952.

⁵³¹ GA RF R5446/86a/10799/44, Voprosy proizvodstvenno-finansovoy deyatel'nosti GUSIMZ, 17.07.1952; RGASPI 82/2/1117/19–20, Kursy obmena schillinga, 1950.

⁵³² RGAE 1562/41/113/161, Statisticheskaya tablitsa Tsentral'nogo statisticheskogo upravleniya SSSR "Srednemesyachnaya denezhnaya zarabotnaya plata rabochikh i sluzhashchikh po otraslyam narodnogo khozyaystva SSSR v 1940, 1945 i 1950–1955 godakh".

bookkeeper earned 1,186 schillings, a foreman earned 1,500–1,800 schillings, and a regular worker earned 1,198 schillings.⁵³³

With regard to Austrian workers and employees at Soviet-controlled enterprises, the salaries were fixed at 10 % above the average salaries in Austrian both private and nationalized enterprises. The Head of the USIA was allowed to establish individual bonuses in the amount of 50 % of the regular salary to the most distinguished and highly qualified employees among Austrian personnel: for up to 100 people from USIA, up to 30 people from SMV. The Head could also issue special bonuses and gifts to Austrian workers at the expense of the general bonus fund of the USIA. These measures were approved by the Council of Ministers on March 6, 1952. The USIA structure was also changed with the aim of opening Supply and Sales (*Snabzhenchesko-sbytovaya kontora*) offices at each joint-stock company instead of one centralized.⁵³⁴ Apparently, to quickly track market conditions and changes.

CHANGES IN THE CENTRAL COMMERCIAL BUREAU

In relation to the structure and functions, since 1952 all commercial activities of Soviet enterprises (i.e. enterprises of the joint-stock companies *Marten*, *Vkus*, and *ORT* (Administration of retail stores), etc.) had been concentrated in the Central Commercial Bureau (CCB), and all private trade transactions of enterprises outside of the Central Commercial Bureau were prohibited.⁵³⁵ As a result, it developed into the largest and the most important department of the USIA. The CCB was located in Vienna, at 10 Stalinplatz and from mid-1951 until 1953 was headed by Aleksandr Nikolayevich Daderkin.⁵³⁶ According to what was reported to the CIA, “the chief was responsible for the approval of every shipment scheduled to leave USIA plants or ware-houses. The CCB also functioned as an independent broker, purchasing from USIA plants and selling on its own account,

⁵³³ State Archive of Wiener Neustadt, Box 138, Rax-Werke Lohnlisten, 1951.

⁵³⁴ GA RF R5446/86a/10820/3–5, Vasilii Sergeev — Anastasu Mikoyanu “O merakh po uluchsheniyu deyatel’nosti sovetskikh predpriyatiy v Avstrii,” 02.1952.

⁵³⁵ RGASPI 82/2/1117/111–115, Informatsionnaya spravka predsdatelya Komissii po vneshney politike TsK VKP(b) V. Grigor’yana o khode vypolneniya postanovleniya TsK ot 01.11.1951 “Ob uluchshenii raboty SChSK,” 28.03.1952. First published in Gennadiy Bordyugov, Wolfgang Mueller, Norman Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 457.

⁵³⁶ RGAE 870/245/313, Lichnyye dela rabotnikov Tsentral’nogo apparata i vneshnetorgovykh organizatsiy Narkomata promyshlennosti i trgovli RSFSR – Ministerstva vneshnikh ekonomicheskikh svyazey SSSR na bukvu “D,” 1940–46.

chiefly to export companies. An important function of the Bureau was to discover ways and means of circumventing Austrian commercial and foreign exchange regulations.”⁵³⁷ Subordinate to the Central Commercial Bureau was a unit called the Conjuncture Bureau (*Kon'yunkturnoye Byuro*) that employed several Soviet and Austrian workers. The unit was concerned with price levels, stock quotations, and any worldwide business news. Periodically the Bureau issued economic news bulletins in Russian, which were meant primarily to aid Soviet officials in Austria. However, these bulletins were invariably issued too late to be of practical use to USIA plant directors. As the CIA concluded, the directors relied on their own commercial specialists at the plants to keep abreast of market trends, material availability, price levels, and other relevant conditions in Austria and abroad.⁵³⁸

Another CIA report stated that the Central Commercial Bureau of USIA was greatly affected by the restrictive measures of the United States and Austria, and since the beginning of 1952 could not buy raw materials whatsoever in the West on behalf of the USIA Concerns. The Central Commercial Bureau gave up its procurement function in favour of the negotiation and execution of global barter agreements with the Soviet bloc countries.⁵³⁹

With these changes in the CCB, there were corresponding changes in its personnel and organization. A considerable number of young Soviet commercial experts (including students of the Academy of Foreign Trade, etc.) were assigned to the CCB. Academic reports from 1952 to 1953 indicate a peak in GUSIMZ personnel training at the Ministry of Foreign Trade’s educational institutions. In January 1952, the Academy established a new department titled “Economics and Organization of Soviet Enterprises Abroad,” which provided seminars and training sessions abroad.⁵⁴⁰ CIA reported that M. Zalutsky, then Head of the Planning and Financial Department at GUSIMZ, was appointed to lead the new department, alongside V. Kontorovich, a candidate of Economic Sciences. In the context of growing trade with countries of people’s democracies, the CCB formed some individual departments for each country of the Soviet bloc. The senior

⁵³⁷ CIA-RDP79R01141A000100180002-8/10, “Soviet methods of economic penetration in Austria,” distributed on 23.10.1952.

⁵³⁸ CIA-RDP82-00046R000500110006-7/3, “GUSIMZ and USIA,” distributed on 31.05.1955.

⁵³⁹ CIA-RDP83-00415R013400020007-3/16, “Activities of USIA,” distributed on 17.11.1952.

⁵⁴⁰ RGAE 413/13/7089/6, *Otchet Vsesoyuznoy Akademii vneshney torgovli o rabote za 1951–52 uchebnyy god*, 07.1952.

personnel of these departments normally consisted of young Soviet commercial experts, sometimes accompanied by an Austrian official.⁵⁴¹

CHANGES IN THE ECONOMIC DEPARTMENT OF SOVIET PART OF ALLIED COMMISSION IN AUSTRIA

The Regulation of February 20, 1952⁵⁴² on the functions and structure of *SChSK*, based on the Resolution “Measures to improve the work of the *SChSK* in Austria” of November 1, 1951, established supervision over the activities of Soviet economic organizations in Austria. Therefore, within the Economic Department of *SChSK*, headed by Vladimir Ivanovich Smirnov⁵⁴³ (born 1914—date of death is unknown), a group of six specialists for systematic monitoring of the economic activities of the USIA and SMV was created. Gradually, the Economic Department of the *SChSK* tightened control over the export of goods from the Soviet zone to the Western zones to prevent raw materials and industrial resources from being used for military purposes by the Western Powers. At the same time, the USSR recognized Austria as a single economic unit, thereby acknowledging the economic ties between USIA enterprises and the Western zones. This recognition, in turn, obliged the Soviet authorities to permit the export of USIA products.

USIA was supervised not only by the Economic Department of *SChSK* but also by the Ministry of State Control. In December 1952, it determined the current number of enterprises in the Soviet zone: 436 enterprises, 332 out of which were in operation, 69 rented out, and 35 mothballed. The production output, despite the positive indicators (production output 101.2 %, profit plan 100.2 %, payment plan to the USSR budget 103.3 %), showed an extremely difficult situation for enterprises. Poor commercial performance of the apparatus, which could not cope with sales in the conditions of the growing economic crisis, led to overstocking, with finished goods inventory amounting to 469.4 million schillings compared to the pre-planned 316 million schillings.⁵⁴⁴

⁵⁴¹ CIA-RDP83-00415R013400020007-3/14, “Activities of USIA,” distributed on 17.11.1952.

⁵⁴² RGASPI 82/2/1117/66–75, Postanovleniye Soveta Ministrov SSSR ot 20 fevralya 1952 goda o reorganizatsii sovetskogo okkupatsionnogo apparata, 20.02.1952. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 366–74.

⁵⁴³ RGANI 5/14/12/16, Spisok trudyashchikhsya i chlenov ikh semey, nakhodivshikhся za granitsey po sostoyaniyu na 01.01.1953, vyyekhavshikh s razresheniya TsK KPSS, 31.12.1952.

⁵⁴⁴ RGASPI 17/164/659/125, A. Pavel'yev, Ministr gosudarstvennogo kontrolya SSSR, o sostoyanii del v USIA, 10.02.1953.

Sales of USIA enterprises products of 11 months of 1952 ⁵⁴⁵		%	In million schillings
on the domestic market of Austria		45.5	2,881
to the USSR	on account of profits	16.2	1,027.1
	by compensation and for free schillings	3.6	225.9
to countries of the people's democracy	on account of profits	0.5	34.1
	by compensation and for free schillings	9.3	592.2
to Western countries		0.2	14.1
USIA interfactory consumption		17.5	1,106.3
Supply and Sales offices		7.2	457.6

Thus, the main channels of sales of USIA products in 1952 were: the domestic market, deliveries to the USSR, and USIA interfactory consumption. Sales in free-market countries were small. This was caused by ignorance of the market situation and mainly by the fact that USIA products were expensive and of low quality.⁵⁴⁶ Although the domestic market remained the main sales market, over 6 years its share decreased by two times: from 92.6 % in 1947 to 45.5 % in 1952. In the reports, Soviet authorities blamed recession of Austrian economy. Indeed, by 1951, Austrian real GDP had doubled against 1946, clearly surpassing the prewar level, however, in 1952, growth virtually came to a halt. In 1953, it increased again but at a much lower rate than during the period 1948–51. At the same time, inflation remained broadly under control, averaging 20 %. Industrial output ceased to expand in 1952–53 and fell considerably below its potential, which caused a substantial rise in unemployment.⁵⁴⁷ The overheated world economy sparked by the Korean War caused increase in raw materials prices in the Austrian market as well. It had become a habitual reaction of the Figl government to insist that increased Marshall Plan counterpart releases bail them out. The combination of growing trade deficit, inflation pressures and deteriorating unemployment (especially in the Soviet zone) seriously strained the coalition. Naturally, the coalition partners did not want to bring the new cycle of economic malaise under control with unpopular deflationary policies. The Austrian demands for more Marshall Aid came at a time when

⁵⁴⁵ RGASPI 17/137/918/215, Otchet dlya SChSK za 1952 god: Kommercheskaya deyatel'nost' USIA v 1952 godu, 19.02.1953.

⁵⁴⁶ Ibid.

⁵⁴⁷ Emil G. Spitzer, "Stabilizing the economy. Austria," *Finance & Development, International Monetary Fund* 3, no.1 (1966): 14, doi.org/10.5089/9781616352813.022; Christian Beer, Ernest Gnan, Maria Teresa Valderrama, "A (not so brief) history of inflation in Austria," *Monetary Policy & the Economy. Österreichische Nationalbank*, no.3 (2016): 18.

Congress was cutting economic aid and shifting American priorities from economic reconstruction to strengthening Western defense (since mid-1952, the Marshall Plan for Austria has ended). Austrian aid was reduced from 161 million dollars in 1950 to 113 million dollars in 1951, raised again to 148 million in 1952 and reduced to 60 million in 1953.⁵⁴⁸

ATTEMPTS TO SOLVE THE ECONOMIC PROBLEMS OF USIA

Although the production of commercial goods proceeded according to the annual plan,⁵⁴⁹ the decline in sales on the Austrian market and USIA's reorientation toward the CMEA led to a failure to meet the foreign exchange payment plan for deposits to the Soviet Military bank's cash desk: while 100 % of the annual hard currency payment plan amounted to 307.03 million schillings, as of October 1, 1952 USIA transferred only 53.393 million schillings—17.4 % of the planned level. This placed the Military Bank No. 2111 in a difficult position, as it struggled to make payments for the upkeep of the Soviet Army and faced problems paying workers' wages and settling accounts with suppliers of raw materials, electricity, and gas. An audit by the Ministry of State Control revealed that enterprise management had withheld contributions to the health insurance fund in order to use them to pay off supplier debts. As a result, by October 1, 1952, the debt amounted to 139.4 million schillings. Thus, transferring currency to the USSR budget became more important for USIA than replenishing its own budget.⁵⁵⁰ According to a CIA report, for the first time since 1945, Soviet authorities in Austria had to buy schillings from the Austrian National Bank.⁵⁵¹ Therefore, exceeding production targets under conditions of low sales was not actually a positive indicator.

These serious financial difficulties were solved both by legal and illegal measures. An illegal measure by the Economic Department was to carry out duty-free import and export of goods to Austria by forces of *SChSK* and Austrian-based KPÖ-owned logistic company Intrac GmbH. It allowed to sell imported products at USIA stores below the average market price, which ensured the receipt of significant profits.

⁵⁴⁸ Günter Bischof, *Austria in the First Cold War, 1945–55: The Leverage of the Weak* (London: Macmillan Press, 1999), 127.

⁵⁴⁹ GA RF R5446/86a/10797/188, Vypiska iz otcheta Mikoyana o vypolnenii plana proizvodstva tovarnoy produktsii sovetskimi i smeshannymi predpriyatiyami za rubezhom ot 01.09.1952, 13.10.1952.

⁵⁵⁰ RGASPI 17/164/659/136, Zamestitel' ministra goskontrolya Kulakov o sostoyanii del v USIA, 07.11.1952.

⁵⁵¹ C02064608, "Soviet Union buying Austrian schillings with foreign currency," CIA FOIA, distributed on 10.12.1952.

Legal administrative methods were as follows: the Economic Department of *SChSK* arranged to supply products to the USSR and on the local Austrian market; overcame supply of ferrous metals restrictions through negotiations, despite an outstanding debt of 40 million schillings from 1952; successfully reduced ÖBB's financial claims from 100 million to 11 million schillings with the help of *SChSK*; granted USIA and SMV associations the right to sell products domestically and internationally at reduced prices, with independent transaction rights up to 15 million schillings; planned to mothball unprofitable, low-quality enterprises, consolidate them, and create viable entities using existing skilled labor and minimal new investment; aimed to strengthen Soviet commercial operations in Austria by hiring trade-savvy Soviet personnel and utilizing existing USIA staff; secured a commercial deal with Austrian DDSG for the use of Soviet port facilities, generating about 50,000 schillings in monthly rental income. Moreover, on June 3, 1952, the Economic Department approached the Council of Ministers of the USSR and made a proposal to allow the sale of oil through USIA to the countries of people's democracy in the amount of 100 million schillings. As the result Anastas Mikoyan insisted to sell 223 thousand tons of SMV oil products for cash on the Austrian market and in third countries and pay off USIA debt.⁵⁵² However, GUSIMZ failed to provide sufficient support, and as a result only 49.9 thousand tons were sold,⁵⁵³ thereby worsening the difficult financial situation of Soviet enterprises. Thus, USIA debt to health insurance funds increased to 30 million schillings and to 120 million schillings in local taxes.⁵⁵⁴

The financial support was complicated by the clarification of the term "third countries" and the absence of agreements with the countries of people's democracy.⁵⁵⁵ On February 1, 1953, GUSIMZ and the Ministry of Foreign Trade sent to Vyacheslav Malenkov an appeal and asked for permission to conclude an agreement with the government of the Romanian People's Republic and others on the supply of 293 thousand tons of oil from SMV.⁵⁵⁶ However, by April 1953, SMV had not really organized work on selling oil products in third countries for foreign currency.⁵⁵⁷

⁵⁵² RGASPI 84/1/99/36–43, Zasedaniye Komissii po vneshney torgovle Soveta Ministrov; Postanovleniye Soveta Ministrov No. 18896-rs of 26.07.1952, 06–07.1952.

⁵⁵³ RGASPI 17/164/659/121, A. Pavel'yev, Ministr gosudarstvennogo kontrolya SSSR o sostoyanii del v USIA, 10.02.1953.

⁵⁵⁴ RGANI 5/28/70/43, Iz doklada Verkhovnogo komissara SSSR v Avstrii V. Sviridova i politicheskogo predstavatelya SSSR v Avstrii P. Kudryavtseva o khode vypolneniya Postanovleniya Politbyuro ot 01.11.1951 "Ob uluchshenii raboty SChSK v Avstrii," 21.03.1953.

⁵⁵⁵ RGASPI 17/164/659/133, P. Kulakov, Ministerstvo gosudarstvennogo kontrolya SSSR o sostoyanii del v USIA, 10.02.1953.

⁵⁵⁶ Ibid., list 14.

⁵⁵⁷ RGANI 5/28/70/64, Otchet Ekonomicheskogo otdela SChSK za pervyy kvartal 1953 goda, 30.04.1953.

Apparently, the Resolution of July 26, 1952 was never fully implemented.⁵⁵⁸ Due to miserable position of economic state of USIA, the right-wing press launched attacks that politically damaged the KPÖ.⁵⁵⁹

Despite the absence of any mandatory rule requiring exclusive hiring of KPÖ members or converting all employees to KPÖ membership, a core policy was actively pursued to increase the share of communist employees, place them in key positions, and eliminate non-communist elements. “At present, the stratum of communists among workers and employees of USIA enterprises has grown to 46 % (22.1 thousand people)”⁵⁶⁰ at 436 enterprises. As a part of the measures to strengthen the position of the KPÖ at Soviet enterprises, in January 1952, 238 KPÖ members were appointed at the Central Cultural Office at the USIA plants.

Recruiting employees into the KPÖ and increasing the number of party members within enterprises served clear political aims — providing the KPÖ with greater funding and enabling it to secure more seats in Works Councils. The success of that approach was evident in the 1952 campaign when “across Austria, the Communist Party’s single lists received over 90 % of the votes, and in Work Council elections held at 192 USIA enterprises, the party secured a majority in 127 of them. Additionally, all SMV Work Councils are controlled by the Communist Party.”⁵⁶¹ At the same time, the number of SPÖ mandates in the works councils of Soviet enterprises decreased from 479 to 323, i.e. fell by 28.4 %. The number of Work Councils, in which the SPÖ received a majority, decreased from 100 to 52. However, the position of the KPÖ in private enterprises in the Soviet zone was very weak.⁵⁶²

Despite the attempts of the Economic Department of *SChSK*, the USIA was slow to follow the policy of hiring personnel from KPÖ, giving preference to professionalism. The *SChSK* report on

⁵⁵⁸ Walter M. Iber, “Erdöl statt Reparationen. Die Sowjetische Mineralölverwaltung (SMV) in Österreich 1945–55,” *Vierteljahrshefte für Zeitgeschichte* 57, no. 4 (2009): 596, doi.org/10.1524/vfzg.2009.0055.

⁵⁵⁹ RGANI 5/28/70/79, Iz doklada Verkhovnogo komissara SSSR v Avstrii V. Sviridova i politicheskogo predstavatelya SSSR v Avstrii P. Kudryavtseva o khode vypolneniya Postanovleniya Politbyuro ot 01.11.1951 “Ob uluchshenii raboty SChSK v Avstrii,” 21.03.1953. First published in Gennadiy Bordyugov, Wolfgang Mueller, Norman Naimark, Arnold Suppan (eds.), *Sovetskaya politika v Avstrii. 1945–55 gg. Sbornik dokumentov* (Moskva: AIRO-XXI, 2006), 482–3.

⁵⁶⁰ Ibid., 482–3.

⁵⁶¹ Ibid., 457.

⁵⁶² Ibid., 488.

the USIA work with non-Soviet personnel for 1952 showed that the USIA did not pay enough attention to the growth of 'democratic forces' at its enterprises and that the growth over the year was only 3.7 %. It was also established that during 1952, the USIA hired 8,609 people, of whom 582 people turned out to be members of non-communist parties: the SPÖ, ÖVP and VdU. The USIA also did not work hard enough to 'cleanse' its enterprises and institutions of 'hostile' elements, especially those in leadership positions. An audit showed that 25.3 % of the total number of workers at USIA enterprises were workers who were members of 'reactionary' parties. The *SChSK* command instructed the USIA leadership to develop a specific plan for working with foreign personnel for 1953 and discuss it jointly with the *SChSK*.⁵⁶³

Indeed, unlike in the second half of the 1940s, the policy after 1952 had finally changed USSR priorities of USIA: the economic indicators were subordinated to political goals, and the USIA acquired political significance. It became an economic lever in achieving the goal of denazification and supporting the KPÖ, which was then confirmed by agent information in CIA reports.⁵⁶⁴

With the USIA becoming a lever for "promoting democracy" and somewhat secondary after KPÖ, relations between the KPÖ and the USIA began to deteriorate rapidly. The CIA in its report of November 1952 mentioned that relations between USIA and the KPÖ were anything but good. The senior Soviet USIA officials expressed the utmost contempt for the local KPÖ officials and do their utmost to disassociate themselves from them. They are outraged by the KPÖ's attempts to give them advice (on such matters as the choice of Austrian personnel for USIA, propaganda, etc.) and are particularly averse to their obtaining any insight into their activities.⁵⁶⁵

In late 1951–52, several new conflicts arose. By the Resolution of the Council of Ministers of the USSR of August 13, 1950, the USIA was permitted to import into Austria food and industrial goods purchased in other countries for sale in Austria, and the *SChSK* issued permits for the right to import these goods, which thus arrived duty-free. Taking advantage of this, USIA began to delegate this privileged status to Austrian firms, including Intrac GmbH. To stop this, in October–November 1951, the parenting organization GUSIMZ prohibited USIA from delegating

⁵⁶³ RGANI 5/28/70/80, Iz doklada Verkhovnogo komissara SSSR v Avstrii V. Sviridova i politicheskogo predstavatelya SSSR v Avstrii P. Kudryavtseva o khode vypolneniya Politbyuro ot 01.11.1951 "Ob uluchshenii raboty SChSK v Avstrii," 21.03.1953.

⁵⁶⁴ CIA-RDP79R01141A000100180002-8/6, "Soviet methods of economic penetration in Austria," distributed on 23.10.1953.

⁵⁶⁵ CIA-RDP83-00415R013400020007-3/4, "Activities of USIA," distributed on 17.11.1952.

the right of duty-free import of goods to anyone; USIA automatically extended this ban to Intrac GmbH that resulted in money loss of KPÖ. On November 29, 1951, Anastas Mikoyan, Vasiliy Sergeyev and Vagan Grigor'yan resolved the conflict in favor of Intrac GmbH, and it continued the transit.⁵⁶⁶ Moreover, by decision of the Central Committee of VKP(b), the USIA buildings necessary for the production process were transferred to the Central Committee of the KPÖ, due to the fact that the KPÖ was located in the “dangerous” American sector. Although Vasiliy Sergeyev was against the transfer, the issue was resolved in favor of the KPÖ.⁵⁶⁷

Yet another KPÖ-related scandal appeared after the newspaper *Österreichische Volksstimme* issued an article promising “all USIA employees a New Year bonus of 200–250 schillings prior to the holidays” allegedly according to the Soviet Information Center.⁵⁶⁸ USIA firms, however, denied that any commitments had ever been made. The CIA detected considerable unrest and a slow-down movement among USIA workers: “the KPÖ lost a great deal of prestige, since the workers were blaming the party officials for the confusion and for their subsequent failure to act against the USIA management. It is rumored that *Österreichische Volksstimme* discharged two staff members who were responsible for inserting the article pertaining to the payment of a Christmas bonus, without having cleared the story with USIA headquarters.”⁵⁶⁹

On June 28, 1952, at the *SChSK*, the KPÖ leaders had a meeting with N. Krivoshein, the new USIA Head from 1952 to 1953. They highlighted that the crisis in the Austrian economy made it challenging to sell products. In this regard, they were ready to appeal to Josef Stalin with a request to resolve several issues concerning the activities of USIA. They believed that in a situation where a large number of Austrian enterprises were closing or ceasing their work, laying off workers, Soviet enterprises had to work at full speed and not only not reduce workers but also increase their number at individual enterprises so to bring the necessary political effect.⁵⁷⁰ The letter sent to

⁵⁶⁶ RGASPI 84/1/74/157, Mikoyan, Grigor'yan i Sergeyev v Politbyuro po voprosu konflikta USIA i firmoy Intak, 29.11.1951.

⁵⁶⁷ RGASPI 82/2/1121/90–94, Zapiska Komissii po vneshney politike TsK VKP(b). (V. Grigor'yan) O pros'be TsK KPA o peredache yemu dvukh zdaniy, prinaldezhashchikh upravleniyu sovetского imushchestva v Avstrii, 22–29.04.1952; RGASPI 82/2/1117/57–59, Rukovoditeli Kommunisticheskoy partii Avstrii Koplenig i Fyurnberg — Filippovu (Stalinu), 13.11.1951.

⁵⁶⁸ “USIA and SMV zahlen Überbrückungshilfe 200 bis 250 Schilling an alle Arbeiter und Angestellten,” *Österreichische Volksstime*, 30.12.1951, 1.

⁵⁶⁹ CIA-RDP82-00457R010500210002-4, “Unrest among USIA workers,” distributed on 11.02.1952.

⁵⁷⁰ RGASPI 17/137/916/159–160, Bogdan Kobulov — Grigor'yanu o vstreche s predstavityami KPA v Vene, 06.1952.

Stalin contained the above-mentioned issues with a note about the enormous political significance of USIA enterprises for KPÖ and a request to resolve the issue positively.⁵⁷¹ Indeed, “the USIA factories had become a kind of sanctuary for “communists” who had risen to the “privileged class” there. In fact, Soviet leadership, political indoctrination, removal of non-Communist employees and installation of KPÖ cadres, among other measures, led to the transformation of the plants into a Communist archipelago in the midst of an anti-Communist sea.”⁵⁷² Thus, the principal outcome of the Oktoberstreik was that, from 1952 onward, USIA functioned as an instrument for advancing “democratization,” that is, the promotion of communists.

SHORT TREATY

The above-described changes in the USIA from 1951 to 1952 occurred alongside the awareness of the CIA, that the *Werkschutz* and paramilitary forces of the KPÖ were too weak to carry out a coup d'état after the Four Powers withdrawal. Moreover, Western Powers formed the military core of the future Austrian army, which was to grow from the 3,000 men of B-gendarmerie (1952) to 5,000 (spring 1953) and then to 28,000 men in the 90-day period specified between ratification of the state treaty and withdrawal of the occupation forces.⁵⁷³ Thus, by 1952, the US was no longer afraid of the withdrawal of allied troops, therefore on March 13 and May 9, 1952 the Western Powers proposed USSR to discuss the new draft of the state treaty called “short treaty” they had prepared.

The short treaty was based on the previously negotiated version but contained only eight articles, in contrast to the fifty-three articles in the earlier draft. Forty-five articles, among other articles on arms limitation and the guarantee of constitutional democratic rights, were omitted. Its preamble matched the one in the version adopted in the spring of 1947 and addressed Austria's responsibility for its role in the war, but with one notable change: the controversial third paragraph referencing Hitlerite Germany was omitted. The resulting eight-article draft, notably concise, was drawn from the version negotiated in 1949. They addressed Austria's restoration as a free and independent

⁵⁷¹ RGASPI 82/2/1117/126–127, Pis'mo rukovoditeley Kommunisticheskoy partii Avstrii I. Kopleninga i F. Furnberga Stalinu, 24.07.1952.

⁵⁷² Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–55 und ihre politische Mission* (Wien: Böhlau Verlag, 2005), 183.

⁵⁷³ CIA-RDP79R01012A000500020001-2, “Austrian security capabilities following withdrawal of occupation forces,” distributed on 11.12.1952.

state, the preservation of its independence, its borders as of 1937, the withdrawal of Four Power forces within ninety days of the treaty's enactment, the absence of reparations, a clause for accession of other World War II coalition members, and provisions for the Treaty's ratification, implementation, and archival deposit.

However, Article 6 of the short treaty was new. It succinctly stated that all German assets held or claimed by the Four Powers would be returned to Austria within the ninety-day withdrawal period. Notably, there was no mention of settlement payments, long-term Soviet concessions in the oil sector, or the permanent transfer of DDSG assets in Eastern Austria and Eastern Europe. The payment of a compensation sum of 150 million dollars to the Soviet Union was no longer mentioned.⁵⁷⁴

However, omitting the economic provisions secured during the 1948–49 negotiations became, conversely, a reason for the USSR to reject the short treaty version. Thereafter, on June 17, 1953, uprising in the GDR further destabilized the Soviet position in Central Europe, making any troop withdrawal utterly unrealistic under those circumstances.⁵⁷⁵

In the notes of August 14 and September 27, 1952 the Soviet government demanded the withdrawal of the short version of the state treaty, allegedly as it did not lead to 'democratization,'⁵⁷⁶ the USSR criticized the omission of the limitation of armaments and the guarantee of constitutional rights, referred again to the connection of the state treaty with the Trieste question and repeated the accusations that the demilitarization and denazification provisions violated in Austria. Of course, the real motive was different. The USSR recognized Austria's strategic importance, viewing it as a barrier separation the NATO-aligned northern countries with those in the south. The presence of Soviet troops in Austria, first, did not allow Austria to enter any military bloc, second, created legal support for the quartering of Soviet armed

⁵⁷⁴ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 173.

⁵⁷⁵ Wolfgang Mueller, "Die sowjetische Haltung zum Staatsvertrag 1946–52," in *Der österreichische Staatsvertrag 1955: internationale Strategie, rechtliche Relevanz, nationale Identität*, eds. Arnold Suppan, Gerald Stourzh, Wolfgang Mueller (Wien: Verlag der Österreichischen Akademie der Wissenschaften, 2005), 117–18.

⁵⁷⁶ RGASPI 17/3/1096/100–104, Postanovleniye Politbyuro VKP(b) o tekste Amerikanskomy pravitel'stvu otnositel'no proyekta "Kratkogo gosudarstvennogo dogovora" dlya Avstrii, 14.08.1952. First published in A. Vatlin, B. Kotov, A. Sorokin, *SSSR i Avstriya na puti k Gosudarstvennomu dogovoru. Stranitsy dokumental'noy istorii 1945–55* (Moskva: Politicheskaya entsiklopediya, 2015), 79.

forces in Hungary and Romania. At the same time, the USSR's position was also influenced by oil production and its supply to the CMEA countries. The SPÖ newspaper with anti-communist position *Arbeiter-Zeitung* issued revealing materials about SMV in late November 1952 about the "plundering of Austria" by USIA. The article emphasized that huge incomes convinced the USSR to remain in Austria and delay the signing of the state treaty.⁵⁷⁷ Moreover, it stated that if the USSR had paid for the volume of oil pumped out, Austria would already have been economically restored. The Soviet side, in turn, published a brochure claiming that only Soviet control could ensure the oil remained the property of the Austrian people; otherwise, once Soviet troops withdrew, it would be divided between the UK and the US.⁵⁷⁸

Recognizing that the 150-million-dollar compensation was excluded from discussions, coupled with the presence of 40 unprofitable enterprises and the anticipation of significant turnover declines in 1953, the USSR was already considering their partial transfer.⁵⁷⁹ The US intelligence service confirmed that, amid economic challenges and the tense situation in USIA, the Soviet Headquarters contemplated transferring USIA firms to the Republic of Austria or, failing that, placing them under its trusteeship. In both the latter cases, however, the Soviets would stipulate that none of the present workers or staff should be dismissed but that they might be transferred into other USIA concerns. In the Austrian Ministry of Finance, an examination was made as to whether the whole block of the USIA plants represent an active asset. It was estimated that, under Austrian management, the present production of these concerns could be easily attained despite a 25 % reduction of personnel.⁵⁸⁰ However, in case of a transfer, the USSR would have been required to sign a Trade agreement with Austria, as some of the products manufactured at former Soviet factories were subject to sale to the USSR. Moreover, this would have required official bank transactions, whereas previously, under a decision of the USSR Council of Ministers, all goods in Austria were purchased in cash schillings.⁵⁸¹ The US was against the Trade agreement, as the regularization of exports of USIA would improve Soviet standing in Austria.⁵⁸² Facing this dilemma of whether to transfer the enterprises or not, the USSR entered March 1953.

⁵⁷⁷ "Die Ausplünderung Österreichs," *Arbeiter-Zeitung*, 23.11.1952, 3; "Österreichs Öl," *Arbeiter-Zeitung*, 30.11.1952, 3.

⁵⁷⁸ Otto Jirik, *USIA Zistersdorf: was jeder darüber wissen muß* (Wien: Globus Verlag, 1953).

⁵⁷⁹ RGASPI 17/137/918/206, Otchet SChSK o khozyaystvennoy deyatel'nosti sovetskikh khozyaystvennykh predpriyatiy v Avstrii za 1952 god, 19.02.1953.

⁵⁸⁰ CIA-RDP82-00457R015500170010-5/2, "Reported Financial Crisis in the USIA Administration," distributed on 29.12.1952.

⁵⁸¹ RGASPI 82/2/718/17, Ministr vneshney trgovli Men'shikov Stalinu o trgovom soglashenii, 09.11.1949.

⁵⁸² 05973611/10, "Austria offers to negotiate trade pact with USSR," CIA FOIA, distributed on 09.09.1952.

8. 1953–54: CHANGES IN THE SOVIET POSITION AFTER STALIN’S DEATH

The period after Stalin’s death is marked by internal political struggle of potential ‘successors.’ Therefore, certain decisions after March 5, 1953, were taken both with the aim of acquiring allies and building a coalition against rivals: Vyacheslav Molotov, who had also fallen out of favor in 1949, was reappointed the Minister of Foreign Affairs. On March 5, 1953, Anastas Mikoyan was returned to the post of the Minister of Foreign Trade as well as Minister of Internal Trade. These ministries were merged into the Ministry of Foreign and Internal Trade during a joint session of the CPSU Central Committee Plenum, the Presidium of the Supreme Soviet, and the Council of Ministers. Although GUSIMZ and USIA maintained in the previous structure, in March 1953 they were transferred from the jurisdiction of the Council of Ministers to the above-mentioned unified ministry.⁵⁸³ At that time, Anastas Mikoyan attempted to solve the problem of the unprofitability of USIA enterprises by selling them to the Austrian government before the conclusion of the state treaty. The responsibility for conducting the negotiations fell on the newly formed Austrian government, which, after the parliamentary elections on April 2, was led by Chancellor Julius Raab (ÖVP) and Vice-Chancellor Adolf Schärf (SPÖ), with a Minister of Foreign Affairs Karl Gruber.

When Austria approached the USSR with a request to negotiate the purchase the enterprises in exchange for goods,⁵⁸⁴ Anastas Mikoyan prepared a project of transferring 67 enterprises to the Austrian government.⁵⁸⁵ However, this would require a Trade Agreement, as Austria planned to include part of the USIA enterprises’ output in its trade with the USSR. Meanwhile, by 1953 according to the decisions of the Council of Ministers, the USSR purchased goods in Austria either in cash or clearing settlements, i.e. without a Trade Agreement. Immediately, on April 29, 1953, Semyonov, the political advisor of the USSR in Austria, and Kudryavtsev, the political representative of the USSR in Austria, reached Molotov and requested that not even part of the

⁵⁸³ “Postanovleniye Plenuma TsK KPSS, Prezidiuma Verkhovnogo Soveta i Soveta Ministrov,” *Izvestia*, 07.03.1953, 1; GA RF R5446/1/573/319, Postanovleniye Soveta Ministrov No. 762 “O GUSIMZ pri Sovete Ministrov,” 15.03.1953; RGASPI 84/1/309/21, Postanovleniye Soveta Ministrov No. 846 “Ob utverzhdenii Mikoyana Predsedatelem Kollegii Ministerstva vnutrenney i vneshney trgovli,” 18.03.1953.

⁵⁸⁴ Michail Prozumenščikov, “Nach Stalins Tod,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 739.

⁵⁸⁵ RGASPI 82/2/1117/128–130, V. Semenov i S. Kudryavtsev Molotovu o podgotovke k peredache predpriyatij, 05.1953.

enterprises be transferred to the Austrian government, as it could weaken the position of the KPÖ at these enterprises, and Austrian government would take measures to remove communists from them, as had already happened at the nationalized enterprises.⁵⁸⁶

The inspections to clarify the condition of the enterprises began: the report of the Economic Department of the *SChSK* for the first quarter of 1953 showed that neither SMV, nor OROP, nor USIA met the production plan. The USIA failed to meet its production plan by 18.6 million schillings, due to shortage of raw materials and low supply of orders; the sales plan for all enterprises was fulfilled at 82.8 %, amounting to 1,470.9 million schillings, and the profit plan was fulfilled at 77.4 %, amounting to 233.9 million schillings. The debt to the foreign currency cash desk of the State Bank amounted to 55.1 million schillings. The quarterly plan for the production of light petroleum products was fulfilled by 101 %, fuel oil by 95 %, oils by 74 %, and bitumen by 88 %. The underfulfillment of the plan for fuel oil production by 5 % was due to the downtime of the SMV plants. The underfulfillment of the oil plan by 26 % (about 4,000 tons) occurred due to a reduction in production due to limited demand on the Austrian market and an increase in imports of high-quality oils. Deliveries to the domestic market of Austria through OROP amounted to 201 thousand tons and 82 % of the quarterly plan. Compared with the first quarter of 1952, deliveries decreased by 21 % due to a drop in sales of petroleum products.⁵⁸⁷

Indeed, the figures in the Soviet reports indicated a critical situation at the enterprises. Moreover, CIA sources detected that following Stalin's death and Beriya's downfall, the Soviet government sharply curtailed the purchase of goods from USIA plants. Many of these plants, operating profitably on the basis of Soviet orders, faced an almost complete financial catastrophe, as Soviet orders dropped from 90 % to 10 % of their production.⁵⁸⁸ CIA concluded that until about 1952, the Soviet-controlled industries in Austria (USIA) were an economic asset. Since early 1953, they were unable to compete in the Austrian market and, in general, were generally forced to sell their products below cost.⁵⁸⁹ Thus, the critical situation for the USIA, developing since 1949, reached its peak negative indicators by 1953.

⁵⁸⁶ Ibid.

⁵⁸⁷ RGANI 5/28/70/60–77, Otchet Ekonomicheskogo otdela SChSK za pervyy kvartal 1953 goda, 30.04.1953.

⁵⁸⁸ CIA-RDP82-00046R000500110006-7/4, "GUSIMZ and USIA," distributed on 31.05.1955.

⁵⁸⁹ CIA-RDP80-00810A005700350005-9, "Soviet Official's comment on USIA operations," distributed on 05.01.1955.

On May 5, 1953, the Soviet government discussed the issue of transferring enterprises before the conclusion of the state treaty.⁵⁹⁰ However, on May 22, the Presidium of the Council of Ministers reconsidered that decision and deemed the sale inappropriate.⁵⁹¹ The sale of the enterprises could evidently be seen as a sign of an inability to manage them effectively.⁵⁹² Though, on July 17, 1953, the USSR handed over the Ybbs-Persenbeug Danube power plant to the Austrian federal government, confiscated earlier as German property, the value of the power plant was included in the lump sum of 150 million dollars.

INVESTMENTS

The Resolution of the Council of Ministers of the USSR of June 9, 1953, required capital investments to improve the condition and operations of 45 enterprises of the USIA, making them “exemplary.” The investments over the next year and a half amounted to 38 million rubles, whereas during the previous 7 years (from 1946 until June 1953), 34 million rubles were invested.⁵⁹³ It is important to note that GUSIMZ and USIA were not independent in making decisions about the amount of funds allocated for capital repairs and depreciation, as the funds were allocated by the Soviet government and the Currency Committee.⁵⁹⁴ Once a claim was made against USIA for unauthorized capital expenditures.⁵⁹⁵ The new investment plan was to improve the condition of target enterprises with a high share in production,⁵⁹⁶ among which CIA mentioned *Kabel'*, *Marten*, and *Pod"yomnik*.⁵⁹⁷ Additional funds were allocated to the residential fund of USIA for the

⁵⁹⁰ RGASPI 82/2/441/20, Mikoyana, Kabanova i Zorina v TsK KPSS o sostoyanii del v USIA, 05.1954.

⁵⁹¹ Ibid.

⁵⁹² Michail Prozumenščikov, “Nach Stalins Tod,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 739.

⁵⁹³ RGASPI 82/2/441/20, Mikoyana, Kabanova i Zorina v TsK KPSS o sostoyanii del v USIA, 05.1954.

Michail Prozumenščikov, “Nach Stalins Tod,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 739.

⁵⁹⁴ GA RF R5446/49a/5263/104–120, Protocol No. 11, Protokoly i materialy zasedaniy Valyutnogo komiteta pri Sovete Ministrov SSSR. 25.05.1947.

⁵⁹⁵ GA RF R5446/51a/8040/5, Ivan Zlobin o predvaritel'nom otchete o vypolnenii valyutnogo plana za 9 mesyatsyev 1949 goda, 05.10.1949.

⁵⁹⁶ RGASPI 82/2/441/21, Mikoyan, Kabanov i Zorin o sostoyanii del v USIA, 1954.

⁵⁹⁷ CIA-RDP80-00810A005700620010-3, “USIA Plants Modernization Program,” distributed on 10.01.1955.

construction of new houses and the repair of existing ones, which were either in extremely dilapidated condition or were simple wooden barracks.⁵⁹⁸

In addition, as a part of the Resolution, in June 1953, a portion of the workers were dismissed, for instance, 50 % of staff of Stadlau Lederindustrie (Vienna, XXI district). According to a CIA report, the most unprofitable companies merged with others: Allgemeine Strassenbau A.G. (Vienna, I district) was absorbed by Vianova-Bau Aktiengesellschaft, Vergasungs-Industrie A.G. — by Waagner-Biro A.G., Überland Hoch-Tief-und Strassenbau A.G. — by Porr Allgemeine Baugesellschaft, “Negrelli Bau A.G.” — by Sager and Wörner. Some businesses were closed: Hans Kobald (Vienna, Atzgersdorf), J. C. Klinkosch Gold- Silber,- & Metallwarenfabrik (Vienna, II district), Lichtenwörther Maschinen & Metallwarenfabrik GmbH,⁵⁹⁹ Faulhaber & Haunschild, Wilhelm Abt GmbH (landwirtschaftliche Geräte- und Maschinenfabrik), Mercedes-Benz repair shop in Vienna, Ferdinand Mühlens & Motsch, Ebersberger Lack- und Farbenfabrik, and Brüder Weichmann’s Nachfolger (Vienna, Atzgersdorf)⁶⁰⁰ — in total, 39 unprofitable small and medium-sized enterprises were closed.

On June 30, Austria sent to the USSR a six-point memorandum and expressed gratitude for the amnesty for convicted Austrians, the lifting of demarcation-line controls, and concessions in police and transport matters. These measures were understood as part of a broader Soviet policy aimed at *détente*, peace, and international cooperation. The Austrian government was keen to maintain good relations with the Soviet Union and sought to establish a solid basis for constructive and productive cooperation.⁶⁰¹ “In point IV, the Austrian government expressed its desire for a Trade Agreement with the Soviet Union. The point V addressed the issue of incorporating exports from USIA enterprises into the Agreement and stated that, following the entry into force of the state treaty, Austria should largely be able to meet its obligations to the Soviet Union independently.” This meant that Austria proposed settling accounts in goods; it sought to avoid the obligation to pay in freely convertible currency, which had been established in 1949 at the request of the Soviet side. Finally, in point VI the government expressed its hope that the Soviet Union would consider

⁵⁹⁸ Michail Prozumenščikov, “Nach Stalins Tod,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 739.

⁵⁹⁹ CIA-RDP80-00810A001900470011-8, “Financial Difficulties of USIA plants,” distributed on 02.09.1953.

⁶⁰⁰ Hubert Steiner, “Die USIA-Betriebe, ihre Gründung, Organisation und Rückgabe in die österreichische Hoheitsverwaltung,” *Mitteilungen des Österreichischen Staatsarchivs* 43 (1993): 209.

⁶⁰¹ Heinrich Siegler, *Österreichs Weg zur Souveränität, Neutralität, Prosperität: 1945–59* (Bonn–Wien–Zürich: Siegler & co. Verlag für Zeitarhive, 1959), 33.

the possibility of granting amnesty to Austrian prisoners of war and civilian internees. Thus, “after a long interruption—the first time since the negotiations on the so-called “dried peas debt” three years earlier—the method of bilateral negotiations was resumed.”⁶⁰² The USSR welcomed the Memorandum, and in the note of July 29, continued to insist on the withdrawal of the short state treaty⁶⁰³ and a return to the negotiated version of 1949.⁶⁰⁴ In the note of November 25, 1953, the Western Powers agreed to return to the version of 1949.⁶⁰⁵

THE TRANSITION OF THE OCCUPATION APPARATUS TO SELF-SUFFICIENCY

In 1953, Austrian government requested the Four Powers to take on the obligation to cover all expenses related to maintaining their occupying troops and relieved the Austrian state budget from these costs. The idea of taking on army expenses was recorded in Soviet documents as early as 1950 when there were enough schillings at the State Bank cash desk.⁶⁰⁶ However, by 1953 USIA became unprofitable (running a loss of about 200 million schillings per year, according to a CIA report⁶⁰⁷), and the lion’s share of Army expenses amounting to 330 million schillings per year would only be covered by SMV profit that “between 1946 and 1954 was approximately 402 million schillings annually.”⁶⁰⁸ Therefore, the Soviet presence could be sustained only by retaining control of the SMV, and in the negotiations of the following years the USSR could not transfer the SMV enterprises until the troop withdrawal had been completed. The expected shift to oil revenues spurred rapid efforts to improve the SMV economic situation in April–May 1953, with even Khrushchev becoming involved in the negotiations.⁶⁰⁹ According to a CIA report, the income from

⁶⁰² Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 199.

⁶⁰³ Ibid., 203.

⁶⁰⁴ “K voprosu ob avstriyskom gosudarstvennom dogovore,” *Pravda*, 30.07.1953, 4.

⁶⁰⁵ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 203.

⁶⁰⁶ RGASPI 82/2/1120/45–55, Molotov — Stalinu, Obsuzhdeniye otkaza ot okkupatsionnykh raskhodov, 03.1950.

RGASPI 82/2/1117/46, Otchet SChSK, Obsuzhdeniye otkaza ot raskhodov na prozhivaniye, 01.05.1950.

RGASPI 82/2/1117/107–108, Obsuzhdeniye otkaza ot raskhodov na prozhivaniye, 03.05.1952.

RGASPI 82/2/1120/125–128, Vyshinskiy — Molotovu ob otkaze ot okkupatsionnykh raskhodov, 26.08.1952.

⁶⁰⁷ CIA-RDP80-00810A003200200003-1, “Soviet Efforts to Reduce the USIA Deficit,” distributed on 30.12.53.

⁶⁰⁸ Walter M. Iber, “Erdöl statt Reparationen. Die Sowjetische Mineralölverwaltung (SMV) in Österreich 1945–55,” *Vierteljahrshefte für Zeitgeschichte* 57, no. 4 (2009): 599, doi.org/10.1524/vfzg.2009.0055.

⁶⁰⁹ Ibid., 597.

the SMV was so important that “the profits made by the sale of oil were used only for the payment of Soviet occupation costs and were not available for covering USIA losses.”⁶¹⁰ The CIA provides no explanation for this, but it is likely that there were no surplus schillings for USIA. Income from oil amounted to 400 million schillings, while expenditures of the Central Army Group reached 330 million schillings and USIA losses totaled 200 million schillings. To earn money, USIA had to find new markets and by November 1953, it had obtained permission from Moscow to send representatives abroad to seek sales markets in non-aligned countries.⁶¹¹ To address this, USIA established the International Sales Bureau in December 1953, which had exclusive authority to negotiate commercial contracts between USIA enterprises and other parties.⁶¹² It superseded the USIA Central Commercial Bureau in its sales functions and controlled sales of all USIA plants, the retail division (*ORT*), Central Commercial Bureau and *Yuzhvneshttrans*. The International Sales Bureau was headed by Gennadiy Fedorovich Lesnov, a specialist from the Ministry of Foreign Trade and the Deputy Head of USIA for commercial matters.⁶¹³

The middle of 1953 also brought changes in personnel: on June 13, High Commissioner Vladimir Sviridov was replaced by Ivan Il'ichev, and the political representation in Austria became an Embassy. On June 23, Lavrentiy Beriia was arrested, and as per tradition, his ‘people’ were arrested in various structures, including GUSIMZ, where, starting from 1946–47, some MVD employees were transferred to service, and which, according to a CIA report, they jokingly called “the Chief Directorate of Sinners.”⁶¹⁴ As the curator of the nuclear bomb project, Lavrentiy Beriia supervised the Wismut Department (VIII Department of GUSIMZ, 1947–53), whose uranium mines were located in the Soviet occupation zone of Germany. In particular, among ‘Beriia people’ Bogdan Kobulov (born 1904–shot 1953), the Head of the USIG (*Upravleniye Sovetskim Imushchestvom v Germanii*) was arrested. From other GUSIMZ departments the following members were dismissed: Colonel Konstantin Savitskiy (born 1905–shot 1955), Assistant of the Deputy Head of the GUSIMZ, Ivan Gudkov (born 1906–died 1978), Assistant of the Deputy Head of the GUSIMZ, Lev Vlodzimirskiy (born 1905–shot 1953), the Head of Personnel department of GUSIMZ, and Vladimir Baltadzhi (born 1911–died 1979), the Head of Administrative Directorate

⁶¹⁰ CIA-RDP80-00810A003200200003-1, “Soviet Efforts to Reduce the USIA Deficit,” distributed on 30.12.53.

⁶¹¹ CIA-RDP80-00810A006100700012-7, “Background information on USIA Export Promotion Drive,” distributed on 17.03.1955.

⁶¹² CIA-RDP80-00810A003500870005-3, “Formation of New USIA Sales Bureau,” distributed on 23.02.1954.

⁶¹³ RGAE 870/251/2982, Lichnoye delo Gennadiya Fedorovicha Lesnova, sotrudnika Ministerstva vneshney trgovli SSSR, 1946–83.

⁶¹⁴ CIA-RDP80-00810A004200800004-3/5, “Beriia Purge,” distributed on 28.05.1954.

of GUSIMZ responsible for equipment, living accommodations of the personnel and other routine administrative matters. Besides Beriia, Kobulov, Savitskiy, Vlodzimirskiy, formerly dismissed Vsevolod Merkulov and Vladimir Dekanozov were also shot in 1953. Thus, the personnel reassignments of employees in the MVD system in mid-1953 became the final stage in the transition to management of GUSIMZ by civilian specialists.

According to Mikhail Prozumenshchikov, the leadership after the removal of Lavrentiy Beriia, was under control of Vyacheslav Molotov who supported a hardline and confrontational Stalinist approach to international issues. “This predetermined the significant contradiction in Soviet actions on the international stage during that period.”⁶¹⁵ It coincided with division of previously merged the Ministry of Internal and Foreign Trade: on August 24, 1953, Anastas Mikoyan was appointed the Minister of Internal Trade⁶¹⁶ and Ivan Kabanov — the Minister of Foreign Trade, with subordinated to it GUSIMZ. The transfer of USIA enterprises was again uncertain.

THE BERLIN CONFERENCE AND USIA TRANSFORMATIONS IN 1954

The Berlin Conference, scheduled from January 25 to February 18, 1954, was a meeting of the “Big Four” ministers of Foreign Affairs to discuss, among other issues, the Austrian state treaty. The Western representatives accepted the Soviet position on the five disputed articles of the Long Draft. For instance, Article 35 of the state treaty draft provided for the transfer of “German assets”—including property, rights, and interests—to Austria in exchange for 150 million dollars in commodity deliveries over six years, paid in equal annual installments.⁶¹⁷ On February 12, Leopold Figl announced readiness for a 150-million-dollar payoff in a form of goods. As for the DDSG and SMV, the conditions had remained unchanged since November 1949: the Soviet Union was to receive the assets of the DDSG located in Hungary, Romania, and Bulgaria, as well as 100 % of the DDSG assets located in Eastern Austria. The Soviet Union was to receive, for a period

⁶¹⁵ Michail Prozumenščikov, “Nach Stalins Tod,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 734.

⁶¹⁶ RGASPI 84/1/309/22, Dolzhnosti Mikoyana s 1945, Ukaz Prezidiuma Verkhovnogo Soveta SSSR No. 129/29 ot 24.08.1953; Postanovleniye Soveta Ministrov SSSR No. 2257 ot 24.08.1953.

⁶¹⁷ AVP RF 444/1/15/75/50, Predlozheniye sovetской delegatsii po stat'ye 35 proyekta avstriyskogo dogovora, vnesennoye na soveshchaniye ministrov inostrannykh del chetyrekh derzhav v Berline, 14.02.1954. First published in A. Vatlin, B. Kotov, A. Sorokin, *SSSR i Avstriya na puti k Gosudarstvennomu dogovoru. Stranitsy dokumental'noy istorii 1945–55* (Moskva: Politicheskaya entsiklopediya, 2015), 324.

of 30 years, concessions to oil fields equivalent to 60 % of Austria's 1947 oil production of all exploration areas in Eastern Austria that qualify as German assets under the Potsdam Agreement and are currently in Soviet possession, along with property rights to all buildings, installations, equipment, and other assets associated with those oil fields. The Soviet Union was to have the right to conduct exploration in these areas for 8 years and, upon the discovery of oil, to extract oil for a period of 25 years starting from the moment of discovery.

Vyacheslav Molotov, following a familiar pattern of Soviet tactics during the years of negotiations, advocated linking the Austrian question with the demilitarization of Germany: for instance, elimination of the Four-Power Allied Council for Austria and the evacuation of all foreign troops from Vienna, whereas withdrawal of other occupation forces from Austria was postponed until a Peace Treaty was concluded with Germany. Thus, the fate of Austria's independence was still linked exclusively to the solution of the increasingly complex German problem. Such an arrangement was completely unacceptable to the Western Powers as well as to Austria. The Austrian government counted on further easing of the occupation regime through individual small steps. Almost the entire year of 1954 was taken up with these "small steps."⁶¹⁸ All this led to the growth of anti-Soviet tendencies in Austria. The Soviet press, in its turn, continued its exposé tone towards the Western Powers, whose objections to the Soviet proposals were still explained by the disregard for Austria's national interests.⁶¹⁹

Meanwhile, another audit of USIA enterprises and production showed that the volume of sales on the Austrian domestic market had fallen from 59.5 % in 1950 to 40.7 % in 1953. Exports of goods to the USSR had fallen from 28.8 % in 1948 to 17 % in 1953 with an increase of export to the countries of people's democracy: 5 % in 1948, 11.1 % in 1952 and 13.4 % in 1953. The rest output (exact data is not available) was USIA interfactory consumption, sales through Supply and Sales offices and sales to Western countries (the above-mentioned International Sales Bureau was precisely created to find foreign markets). Due to difficulties in selling the products manufactured by USIA enterprises, the production volume for 1954 was planned lower than the actual output in 1952–53. In 1952, the output was 2,894.9 million schillings, in 1953 — 2,937 million schillings, and for 1954 — 2,833.5 million schillings. Due to the reduction in the volume of output, in 1953, USIA fired out 3.3 thousand employees. Thus, on January 1, 1954, the number of people employed in both USIA and SMV was 59,496: 49,372 workers and 10,124 administrative employees and

⁶¹⁸ Michail Prozumenščikov, "Nach Stalins Tod," in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 736.

⁶¹⁹ Olga Velichko, "Poslevoennaya Avstriya v osveshchenii Sovetskoy pressy 1945–56," *Rossiysko-Avstriyskiy al'manakh: Istoricheskie i kul'turnye paralleli*, no. 2 (2006): 234.

engineering specialists, 49,9 % of which (i.e. 24,665) are KPÖ members.⁶²⁰ For comparison, the population of the Soviet zone, including Vienna, amounted to 2.204 million people in 1945 (27 % of the country's population).⁶²¹

Two methods for overcoming the economic difficulties of USIA were developed. The first one was formulated in the collective project by Anastas Mikoyan, the Minister of Trade, and Ivan Kabanov, the Minister of Foreign Trade, and others. They proposed selling USIA products to the USSR and including them in the 1955 export-import plan of USIA production with a total value of at least 230 million rubles. (In 1954, the supplies to the USSR amounted 216 million rubles).⁶²² At the same time, Anastas Mikoyan submitted the second method as his separate proposal: to sale all enterprises, except for SMV and DDSG, before the conclusion of the state treaty. "Mikoyan fairly pointed out that if the existing trends continued, the income from the USIA enterprises would either be minimal or they would incur losses in the coming years. Meanwhile, in the case of the sale, the USSR would be guaranteed to receive goods worth 100 million rubles annually from the Austrians for six years. The decision was politically motivated by the need to counter the recent surge in anti-Soviet campaigning in Austria, particularly opposition to Soviet troops and enterprises."⁶²³ Nevertheless, his initiative was not supported, and the "improvements" continued.

Meanwhile, in December 1954, Ivan Il'yichev took another unexpected step. He accused the United States of violating the 1945 zonal agreement and the 1946 Control Agreement by deploying the US troops in the French Zone in Tirol. He claimed this was an attempt to unlawfully expand the US Zone and exploit western Austria's territory for the purposes of the aggressive North Atlantic bloc. With this "utterly bleak" outlook for Austria, the Soviet Union approached the beginning of 1955.⁶²⁴

⁶²⁰ RGANI 5/28/224/70–78, Informatsiya nachal'nika otdela po vnutripoliticheskim voprosam Upravleniya Verkhovnogo komissara SSSR v Avstrii A.G. Kolobova o nekotorykh voprosakh politicheskoy raboty na predpriyatiyakh USIA i SNU. [Not later than 09.06.1954] First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 560–70.

⁶²¹ *The rehabilitation of Austria 1945–47. Österreich, Allied Commission for Austria. Volume II* (Vienna: United States Allied Commission Austria, 1948), figure II (the population of Austria); RGASPI 17/128/117/59–63, "Iz spravki Otdela propagandy SChSK po Avstrii o katolicheskoy tserkvi i yey vliyanii, a takzhe o politicheskoy obstanovke v Avstrii," First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 448.

⁶²² RGASPI 82/2/441/20, Mikoyan i Kabanov o sostoyanii USIA — v TsK KPSS, 05.1954.

⁶²³ Michail Prozumenščikov, "Nach Stalins Tod," in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 742.

⁶²⁴ Elisabeth Barker, *Austria 1918–72* (London: Palgrave Macmillan, 1973), 192.

9. THE LONG YEAR 1955

Although 1955 was primarily a year of political freedom for Austria through the state treaty, the full freedom assumed returning of former German property. This chapter examines the year 1955 from the perspective of Austria's economic liberation, as well as the role of the officials from the Ministry of Foreign Trade of the USSR in signing Trade agreements.

FEBRUARY 8

Although the issue of transferring enterprises to Austria was raised again at a meeting of the Presidium of the Central Committee of the CPSU in January 1955, it was deemed inappropriate. That discussion coincided with the removal of Malenkov from the position of Chairman of the Council of Ministers, which strengthened Khrushchev's power, who was exploring many ways to resolve the Austrian issue. By February 1955, Vyacheslav Molotov was forced to align with Khrushchev's general approach.⁶²⁵ This resulted in Molotov's report "On the International Situation and the Foreign Policy of the Soviet government" that he delivered at a session of the Supreme Soviet of the USSR on February 8, 1955. The report included a revolutionary statement from the Soviet government on the Austrian issue: the troops of the Four Powers should not remain in Austria until the peace treaty with Germany. It also emphasized the importance of finding a solution that would eliminate the possibility of Germany to conduct a new Anschluss of Austria. Another point of the statement included a provision that Austria must undertake the commitment not to enter any coalitions or military alliances directed against any power that participated with its armed forces in the war against Nazi Germany and in the liberation of Austria, as well as not allowing the creation of foreign military bases on its territory. To expedite the resolution of the Austrian issue, the Soviet government proposed the immediate convocation of a conference of the Four Powers, where both the German question and the question of concluding the Austrian state treaty would be discussed.⁶²⁶

⁶²⁵ Michail Prozumenščikov, "Nach Stalins Tod," in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 747.

⁶²⁶ Rostislav Sergeev, "Kak byl dostignut proryv v avstriyskom voprose," *Sovremennaya Yevropa*, no. 4 (2000): 107–8.

The first attempts of the chancellor and vice-chancellor to obtain clarification on Molotov's points from the Soviet high commissioner remained unsuccessful.⁶²⁷ To clarify the positions of the parties, February and March were marked by meetings in Moscow between the Austrian Ambassador Norbert Bischoff and Vyacheslav Molotov. During the meetings, the Austrian side confirmed that it had no intention of entering into military alliances or allowing the placement of military bases on its territory.⁶²⁸ On March 24, Vyacheslav Molotov handed Bischoff a note and at the same time invited Julius Raab to Moscow to discuss the possibility of concluding the state treaty through direct negotiations and on March 26, Julius Raab agreed with this proposal.⁶²⁹ On March 29, at a meeting of the Austrian Cabinet of Ministers, the Soviet invitation to travel to Moscow was officially accepted.⁶³⁰ On the same day, there was a meeting of the SPÖ's Executive Board, where Adolf Schärf put forward the idea that full freedom could be achieved only with the return of all the enterprises — USIA, SMV and DDSG.

In the Soviet Union, preparations for the meeting were also underway. In early April, a meeting of the Presidium of the Central Committee of the CPSU was held. One of its purposes was to resolve the issue of the Soviet-owned joint-stock company for the trade of petroleum products in Austria (OROP) and the Danube Shipping Company (DDSG), which, under Article 35 of the 1949 draft state treaty, were assigned to the USSR. It was proposed that Austria would purchase the above-mentioned enterprises and conclude an Austrian-Soviet agreement on the amount of compensation and the payment terms. As a separate provision, the USSR wanted to obligate Austria to ensure that former German owners would not regain control of large industrial, transport, banking, or other enterprises, as well as land and other holdings that were classified as former German assets in Austria. According to the USSR, the transfer of these enterprises to West Germany could contribute to establishing Austria's economic dependence on West Germany.⁶³¹

Meanwhile, for USIA the year 1955 started as usual — in accordance with the instruction of the Central Committee of the CPSU, Ivan Kabanov, the Minister of Foreign Trade, and Maksim

⁶²⁷ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 317.

⁶²⁸ Ernst Trost, *Figl von Österreich* (Wien: Buchgemeinschaft Donauland, 1975), 294.

⁶²⁹ Gerald Stourzh, Wolfgang Mueller, *A Cold War over Austria: The Struggle for the state treaty, Neutrality, and the End of East–West Occupation, 1945–55* (Lanham: Lexington Books, 2018), 332.

⁶³⁰ Kurt Waldheim, *Der österreichische Weg: aus der Isolation zur Neutralität* (London: Weidenfeld and Nicolson, 1973), 75–9.

⁶³¹ RGANI 3/8/223/91–93, Ukazaniya KPSS k peregovoram s pravitel'stvom Avstrii, 08.04.1955.

Saburov, the Chairman of State Planning Committee, presented the draft Resolution “On the Production Plan for Industrial Products of Enterprises of Mixed Joint-Stock Companies and Soviet Enterprises in Romania, Bulgaria, Mongolia, Korea, and Austria for 1955.” It included neither Finnish enterprises as they were to be sold, nor Hungarian as they had been sold to the Hungarian government in 1952. In January 1955, the Council of Ministers approved the GUSIMZ production plan for industrial products, revenues, goods deliveries to the Soviet Union and third countries, capital expenditures, and sources of financing capital expenditures for the enterprises of mixed joint-stock companies and Soviet enterprises abroad.⁶³²

What the enterprises in Austria were like in 1955 is illustrated by the report prepared by Aleksandr Kurmazenko, the Deputy Head of the Department of Soviet Property in Austria and Finland. To avoid confusion, it should be noted that since 1948 the heads of the management offices in Moscow and on-site were different individuals. GUSIMZ had country-specific departments, designated by numbers (I, II, III, etc.), with the head offices of these departments located in Moscow. At the same time, regional management offices, including Austria, continued to exist on-site. By 1955, the head of the Moscow Department for Austria and Finland was V. Vishnyakov, his deputy was Aleksandr Kurmazenko, and the direct head of USIA in Vienna was Pyotr Gritchkin, his deputy was Anatoly Krut'ko. The number of USIA enterprises was 263, grouped into eight joint-stock companies: *Marten*, *Pod'yomnik*, *Kabel'*, *Kraska*, *Tekstil'*, *Tsement*, *Wien-film*, and *Les* (the Department of Forestry and Agriculture). The number of workers was 46,600 people.⁶³³

MOSCOW MEMORANDUM

Meanwhile, the Austrian government formed a delegation for the trip to Moscow to conduct negotiations. It consisted of Julius Raab, the Chancellor, Adolf Schärf, the Vice-Chancellor, Leopold Figl, the Minister of Foreign Affairs, Bruno Kreisky, the State Secretary in the Federal Chancellery, Josef Schöner, the Director of the Political Department, the Austrian Ministry of Foreign Affairs, Stephan Verosta, Chief of the Legal Division, the Austrian Ministry of Foreign Affairs and the Ambassador, and Walter Kindermann, an interpreter.

⁶³² RGASPI 82/2/443/17, O proizvodstvennom plane GUSIMZa na 1955 god, dated 01.1955.

⁶³³ RGANI 5/28/331/329–333, Spravka zamestitelya nachal'nika Upravleniya sovetskogo imushchestva v Avstrii i Finlyandii A.K. Kurmazenko o predpriyatiyakh, vkhodivshikh v sostav USIA, 25.11.1955. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 600.

Before the negotiations took place, Julius Raab studied the experience of Finland and its technique in conducting negotiations with the USSR. The phenomenon known as “Finlandization” emerged from 1950s and served as a clear warning that this should not happen to Austria under any circumstances.⁶³⁴ At the beginning of 1955, Finland was the only country under the Soviet economic influence—GUSIMZ—that concluded the first five-year Trade Agreement with the USSR.⁶³⁵ In spring and autumn 1955, this experience was extremely important for Austria.

The preparation and agenda of Soviet–Austrian negotiations were widely covered in Soviet newspapers. On April 10, *Pravda* published articles on the progress of the meeting and the readiness of the Austrian side to the USSR’s conditions, in particular non-joining military alliances. The delegation arrived in Moscow on April 11, the day of the 10th anniversary of the Vienna offensive and its liberation. On April 12, bilateral Soviet–Austrian negotiations began, led personally by Molotov. At the very first meeting, he agreed with the Austrian delegation’s proposal for the return of the Danube Shipping Company to Austria, as well as OROP and SMV. This was followed by a lengthy discussion with Anastas Mikoyan about the terms of the transfer that were finally approved on April 13.⁶³⁶ It was decided that Austria would make payment for the transferred oil fields and oil refineries by supplying 1 million tons of crude oil annually for 10 years.⁶³⁷ This was a favorable decision for the USSR because, if the oil enterprises had remained under Soviet control, taking into account taxes, investments, and the technical condition, the USSR would have been able to import only 170,000 tons of oil.⁶³⁸ The amount of 150 million dollars for the former German assets located in the Soviet occupation zone and transferred to Austria would be “paid” in the form of Austrian goods supplied in equal installments of 25 million dollars over 6 years. It was decided that the delivery of goods will be made free of charge at world prices, the prices and quantities of goods will be specified by the parties annually 3 months before the beginning of next year. For the transferred assets of the Danube Shipping Company in Eastern

⁶³⁴ Alois Mock, *Neue Fakten zu Staatsvertrag und Neutralität* (Wien: Politische Akademie, 1980), 205.

⁶³⁵ On 13.06.1950, the USSR and Finland signed the first five-year Trade agreement for the period 1951–55.

⁶³⁶ GA RF R5446/120/1294/86–89, Rezyume o rezul'tatakh soveshchaniya mezhdu pravitel'stvennoy delegatsiyey Avstrii i delegatsiyey SSSR po ekonomicheskim voprosam 13 aprelya 1955, dated 1955.

⁶³⁷ Ol'ga Pavlenko, “Avstriyskiy vopros v kholodnoy voyne (1945–55),” *Novyy istoricheskiy vestnik* 10, no.1 (2004): 292.

⁶³⁸ Michail Prozumenščikov, “Nach Stalins Tod,” in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Beiträge*, ed. Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (Wien: Böhlau Verlag, 2005), 752.

Austria, the USSR separately received 2 million dollars in cash.⁶³⁹ These agreements were recorded in the Moscow Memorandum, signed on April 15 by Vyacheslav Molotov, Anastas Mikoyan, Julius Raab, Adolf Schärf, Leopold Figl, and Bruno Kreisky. As it was proposed, a separate constitutional act based on the Moscow Memorandum formalized Austrian neutrality on October 26, 1955. Since the participants did not specify a key point — the deadline of actual transfer of assets from the USSR to Austria, the meeting of ambassadors of the Four Powers raised this issue in Vienna on May 2, 1955. “The Austrians had to concede more than they would have liked but they obtained the crucial assurance from Molotov that he no longer insisted that the occupation troops should remain until there was a German treaty: he accepted the Austrian demand that the troops should leave by December 31, 1955.”⁶⁴⁰

On April 19, 1955, following the Austrian delegation’s visit to Moscow, the Soviet government informed the three Western Powers of the results of the Soviet–Austrian negotiations and proposed holding a foreign ministers’ conference in Vienna. This proposal was confirmed by the UK, the US, and France on April 22, 1955. The Soviet government also expressed its willingness to host a preparatory conference of ambassadors.⁶⁴¹

THE STATE TREATY

The meeting of ambassadors of the Four Powers, held from May 2 to 12, resulted in the signing of the Vienna Memorandum on May 13, during which the paragraphs of Article 22 were elaborated: (a) The difference was finally settled by adding a new paragraph 14 of Article 22 of the state treaty, which still regulated the question of German property in the old sense, i.e. as had been agreed before April negotiations, and which referred to Annex II of the state treaty. In the Annex II of the state treaty, the differing agreements of the Moscow Memorandum are expressly referred to, and it is further stipulated that the transfer of German property to Austria must take place within two months of the state treaty coming into force;

(b) The Soviet government, on the other hand, was granted the addition of a new paragraph 13 of Article 22, in which Austria is prohibited from transferring former German property that has been

⁶³⁹ Ol'ga Barbashina, Ivan Zhiryakov, Ol'ga Maksimova, *Ekonomicheskkiye otnosheniya Avstrii s Sovetskim Soyuzom i Rossiye: opyt, novyye formy i tendentsii* (Moskva: Moskovskiy Gosudarstvennyy Gumanitarnyy Institut, 2009), 33.

⁶⁴⁰ Elisabeth Barker, *Austria 1918–72* (London: Palgrave Macmillan, 1973), 194.

⁶⁴¹ Heinrich Siegler, *Österreichs Weg zur Souveränität, Neutralität, Prosperität: 1945–59* (Bonn–Wien–Zürich: Siegler & co. Verlag für Zeitarchive, 1959), 42.

transferred to it to German legal or physical persons, with an exception being made for physical persons with values of up to 260,000 schillings. In the same paragraph, Austria also had to undertake not to transfer oil fields and concessions for oil prospecting areas in Eastern Austria to foreign ownership.⁶⁴²

During those days, Pyotr Gritchin, the Head of USIA, tried to resolve issues related to KPÖ. It turned out that the KPÖ did not formalize lease agreements with USIA and could lose its premises. On May 6, the Soviet side initiated a meeting with the KPÖ secretary for communal affairs, Mr. Richter to find the solution to retain the premises for the KPÖ.⁶⁴³

On May 15, in the Belvedere Palace in Vienna, three ambassadors and one Deputy High Commissioner, four foreign ministers of Four Powers, and a foreign minister of Austria — Leopold Figl, signed the state treaty, which was then demonstrated from the balcony of the palace. The signing of the state treaty undoubtedly became a success for Soviet foreign policy and increased the prestige of the USSR. The Soviet side approved the state treaty by two acts: the Council of Ministers approved the state treaty by the Resolution No. 1005 of May 23,⁶⁴⁴ and on June 11, it was ratified by the Supreme Soviet of the USSR.

By signing and ratifying the state treaty (BGBl No. 152/1955), Austria for the first time recognized the right of the Four occupying Powers to dispose of former German property in accordance with the protocol of the Potsdam Conference of August 2, 1955. Although the precise terminology of “*Deutsches Eigentum*” was again omitted, it was stated that the Four Powers handed over what *they owned and considered to be* former German property. Paragraph 13 of Article 22 excluded the transfer of property back to German individuals and legal entities. However, this provision of the state treaty remained somewhat incomplete: it was not defined what should be considered by a German individual, in particular, on which day German citizenship should be obtained. Additional ambiguity arose from the fact that it was not specified what was meant by “assets worth

⁶⁴² Ibid, 43.

⁶⁴³ RGANI 5/28/330/160–165, Zapis' besedy ot 6 maya 1955 goda s Rikhterom, sekretarem Tsentral'nogo Komiteta Kommunisticheskoy partii Avstrii, dated 13.05.1955.

⁶⁴⁴ GA RF R5446/1/642/101, Postanovleniye No. 1005 ob utverzhdenii Gosudarstvennogo dogovora i vnesenii yego v Verkhovnyy Sovet SSSR, 23.05.1955.

260,000 schillings.” There was no indication of which value should be used as the basis: the standard value, sale price, or market value.⁶⁴⁵

Having received the full text of the state treaty the next day, May 16, the government of the Federal Republic of Germany made a démarche to the Federal government of Austria. Germany expressed great surprise on an additional paragraph 13 of Article 22, which prohibited the return of former German property to German legal entities and limited it to the sum of 260,000 schillings for German individuals. The Austrian side pointed out that the additional paragraph was not the result of an Austrian initiative but was a decision of the Four Powers. The inaccuracy of formulation of paragraph 13 allowed the FRG issue a law according to which Germans who had received Austrian citizenship *before* the entry into force of the state treaty could get their property back without violating the provisions of the state treaty, since these people were no longer Germans at the time the law entered into force.⁶⁴⁶

THE AGREEMENT ON DELIVERIES

After the signing of the state treaty, there was a period of economic regulations between Austria and the USSR. In a relatively brief time, it was necessary to prepare Soviet enterprises for transfer and acceptance, and at the same time liquidate some organizations, sign the Trade Agreement, resolve administrative issues of enterprise management, etc.

On July 12, in Moscow, in accordance with paragraph 6 of Article 22, an “Agreement on deliveries” was signed. According to the Agreement, Austria was to deliver goods worth 150 million dollars over 6 years, 25 million dollars annually. The same day, the “Agreement on deliveries” of crude oil to the USSR in compensation for the transfer of oil fields and refineries was signed: Austria was to supply 10 million tons of crude oil, 1 million tons annually. On the Soviet side, the Agreements were signed by Ivan Kabanov, Minister of Foreign Trade, on the Austrian side by Wilfried Platzer, the Head of the Economic Policy Department of the Austrian

⁶⁴⁵ Wilhelm Bukovics, *Das Deutsche Eigentum in Österreich und seine rechtliche Behandlung auf Grund des Ersten Staatsvertragsdurchführungsgesetzes* (Wien: Manz, 1956), 12–13.

⁶⁴⁶ Heinrich Siegler, *Österreichs Weg zur Souveränität, Neutralität, Prosperität: 1945–59* (Bonn–Wien–Zürich: Siegler & co. Verlag für Zeitarchive, 1959), 45.

Ministry of Foreign Affairs. The same day, officials conducted negotiations on the conclusion of the “Trade Agreement” and “Trade and Payments.”⁶⁴⁷

On July 16, 1955, negotiations were held regarding compensation for working capital and balances at enterprises transferred to Austria. The Soviet side was represented by Yakov Yushin, the Head of GUSIMZ and Deputy Minister of Foreign Trade of the USSR. The Austrian delegation was headed by R. Kamitz, the Minister of Finance, and K. Waldbrunner, the Minister of Transport and Nationalized Enterprises. A CIA report says that the parties agreed that the balance of funds in the Soviet Military Bank No. 2111 totaled 762,887,874.48 schillings would be paid to the USSR in the amount of 508.900 million schillings in two installments: 150 million schillings the day following the entry of the Agreement into force, and 358.900 million schillings within seven days after the transfer of all enterprises.⁶⁴⁸ The rest became the property of the Austrian National Bank.

The remaining oil and oil products were declared Soviet property with the right to sell or export them. Raw materials and supplies that did not belong to the enterprises being transferred but were in the warehouses of the USIA Central Commercial Office, the Supply Office and the Technical Supply Office of the Soviet Oil Directorate, were a subject to sale to Austria if there was interest, and, if there was none — to sale by the Soviet side at its own discretion. Settlements with counterparties for orders completed on the day of transfer were to be made by the Soviet side, and the rights to implement orders placed but not completed were transferred to the Austrian side. The property, assets and liabilities of the joint-stock company for trading in petroleum products “OROP” were transferred to the Soviet side.⁶⁴⁹

During the negotiations on July 16, the Austrian side did not express interest in purchasing the goods and equipment of the USIA retail stores, so the Soviet side took on the liquidation of the chain of stores and the disposal of their property and stocks. As the origin of the shops was not related to the concept of “former German property,” and based on the right of the occupation power, violating Austrian laws, the stores were seized on July 27, when the ratification of the state

⁶⁴⁷ “K sovetsko–avstriyskim ekonomicheskim otnosheniyam,” *Pravda*, 13.07.1955, 3.

⁶⁴⁸ CIA-RDP81-01043R003700130004-9/229, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

⁶⁴⁹ RGAE 413/13/7559/15–25, Soglasheniya, protokoly, obmennyye pis'ma mezhd SSSR i Avstriyey o trgovoeconomicheskikh otnosheniyakh, 07–08.1955. Copies of the signed agreements on 12.07.1955 were processed through the Contractual and Legal Department of the Ministry of Foreign Affairs and are stored in RGAE 413/13/7559/4–13.

treaty came into force. Therefore, with the beginning of Austrian sovereignty, in order to avoid lawsuits, the activities of the shops were stopped. July 27 as the closure day of USIA shops was also supported in the memoirs by Edmund Merl, the district commissioner of Freistadt in 1945–52.⁶⁵⁰ At the negotiations on July 16, the Austrian side refused to accept the transport and logistics company *Yuzhvneshttrans*, and it was then liquidated.⁶⁵¹

THE TRANSFER OF THE USIA PLANTS

The transfer of the 263 USIA companies was scheduled for August 13, 1955. Prior to that, powers of attorney had been issued by Petr Gritchyn to the directors of Soviet-controlled enterprises, who in turn transferred them to the Austrian side.⁶⁵² By that time (from January to August 12, 1955) according to the report of Aleksandr Kurmazenko, USIA managed to develop:⁶⁵³

- (a) Production of commercial products by USIA enterprises: 2,012.7 million schillings (in constant 1950 prices);
- (b) Income: 316 million schillings;
- (c) Deliveries of goods to the USSR on account of profits: 624.8 million schillings.

On August 13, 1955, the USSR transferred to Austria the property, rights, interests of USIA, SMV, OROP, and DDSG as well as 36 million schillings of deposits of German legal entities and individuals at the blocked accounts at the National Bank of Austria. The document was signed by Yakov Yushin, the Head of GUSIMZ and the Deputy Minister of the Ministry of Foreign Trade, R. Kamitz, the Austrian Minister of Finance, and K. Waldbrunner, Minister of Transport and Nationalized Enterprises.⁶⁵⁴

⁶⁵⁰ Edmund Merl, *Besatzungszeit im Mühlviertel: anhand der Entwicklung im politischen Bezirk Freistadt* (Linz (Donau): OLV-Buchverl, 1980), 237.

⁶⁵¹ Hubert Steiner, “Die USIA-Betriebe. Ihre Gründung, Organisation und Rückgabe in die Österreichische Hoheitsverwaltung,” *Mitteilungen des Österreichischen Staatsarchivs* 43 (1993): 217.

⁶⁵² Otto Klambauer, “Die USIA-Betriebe” (Phil. Diss., Universität Wien, 1978), 447.

⁶⁵³ RGANI 5/28/331/329–333, Spravka zamestitya nachal'nika Upravleniya sovetskogo imushchestva v Avstrii i Finlyandii A.K. Kurmazenko o predpriyatiyakh, vkhodivshikh v sostav USIA, 25.11.1955. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 598–602.

⁶⁵⁴ A copy of the protocol of 31.08.1955, on the completed transfer is kept at RGAE 413/13/7559/23–25.

The future of the enterprises worried the workers and employees of Soviet-controlled plants. Immediately after the signing of the state treaty, on May 21, a conference of members of the Work Councils of the USIA, DDSG and SMV took place. In the resolution to the Austrian authorities, they voiced the demands: the guarantee of a workplace with the new administration, preservation of social and labor-legal achievements as well as the right to political activity. Employees were also concerned about the subsequent nationalization of enterprises, namely, into whose hands the enterprises would fall. The meeting on May 30 approved that, with the consent of the workers, it was possible to transfer ownership to those who had been owners before March 1938, provided they held Austrian citizenship. In such cases, the new owner must pay compensation to Austria.⁶⁵⁵

After the transfer, there were also political debates on whether to nationalize companies or integrate them into the Austrian private sector. “The SPÖ pushed for either nationalization, municipalization or forming cooperatives in the hands of employees, while the ÖVP advocated privatization or partial privatization through public shares.”⁶⁵⁶ The Austrian government took a differentiated approach to the issue of succession in relation to industrial assets: it transferred small and medium-sized enterprises into the hands of their former owners, and nationalized the majority of large ones (SMV, and partially the banking sector, chemical industry enterprises, energy, etc.).⁶⁵⁷ Those transferred to state management were appointed with state party-related administrators by SPÖ, ÖVP and, moreover, Bundesministerium für Finanzen (BM.f. F).

The tax regime for the enterprises was also a subject to regulation. The Austrian government (largely legalizing the *status quo*) neither imposed nor collected sales tax, income, property tax, transportation tax; criminal proceedings for tax and monopoly offenses were not initiated (if the event created the liability to pay the taxes or charges in accordance with the provisions existing on particular taxes and charges occurred before August 14, 1955).⁶⁵⁸ At the same time, the USSR partly paid property, salary taxes, and social security payments as was mentioned above. Overall,

⁶⁵⁵ RGAE 413/13/7584/10–11, Dokumenty po torgovo-ekonomicheskim otnosheniyam SSSR s Avstriyey, tom 3: soveshchaniye chlenov proizvodstvennykh sovetov vseh predpriyatiy USIA, DDSG i SMV, 21–30.05.1955.

⁶⁵⁶ Roman Sandgruber, “Das wirtschaftliche Umfeld des Staatsvertrages,” in *Die Gunst des Augenblicks: neuere Forschungen zu Staatsvertrag und Neutralität*, ed. Manfred Rauchensteiner, Robert Kriechbaumer (Wien: Böhlau Verlag, 2005), 371.

⁶⁵⁷ Andrei Keller, “Looking for Economic Cooperation between Austria and the Soviet Union during Khrushchev’s Thaw,” *Quaestio Rossica* 10, no. 5 (2022): 1679, doi 10.15826/qr.2022.5.754.

⁶⁵⁸ Wilhelm Bukovics, *Das Deutsche Eigentum in Österreich und seine rechtliche Behandlung auf Grund des Ersten Staatsvertragsdurchführungsgesetzes* (Wien: Manz, 1956), 47–8.

the Austrian government forgave all tax arrears for the USIA enterprises. Since the accounting followed Soviet principles, the companies handed over to Austria were required to prepare opening balance sheets. The final dates for the balances were determined either August 14, 1955, or January 1, 1956⁶⁵⁹; in accordance with the law BGBl. No. 190/1954.⁶⁶⁰

In late September, Vasiliy Klochek, the Trade Representative of the USSR in Austria, and G. Preglau met in Vienna to elaborate general terms of delivery of goods under the Agreement signed on July 12, based on the paragraph 6 of Article 22 of the state treaty. The Austrian press covered the negotiations, with reactions ranging from critical to predominantly favorable. In September 1955, *Neuer Kurier* published an article that cast Soviet–Austrian trade relations in a critical light, eliciting concern among Austrian governmental and business circles. The Austrian Ministry of Foreign Affairs, supported by State Secretary Bruno Kreisky, intervened with the editorial staff, emphasizing “it was not the job of a newspaper worker to mislead public opinion with articles that distorted the actual situation”; this intervention contributed to a subsequent shift in the newspaper’s reporting. By the end of the month, Austrian press coverage increasingly highlighted the potential benefits of economic cooperation with the USSR.⁶⁶¹

On September 22, the Protocol on supplies and the appendix of the general conditions of deliveries under the Agreement of July 12 was drafted in Vienna, it specified the terms of deliveries, both of consumer goods and oil.⁶⁶² This for the first time brought activities of the Trade Mission of the USSR in Austria and its Head into the legal sphere. As according to the *Wiener Kurier*, “the caviar, for example, had until now been imported illegally through USIA. These purchases will now take place in the normal manner.”⁶⁶³ Later, in Vienna, from October 15 to 26, Vasiliy Klochek and Wilfried Platzer met for the second round of negotiations. On October 26, they verified the delivery of goods by the Austrian side under the Agreement of July 12 and signed acceptance of goods under Trade Agreements. Among the goods there were oil, steel sheet, galvanized sheet, artificial

⁶⁵⁹ Ibid., 51.

⁶⁶⁰ “Bundesgesetz vom 7. Juli 1954 über die Aufstellung von Schillingeröffnungsbilanzen und über die Umstellung (Schillingeröffnungsbilanzengesetz — SEBG.),” Staats- und Bundesgesetzblatt 1945–2003, accessed 31.12.2025, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1954_190_0/1954_190_0.pdf.

⁶⁶¹ Andrey Sorokin, “Gosudarstvennyy dogovor 1955 goda i stanovleniye ekonomicheskikh vzaimootnosheniy SSSR i Avstrii,” *Novyy Istoricheskiy Vestnik* 72, no. 2 (2022): 61–2.

⁶⁶² A copy of the protocol is kept at RGAE 413/13/7559/26–79.

⁶⁶³ Andrey Sorokin, “Gosudarstvennyy dogovor 1955 goda i stanovleniye ekonomicheskikh vzaimootnosheniy SSSR i Avstrii,” *Novyy Istoricheskiy Vestnik* 72, no. 2 (2022): 63.

silk yarn and fabric, nitro varnishes, mobile diesel compressors, paper and woodworking equipment and spare parts, footwear, etc.⁶⁶⁴ Thus, by October 26, 1955, the Austrian side had delivered goods worth \$25,398,708.86, exceeding the agreed amount, with the surplus to be credited toward the following year's deliveries.⁶⁶⁵

BILATERAL TRADE AND PAYMENTS AGREEMENTS

On October 17, 1955, in Vienna, Leopold Figl, the Minister of Foreign Affairs, and Ivan Kabanov, the Minister of Foreign Trade, signed the "Trade and Shipping Agreement," the "Agreement on Commodity Turnover," and the "Agreement on Payments," each with a term of 5 years and automatic renewal. These agreements outlined the procedures for trade operations and settlements between the USSR and Austria. At the same time, lists of goods for mutual exchange during the first year of the Commodity Turnover Agreement were finalized, with each side expected to deliver goods valued at approximately 100 million rubles: Austria agreed to supply the Soviet Union with power and electrical equipment, locomotives, river tugboats, woodworking and forging-press equipment, machine tools, and other goods. The USSR would supply Austria with grain, coal, asbestos, cotton, oil pipes, automobiles, furs, and other goods.⁶⁶⁶

The Trade Agreement with Austria was approved by the Resolution of the Council of Ministers No. 73 on January 18, 1956, and then sent for ratification to the Supreme Soviet of the USSR. At the same time, Austria continued its policy of embargoing the supply of goods to the CMEA countries and the USSR.⁶⁶⁷ "Eastern Embargo List" for Austria contained raw materials important for armaments, such as the steel refiners, chromium, tungsten, molybdenum, and other various

⁶⁶⁴ Verifications of deliveries were conducted 3 months before the following year. The reports can be found at RGAE 413/37/118.

⁶⁶⁵ RGAE 413/37/118/1–3, Protokoly mezhdru SSSR i Avstriyey. Proverka vypolneniya soglasheniya ot 12 iyulya 1955 goda o postavke tovarov v oplatu imushchestva, peredannogo Sovetskim Soyuzom Avstrii, 26.10.1956.

⁶⁶⁶ "K sovetsko-avstriyskim ekonomicheskim otnosheniyam," *Pravda*, 18.10.1950, 3.

⁶⁶⁷ Oliver Rathkolb, "Austria — sieve to the East: Austria's neutrality during the East–West economic war, 1945/1989," in *Gaps in the Iron Curtain. Economic relations between neutral and socialist countries in Cold War Europe*, eds. Gertrude Enderle-Burcel, Piotr Franaszek, Dieter Stiefel, Alice Teichova (Krakow: Jagiellonian University Press, 2009), 14.

ores. However, that was a difficult case for Austria, as discrimination under COCOM would have violated Article 29 of the state treaty.⁶⁶⁸

Overall, in July–October 1955, officials of the Ministry of Foreign Trade signed several types of Agreements, which can be attributed to 3 levels:

- 1) Intergovernmental Trade Agreements signed on July 12 and October 17 by Ivan Kabanov, Minister of Foreign Trade;
- 2) Agreements at the level of GUSIMZ (USIA)–Austrian government signed on July 16 and August 13 by Yakov Yushin, the Head of GUSIMZ;
- 3) Acceptance of goods under Trade Agreements between the USSR and Austria signed on September 22 and October 26 by Vasiliy Klochek, USSR Trade Representative in Austria.

Alongside Austria, in 1955, the GUSIMZ Administrations for Finland and Romania were closed as well. Thus, by 1956, all the enterprises of the Directorates were transferred to the governments of the respective countries.⁶⁶⁹ Since then, the USSR no longer considered production outside the USSR borders, so GUSIMZ ceased operations on June 1, 1956.⁶⁷⁰ One of the last known reports of GUSIMZ contained a list of non-productive assets on GUSIMZ balance, and was submitted by its Economic and Administrative Directorates (*AkhO*) to the Ministry of Foreign Trade in February 1956. In particular, the report stated that the transportation of items and archives from Austria in 1955 caused overspending of *AkhO* funds by thirty-eight thousand rubles.⁶⁷¹

It is remarkable that, despite overseeing such a large organization as GUSIMZ and managing its affairs, Anastas Mikoyan visited a GUSIMZ-related country—Finland—only once, on November 26, 1954, during the launching of ships constructed there for the USSR. He visited Austria only in April 1957, before a large tour to the CMEA countries.⁶⁷² Until recent time, the goal of his trip to Austria remained unknown. The earliest and the most prominent explanation was provided by

⁶⁶⁸ Fritz Breuss, *Österreichs Außenwirtschaft: 1945–82* (Wien: Signum-Verlag, 1983), 127.

⁶⁶⁹ RGASPI 84/3/119/28, Diktovka vospominaniy Mikoyana, 1960s.

⁶⁷⁰ Vladimir Zakharov, *Sovetskaya voyennaya administratsiya v Germanii, 1945–49. Deyatel'nost' Upravleniya SVAG po izucheniyu dostizheniy nemetskoy nauki i tekhniki v Sovetskoy zone okkupatsii Germanii* (Moskva: Politicheskaya entsiklopediya ROSSPEN, 2007), 619.

⁶⁷¹ RGAE 413/13/7665/3, Otchet Administrativno-khozyaystvennogo otdela Glavnogo upravleniya sovetского imushchestva za granitsey za 1955 god ob osnovnykh meropriyatiyakh i poyasnitel'naya zapiska k otchetu, 1956.

⁶⁷² GA RF R5446/120/1292/1–62, Zapiska o torgovykh peregovorakh, chernovik rechi Mikoyana po pribytii, chernoviki rechey, zapisi besed, 20.04–04.05.1957. These files were discovered independently, at the same time as Mikhail Lipkin's discovery, but were published three years later.

Wolfgang Mueller, who revealed that Mikoyan's trip was seen as an effort by Soviet diplomacy to settle bilateral relations after the Hungarian crisis of 1956. "Austria had helped to leave the international isolation into which it had fallen after its brutal invasion of Hungary."⁶⁷³ In 2022, Mikhail Lipkin highlighted a political and economic reason of the trip, in particular, the intention of the USSR to counteracting Vienna's drift towards the Western bloc.⁶⁷⁴ For that reason, Anastas Mikoyan was accompanied by Pavel Kумыкин, a Deputy Minister of Foreign Trade, Laptev, an Ambassador of the USSR, Vasiliy Klochek, the Trade Representative of the USSR in Austria, Ivan Il'ichev, the Head of the 3rd European Department of the USSR Ministry of Foreign Affairs, and Chistov.⁶⁷⁵

However, this thesis covers yet another aspect of the visit connected to the USIA. Following the agreement on the list of goods to be delivered, a press conference was held on April 27, 1957. Anticipating Austria's sensitivity concerning the USIA, Anastas Mikoyan came to the press-conference prepared with preformulated responses. For instance, the prepared reply to "a question about the attitude of the USSR to the Austrian–West German negotiations on the issue of former German assets on the territory of Austria" was as follows: "We believe that resolving this issue must involve strict adherence to paragraph 13 of Article 22 of the state treaty, which sets a limit on the value of assets transferable to former German owners. In our view, the negotiations between Austria and the FRG involved an arbitrary interpretation of the state treaty's provisions, which could result in an uneven increase in the value of transferred assets and potentially cause significant economic harm to Austria."⁶⁷⁶

In the following years, Anastas Mikoyan became a kind of envoy of Khrushchev and "a new version of the USSR" all over the world: Cuba, the USA — wherever the competence of a negotiator was required, Khrushchev sent Anastas Mikoyan. There is no doubt that, alongside professionalism, his personal qualities played a particularly significant role.

⁶⁷³ Wolfgang Mueller, *A Good Example of Peaceful Coexistence?: The Soviet Union, Austria, and Neutrality, 1955–91* (Vienna: Verlag der Österreichischen Akademie der Wissenschaften, 2011), 98, doi:10.2307/j.ctv3znxsx.

⁶⁷⁴ Mikhail Lipkin, "Vizit A. I. Mikoyana v Venu v 1957 godu: torgovaya politika ili torgovlya vokrug politiki? Neizvestnyye stranitsy sovetskoy partiyno-gosudarstvennoy diplomatii," *Novyy Istoricheskiy Vestnik* 73, no. 3 (2022): 41.

⁶⁷⁵ GA RF R5446/120/1292/1–62, Trade negotiations memo, draft of Mikoyan speech upon arrival, draft speeches, notes of conversations, 20.04–04.05.1957.

⁶⁷⁶ GA RF R5446/120/1294/101–105, Materialy, svyazannyye s poyezdkoy Mikoyana v Avstriyu, Proyektly otvetov na press-konferentsiyu, 13.04–17.05.1957.

CONCLUSION

This thesis has undertaken a comprehensive and multi-layered examination of the economic and political interactions between Austria and the Soviet Union in the decade following World War II, culminating in Austria's restoration of full sovereignty through the signing of the state treaty in 1955. The USSR's interest in Austria began during the early 1940s, as part of broader Soviet plans for the postwar reconstruction of Europe and the USSR. In the context of post-war economic reconstruction, Soviet officials proposed a strategy whereby economic development in territories occupied by the Soviet Army would gradually transition into political consolidation, facilitated through the implementation of the People's Front concept. At a time when the future political and economic map of the continent was still uncertain, Soviet leadership rejected the notion of a Danube Confederation and instead envisioned Austria as a free and independent state.

The Soviet economic policy in Austria between 1945 and 1955 evolved within the complex political and legal framework of post-war reconstruction and Allied occupation. Initially characterized by extensive dismantling and requisition of industrial equipment, Soviet policy soon shifted toward the retention and operation of key Austrian enterprises in Soviet hands relying on the ambiguous terminology of the Potsdam Agreement and the unresolved definition of "German assets" and later the word "removal." The establishment of GUSIMZ and USIA institutionalized Soviet property management abroad, transforming reparations policy into an influential mechanism. The legal and diplomatic conflict between the USSR and the Austrian government over the definition of "German assets" epitomized the broader struggle between national sovereignty and occupation prerogatives. The Austrian attempts at nationalization and subsequent negotiations over compensation and repurchase of Soviet-held assets reveal a persistent asymmetry in political power: the Soviet Union's gradual legalization of its property seizures and interpretation of the Potsdam Conference multilingual decisions allowed it to pursue an autonomous policy from Austrian government.

Economically, Soviet-controlled enterprises represented a significant though limited share of the Austrian economy—estimated at around 10 % by 1950—but their strategic concentration in key industrial sectors magnified their importance: in 1955, the USSR's share in locomotive construction was 100 %; about 45 % in railway freight cars; around 40 % in boiler and pipeline construction; approximately 30 % in steel casting and bridge construction, as well as in the electrical engineering industry; 20–25 % in the foundry industry; about 12 % in mechanical

engineering; and roughly 5 % in the automobile industry and the production of metal goods. The share of some enterprises in their respective industries within the Austrian economy occupied a monopoly position: in 1955, the J. M. Voith plant in St. Pölten accounted for 100 % of Austria's turbine production capacity; Wiener Lokomotivfabrik for 100 % of locomotive production; Strakosch & Boner for 100 % of washing machine production, Hofherr-Schrantz for 80 % of tobacco machine production, and Teudloff-Vamag for 57 % of valves and hydrants. In the metallurgical industry, only a few companies were of decisive importance — for instance, Stahl- und Temperguß A.G. (Traisen), which produced 100 % of Austrian reinforcement steel; Gustloff-Werke in Hirtenberg, which produced 100 % of hunting cartridges; and Hans Bilstein produced 100 % of hydraulic tools; and Osram produced 50 % of Austria's incandescent lamps. Austria's cable industry also relied heavily on USIA companies: Ariadne, Wiener Kabel- & Metallwerke A.G., and Sichtermann. In the mining and metallurgy industry, Sirius Grünbach coal mine controlled 80 % of Austria's hard-coal production, Mühldorf graphite mine produced 100 % of the country's silt graphite, and Böhler plant (Ybbstalwerke) accounted for 60 % of rolled-steel production. These enterprises created both dependency and cooperation due to Austrian economic unity: Austrian industries relied on Soviet-controlled production for critical goods, while Soviet enterprises depended on local inputs and markets.

The creation of USIVA (later USIA) and its subordination to the Main Administration of Soviet Property Abroad (GUSIMZ) signalled the transition from military-driven trophy operations to a structured system of economic governance rooted in Soviet legal, managerial, and financial principles. This transformation was driven by both strategic and economic considerations. Initially, Soviet activity in Austria focused on identifying and exporting industrial property, yet by 1946, under the influence of Anastas Mikoyan and other architects of Soviet Foreign trade, the focus shifted toward establishing long-term control over production and trade. The creation of GUSIMZ and USIVA institutionalized this shift by embedding Austrian enterprises within a network of Soviet-controlled joint-stock companies designed to secure hard currency, technology, and goods for the USSR's postwar reconstruction. The legal codification of Soviet ownership through the Order No. 17 further legitimized these enterprises and pre-empted Austrian nationalization efforts, demonstrating the USSR's reliance on legal formalism as an instrument of occupation policy.

The subsequent introduction of the *khozraschet* system in 1947 marked a pivotal step in adapting socialist economic methods to free market conditions. By granting enterprises limited autonomy in production, sales, and economic management, the Soviet administration sought to enhance efficiency and profitability while preserving centralized control through ministries and supervisory

bodies. This hybrid economic model—combining state oversight with market-oriented incentives—represented a unique experiment in the Soviet approach to external economic governance. It blurred the boundary between ideological orthodoxy and practical necessity, showing that, in the context of occupied Austria, economic pragmatism often outweighed doctrinal rigidity.

Despite these administrative and organizational achievements, the Soviet economic apparatus in Austria remained constrained by legal ambiguities, managerial deficiencies, and the inherent contradictions of operating within a dual economic environment—socialist in governance but in the context of market economy. The coexistence of Soviet-directed enterprises and Austria's market economy led to friction in labor relations, pricing, and competition. This system demonstrated a distinctive flexibility within the otherwise rigid Soviet economic doctrine, revealing the adaptability of Stalinist institutions when confronted with international and market realities. In retrospect, the Austrian case illustrates how the Soviet Union used economic structures as instruments of both control and diplomacy.

As long as GUSIMZ pursued primarily economic goals, it was managed by the Ministry of Foreign Trade, neither by the military units nor MGB. Under Mikoyan's leadership, a system of training was developed at the academies of the Ministry of Finance and Foreign Trade, and the year 1947 became transitional from military specialists to civilians. Through these institutions, the Soviet Union not only managed its economic assets in the occupied zone but also projected its administrative, educational, and social models abroad. The reliance on specialists trained at the Academy and Institute of Foreign Trade underscores the importance of education in shaping a cadre of loyal and professionally capable managers who could operate within free market environments while maintaining socialist discipline. The curricula of these institutions were directly shaped by GUSIMZ's evolving needs, integrating courses in industrial accounting, enterprise organization, and market analysis—subjects rare in Soviet higher education—thereby demonstrating a pragmatic adaptation of Soviet training to foreign economic conditions.

Structurally, GUSIMZ and USIA embodied the Soviet approach to bureaucratic centralization. Their hierarchies reproduced domestic ministerial models, featuring multiple specialized departments and strict lines of subordination between Moscow and Vienna. Frequent rotation of personnel, short overseas assignments, and the tight supervision of staff movements reflected the pervasive Soviet concern with political reliability and secrecy.

The hiring process and deployment of mid-level managers illustrate the bureaucratic complexity of the Soviet system. Exit visa restrictions, multilayered approval procedures, and the involvement of party and ministerial commissions created a cumbersome but politically secure mechanism for staffing foreign operations. The system's rigidity often resulted in inefficiencies and personnel shortages, but it ensured that loyalty and supervision outweighed initiative—consistent with Stalinist administrative logic.

Social and cultural policy within USIA enterprises further reflected the Soviet effort to extend its ideological influence through workplace life. While labor relations adhered to Austrian legal frameworks, Soviet authorities cultivated a separate social sphere for Soviet employees, marked by exclusive access to cultural events, education, and recreation. At the same time, the USSR propagated socialist values among Austrian workers, particularly through the *Mitteilungsblatt des Zentralen Kulturreferates der USIA* and organizations like the League of Democratic Women. These initiatives served dual purposes: enhancing workplace cohesion and advancing the political goals of the Austrian Communist Party. However, despite official rhetoric of equality, women—both Soviet and Austrian—remained confined to subordinate administrative and clerical roles, revealing the persistence of gender hierarchies within the Soviet occupational apparatus.

The history of the Soviet Military Bank No. 2111 represents a critical dimension of the Soviet Union's broader economic and administrative strategy in occupied Austria between 1945 and 1955. Created in 1946 to address the financial needs of the expanding Soviet industrial administration (USIA and GUSIMZ), the Bank became the central institution for managing Soviet monetary interests in Austria. Its establishment marked the institutionalization of Soviet monetary control in a foreign economy and revealed the USSR's ability to adapt its domestic financial mechanisms to an external free market environment while maintaining strict subordination to Moscow's central ministries.

The origins of the Bank can be traced to the Soviet experience with field financial institutions during the Second World War and the interwar banking reforms of the 1930s, which had centralized financial authority within the State Bank and the Ministry of Finance. When the Soviet administration in Austria sought to consolidate its holdings and regulate the flow of funds between enterprises, the choice of a quasi-military banking structure—formally outside Austrian authority—ensured complete Soviet autonomy from both Austrian law and Allied oversight. The Soviet Military Bank No. 2111 thus served as an intermediary between the State Bank of the USSR, the Ministry of Finance, and Soviet-controlled enterprises in Austria, functioning as the de facto treasury of the Soviet occupation zone.

The Bank's operational framework reflected the dual logic of occupation and integration. Through its departments for foreign accounts, capital repairs, construction, credit, and internal settlements, it oversaw every aspect of financial activity in Soviet enterprises—from wage payments and investment credits to foreign trade transactions. Its correspondence accounts with both Eastern Bloc and Western financial institutions (including Creditanstalt, Länderbank, Mosnarbank, and Garkrebo) allowed it to mediate trade with both socialist and free market economies. In this capacity, the Bank underpinned USIA's hybrid economic model, which combined planned production and *khozraschet* principles with the practical requirements of market exchange and hard-currency trade.

Financially, the Bank functioned as a mechanism for capital accumulation and redistribution. Through the confiscation of Reichsmarks, control of military schillings, forced transfers from Soviet enterprises, and manipulation of currency exchange rates, the Bank amassed vast reserves—estimated at up to 10 % of Austria's total schilling circulation. These practices not only financed Soviet enterprises but also created conditions for a parallel economy that operated beyond Austrian state control. By channeling profits to the USSR and maintaining separate accounting for unpaid taxes and foreign currency flows, the Bank played a leading role in transforming the Soviet economic exclave in Austria into a semi-enclosed economic space governed by Soviet fiscal logic. The implementation of standardized Soviet accounting forms and the reliance on trained financial specialists from the Ministry of Finance's academies reflected a deliberate effort to extend Soviet accounting orthodoxy beyond its borders. By 1955, as diplomatic negotiations over Austria's transition to full sovereignty advanced, the dissolution of the Soviet Military Bank signalled the end of this unique experiment in foreign financial administration.

The period between 1947 and 1949 marked the crystallization of Austria's role as both an arena and an instrument in the broader economic confrontation between the United States and the Soviet Union. The Soviet decision to reject the Marshall Plan and the Bretton Woods system fundamentally shaped the structure and functioning of GUSIMZ and USIA. Denying participation in Western-led financial institutions preserved the USSR's economic autonomy but simultaneously excluded it from access to hard currency and global markets. Consequently, Moscow sought to compensate for this self-imposed isolation by intensifying economic exploitation within its occupation zones, particularly through the extraction of profits, raw materials, and technological assets from Austria. The transformation of GUSIMZ into an independent directorate under the Council of Ministers and the subsequent reorganization of USIA

reflected this growing prioritization of efficiency, profitability, and foreign exchange accumulation.

Quantitatively, the data from 1947–48 underscore the scale and ambition of Soviet operations. Production within USIA-controlled enterprises expanded rapidly, supported by a pragmatic—though covert—engagement with Western technology and goods. At the same time, the practice of manipulating exchange rates and transferring almost all profits to the Soviet budget reveals the asymmetry of the arrangement: the Soviet Union extracted economic value while systematically undermining the financial sustainability of local enterprises. The devaluation of Schilling in 1947 and again in 1949 exacerbated this instability, as Soviet administrators struggled to adapt their monetary and production plans to the volatility of Austria’s postwar economy.

The year 1949 represented both an apex and a turning point. As Western integration under the Marshall Plan deepened and the United States institutionalized export controls through COCOM, the Soviet Union sought to consolidate its remaining advantages. Yet, the simultaneous devaluation crisis, the looming state treaty negotiations, and the curtailment of USIA operations exposed the contradictions of Soviet policy. While official rhetoric emphasized Austria’s reconstruction and socialist development, internal directives prioritized liquidation, resource withdrawal, and short-term financial gain. Merkulov’s directive of July 1949 epitomized this logic: enterprises were ordered to minimize inventories, sell assets for cash, and prepare for potential transfer to Austrian control—all measures indicative of strategic retreat masked as tactical reorganization. Thus, by the dawn of the 1950s, Soviet economic policy in Austria had reached an impasse. The USIA, once envisioned as a tool of both ideological demonstration and material gain, was reduced to an apparatus burdened by inflation, currency shortages, and political uncertainty. The Soviet Union’s inability to reconcile its command-economy principles with the realities of a Western-oriented market left its enterprises isolated and financially depleted.

In 1950, the USSR had developed a sophisticated network of USIA retail stores represented a particularly illustrative case of the Soviet Union’s adaptive response to currency shortages, structural inefficiencies, and increasing isolation within the Austrian economy. The ORT and *Voyentorg* shops functioned not only as mechanisms for currency accumulation but also as tools of propaganda and political influence. Offering goods at significantly reduced prices—achieved through tax exemptions, duty-free imports, and requisitioned premises—these stores simultaneously undermined Austrian private trade, attracted a broad clientele, and reinforced the image of Soviet economic efficiency. The parallel with the H.O. Läden system in the GDR

underscores how similar instruments across the Soviet sphere were tailored to local conditions yet always served the dual objective of financial gain and ideological penetration.

However, the expansion of USIA retail and trading operations soon exposed the contradictions inherent in Soviet policy. The attempt to sustain profitability through barter trade and black-market currency exchange collided with both Austrian legal measures and Western economic containment. The introduction of trade control acts in 1951—especially the Raw Materials Control Act—together with the licensing system and export restrictions coordinated with the United States, gradually constricted the operational space of Soviet enterprises. The Marshall Plan further accelerated Austria's economic recovery and technological modernization, diminishing the competitiveness of Soviet-run industries and reducing their share in key sectors. By the early 1950s, the USIA's role in Austria's total industrial output had declined substantially. In response, the USSR turned to covert mechanisms of trade circumvention. The use of "military cargo" exemptions under the Second Control Agreement and the employment of intermediary firms such as Intrac GmbH and *Yuzhvneshtrans* enabled the continuation of East–West trade flows that formally violated Austrian law and international embargoes. These operations served multiple purposes: sustaining the supply of raw materials for Soviet enterprises, preserving hard currency earnings, and financing the activities of the Communist Party of Austria. Yet even these adaptive strategies could not fully offset the mounting financial difficulties of the Soviet presence. By 1954–55, declining sales, increasing public resistance, and tightening Austrian enforcement had rendered these institutions economically marginal and politically costly.

The events surrounding the *Oktoberstreik* marked a decisive turning point in the evolution of Soviet economic and political strategy in Austria. Far from being an isolated act of labor unrest, the strike revealed the complex and often contradictory dynamics within the triangular relationship between TsK VKP(b), the Communist Party of Austria, and the Soviet-controlled enterprise group USIA. The available evidence—from both Russian archival materials and declassified CIA intelligence reports—demonstrates that by 1950, the Soviet Union's priorities in Austria had shifted decisively from revolutionary agitation toward the preservation and efficient management of its economic assets. The USSR's limited support of the strike confirmed that USIA was primarily an instrument of economic exploitation and political leverage, not a mechanism for exporting revolution. Soviet representatives, particularly Mikhail Koptelov and the USIA Directorate, sought to ensure industrial stability and production continuity even as the KPÖ attempted to mobilize workers for political ends. The refusal to compensate strikers for lost wages, as well as the deliberate withholding of weapons and broader logistical support, illustrated

Moscow's determination to limit the KPÖ's autonomy and to prevent any actions that could endanger Soviet economic interests or international diplomatic standing amidst the Korean War and UN debates. Moreover, the internal Soviet communications and subsequent CIA assessments underscore the marginal political significance that Stalin attached to the Austrian Communists by the late 1940s. The KPÖ, though ideologically loyal, was increasingly perceived as an inefficient and unreliable partner—useful primarily for maintaining local influence but not entrusted with independent political initiatives. This hierarchical relationship was mirrored within USIA itself, where political reliability had been subordinated to productivity in the 1940s, and managerial competence outweighed party affiliation.

By 1952, Soviet economic policy in Austria had shifted decisively from pragmatic reconstruction to overtly political objectives. The *Oktoberstreik* marked a turning point: the USSR recognized the weakness of the KPÖ and repurposed the USIA from an economic enterprise network into a political instrument aimed at 'democratizing' Austria and bolstering communist influence. Reforms such as the creation of the Central Commercial Bureau, tighter supervision by the *SChSK*, and the restructuring of enterprise management reflected this politicization.

Despite administrative reorganizations and selective salary increases, USIA's economic performance deteriorated due to limited access to Western markets, inefficient trade mechanisms, and declining product quality. Financial instability forced Soviet authorities to adopt both legal and illicit measures to sustain operations. Increasingly, profitability was subordinated to ideological goals — particularly the consolidation of KPÖ power through employment policy and workplace councils. The broader political context reinforced this shift. The Soviet rejection of the Western-proposed "short treaty" in 1952 demonstrated that Austria's economic assets and strategic position outweighed any interest in an early peace settlement.

The years 1953–54 marked a critical period of transition in Soviet economic policy toward Austria, shaped by the broader reconfiguration of power and priorities in Moscow following Stalin's death. The struggle among the Soviet leadership directly influenced decisions regarding the future of USIA enterprises and Soviet occupation policy. While Mikoyan's pragmatic approach favoured selling unprofitable industries to Austria to reduce financial burdens and improve bilateral relations, Molotov's adherence to a hardline stance preserved Soviet control over economic assets for political leverage. The economic situation of USIA reached a nadir during this period. Despite the June 1953 investment program aimed at modernizing key plants, widespread closures, layoffs, and consolidations underscored the sector's chronic unprofitability. The creation of the

International Sales Bureau and limited efforts to expand into non-aligned markets represented attempts to maintain viability, yet these measures could not reverse the decline. At the same time, the Soviet administration sought to render its occupation apparatus self-sufficient, relying increasingly on the oil revenues of SMV to sustain military and administrative expenditures. The economic rationale for retaining control over Austrian oil resources thus became inseparable from the political objective of maintaining a strategic foothold in Central Europe.

Diplomatically, the post-Stalin thaw introduced cautious openings. Austria's June 1953 memorandum and subsequent Soviet responses signalled a revival of bilateral dialogue and hinted at the gradual softening of Moscow's stance. Nevertheless, the unresolved linkage between Austria's state treaty and the German question—reinforced at the 1954 Berlin Conference—demonstrated the persistence of Stalinist diplomatic logic under Molotov's renewed influence. By the end of 1954, Soviet policy in Austria was characterized by contradiction: economic retrenchment coexisted with political rigidity. The USSR continued to hold its economic assets despite diminishing returns, prioritizing strategic and ideological considerations over economic rationality. This tension—between the pursuit of *détente* and the preservation of influence—defined the final stage of Soviet occupation policy and set the stage for the eventual resolution of the Austrian question in 1955.

The year 1955 marked not only Austria's political but also its economic emancipation from Soviet control. The negotiations culminating in the Moscow Memorandum and the state treaty reflected a strategic recalibration of Soviet foreign and economic policy under Khrushchev, emphasizing flexibility and diplomatic pragmatism over coercive control. The USSR's willingness to transfer USIA enterprises, oil assets, and the Danube Shipping Company in exchange for long-term compensation agreements demonstrated a shift from occupation economics toward normalized interstate relations. At the same time, Austria's leaders successfully balanced acceptance of Soviet conditions, such as neutrality, with the pursuit of full economic sovereignty. The subsequent trade, delivery, and compensation agreements concluded in 1955 institutionalized a framework of economic cooperation that both consolidated Austria's independence and preserved Soviet access to favourable trade channels.

The dissolution of USIA in 1955 and the broader GUSIMZ network in 1956 symbolized the end of direct Soviet economic administration in Central Europe and the beginning of a new phase of bilateral relations based on commerce rather than control. Thus, Austria's economic liberation in

1955 served as both the end of a decade of Soviet occupation policy and a precedent for the post-Stalinist normalization of East–West economic relations.

Overall, the thesis reveals that Soviet economic presence in Austria was a complex and evolving strategy that combined legal ambiguity, bureaucratic institutionalization, ideological goals, and economic pragmatism in order to sustain Soviet influence and the economic exploitation of Austria in a critical Cold War battleground. The path to Austrian sovereignty was not linear — it involved extended negotiations, internal resistance, shifting international alignments, and a redefinition of Soviet foreign policy objectives. This thesis has highlighted the intricacies of that process and illuminated the critical role of economic structures in shaping postwar Central Europe’s political destiny.

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ANNEX

Heads of GUSIMZ, 1946–1956

Years in duty	Name	Years of life	Professional background
10.04.1946– 25.04.1947	Vasiliy Sergeyev	born 1905– died 1980	Deputy Minister of Foreign Trade
25.04.1947– 27.10.1950	Vsevolod Merkulov	born 1895– shot 23.12.1953	Minister of State Security
27.10.1950– 12.02.1954	Vasiliy Sergeyev	<i>See above</i>	<i>See above</i>
12.02.1954– 01.06.1956	Yakov Yushin	born 1907– died after 1983	Deputy Minister of Oil Industry

Heads of USIA, 1946–1955

Years in duty	Name	Years of life	Professional background
03.1946–11.1947	Yefim Mikhaylovich Borisov (Minkov)	born 1900– died 1978	Chief of the Trophy Directorate of the Central Army Group
11.1947–05.1949	Georgiy A. Malyavin ⁶⁷⁷	<i>No data</i>	Deputy Commissar of Textile industry
mid-1949–1950	Tikhomirov	<i>No data</i>	<i>No data</i>
1950–1951	Fedotov	<i>No data</i>	<i>No data</i>
1952–1953	N.A. Krivoshein	<i>No data</i>	<i>No data</i>
1954–1955	Pyotr Aleksandrovich Gritchkin	born 10.08.1912– died 25.11.1989	Trade Representative of the USSR in Austria

⁶⁷⁷ CIA-RDP82-00457R001100250002-4, “Situation in USIVA,” distributed on 19.11.1947;

RGAE 7733/33/1104/129, Peregiska GUSIMZ po finansovo-ekonomicheskim voprosam, priyem i rassmotreniye godovykh otchetov i balansov Upravleniy, 06.02.1948.

Soviet Ruble exchange rates, 1945–1955

Year	Schilling — Ruble	Ruble — Dollar
1945–1946	1 schilling for 1 ruble	5,3 rubles for 1 USD
01.01.1947–31.12.1947	1 schilling for 1 ruble (pre-planning) 2 schillings for 1 ruble (post factum)	5,3 rubles for 1 USD
01.01.1948–17.01.1950	2 schillings for 1 ruble	5,3 rubles for 1 USD
18.01–02.1950	4.9 schillings for 1 ruble	5,3 rubles for 1 USD
01.03.1950–1955	100 schillings for 15.39 rubles	4 rubles for 1 USD

Directors of the Soviet Military Bank No. 2111, 1946–1955

Years in duty	Name	Years of life	Professional background
1946–1950	Aron Mordukhovich Tsiryulik ⁶⁷⁸	18.03.1905– <i>year of death is unknown</i>	Senior Inspector of the Field Office of the State Bank of the 2nd Ukrainian Front
1950–1953	Aleksandr Stepanovich Savanin ⁶⁷⁹	1909– <i>year of death is unknown</i>	Deputy Director of Leningrad office of the State Bank
1953–1955	Ivan Alekseyevich Savin ⁶⁸⁰	1914– <i>year of death is unknown</i>	In 1951–53, Head of the Credit Department of the Soviet Military Bank No. 2111. In 1945, Head of the Field Office No. 948 of the State Bank of the Voronezh Front

⁶⁷⁸ CIA-RDP81-01043R003700130004-9/220, “Soviet Occupation Economy in Austria,” date of distribution 27.08.1959.

⁶⁷⁹ Aleksandr Savanin got “Medal’ za oboronu Leningrada” in 1945, Archival documents on the award, accessed 31.12.2025 (Russian vpn required), <https://medal.spbarchives.ru/person?docId=449783>.

⁶⁸⁰ In various CIA documents, Ivan Alekseyevich Savin is stated as “Savvin,” which, however, does not properly reflect the original family name in Russian.

The output of goods produced by USIA enterprises, 1946–1955⁶⁸¹

Year	Mill. Schillings (in 1950 prices)	Year	Mill. Schillings in 1950 prices
1946	350,2	1951	2,836.2
1947	881,0	1952	3,034.5
1948	1,419.3	1953	3,050.2
1949	2,135.1	1954	3,326.4
1950	2,566.3	1955, August 12	2,012.7

The revenues of Soviet enterprises, 1946–1955⁶⁸²

Year	Mill. Schillings	Year	Mill. Schillings
1946	48,7	1951	1,401.7
1947	338,2	1952	1,247.9
1948	694,2	1953	911,5
1949	917,4	1954	734,6
1950	894,4	1955, August 12	316,0
		In total	7,504.6

⁶⁸¹ RGANI 5/28/331/329–333, Spravka zamestitelya nachal'nika Upravleniya sovetskogo imushchestva v Avstrii i Finlyandii A.K. Kurmazenko o predpriyatiyakh, vkhodivshikh v sostav USIA, 25.11.1955. First published in Stefan Karner, Barbara Stelzl-Marx, Alexander Tschubarjan (eds.), *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–55. Dokumente* (Wien: Böhlau Verlag, 2005), 600.

⁶⁸² Ibid.

A list of Soviet-controlled enterprises (*USIA-Betriebe*)⁶⁸³
in Lower Austria, Burgenland, Mühlviertel and Soviet zones of Vienna
in alphabetical order, 1945–1955

	Soviet-Controlled Company Name and Place of Production	Seized by December 1947	Transferred in 1955
1.	A. PORR A.G., Wien IV, X	•	•
2.	A.G. f. Grob-u. Feinkeramik, Wr. Ziegelwerke, Leopoldsdorf bei Wien	•	•
3.	A.G. für Chemische Industrie, Siebenhirten, Rannersdorf, Unterlanzendorf, Schwechat	•	•
4.	Adolf Nickerl, Inzensdorf		•
5.	AEG-Union, Wien XXI	•	•
6.	Aero Präzisionwerke GmbH	•	
7.	AFA (Akkumulatorenfabrik) GmbH, Wien-Liesing	•	•
8.	Alfred Gernert & Co., Siebenhirten	•	•
9.	Alkor-Werke, Atzgersdorf	•	•
10.	Allgemeine Hoch- u. Ingenieurbau AG. Wien IV	•	•
11.	Allgemeine Straßenbau A.G., Wien I	•	•
12.	Alt Erlaaer Färberei u. Appretur A.G., Wien-Erlaa	•	•
13.	Amme Luther Seck Werk GmbH, Atzgersdorf		•
14.	Apparatenbaugesellschaft GmbH, Atzgersdorf		•
15.	Ariadne Draht -u. Kabelwerke A.G., Wien XXI	•	•

⁶⁸³ Sources: RGAE 7733/32/1459–1607, Bukhgalterskiy otchet kompaniy za 1947 god; CIA-RDP81-01043R003700130004-9/1, “Soviet Occupation Economy in Austria,” distributed on 27.08.1959; Österreichischen Staatsarchiv: 1) “Bundesministerium für Finanzen: Auflösung und Übergabe der USIA Betriebe. 392 original Verträge,” 2) “USIA-Betriebe: Öffentliche Verwalter ab 01.11.1956“; *Welt Illustrierte*, 1945–55; *Der Erdölarbeiter*, 1952–55; Beiblatt zur Parlamentskorrespondenz am 30. Mai 1951 “Bundesminister für Finanzen, betreffend die Steuerleistung der vom russischen Element verwalteten Betriebe (USIA-Betriebe),“ accessed 31.12.2025, parlament.gv.at/dokument/VI/J/270/imfname_509334.pdf.

16.	Atzgersd.mechanische Weberei Edmund Sellner, Atzgersdorf	•	•
17.	August Ehrlich Textilwerke K.G., Trumau	•	•
18.	August Manns, Wien XX		•
19.	August Röders OHG., Pfaffstätten	•	•
20.	Austria Holzwarenfabrik A.G., Ober-Piesting		•
21.	Austro-Fiat, Wien XXI	•	•
22.	Autohaus Alfred Liewers, Wien II	•	•
23.	Auto-Kühler A.G.	•	
24.	Auwerk Hainfelder Stahlwarenfabrik, Gebr.Eichenauer, Hainfeld	•	•
25.	Avenarius R. Carbolineum, Amstetten	•	•
26.	Bahnbedarfs A.G., Wien, Neuerlaa	•	•
27.	Bastfaser-Fabrik GmbH, Wallern/Burgenland	•	•
28.	Bayerischer Lloyd, Schiffahrts A.G.		•
29.	Beckmann & Lechner, Säge u. Holzwerk, Marbach/Donau	•	•
30.	Bekacite, Kunstharzfabrik, Wien XXI	•	•
31.	Berndorfer Metallwarenfabrik, Berndorf, Amstetten, Neusiedl	•	•
32.	Bernhard Berghaus Leichtmetall, Berg bei Wolfsthal	•	•
33.	Blödner Stahlmöbel K.G., Wampersdorf	•	•
34.	Böhler Gebrüder & Co. A.G., Amstetten	•	•
35.	Bremhorst Ferdinand, Sodawassererzeugung, Pottendorf	•	
36.	Brevillier Urban & Sachs, Neunkirchen	•	
37.	Brown-Boveri A.G., Wien X	•	•
38.	Brucker Zuckerfabrik, Clemens Auer, Bruck/L.	•	•

39.	Bruhn & Schweitzer, Wien-Unterlaa	•	•
40.	Brunner Maschinen Glas & Gut, Kottlingbrunn	•	
41.	Bruno Georg Wunderlich K.G., Wien XXI	•	•
42.	C.A. und Paul Vorsteher jun., Mainburg, Rabenstein a.d. Pielach	•	•
43.	C.H. Boehringer & Sohn OHG., Leobersdorf	•	•
44.	Carbolineum Fabrik, Amstetten	•	•
45.	Carl Caspers, St.Pölten, Schwadorf	•	•
46.	Chemische Fabrik Grünau A.G., Wien-Liesing		•
47.	Chemische Fabrik Tempelhof, Preuss & Temmlerwerke, Wien II		•
48.	Chemische Fabrik, Wallenfels & Co., Wien XXI	•	•
49.	Chemosan-Union, Klosterneuburg	•	•
50.	Christoph und Unmack GmbH, Weissenbach/Mödling	•	•
51.	Continental Motorschiffahrtsgesellschaft, Wien II	•	
52.	Curt Pomper, Wien IV		•
53.	Delphin Filter GmbH, Guntramsdorf	•	•
54.	Deutsche Erd -u. Steinwerke, Gusen, St. Georg	•	•
55.	Donau-Chemie A.G., Deutsch Wagram, Pischelsdorf	•	•
56.	Donauländischer Papiergroßhandel, Helmut Dachs, Mödling		•
57.	Dr. A. Oetker, Baden	•	•
58.	Dr. A. Wander GmbH, Wien XXI		•
59.	Dr. Karlos Wetzel, Ziegersberg, Schlag, Zöbern	•	
60.	Dr. Konrad Gräbner, Ramingdorf	•	•
61.	Dr. Wilhelm Gerlach, Wien IV		•
62.	Dräger GmbH, Wien XX	•	•

63.	Draht u. Kabelwerke Sichtermann, Inzersdorf	•	•
64.	E. Clewing, Sägewerk, Schwarau im Gebirge	•	
65.	E.T. Gleitsmann, Rabenstein	•	•
66.	Ebersberger Lack u.-Farbenfabrik, Atzgersdorf	•	•
67.	Edelgarnspinnerei Amfaldern & Co. Edelgarnspinnerei Amfaldern, Atzgersdorf	•	•
68.	Eisen und Stahl A.G., Wien IV, X, XX		•
69.	Eisen, Beton u-Tiefbau GmbH, Weissenbach/Mödling		•
70.	Eisenbahn Verkehrsmittel A.G., Wien I, Deutsch Wagram	•	•
71.	Ostmärkische Eisenbahnsignalwerke A.G., Wien XX	•	•
72.	Elin A.G., Möllersdorf	•	•
73.	Elko-Metallverarbeitung GmbH, Siebenhirten	•	•
74.	Emil Oppermann, Stumpfappretur, Baden	•	•
75.	Emmericher Maschinenfabrik und Eisengießerei GmbH, Vösendorf	•	
76.	Enzesfelder Metallwerke A.G., Enzesfeld, Sollenau, Neurisshof	•	•
77.	Ernst Schmidt, Wiener Paprika, Wien II	•	•
78.	Erste Österr. Glanzstoff-Fabrik, St Pölten	•	•
79.	Erste Österr. Maschinenglasindustrie A.G., Brunn/Geb	•	•
80.	Eugen Kohler, Wien XX	•	•
81.	Fallschirmbau Josef Eschner K.G., Wien XXI		•
82.	Färberei Tribuswinkel Theodor Preiss, Tribuswinkel	•	•
83.	Fattinger & Co. Tierfutterfabrik A.G., Inzersdorf	•	•
84.	Faulhaber & Haunschild, Wien IV		•
85.	Felten & Guillaume A.G., Schrems und Wien	•	•

86.	Ferdinand Mülhens, Parfumerie, Wien IV	•	•
87.	Film-Theater Scala GmbH, Wien		•
88.	Flüger & Boeking, Wien XXI	•	•
89.	Flugmotorenwerke Ostmark GmbH, Mödling, Griesfeld	•	•
90.	Franck u. Kathreiner GmbH, Wien XXI		•
91.	Franke & Scholz, Wien X	•	•
92.	Friedrich Mann, Kunstmühle, Gallneukirchen u. Alberndorf		•
93.	Friedrich Weichmann Metallwarenfabrik, Atzgersdorf	•	•
94.	Frizott, Erzeugung und Vertrieb chemisch-technischer Produkte, GmbH, Wien XXI		•
95.	Fuchs Max Math., Tiefbauunternehmung K.G., Tulln	•	•
96.	G. Rumpel A.G.	•	
97.	Gebr.Schmidt GmbH, Atzgersdorf	•	•
98.	Georg Bruno, Strümpfe	•	
99.	Georg Schicht A.G., Atzgersdorf	•	•
100.	Glasspennerei Stockerau GmbH, Stockerau	•	•
101.	Globus Waldgatter Gesellschaft Kliemke & Co., St. Veit/Triesting	•	•
102.	Götzendorfer mech. Weberei M. Plobner, Götzendorf	•	•
103.	Granitwerk Kammerer, Schrems im Bezirk Gmünd	•	
104.	Graupappenfabrik Josef Greinert, Gutspachtung Aspangerhof, Aspang/W.	•	•
105.	Gretsch & Co. GmbH, Wien X	•	•
106.	Gritli Süßwarenfabrik, Wien XXI		•
107.	Gruber u. Hardtmann, Hainfeld	•	•

108.	Grünzweig & Hartmann GmbH, Wien X		•
109.	Günter Wagner K.G., Wien X	•	•
110.	Gustloff-Werke	•	•
111.	Gutehoffnungshütte Oberhausen A.G., Wien II		•
112.	Guthan & Gärner, Wien XXI		•
113.	H.M. Habich A.G., Weitenegg/Donau	•	•
114.	Hans Bilstein, Fabrik f.Hebezeuge, Atzgersdorf	•	•
115.	Hans Briggen, Wien XXI	•	•
116.	Hans Käsbauer, Import und Grosshandel mit Obst, Gemüse u.Südfrüchten, Wien IV		•
117.	Hans von Mangold K.G., Gross-Siegharts	•	•
118.	Hansa Lagerhaus, Kurt Kampfmeyer, Wien II		•
119.	Harter Kohlenwerke A.G., Hart bei Gloggnitz	•	•
120.	Hauk Karl Bauunternehmung	•	
121.	Häusermann Fabrik chemischer Gravueren K.G., Zitternberg	•	•
122.	Hausverwaltung Stockerau	•	•
123.	Hausverwaltung Wien	•	•
124.	Heilmann und Littmann (merged), Wien IV	•	•
125.	Heimpel & Besler Ventilatoren & Maschinenfabrik, Mödling	•	•
126.	Heinrich Bertrams, Wien XX	•	•
127.	Heinrich Dalhoff, Gross-Weikersdorf	•	•
128.	Henhapel-Heine Eisen- und Eisenwarengrosshandlungs A.G., Wien II		•
129.	Herbig-Haarhaus A.G., Wien-Vösendorf	•	•
130.	Hirmer Zuckerfabrik A.G., Hirm		•

131.	Hirtenberger Patronen u. Metallwarenfabrik, Kottingbrunn	•	•
132.	Höfermayer u. Rinck, Wien-Erlaa	•	•
133.	Höntschi-Werke A.G. f. Holz-, Eisen- u. Glasbau, Mödling	•	•
134.	Hugo Stinnes GmbH		•
135.	Hydroxygen GmbH, Wien IV, Gumpoldskirchen	•	•
136.	Ing. Walter Schön, Angern		•
137.	Istegstahl GmbH, Wien IV		•
138.	J. Huber, Säge und Holzwerk, Sollenau	•	
139.	J.M. Lehmann, Wien X		•
140.	J.M. Voith, St. Pölten	•	•
141.	Janisch Hans, Glanzstoff, Rittersfeld, Traismauer	•	•
142.	Johann Drexler & Sohn, mech. Faßfabrik, Wien		•
143.	Josef Heiser, Kienberg-Gaming		•
144.	Josef Wallner, Bayerische Schifffahrts- u. Hafenbetriebs GmbH, Wien I		•
145.	Josef Wallner, Wiener Fluß- u. Seeschifffahrts GmbH.		•
146.	Kaloderma Parfumerie, Wien XXI		•
147.	Karl Deiring, Leobersdorf	•	•
148.	Karl Freudenberg GmbH	•	•
149.	Karl Michaelis, Wien II		•
150.	Kärntner Bergwerksgesellschaft, Antimonbergbau, Schlaining		•
151.	Klinkosch Gold- Silber- u. Metallwarenfabrik, Wien II		•
152.	Klöckner-Humboldt-Deutz A.G., Wien X	•	•
153.	Klosterneuburger Holzindustrie GmbH, Klosterneuburg	•	•

154.	Köhler Heinrich K.G., Wien IV	•	•
155.	König & Bauer A.G., Maria Engersdorf	•	•
156.	Kromag A.G., Hirternberg	•	•
157.	Kruger & Co. Kabel und Drahtfabrikations A.G.	•	
158.	Kühler-und Metallwarenfabrik Goll & Dr. Strohschneider, Wien XX		•
159.	Kurt Öhmisch GmbH, Wien-Liesing		•
160.	Landwirtschaft u.Industrie A.G., Spiritus und Pottaschefabrik, Angern	•	•
161.	Lederfabrik Hans Kobald, Atzgersdorf	•	•
162.	Lederindustrie Carl Budischowski & Söhne, Wien XXI	•	•
163.	Lederwerke Gerhardus, Wien XX	•	•
164.	Leizinger & Kadlez, Holzgroßhandlung, Passau		•
165.	Leobersdorfer Maschinen Fabriks A.G., Leobersdorf	•	•
166.	Leopold Freundlich K.G., Grein/Donau		•
167.	Linde Riedinger Maschinenfabrik, Wien-Liesing		•
168.	Ludwig Marx, Lackfabrik, Gaaden	•	•
169.	Ludwig Masel, Wien IV	•	•
170.	Lüftschitz-Garde-Meuble A.G. i. L., Wien XXI		•
171.	Lufttechnische GmbH, Wien II		•
172.	M.G. Mölders, Luxmotorenfabrik, Wien X	•	•
173.	Malzfabrik, Dr. Karl Hugendubl, Schwechat	•	•
174.	Mannesmann-Trauzl A.G., Wien XXI	•	•
175.	Maschinen u.Metallwerke A.F. Bechmann, Inzensdorf		•
176.	Maschinenfabrik „Wertheim Co., Wien X	•	
177.	Maschinenfabrik Pichler & Co., Wien XXI		•

178.	Mercedes-Benz Automobil Gesellschaft GmbH, Wien X	•	•
179.	Moosbrunner Glasfabrik A.G., Moosbrunn		•
180.	Motoren-u.Reparatwerk Ölfeld GmbH, Wien XXI		•
181.	Motsch & Co., Wien IV	•	•
182.	Mühldorfer Graphit-Bergbau A.G., Mühldorf/Spitz	•	•
183.	Negrelli Bau A.G., Wr.Neustadt	•	•
184.	Neisse & Co. K.G., Wien X		•
185.	Neuber Wilhelm A.G., Brunn/Geb.	•	•
186.	Neuhöffer für chem. Industrie, St. Veit/Gölsen		•
187.	Neumann & Söhne u. Rudolf Hänsel, Wien	•	•
188.	Neunkirchner Druckfabrik Dr. Wilhelm Kienze, Neunkirchen	•	•
189.	Nibelungenwerk Steyr-Daimler-Puch, St. Valentin u. Johann Walter, Haag/NÖ		•
190.	Niessenwerke K.G., Wien-Liesing	•	•
191.	OBEGE Ofenbau GmbH, Wien XX		•
192.	Oberhütten, Vereinigte Oberschlesische Hüttenwerke A.G., Pitten	•	•
193.	Okeros Mineialwachswaren u. Ozokeritraffinerie, Stockerau	•	
194.	Oldenbruch, Sohn & Co., Kritzensdorf	•	•
195.	Oplimpia Lichtspiele, Baden		•
196.	Optische Anschalt Goerz GmbH, Wien X	•	•
197.	OSRAM Glühlampenfabrik GmbH, Atzgersdorf	•	•
198.	Österreichische Christbaumschmuckfabrik J.Eggeling & Co., Traismauer	•	•
199.	Österreichische Glasdachfabrik OHG, J. Eberspaecher, Brunn/Gebirge	•	•

200.	Österreichische Hiag-Werke GmbH, Wien-Liesing	•	•
201.	Österreichische Metallhüttenwerke A.G., Schwechat	•	•
202.	Österreichische Schilfrohr Verwertung Gebr Müller, Neusiedler See	•	•
203.	Österreichische Talkumindustrie, Neustift/Burgenland		•
204.	Österreichische Unilever A.G., Wien XXIII		•
205.	Ostmärkische Betonwerke GmbH, St. Pölten	•	•
206.	Otto Guthan, vorm. Anton Anderer, Wien XXI	•	•
207.	Otto Krell, Wien IV	•	•
208.	P. Beiersdorf & Co. GmbH, Wien X	•	•
209.	P.C. Wagner KG., Elektroschweißwerk, Wien XX	•	•
210.	Papierfabrik Gröllwitz GmbH, Obermühl/Donau		•
211.	Paul Kollbach, Klein-Neusiedl	•	•
212.	Paul Ruppin, Groß-Siegharts, Jarolden/Waidhofen/Thaya	•	•
213.	Payerbacher Eisengewerkschaft, Payerbach-Grillberg	•	
214.	Peter Ginzler, Ybbsitz	•	•
215.	Philipp Holzmann Bauunternehmung A.G., office Wien IV	•	•
216.	Piestinger Scharnier- u. Metallwarenfabrik GmbH	•	
217.	Pinkafelder Ziegelwerke, Oskar Villaret and Alois Trixpamer, Pinkafeld		•
218.	Polensky & Zöllner, St. Pölten	•	•
219.	Pottschacher mech. Weberei J.G. Köhler OHG., Pottschach	•	•
220.	R. Horrais & Co., Wien II		•
221.	Raab Karcher GmbH, Wien I, XX		•
222.	Radio- und Fernsehgeschäft Karl Biehl, Herzogenburg		•

223.	Rasquin Franz Farbwerke A.G., Vösendorf	•	•
224.	Rax-Werke GmbH, Wr. Neustadt	•	•
225.	Reichhold-Flügger & Göking, Wien XXI	•	•
226.	Reichsautobahn Niederösterreich	•	•
227.	Rhenus Transport GmbH, Wien II		•
228.	Richter E.u G., Waidhofen/Thaya	•	•
229.	Ringofenziegelei Jetzelsdorf, Therese Jüttner	•	
230.	Riva, Wien II	•	•
231.	Rochleder, Wojna & Co. K.G., Kalkgewerkschaft, Ernstbrunn	•	
232.	Rothmüller-Mewa K.G., Wien XX		•
233.	Rudolf Otto Meyer Technik GmbH, Schwechat	•	•
234.	Sager & Wörner, Wien IV	•	•
235.	Sägewerk Schloß Rosenau, Schloß Rosenau	•	
236.	Schäffer & Budenberg, Wien	•	•
237.	Schimmel & Co., Wien-Liesing	•	•
238.	Schmidhütte Krems, Schmid & Co. K.G., Krems	•	•
239.	Schmitt und Junk, Bauunternehmung, Wien IV	•	•
240.	Schöller-Bleckmann Stahlwerke A.G., Ternitz	•	
241.	Schremser Granitwerk, Köhler & Co., K.G., Schrems	•	•
242.	Schuhfabrik Franz Schmitt, Krems-Rehberg	•	•
243.	Schwadorfer Spinnerei	•	
244.	Sidolwerke Siegel & Co. Köln-Braunsfeld, Wien XX	•	•
245.	Siemens-Schuckert-Werke A.G.	•	
246.	Silber, Alpakkasilber u. Metallwarenfabrik, Ing. Alwin Wagner, Wien IV		•

247.	Simmering-Graz-Pauker A.G., Wien XXI	•	•
248.	Simons Brotfabrik, Liebich & Co., Wien XXI		•
249.	Sirius Grünbach A.G., Grünbach am Schneeberg	•	•
250.	Spiritusbrennerei Gilgenberg		•
251.	Spiritusfabrik Oberwaltersdorf		•
252.	Spiritusfabrik Unterschützen u.Rauchwarth		•
253.	Spiritus-u.chem. Fabrik, Pernhofen, Dr.Heinz Berkel (Jungbunzlauer), Pernhofen	•	•
254.	Sprengstoffwerke Blumau A.G., Blumau	•	•
255.	Spritz und Preßgußwerk, Hainfeld	•	•
256.	St.Egyder Eisen und Stahl Industrie, St.Egyd/Neuwalde, Furthof	•	
257.	Stadlauer Lederfabrik Budischofsky, Konrad-Zeller, Wien XXI	•	•
258.	Stadlauer Lederindustrie, Wien	•	•
259.	Stahl- und Temperguß A.G., Traisen	•	
260.	Steinfeld & Co., St.Pölten		•
261.	Stephansdach GmbH, St. Egyd/Neuwalde	•	•
262.	Steyr-Daimler-Puch A.G., Wien II, X, XX u. St.Valentin	•	•
263.	Stickereifabrik Paul Meyer, Wr.Neustadt	•	•
264.	Stölzle und Schreiber A.G., Wien IV	•	
265.	Strakosch & Boner, Vösendorf	•	•
266.	Süddeutsche Donaudampf- schiffahrts A.G., Regensburg		•
267.	Tabak-u.Spezialmaschinenfabrik Hofherr-Schrantz GmbH, Wien XXI	•	•
268.	Teudloff-Vamag, Vereinigte Armaturen- und Maschinenfabriken A.G., Wien XX		•

269.	Textildruckerei Jos. Kessel	•	•
270.	Textilwerke Frommherz Müller & Co., Wien I	•	
271.	Theodor Müller Spinnerei and Weberei, Trumau	•	•
272.	Tonbergbau u. Ziegelwerk Oberfucha	•	•
273.	Tritolwerke, Theresienfeld	•	
274.	Trofaischer Eisen u. Stahlwerke A.G., Klosterneuburg	•	•
275.	Überland Hoch-Tief-und Strassenbau A.G., Wien Neuerlaa	•	•
276.	VEDAG, Rechnitz	•	•
277.	Vereinigte Lederfabriken A.G., Wien XX	•	•
278.	Vereinigte Textilwerke K.H. Barthel, Wöllersdorf	•	•
279.	Vergasungs Industrie A.G., Wien IV	•	•
280.	Vianova-Bau A.G.	•	•
281.	Viehhofen u.Martin Miller/Treismauer		•
282.	Vinzenz Wagner, Wien XXI	•	•
283.	W. Megerle, Wien XXI	•	•
284.	Waagner-Biro A.G., Vösendorf	•	•
285.	Weigler Georg, Kasten bei Böheimkirchen	•	•
286.	Weissenbacher mech. Leinen-und Baumwollwarenweberei, Oskar Kunze, Weissenbach, Triesting	•	•
287.	Wiener Brückenbau u.Eisenkonstruktion A.G., Wien X	•	•
288.	Wiener Eisen- u.Metallverwertungs A.G., Wien X		•
289.	Wiener Glashüttenwerke A.G., Wien IV, XXI	•	•
290.	Wiener Kabel u. Metallwerk A.G., Wien XXI		•
291.	Wiener Leichtmetallwerke GmbH, Wien-Liesing	•	•

292.	Wiener Linoleum u. Wachstuchwerke Richard Holtkott, Traiskirchen und Brunn/G.	•	•
293.	Wiener Lokomotivfabrik, Wien Florisdorf XXI	•	•
294.	Wiener Werkzeug-Fabrik Ing. Frank & Co., Wien XX	•	•
295.	Wien-film GmbH, Rosenhügel	•	•
296.	Wilhelm Abt GmbH, Wopfing	•	•
297.	Willi Thomas, Wien II		•
298.	William Prym, Weißenbach/Triesting	•	•
299.	Wohnhäuser, Gebäude und Bauten, Grundstücke, Einrichtungen des St. Pöltners Kontor	•	•
300.	Wohnhäuser, Gebäude, Grundstücke Einrichtungen und Vieh des Badeners Kontor	•	•
301.	Wollwarenfabrik Erlach GmbH, Bad Erlach		•
302.	Wollwäscherei Korneuburg GmbH	•	
303.	Wr. Neustädter Maschinenwerke I, Wr. Neustadt	•	•
304.	Wr. Neustädter Maschinenwerke II, St. Pölten, Fischamed	•	•
305.	Wr. Werkzeug-u. Werkzeugmaschinenfabrik, Wien XX		•
306.	Ybbs-Persenbeug Danube power	•	1953
307.	Ybbstalwerke	•	
308.	Zehnbacher Holzstoffe- Pappfabrik Willi Neubert, Zehnbach b. Purgstall	•	•
309.	Zeidler & Wimmel K.G., Tribuswinkel/Baden, Rorhrbach, Gloggnitz		•
310.	Ziegelwerk Stronsdorf	•	
311.	Zimmermann Fleischwerke, Berndorf	•	•
312.	Zinkhütte GmbH, Wien Neuerlaa	•	•
313.	Zweigniederlassung Bernhard Erndt, Kl.-Pöchlarn	•	•
314.	Zweigniederlassung Wöllersdorf	•	