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- 25X1 1. The Minister of Economy of Saxony, Fritz Selbmann, told [Redacted] on 27 January 1948 that there is a great controversy over the role of the socialized factories in the reparations program. One faction urges that the publicly-owned factories should be released from the reparations program and allowed to produce for the civil population. A certain Ziller is named as the proponent of this view.
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- 2. Selbmann argued successfully that the publicly-owned factories need the reparations orders in order to obtain raw materials. According to Selbmann, private industry accounts for 65% of production in Saxony and 75% in Thuringia. The private industrialists managed to obtain reparations orders from the Russians early in the occupation and used them to secure raw materials, credits, and subsidies from the government. Selbmann hopes to liquidate private industry entirely by denying it reparations orders and then carrying out a ruthless currency revaluation. Selbmann stated that the industrialists will then beg for positions in socialized factories and that their managerial abilities will be accepted there as long as needed.
- 3. As an example of his success in the class war, Selbmann cited the elimination of private wholesalers. By introducing the Warenscheck which provides for transfer of goods direct from one factory to another, Selbmann eliminated 21,000 "liberalistic" wholesalers.
- 4. In reply to a question, Selbmann said that industry in the Russian Zone is living on scrap metal and averred that the scrap will all be used up within three years. Russian Zone industry will then be unable to function if iron and steel cannot be imported.

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