

Private Profit Seekers Convicted and Executed for Speculation

By JAY AXELBANK
 United Press International
 MOSCOW (UPI) — During the past two years more than 220 persons have been executed by firing squads in the Soviet Union for trying to make a fast buck.

Many of those who died would be criminals in any country — embezzlers, forgers, swindlers, bribers and bribe-takers.

But others have been shot for simply doing what comes naturally to businessmen in the United States and other Western countries.

In the West, the go-getter who knows how to make money because of a shrewd business head, resourcefulness or the right contacts often becomes a rags-to-riches success. He builds a house, buys one or more cars, takes a Caribbean or Riviera vacation, perhaps becomes president of his local Rotary Club.

In the Soviet Union the same go-getter businessman may be (and has been) convicted as a criminal and put to death.

The Soviet government an-

nounced Oct. 11 that 11 Russians were sentenced to death in two separate trials for operating private businesses within two government-owned textile plants.

The doomed men were officials of the plants who diverted products to the black market for huge profits, according to the Soviet press.

Private enterprise is strictly illegal in the Soviet Union except for a few minor exceptions — notably farmers who in addition to working on collectives or state farms sometimes have private plots and are permitted to sell the produce, usually a small-scale operation.

Anybody who employs his talents for making money for himself instead of the state is considered a criminal menace to society who must be ruthlessly stamped out.

Small Minority
 The Soviet Union long has been plagued by a minority — and it is a small minority — of "capitalist types" who make or try to make private fortunes. In May, 1961, the government

decided to take extreme measures to get rid of them and discourage imitators.

The death penalty was instituted for speculation in state property, and two months later speculation in currency also became punishable by death before a firing squad. A year later bribery was added to the official list of capital offenses.

The figure of more than 220 persons executed since May, 1961, is obtained by counting the cases reported to date in the Soviet press. The actual figure could be much higher. No statistics on economic crimes are published.

Bribery Costly
 The magnitude of the problem was underlined by Premier Nikita Khrushchev himself in November, 1962, when he reported that in the first half of that year embezzlement, swindling and bribery had cost the country 61 million rubles (\$87 million).

To understand how a Russian can get into private business to make illegal profits and risk the firing squad, it is necessary to

know the rudiments of the Soviet economic system.

All means of production — as opposed to personal possessions such as an overcoat or radio — are state owned. In order to make a private profit from commodities one must resort to pilferage or theft of state property. All legal trading, buying and selling is a state monopoly.

Therefore a man in the west who might be described as an enterprising businessman could be a dastardly criminal in this country — accused of embezzlement, speculation, theft or bribery. Private enterprise became an alien and criminal holdover from czarist days. The major exceptions were farmers allowed to supplement their state farm work by growing produce on their own plots. This was permitted in order to bolster badly needed food supplies. But Soviet authorities have long taken the position that in a more ideal communist society free farming will have to go.

Private Enterprise
 In a technical sense, it may be said there are other areas of

limited private enterprise — the doctor who is permitted to tend his private practice after state duty hours; mechanics, carpenters or electricians who can go from state repair or work stores to side jobs after hours, teachers who may tutor privately on their own time, secretaries who can take on private typing jobs — and domestic workers who babysit in the evenings.

A carpenter can come to your apartment to build shelves or a woman can do private dress making, but no such entrepreneur may take on an assistant. That would be "going into business" and exploiting labor to make a profit.

As long as only a person's labor is involved, and state work is not neglected, a side job is legal.

Because a person may never hire an assistant, the size and scope of side job earning must remain very limited. In addition every Soviet citizen must have a state job or be able to prove gainful employment if called upon.

This prevents persons from en-

gaging in full time backroom business. And money derived from side jobs is heavily taxed. The tax is so high it amounts to a fine.

Only the state, in the Soviet system, can legally make a profit through business. A citizen gets wages or "bonuses" if his plant or place of business exceeds a norm, a little "pocket money" from the aforementioned side jobs, or earn interest on savings accounts, interest from investment is not permitted.

Communists Protest
 The newspaper Literaturniya Gazeta (Literary Gazette) on July 27 reported a pertinent example of how abhorrent private business is to communist leaders.

The chairman of a collective farm, in this case, had a bumper crop but no wooden boxes with which to ship them to market. Unwilling to see the fruit rot, he procured wood illegally outside of official distribution channels, constructed boxes and shipped the apples off to market for the benefit of his collective.

In some countries such resourcefulness might have been applauded. But the director's reward was eight years in prison, even though he pleaded that no personal profit was involved and he sought only to help his farm.

The same newspaper reported on another collective farm chief who, when faced with inability to get pipes to bring water to the farm, resorted to private procurement in Moscow. For this he was sent to jail for three years.

A western economics expert here gave an example of what constitutes illegal profiteering in the Soviet Union.

If, for instance, you want to get rid of a suit or bicycle, and can sell them for as much more than you paid for them, such profit would be permitted. But if you buy up suits and bicycles from acquaintances and sell them at a profit, you are a private businessman and a criminal.

Because a speculator — the common Soviet term for a private businessman — often needs the help of industrial or trading officials in clandestine operations, such officials frequently get caught up in the dragnet against economic criminals.

Five Executed
 In July of this year, for instance, in one 48-hour period five trade officials in Leningrad were reported executed in connection with the embezzlement of 162,000 rubles (\$180,000) and it was announced four trade officials in the Crimea were shot for swindling 194,400 rubles (\$216,000) from the state.

One of the ways in which eco-

nomic criminals are apprehended is through obvious high living. Some illegal Soviet "millionaires" — and they have been so referred to in the press — have not been able to resist the temptation to build huge dachas (country homes), furnish apartments luxuriously and drive big cars.

Some sample cases which have been reported in the Soviet press:

—The chief of a hosiery department of a government store in Armenia was sentenced to death for embezzling 76,000 rubles (\$83,000) worth of goods and selling them through a large network of bigtime speculators. This case was made public April 4 by the newspaper "Soviet Trade."

—A so-called lipstick king who clandestinely manufactured cosmetics in a Moscow suburb was reported in March, 1962, to have been shot. A Riga factory director, chief engineer and two bookkeepers, his accomplices, went to prison.

Prays With Life
 A fruit store director in Saratov and his accomplices — according to an Oct. 30, 1962, report in the newspaper Soviet Trade — wrote off one-third of a 30-ton shipment of Mandarin oranges as rotten. He then sold them in various shops — and paid for it with his life.

—On Feb. 14 this year the newspaper "Soviet Culture" reported that three men were sentenced to death for profiteering in the manufacture of girls' hair ribbons. The amount involved was 99,000 rubles (\$110,000).

—Five men were sentenced to

death in Leningrad for illegally manufacturing and selling razor blades, buttons and ballpoint pens, the newspaper Soviet Russia reported on Feb. 21. Amount involved: 200,000 rubles (\$222,000).

—In Sverdlovsk six persons were sentenced to death for buying and selling gold. Amount involved was 324,000 rubles (\$360,000), the Tass News Agency reported last March 27.

—Finally, one of the most bizarre cases from which two men paid with their lives last Feb. 15. In Sverdlovsk the men were caught not putting the required amount of fat into meat balls and selling the excess for their own profit.

Commentators in western countries have cited the executions for economic crimes as proof of the inability of communism to wipe out private profit motives in individuals.

From Communist China have come accusations that Russia is one "big den" of profiteers and speculators.

Soviet authorities retort that it takes many years to get rid of the "lingering traces of capitalism."

In the last analysis there is, so far as can be determined by western experts, only one way to become a millionaire legally in the Soviet Union and that is to collect huge royalties from a successful play or novel. The few legitimate millionaires in this country — there is no way for a westerner to know how many — are believed to be writers.

The creative intelligentsia, including writers, musicians, doctors, engineers and those connected with the nation's vast space program, are not millionaires but command handsome rewards and can afford the luxuries.

The average factory worker in Russia earns 80 rubles (\$88) a month, the average white collar worker 100 rubles (\$110). But a top scientist can pull down as much as 1,500 rubles (\$1,660) a month.

Under communism a Soviet citizen's chief professed goal — if he's both loyal and legal — is to make the state rich and prosperous, not himself.

When the state becomes affluent the good things in life will trickle down to one and all, according to Marxist theory. And for those impatient souls who apparently can't wait death or prison is the penalty.

Italian Government Ideal To Help Solve Crisis Proves Flop

By ERNEST SAKLER
 United Press International
 ROME (UPI) — An idea which the government hoped would solve Italy's agricultural crisis — reduce wheat acreage in favor of cattle raising — has proved a flop.

If things go on as they are now, the ox and cow, far from taking over the scene, may come to be remembered in Italy as strange, extinct animals.

The changeover from wheat to cattle became official government policy a few years ago when it grew obvious that the great postwar land reform had turned thousands of poor laborers into farmers but hadn't solved the farm income problem. Continued low prices for farm products and using prices of agricultural machinery actually had widened the gap between country people and workers in the cities.

The answer, the government ruled, was a switch to the more profitable business of cattle raising. Measures were taken to encourage the change over and domestic producers were protected from foreign competition through meat import quotas that brought indignation protests from Argentina, Denmark and other meat-exporting countries.

Big Falls
 It now appears obvious that the bid to make Italy a big meat producer has failed. The Eurostampa news agency reported recently that the number of cattle in the fertile Po valley was going down — not up — by 1,000 head a day.

In 1961, the agency reported, there were 9,813,000 head of cattle in the area, including 4,950,000 milk cows. The following year, figures were down to 9,300,000 head, including 4,700,000 milk cows. On some farms, cattle decreased 20 to 25 per cent in a couple of years and wheat acreage went up 6 to 7 per cent, the exact opposite of what the government had hoped for.

The reasons, Eurostampa said, were increased slaughtering due to a number of factors. One was recurrent droughts which this year reduced fodder production by 15 to 20 per cent. Another was the low level of prices compared to growing costs. A third factor was the exodus of manpower of the cities.

Youths Leave
 The agency estimated that eight out of 10 young men born in industrial Lombardy leave the land. The province of Milan, it said, needs at least 15,000 to 16,000 cow milkers, but only 10,000 to 11,000 are available. The one solution would be wider mechanical milking, which however poses technical and financial problems.

The Milan newspaper Il Giorno, which took a similar pessimistic view, provided an additional explanation: Italian cattle farms are far too small to be profitable.

What little statistics there are Il Giorno said, show that the average Italian cattle farm has only 6.16 head. On flatlands, the proportion is 9.90, but in the hills it goes down to 4.98 and in mountain areas to 3.93.

An extensive study made in France, Il Giorno said, showed the most profitable cattle farms were those with 120 head. The minimum the French researchers even considered was 30 head, five times the Italian average.

The farmer with only a few head of cattle, even if he had the know-how and time, could not use high productivity techniques because they wouldn't be profitable, Il Giorno said.

The only partial remedies it suggested were measures to stop a further breaking up of estates and encouragement for owners of small herds to join forces and set up "associated stables" for their cattle.

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