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23 Feb. 1948

NICHOLAS MALAXA

MALAXA, Nicholas

Subject: *Activities of* Nicholas Malaxa graduated from the Bucharest School for Civil Engineers and started his career, immediately after World War I. He opened a small workshop for the repair of railway cars, and from that instant, he had already initiated the skillful system which he was later to develop into a much bigger and dangerous form.

A few officials of the State Railways who were in his pay, managed to send to his workshop railway cars, which really didn't need any mending at all, but for which, after having applied only a coat of fresh paint, he was paid the price of major repairs.

Malaxa was thus able to gradually enlarge his workshop, which he finally converted into a big factory for the repairs and building of railway-cars. He specialized in making self-propelling railway-cars, which were built by the simple process of fitting automobile engines onto old cars. These he sold, with the aid of his small gang, to the State Railways, for much more than the price at which new cars of the same description could have been bought abroad. (An Italian factory offered at that time new self-propelling railway-cars at one-third the price which Malaxa received for his old ones!)

Malaxa's wealth was rocketting and so was his ability of corruption. He began manufacturing arms and munitions and, in order to be able to get a monopoly on State contracts, he started in 1933 a violent campaign, through some newspapers and a few members of Parliament, against all imports of war-material from abroad, demanding also the cancellation of the existing contracts with the big Czechoslovak Skoda factory.

He succeeded in getting this campaign backed by the then Private Secretary of King Carol, Puiu Dumitrescu, whom he also bribed. It was at that time that Malaxa, through Puiu Dumitrescu, got in touch with King Carol and Mme. Lupescu. Malaxa lost no time in realizing that King Carol and his mistress were themselves very rapacious in money matters. He immediately

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knew how to take advantage of this fact and also of the fact that, by his love of money and his dictatorial tendencies, King Carol had, with the aide of a small clique (^{through} Tatarescu, ^{petre} Bejan, ^{Vintil} Tilea, etc.), started an era of corruption, such as had never before been known in Roumania.

When Puiu Dumitrescu fall out of favour, Malaxa got hold of his successor ~~Urdarianu~~. ^{Urdarianu}

During the Tatarescu government (1933-1937) and during King Carol's personal dictatorship (1938-1940), Malaxa was able to use his influence at the Palace, so as to have his men appointed in offices such as that of General Manager of the State Railways and even that of Minister for Communications -- offices which were of special interest to him, as he could place his contracts on the terms which suited him best.

Malaxa succeeded in having the Skoda contracts cancelled and in getting for himself important orders for the delivery of munitions, which had to be manufactured in factories yet to be built.

Having secured the all-powerful help of King Carol and his clique, Malaxa proceeded with the second phase of his activities. He obtained large advance payments from the government for his munitions contracts and with that money built new factories. When these factories started production, Malaxa obtained such tremendous increases of import duties that no materials of the kind which he manufactured could be imported from abroad. He thus gained far-reaching monopolies which were not limited only to munitions. His big oil-pipes factory was solely built on the advance payments from the government on future deliveries. When it got into production, the import duty for oil pipes was raised by 1000/100 -- an unprecedented fact.

Malaxa used his great influence on King Carol by constantly stimulating his dictatorial ambitions, as Malaxa himself needed more and more the total abolition of all remnants of democratic

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institutions, so as to avoid any checking or censure by Parliament, daily press and public opinion of his ever-increasing business activities.

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Beginning in 1937, Malaxa started to play the Hitler game and, aided and abetted by Urdarianu, he became one of the chief pro-Nazis in the King's entourage. At the same time, he began giving financial support to the Iron Guard, Hitler's fifth column in Roumania.

Malaxa and Urdarianu thus became the ones chiefly responsible for the change in Roumania's foreign policy and its final association with the Axis.

Gaining Nazi confidence, Malaxa succeeded in entering into intimate relations with high German industrialists to whom he offered his collaboration and gave advice about the best means of ensuring close cooperation with Roumanian industry. He established close connection with Marshal Goering's brother, Albert, ^{GOERING} whom he invited to participate in all Roumanian companies in which he had a financial interest --/amongst them being the big Resitza, iron and steel works.

Malaxa was so much "persona grata" in Nazi economic and political circles that, during the grave crisis which arose over the execution, by orders of the King, of Codreanu (Chief of the Iron Guard), Carol sent him on a special mission to Berlin, with instructions to patch things up. Upon his return from Berlin, in January 1939, Malaxa reported that he had succeeded in arranging matters by offering the Nazis the conclusion of a pact of intense German-Roumanian economic collaboration. But, Malaxa underlined that: "Germany's good intentions should not be again frustrated by mistakes and hasty action."

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When King Carol abdicated, in September 1940, Malaxa tightened the connections which he had already previously established with the Iron Guard. This Hitlerite Party was now strongly represented in the new regime set up by General Antonescu.

Malaxa's collaboration with the Iron Guard became so close that, when the Iron Guard unsuccessfully rebelled against Antonescu in January 1941, it was discovered that, not only had Malaxa given them large financial aide, but he had also procured arms for them. His house, in Alea Alexandru in Bucharest, had been turned into an Iron Guard fortress, which had to be conquered by artillery bombardment.

For this reason, Malaxa was arrested by Antonescu after the rebellion had been crushed. He was in prison for a few days, then kept under house-arrest for several months. His factories were confiscated.

Again, using to good effect his amazing power of corruption, Malaxa succeeded in coming to terms with Mihai Antonescu, General Antonescu's closest collaborator. He was liberated and some of his factories were returned to him. Negotiations for the return of the other factories were almost completed when the Antonescu regime was overthrown.

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On account of his pro-Hitlerite past, Malaxa thought that it would be advisable to leave Roumania after the Coup d'Etat of the 23rd of August 1944. He was however refused a passport.

But, his first fears proved unfounded, and he didn't have to suffer in the least by Soviet occupation. He again used to good effect his special faculty of picking the right people to bribe. Due to this fact and to his ruthless disregard towards his country's interest, he soon succeeded in getting on the best of terms with the Communists and the Russians.

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So it happened that, already at the beginning of 1945, with the help of strong Soviet and Communist support, he was not only given back the rest of his factories, but also obtained huge indemnities, new contracts, and advance payments.

This was the result of a decision made by the Economic Committee of the Government, presided over by Groza, then Vice-Premier. Malaxa's strongest supporter in that Committee had been the Communist ^{Gheorghiu} Gheorghiu-Dej (Minister for Communications) and ^{Nicolau} Nicolau (Minister for Social Welfare) who, against the opposition of the representatives of the National Peasant and Liberal Parties, imposed not only the immediate restitution of the remaining factories, but also a compensation of about \$500,000 for "gains manqués", (i.e. earnings Malaxa could possibly have made during the last three years).

One of the Communist members of the government gave to one of his colleagues in the Cabinet the following explanation concerning the attitude adopted by his Party in the Malaxa question:

"The day before the meeting of the Economic Committee of the Government, we discussed the matter in the Central Committee of the Communist Party. One of its members was against backing Malaxa, but Ana Pauker and Gheorghiu Dej spoke very strongly in his favour, and it was decided that Malaxa would have our full support. Ana Pauker has disclosed to some of us that one-half of the indemnity granted to Malaxa will be paid by him to the Communist Party. Colonel Finoghenov, Head of the Soviet Economic Mission, has told one of the most important members of our Party that Malaxa must be backed because he is ready to give the whole of Roumania to Soviet Russia so long as he can make a profit out of it."

Shortly afterwards (still at the beginning of 1945), the Soviet occupation authorities in Roumania removed to Russia, by an unilateral and unfair interpretation of the Armistice Convention, some of Roumania's most important factories -- amongst them Malaxa's big oil-pipes plant (known as "Laminorul Mare").

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Whilst this operation was in progress, there was a change of government in Bucharest and Groza was imposed by force at the head of a Communist-dominated government, by Vishinsky. One of the new government's first decisions was to grant Malaxa a compensation of \$2,400,000 for the oil-pipe plant. There is no doubt that this was done as the result of an understanding between the Soviet authorities and the government sponsored by them.

Thus, Malaxa was the only Roumanian -- rich or poor -- to receive any compensation for property removed or looted by the Russians! But more than that -- this compensation was equal to at least the full value of the factory and he was recognized the right to receive it in dollars. This was an exceptionally favorable business for Malaxa for, in view of the conditions then reigning in Roumania, he never would have been able to sell his factory for even a fraction of that sum.

It is beyond doubt that this deal was also made on the basis of sharing the profits with the Communist Party.

As the Roumanian Government didn't have such a large sum in cash, Malaxa was authorized to collect his dollars by exports and by selling to Americans unlimited credits in Roumanian currency, which were made available to him. Malaxa has already succeeded in cashing the whole sum -- two million dollars by selling to the Joint Relief Committee of New York, the large amounts of Roumanian lei which they needed for their relief work in Roumania, and \$400,000 by exports of different goods.

Malaxa's collaboration with the Soviets was intensified and he also taught them various ways and means to get hold of Roumania's economy. So it happened that he played a big part in the working out of the Soviet-Roumanian Mixed Companies (Sovroms), which have become one of Soviet Russia's most efficient instruments for the exploitation of Roumania.

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One of the outstanding members of the Roumanian Delegation who signed, on May 8, 1945, the agreement for Soviet-Roumanian Economic Collaboration by which the Sovroms came into being, disclosed, at his return from Moscow, that the Delegation had had the surprise to find that the text of the agreement had already been drawn up and that the Delegation was only allowed to sign on the dotted line. When he had asked who had drafted the text, the Roumanian delegate received the following reply: "Tatarescu and Malaxa".

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The Soviet authorities soon decided to make use of Malaxa abroad. The first indication in that respect was a statement made privately ^{*George*} by ~~Tatarescu~~ Tatarescu, then Vice-Premier, when returning from an official visit to Moscow:

"The Russians have authorized Malaxa through me to build an automobile factory in Bucharest with the help of American capital."

It was for this and other purposes that Malaxa was allowed by the Soviet authorities in Roumania and by the Communist-dominated Roumanian government to go to the United States, where he is their confidential man of business.

Roumanian circles were greatly surprised to learn that Malaxa, who had not so long ago been a Hitlerite agent, had been given the American visa. They however noted with satisfaction that the British visa had been refused him.

Malaxa arrived in the United States in October 1946, very shortly after the arrival ^{*Mihai*} of ~~Ralea~~ Ralea, ^{*(Minister to Washington)*} the representative of the Groza government, with whom he has since worked in the closest association. They tried together to get various credits, but have so far only succeeded in obtaining a commercial loan of \$13 million.

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As stated above, Malaxa collected \$2 million to his credit by selling "leis" to the Joint Relief Committee, and \$400,000 by exports. This is not the only sum which Malaxa possesses in the United States, as he also succeeded to unblock, under mysterious circumstances, his large pre-war bank accounts in New York.

There is no doubt that Malaxa is an agent of the Soviet Government and of the Roumanian Communists in the United States, even if he himself is not a Communist at heart. And this Soviet and Communist agent has in this country important sums which he can use as he pleases -- propaganda, information, etc.....

As Malaxa is extremely clever, efficient, perfectly self-controlled, very discreet, of an unbelievable perfidy and a master in the art of bribery, he must be considered as one of the most dangerous agents.

25 February 1948

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