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Soviet Renounces Concessions

*State's Private Industries to
be Opened Up in Scheme
to Attract Capital*

*Commissars Decide to Seek
Foreign Investment as
New Liberalization*

MOSCOW, Sept. 14. (AP)—The Russian soviet government tonight announced a sweeping change in its policy of granting concessions abroad. Several fields of industry which the state formerly held for its own exclusive exploitation will be opened and many handicaps under which concessionaires have suffered are to be eliminated.

Tonight's announcement says, "To popularize foreign concessions and attract foreign capital, a list of available concessions soon will be published in various foreign languages."

The decision to widen the door for foreign capital was made by the Council of People's Commissars after a lengthy report by the main concessions committee.

SPECIAL FIELDS

The fields named for special privileges include the exploitation of mines, the construction of machinery, and manufacture of paper pulp, automobiles, artificial silk and tanned leather. Other concessions will be available in the fields of transport, mining, fuel production, electric plants, timber, cotton and sugar growing; dairying, and building construction.

The concessionaires will be allowed to import raw materials duty free for the construction of their plants if the materials are not available in Russia. All capital used by them for plant establishment must come from abroad in the first instance, but thereafter they will be permitted to utilize a part of their profits for further development.

Permission to export foreign currency will be "facilitated" for concessionaires in the future and the payment of taxes will be simplified by making them payable in a lump sum to one organization. Heretofore, concessionaires have found irksome the laws requiring payment of various taxes to different organizations.

THORNY PROBLEM

The way of private capital in the Union of Socialist Soviet Republics has been hard and foreign concessionaires often have found their contracts thorny in the past. All industries, including many in which foreign capital was invested, were nationalized and made Communist following the revolution.

As early as 1921 a departure from this state policy in the form of a foreign concession was reported. Since then there have been many, but their status has not always been certain and several have fallen by the wayside.

In August, 1925, Leon Trotsky, at one time chief of the Concessions Committee, in announcing that the soviets were to be more liberal in treatment of foreign capital, said that of 103 concessions granted abroad up to that time, only thirteen either had expired or been annulled. He listed those in effect as twenty-two German, seventeen English, eight American, with the others scattered.

DEALS TRACED

Among the more important concessions granted to Americans was that of the Sinclair Consolidated Oil Corporation to operate in Saghalin, which finally was annulled in March, 1925. W. A. Harriman & Co. of New York won a valuable manganese concession in Georgia, but there followed a long series of negotiations which finally resolved, according to a recent report from Moscow, into an agreement for the

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soviet to buy out the American investments.

The Westinghouse Air Brake Company, which had a factory in Russia, was another to have its contract annulled. Other large American contracts and concessions are said to have been made by the Standard Oil Company of New York and a group interested in the Lena gold fields. At various times there has been talk of American capital being interested in shipping on the Volga, a new Siberian railway, Amur mines, Dnieper power plants in the Ukraine, and coal mines in the Donetsk region.

Although soviet Russia has continued a rather rigid stand against foreign concessions, since 1924 it has striven to encourage foreign trade and has treated more liberally private capital within its domains.