

CHAPTER X

THE SYSTEM OF GENERAL SOCIAL BOOK-KEEPING
AS A SYSTEM OF CONTROL OVER THE ECONOMIC PROCESSThe Method of Control by Subjective
Administrative Decision

Among the various functions of the system of general social book-keeping, we have named up till now the registration of the stream of products; the determination of the Remuneration Factor, or Factor of Individual Consumption (FIC); and the issuing of Labour Certificates. Now we will also draw into its general sphere of competence the function of control over production and distribution.

It is obvious that the form assumed by this means of control stands in close association with the foundations of the economy as a whole. In the case of state communism, in which the whole of economic life is subjected to regulation by means of subjective norms and on the basis of statistics, control also appears as a function of *administrative decision*. In a system based upon the Association of Free and Equal Producers, with labour-time computation as the basis of production and in which the distribution of all products is determined objectively by the process of production itself, the processes through which control is implemented also assume an exact form. Such a system of control takes into account all the separate elements represented by production, reproduction, accumulation and distribution, and proceeds to a certain extent automatically.

In his book "Die wirtschaftspolitischen Probleme der proletarischen Diktatur" ["Problems of Economic Policy in the Proletarian Dictatorship"], Varga provides us with a description of how control is implemented under the system of state communism. He writes:

"It will be a part of the sphere of responsibility of the centrally organised management to exercise control over the works administration and the day-to-day management of affairs in respect of state property, a problem which has caused a great many difficulties in Russia ...

The frivolous treatment of state property, of the disappropriated property of the bourgeoisie, derives above all from the capitalistically egotistical tendency endemic in society as a whole, a tendency which is due at least in part to the fact that moral awareness has been especially undermined as a result of the long duration of the war. However, an additional factor which plays a role here is the widespread prevalence of a lack of clarity concerning the new property relations. Those proletarians to whom has fallen the task of administering the disappropriated factories are only too prone to adopt the belief that the factories are their own property, not that of the whole of society. This makes a smoothly functioning system of control all the more important, since it simultaneously represents an excellent means of education ...".

"The problem of social control found an excellent solution in Hungary. The inspectors, who previously had served the capitalists, underwent an increase in numbers through the training for this function of judges and middle-school teachers, and these, as employees of the state, were brought together into a special section under the Peoples' Economic Council. This section was divided into professional groups, so that the same inspectors were made permanently responsible for factories belonging to particular branches of industry. The spheres of control extended not only to financial dues and taxes on materials, but also concerned themselves with the correct deployment of the labour force, investigations into the causes of poor labour performance or of unsatisfactory results generally. The inspector responsible carried out his inspections at regular intervals

and on the spot, both in respect of the industrial establishment itself and its associated book-keeping and other offices, and drew up a report which consisted not only of the failings which had been brought to light, but also proposals for possible reforms. The inspectors themselves possessed no rights of disposal whatever over the factories allocated to them, but merely submitted their reports to the competent organisational authorities. In the meantime, there soon arose forms of cooperation between the Inspectors, the Commissars of Production and the Works' Councils. The recommendations of the inspector were often quite spontaneously complied with. A journal was even published, 'The Inspectors' Gazette', which was distributed to all disappropriated factories and made a considerable contribution towards clarifying organisational problems of works management amongst the workers themselves. The structure of systematic control extended not only to the factories but also into the sphere of competence of all Peoples' Commissariats." (E. Varga: "Die wirtschaftspolitischen Probleme der proletarischen Diktatur" ["Problems of Economic Policy in the Proletarian Dictatorship"], pages 67-68).

What Varga here terms "control over production" is in fact the result of combining under one heading two completely separate functions. The one relates to control in the book-keeping sense - control over the account books. This is merely a matter of debit and credit. On the other hand, it also relates to the question of technical control; this concerns itself with the continual and ever-increasing rationalisation of production throughout all stages, with which is associated the achievement of the highest possible degree of efficiency in each productive establishment. With Varga both of these fundamentally different functions are united in the one control authority, which for a Communist economy is fundamentally wrong. This becomes self-evident - incidentally revealing the true character of the Hungarian Soviet Republic described by Varga - when

it is considered that the system of control over the production process is clearly shown to consist of a combination of two quite disparate functions: on the one hand, rationalisation measures and, on the other, the recording of the results of those measures in book-keeping form. Control card systems, time-clocks, the Taylor system¹ and an ever faster-moving production line form the milestones marking the progress of this system of rationalisation which is simultaneously a system of control - but one which serves a superior power to make effective its control over the labour which has been placed at its disposal. Under these conditions control of production means control over the producers, to determine if the results of their labour are sufficiently profitable, if they yield a sufficient surplus for the purposes of the commanding authority which lords it over the economy. This form of control bears the character of a system of domination over the producers.²

Objective Methods of Control

The method of production control applicable in a society of free and equal producers is a fundamentally different one. There also measurements pertaining to work processes and mechanisation of the labour process, such as production lines, will exist, but now these will be technical measures for achieving and implementing the best working methods, desired and applied by the workers themselves in their respective productive establishments. This is the case because, behind these measures, there stands not the whip wielded by the central commanding authority, which is motivated by the aim of achieving the greatest possible surplus, but the autonomous interests of the producers themselves, who with every increase in the productivity of their labour simultaneously increase the total stock of useful articles available for society as a whole, to which stock all workers have an equal right.³ And it is here that the tasks discharged by the establishment responsible for social regulation of and control over production begin. The system of social book-keeping, which of course is the clearing-house for all

incomings and outgoings of the separate productive establishments, must keep watch over the incoming and outgoing stream of products, to ensure that these correspond with the productivity norms which have been determined for each respective productive establishment. Since under Communism there can be no economic secrets, and since accordingly the reports issued periodically by the Office of Social Book-keeping make publicly known the production situation at each separate productive establishment, the question of control is thereby solved. It simply ceases to be a problem.

Which organisations are responsible to intervene in the case of failures of, or departures from, the established procedures, and which decide the measures to be applied in such cases, represents a question in its own right; it properly belongs in the sphere of technical-organisational methods.

THE SYSTEM OF CONTROL OVER PRODUCTION APPLICABLE IN A SOCIETY OF FREE AND EQUAL PRODUCERS IS THUS NOT DEPENDENT UPON SUBJECTIVE DECISIONS REACHED BY OFFICIALS AND AUTHORITIES, BUT IS MADE EFFECTIVE THROUGH THE PUBLIC REGISTRATION OF THE MOVEMENTS TAKING PLACE THROUGH, OR THE PROGRESS ACHIEVED BY, THE OBJECTIVE PRODUCTION PROCESS ITSELF; IN OTHER WORDS, *PRODUCTION IS CONTROLLED BY REPRODUCTION.*

We will now attempt to show by means of a schematic representation the precise form which the system of accounting control will take. Let us consider to begin with a process of production based upon average social production time. We have come to understand the concrete realisation of this category as a horizontal coordination of similar productive establishments. If we number the separate productive establishments belonging to a particular production group as Factory 1, Factory 2, Factory 3 .. and so on, to Factory N, and take the total of their production = t , then the following sum gives their total productivity:

