Declassified in Part - Sanitized Copy Approved for Release 2011/10/31 : CIA-RDP80-00809A000700040126-6

STAT

CLASSIFICATION RESTRICTED
SECURITY INFORMATION RESTRICTED
CENTRAL INTELLIGENCE AGENCY
INFORMATION FROM
FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO. --

COUNTRY	Hungary	DATE OF INFORMATION	1951
SUBJECT	Economic - Exports, aluminum industry, reparations		
HOW PUBLISHED	Irregular newspaper	DATE DIST.	23 Jan 1952
WHERE PUBLISHED	Bonn	NO. OF PAGES	2
DATE PUBLISHED	11 Dec 1951		
LANGUAGE	German	SUPPLEMENT TO REPORT NO.	

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U. S. C., 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Der Informationsdienst (Bonn. - 11 Dec. 1951)

DESCRIBES SOVIET EXPLOITATION OF HUNGARIAN INDUSTRY

After World War II, the Soviets dismantled many Hungarian war plants and shipped the equipment to the USSR. Among the plants affected by this action were the ones at Gyor and at Szekesfehervar. From the present Matyas Rakosi Works at Csepel the Soviets removed all machinery for the production of tanks and airplanes. Even office equipment, including typewriters, was carted away.

Under the peace treaty with Hungary, all German capital in Hungary became the property of the Soviets. Part of the German-owned property, including 85,824 lathes, 1,146 other machines, and three textile plants in Ujpest, Budapest, and Vac, was dismantled and shipped to the USSR. The textile plant on Kasal Street (third district of Budapest) was dismantled in May 1950, the textile plant of Keles Street (also third district) was dismantled in August 1950; both plants were subsequently shipped to the USSR.

In connection with the plentiful bauxite deposits, a sizable aluminum industry developed in Hungary. Since previously the aluminum industry was partly financed with German capital, the Soviets now control more than 50 percent of that industry. After 1948, under Soviet pressure, a new aluminum plant was constructed which now produces for the armaments industry. The following aluminum plants are also working for war production: Aluminiumerc-Banya es Ipar R.T. in Budapest, 50 percent Soviet controlled; Dunavolgyi Timfoldipar R.T.; Magyar-Szovjet Bauxit Aluminum R.T., also 50 percent controlled by the Soviets; and Magyar Bauxitbanya R.T., Budapest, of whose capital of 18,480,000 pengos [sic] 50 percent is owned by the Soviets. Although Hungary produces large quantities of aluminum, in spring 1950 the government was forced to prohibit the manufacture of aluminum goods for mass consumption.

Due to Soviet pressure for quantity, the quality of merchandise made in Hungary has generally declined, which can be demonstrated by the following example. A Budapest plant manufactures axles for railroad and trolley cars, and various types of files. Of the 1,100 workers employed in the plant, 600 are party members. The quality of the merchandise manufactured is very poor. Thirty percent are rejects, of which 15 percent is due to faulty material and 15 percent to poor discipline among the workers. When the finished products are delivered to the Soviets, the examining commission is very exacting and rejects merchandise with the slightest imperfection. Thus, for example, 12 carloads of rails were returned because of poor workmanship.

VII-C

Continued next page.

CLASSIFICATION RESTRICTED RESTRICTED

STATE	X	NAVY	X	NSRB		DISTRIBUTION							
ARMY	X	AIR	X	FBI									

Declassified in Part - Sanitized Copy Approved for Release 2011/10/31 : CIA-RDP80-00809A000700040126-6

Declassified in Part - Sanitized Copy Approved for Release 2011/10/31 : CIA-RDP80-00809A000700040126-6

STAT

RESTRICTED

RESTRICTED

Reparations are another method employed by the Soviets to exploit Hungary. Without any regard for the world-wide increase of prices, reparations are calculated at 1939 prices. As a result, some goods are delivered below cost price. Bicycles manufactured for reparations cost the Budapest plant from 1,100 to 1,200 forints and were credited by the Soviets with only 600 to 800 forints on the reparations account.

Hungary has to import most of the raw materials needed for the manufacture of the products demanded by the Soviets. For example, iron ore is imported at relatively high prices from Krivoy Rog in the USSR. Hungarian industrial methods are obsolete, thus requiring a disproportionately large labor force.

Hungary is also building ships for the USSR. On 2 May 1949, a new 1,200-ton ocean-going vessel, equipped with an 800-horsepower diesel motor, was sent to the USSR. The vessel, named Alekosehevoy [approximation of Russian name], was built in Budapest for a reparations account. The first inland motor ship built in Budapest, the 800-horsepower Plitva, was transported to the USSR on 11 May 1950, and the 1,200-ton, 800-horsepower motor ship Sergei Tyulemon was delivered on 1 June 1950. The 800-ton motor tug Kharkov, built at the Obuda shipyards, was delivered on 10 July 1950, and the 800-horsepower steam tug Ochekov, also built at Obuda, was delivered on 1 November 1950.

The Hungarian-Soviet civilian air line MASZOVLET is supplied with planes and personnel by the Soviets. The Hungarians furnish airfields, fuel, and auxiliary personnel. Controlled by the Soviets, MASZOVLET is the only civilian air line operating in Hungary.

III-C

- E N D -

RESTRICTED

RESTRICTED

Declassified in Part - Sanitized Copy Approved for Release 2011/10/31 : CIA-RDP80-00809A000700040126-6