

NY #328A

Economic Warfare Section  
War Division  
Department of Justice  
Washington 25, D. C.

Confidential Supplemental Report  
July 18, 1944 (NY #328A)  
Re: Rumanian Metallurgical Industry  
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Department of Justice  
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Confidential Supplement to Report on  
Rumanian Metallurgical Industry

I. INTRODUCTION

The recent escape of Max Ausnit, a key figure in Rumania's German-dominated metallurgical industry, to Madrid, under peculiar circumstances, calls attention again to some of the individuals and institutions involved in the recent development and present day control of that important Balkan basic industry. The escape of Ausnit, as pointed out in an earlier report, (1) may be part of a plan by which German interests in Rumania - the Reichswerke Hermann Goering A.G., in particular - hope to protect the property they have acquired, to mitigate the severity of any post-war Allied action against them, and to preserve a bridgehead for their next economic invasion of the Balkans. The intended arrival of Max Ausnit in the United States raises questions within the purview of the Economic Warfare Section which need to be brought to the attention of other Government agencies.

The Report on the Rumanian Metallurgical Industry - Absorption by Reichswerke Hermann Goering, Report No. NY-328, Economic Warfare Section, War Division, Department of Justice, New York, New York, March 21, 1944, presents in all available detail the facts relating to the development of Rumania's metallurgical industry and its eventual absorption by Reichswerke Hermann Goering. Between 1930 and 1938, the metallurgical industry of Rumania underwent a process of consolidation, control over the greater part of the industry falling into the hands of four combinations consisting of a few individuals. The Resita Steel Works, the producer of the bulk of the country's iron and steel, was controlled by the brothers Max and Edgar Ausnit. The Ausnit Brothers also owned 70% of Titan Nadrag Calan, the producer of the greater part of Rumania's light iron and steel products. The Ausnit Brothers also had a voice, through agreement, in the control of a number of arms and ammunition plants in Rumania by the Czechoslovakian Small Arms Company, Ceskoslovenska Zbrojevka. The fourth combination consisted of the company's belonging to Nicolae Malaxa, pro-German promoter-

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industrialist who accounted for a large part of Rumania's railroad equipment and heavy munitions, in addition to having a voice with the Ausnits in the management of Resita.

The Reichswerke Hermann Goering accomplished its absorption of Rumania's metallurgical industry, after a decade of German economic infiltration into Rumania, through a combination of conquest, political manipulation, procurement of special royal decrees, coercion and, to a small extent, stock purchases. Nicolae Malaxa, despite his long career of collaboration with the Germans, had his companies confiscated by the Antonescu government of Rumania as a result of his active espousal of the cause of the Iron Guard in its open rebellion in January 1941. Reichswerke Hermann Goering obtained a foothold in the Ausnit properties by taking over the interests in Rumania of the Czechoslovak small arms firm, Zbrojovka immediately after the German occupation of Czechoslovakia. That foothold was soon exploited through the imprisonment of Max Ausnit, the exile of his brother Edgar who was then out of the country, and the "legitimatization" of the German stock ownership under a complicated procedure conveniently provided for the purpose by the Rumanian Government.

In October 1943, the jointly owned German-Rumanian company which leased the Malaxa Works from the Rumanian Government was liquidated. The Malaxa companies were reorganized and Malaxa himself was released from confinement and given a position in the new organization. The indications are that Malaxa has been at least partially reinstated to his original position with respect to his enterprises.

The report (No. NY 328) conjectures about the under-lying reason for Malaxa's reinstatement and concludes: (2)

Nothing could be more advantageous to the Germans than to leave in positions of control and management those individuals in the Rumanian metallurgical industry with whom they have been dealing in the past. This would be in effect establishing a Nazi bridgehead in reverse to be used at any future time when Germany again seeks influence in the Balkans. The individuals in whose keeping the Rumanian industries are to be placed are all tried and true -- from the German point of view. They have no particular feeling for Rumania and regard political regimes as instrumentalities for their personal financial and economic advancement. If they can make favorable bargains with forces outside of Rumania they will do so in the future as they have done in the past. If European financial centers look away from Rumanian needs in the future, as in the past, and seek only to syphon off oil profits, then these individuals who are in power in Rumanian industry will again place their interests within the

German orbit.

II. PRESENT ACTIVITIES OF MAX AUSNIT

The report (No. NY 328) suggested that the return of the Resita and Titan factories to the original owners, the Ausnit brothers, might follow in the wake of the Malaza return and observed, further: (3)

Despite Max Ausnit's repeated incarcerations, he has not been maltreated in the usual Nazi fashion. He is free now and is even permitted to draw an income from Titan. Moreover, some of his trusted representatives in Titan have not been replaced by the Germans. It has been said that Max is being "coddled" by the Germans so that he may be used as a character witness when they are brought to trial by Allied courts. ~~(2)~~

A New York newspaper (4) on July 9, 1944, carried the following dispatch:

ARMS MAKER FLEES ROMANIA

Escapes in Bomber With Friends

by Frederick Kuh

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LONDON, July 8. -- One of Europe's wealthiest armament industrialists, Max Auschnit, has just escaped from Romania in a heavy bomber, according to a Lisbon report. The message says the plane was already loaded for a raid against a Soviet target and had started from a military airfield near Braila. Piloted by Lt. Mathe Ghika of the Romanian Air Force and member of a prominent Romanian family, it also carried several of Auschnit's friends. The bomber made off up in the direction of British Cyprus.

Auschnit had been head of the Reshitza and Titan Iron and Steel Works, producing guns, shells, rail cars, rifles and other munitions. After the first World War, Auschnit's concerns were interlocked with Vickers. Vickers later withdrew while Schneider, Creusot, Skoda and the Czech small arms firm, Zbrojovka, obtained important shareholders in Auschnit's plants.

Auschnit had been having a bumpy time of it and one wonders what the world is coming to when munitions merchants are treated with such indignity. In 1940, the Romanian Iron Guard imprisoned him, owing to his close relations with King Carol. Subsequently he was sent to a hospital from which he reportedly escaped, concealed in a laundry basket, following an attempt of the Iron Guard to assassinate him.

For a while he hid in the country but he returned to Bucharest after Premier Ion Antonescu outlawed the Iron Guard.

The escape of Max Ausnit from Rumania suggests that it may be advisable to revise the concluding paragraph of report No. NY 328. There may, indeed, be something "more advantageous to the Germans than to leave in positions of control and management those individuals in the Rumanian metallurgical industry with whom they have been dealing in the past." The Germans may find it extremely useful to have such individuals outside of Rumania at the present time. That the Germans may have reached such a decision is something which may be read into the circumstances surrounding Max Ausnit's escape. The escape may, of course, have been engineered with help from the outside, perhaps from Allied sources. It may, on the other hand, have been engineered with German help, or with not too much German interference. The announcement by the German radio on July 17, 1944, that Max Ausnit had been tried in absentia by a Rumanian court martial and sentenced to death does not necessarily reflect the real German attitude toward him. (5) In the ordinary course of events, it is no easy matter to make off with a loaded boomer. Such an escapade would be especially difficult for a man of middle age in Max Ausnit's poor state of health.

Whatever the manner of Ausnit's escape, however, and through whatever instrumentality achieved, his departure from Rumania gives rise to several important questions:

1. What property did Max Ausnit take out with him (currency, securities or other valuables) and do other persons have any legal or beneficial interest in such property?
2. Who were the "friends" who escaped with Ausnit? Are there any Nazis or pro-Nazis among them who expect to dwell safely under the protection of Max Ausnit's martyrdom?
3. Are there any persons or property now in Rumania held by the Germans as hostages for Max Ausnit's conduct outside of the country?
4. Has Max Ausnit made any commitments to the Germans in the way of acting as their representative with respect to his or any other property?

5. Have the Germans made any promises to Max Ausnit in connection with any persons or property now in Rumania?
6. Will Max Ausnit have any rights over the assets of his brother Edgar now in the United States, reputed to be over \$5,000,000? If so, have any commitments been made to the Germans with respect to those assets?

It has just been learned that Max Ausnit has arrived in Madrid, Spain. It has been learned also that he intends to leave for the United States by Clipper in the immediate future. The facts contained in report No. NY 328, concerning Max Ausnit, will be relevant considerations in any action that may be taken by the Visa Office of the State Department, the Enemy Control Unit of the War Division, the Federal Bureau of Investigation, and such other Governmental agencies as may be interested.

It is recommended that efforts be made to obtain such other information with respect to Max Ausnit as may be available. Specifically, appropriate authorities should make a pre-travel censorship report on Ausnit when he leaves for the United States and Customs authorities, upon his arrival, should hold all his baggage, papers, films, etc., for inspection by the interested and competent agencies of the Government.

Footnotes

1. The Rumanian Metallurgical Industry - Absorption by Reichswerke Hermann Goering, Report #NY 328, by Howard B. Reanik and Harold Ungar, Economic Warfare Section, War Division, Department of Justice, New York, N. Y., March 21, 1944.
2. Ibid p. 41.
3. Ibid p. 40.
4. FM, p. 9.
5. New York Herald Tribune, July 18, 1944, p. 2.