2.4. Attractive location for subsidiaries of foreign owned companies

There are several reasons for the high share of foreign owned and multinational companies in Austrian industry which I have already mentioned. Austria has traditionally had excellent institutes for technical education and high standards of engineering and labour skills. For historical reasons there was a scarcity of capital, especially venture capital for the financing of industrial enterprises. Transforming inventions into industrial production often was impossible without the help of foreign capital. After 1945 many foreign companies discovered that highly qualified Austrian labour was available at a cost which for a long time was considerably below Western European levels and which is still some 20 per cent lower than in Western Germany. A stable political climate and peaceful industrial relations further increased Austria's attractiveness as a location of industrial production establishments. For German and Swiss enterprises geographical vicinity and common language are another important aspect.

From the 1960's onwards, these advantages were systematically used in a deliberate policy of "acquisition" of foreign owned industrial subsidiaries. During the seventies and eighties, long run employment stability was highest in the foreign owned sector of industry. In the seventies and eighties, its contribution to technological modernization of Austrian manufacturing industry was substantial. Some of the big multinational companies have built new plants in Austria in the last ten years. Subsidiaries of medium sized foreign firms (especially German and Swiss) play an important role in the restructuring of some of the older industrial regions where traditional industries have declined. Foreign