

5 April 1945

Hq 2677th Regiment
Detachment "R"

GR-419

CONFIDENTIAL
OFFICE OF STRATEGIC SERVICES

COUNTRY Rumania
SUBJECT Return of Malaxa factory to owner

ORIGINAL REPORT NO. GR-419
DATE OF REPORT 5 April 1945
EVALUATION C-3

CONFIRMATION }
SUPPLEMENT }
CORRECTION }

SOURCE []
SUB SOURCE Nicolae Malaxa, Rumanian industrialist

DATE OF INFORMATION 5 April 1945
PLACE OF ORIGIN Rumania

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NUMBER OF PAGES 2
ATTACHMENTS
THEATRE MEMO

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Comment: See GR-395 of 31 March 1945 for previous report on the restoration of the Malaxa Tube Plant to its owner on 20 March.

- Sub-source stated that he was very much surprised when the Government informed him of its decision to restore his factory to him. This decision, he said, is proof of the fact that the Government realizes the importance of the factory and that its liquidation would have disastrous consequences.
- Sub-source stated that under the present administration, the factory's production had fallen to one fourth of normal production, owing to the incompetence of those who were running it. Last year there was a deficit of one and a half billion lei. Besides the present financial difficulties, there are also serious technical difficulties, due to the fact that the "operation" had severely affected the technical personnel and factory specialists.
- Sub-source said that the Government had agreed to practically all his points and an agreement will soon be signed. This has been delayed so far owing to the fact that at first the Government did not want to pay to Malaxa the sum of \$2,600,000, the value of the machines taken by the Russians from the tube factory, which sum was credited to the Rumanian State by the Russians on account of damages. Sub-source thinks that the Government will agree to this point, too.

Comment: According to two independent sub-sources, Malaxa has already managed to have the government recognize its debt to him by

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offering half the sum, or \$1,500,000, to the Communist Party.

4. In reply to source's question as to the Government's intentions regarding the nationalization of industry, sub-source stated that for the moment nationalization is impractical, on financial, technical and productive grounds. He believes that the Government realizes that the nationalization of industry at the present time would lead to the collapse thereof and thus to "economic bankruptcy", which is generally followed by "political bankruptcy". For these reasons the Government will not take this risk. Moreover, the most obvious proof that the Government recognizes this truth is to be found in the fact that it has restored his factory to him, and that it is considering the possibilities of increasing production and of completely reorganizing the factory.

Comment: It is the opinion of Max Augnit, Malaxa's industrial rival, that the Government will not repeat the mistakes that it made in its premature insistence on agrarian reforms and will, therefore, not attempt to nationalize industry. He believes that the Government lacks the financial means as well as the technical skill and management experience at the present time.

5. The Government has also approached Peter Cary, the former General Manager of the Malaxa factory, who was removed after 25 August as being a fervent pro-Nazi. He is one of Romania's finest specialists in technical matters, and as such has been recalled by the Government, which has requested his assistance. The Government is also considering the reengagement of those who have been "separated" from the factory.
6. In reply to source's inquiry as to whether it is true that sub-source has undertaken to turn over half the profits to the workers, the latter stated that this was not one of the conditions laid down by the Government and that he had proposed, on his own initiative, to allocate half of the profits for social works in favor of his workers, such as canteens, cheap and hygienic dwellings, etc.