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OFFICE OF STRATEGIC SERVICES
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COUNTRY	Rumania	ORIGINAL RPT.	GR-419
SUBJECT	Conversation with Malaxa	DATE OF INFO.	23 March 1945
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EVALUATION	C-2	ATTACHMENTS	

1. Malaxa was quite surprised when the Government decided to return his factory. He said that under the present Government, production had fallen to one-fourth of normal. In 1944 there was a deficit of one and a half billion lei, due to incompetent management and to the purge which severely affected the technical workers.
2. He said the Government agreed to almost all his points and an agreement is soon to be signed. This was delayed so far by the Government's reluctance to pay \$2,600,000 for the machines taken from the tube factory by the Russians, which sum was credited to the State. Malaxa said he believes that the Government will agree to this also.

Comment: Two independent sources say that Malaxa has already had the debt recognized by the Government through offering half the sum to the Communist Party.

3. Malaxa thinks the Government will not nationalize industry since it is impractical for financial, technical, and productive reasons, and will not risk economic and even political bankruptcy. The best proof is the Government restoration of his factory.

Comment: Max Arent, Malaxa's industrial rival, says the Government will not repeat the error in the premature insistence on Agrarian reform by nationalizing industry. He says the Government lacks the financial and technical means and experience.

4. The Government approached Peter Carp, ex-General Manager of the Malaxa plant. He was discharged after 23 August, as an ardent pro-Nazi, but he is one of Rumania's finest technicians, and so the Government wants his return.
5. About the agreement to turn half of the plant profits over to the workers, Malaxa said this was not a Government condition, but was proposed on his own initiative to use half of the profits for projects such as cantons, better houses, etc.

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