THE DISTRIBUTION OF RESPONSIBILITY WITHIN
THE SOVIET UNION: THE SOVIET MANAGER BETWEEN
THE MINISTRY AND THE OBKOM

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Preface

This report summarizes my research on the Soviet enterprise. It focuses on the main actors both within the Soviet enterprise and outside the Soviet enterprise. The main actors within the Soviet enterprise are the director and his staff: the chief engineer, the head of the planning department, and the chief accountant. The secretary of the primary party organization and the head of the enterprise trade union are also internal actors, and they represent a possible source of outside influence within the enterprise. The primary actors external to the firm are the ministry and the local party. The enterprise director and his staff must deal with them in the routine and non-routine operations of the enterprise. This work seeks to shed light on what each of these actors does—both formally and informally.

Questions of managerial staffing both within and above the enterprise have taken on increasing significance with the reform efforts initiated by Gorbachev. It is clear that the successful restructuring of the Soviet economy depends upon it being staffed by the right persons. By studying the managerial staff of the Soviet enterprise, we are able to study the key issue of the restructuring program: How will enterprise personnel respond to new circumstances and to changes in the rules of the game?

This study is based upon three main sources of information. Soviet publications on the Soviet enterprise are utilized extensively along with standard Western writings on this subject. The unique source of
information is that provided by in-depth interviews with former Soviet managerial personnel. It is their insights into workings of the Soviet enterprise which provide new information on Soviet management. Respondents were interviewed either in a one-on-one setting or in roundtable discussions. Respondents were chosen primarily through snowballing techniques. Respondents were chosen who occupied responsible positions within the Soviet enterprise. The Third Soviet Emigration, it might be noted, appears to be well-suited for such a study of middle elites. A reasonably large number of willing respondents occupied exactly those positions in the Soviet enterprise—chief accountants, chief engineers, managers and deputy managers—which are the object of study.

The author is grateful to the respondents who were kind enough to participate in discussions. He is also grateful to the National Council of Soviet and Eastern European Research for financial assistance—through the auspices of the Soviet Interview Project, James Millar, director. The author would also like to express his thanks to Svetlana Alexieva for her transcription of interviews and to Paul Gregory for his comments on an earlier draft. The weaknesses and errors of this work are the sole responsibility of the author.
Local Autonomy in the Soviet Economy

The enormous number of assorted directives existing in the Soviet economy reflects an overriding desire to attain productivity through formal methods of management. Simultaneously it is testimony to a shared distrust of superiors for their subordinates. To quote a Soviet source on this paradox: "The paradox of over-organization lies in the good intentions of achieving maximum harmony by limiting the meaning of involved parameters. And the means used to arrive at this harmony are the directives, which strive for ever greater precision" (Radchenko 1980).

By directives we mean "any normative document approved for the purpose of achieving or improving the level of organization" (Radchenko 1980). Three types of directives can be distinguished in Soviet practice. They are occupational instruction (dolzhnostnye), methodological (metodicheskie), and rukovodstva. The third type constitutes a collection of unifying directives on a set of interrelated tasks and operations (Radchenko 1980).

The Problem of Contradictory Instructions

One of the main problems of the formal methods of management is the contradiction between directives issued at different times and by different agencies. The maze of contradictory instructions has long been noted by Soviet authorities. In 1976 Brezhnev wrote that "thousands of various memoranda and directives are in effect in each industry of the national economy. It is impossible to make head or tail of it! Especially when one considers that many of these directives are
outdated, contain unjustified constraints, and promote petty regulation." The same theme is echoed eleven years later in *Ekonomicheskaia gazeta*: "To this day, the passion for creating norms both on the state agency and the local levels remains a serious obstacle on the path to strengthening legality, often going against the law and known for paralyzing enterprises that merely seek those rights provided to them by the law or a government decree." The Soviet press supplies numerous examples of the confused situation in which instructions and decrees are issued. *Ekonomicheskaia gazeta* reports on a decree to limit the number of departments that "the ministry's legal department has no idea as to their total number in the industry. Given the situation, who could possibly tell how many of them should be abolished or modified?"

The breadth of Soviet discussion concerning rules and their ineffectiveness should be emphasized. The book *Organizatsiia upravleniia mashinostroitel'nym predpriiatiem* specially discusses why there is a need for personnel directives and why many directives "do not work." The magazine *EKO* (9, 1981) relates the results of a survey of managers, the majority of whom agreed that the "distribution of tasks and responsibilities is becoming more and more muddled." Many other examples can be cited from Soviet literature.

**Causes of Contradictory Instructions**

The Soviet literature and interviews with former Soviet managerial personnel shed light on why instructions tend to be contradictory. The Soviet literature and interview evidence presented below suggest two basic reasons why directives often do not work:
1) there are too many directives and they are mutually contradictory;
2) the real conditions of production and the need to fulfill the plan at
   any cost force the manager to violate the instructions.

The Soviet author, Ia. Radchenko, writes that the Soviet manager
often "is in no position to choose between several alternatives, living
out the fairy-tale situation, where "if you go straight, you'll mess up
the plan, if you go right, you'll lose the helm, and if you go left,
you'll violate an instruction" (Radchenko 1980).

Respondents provide ample evidence of the confusion caused by
contradictory instructions in the Soviet enterprise. Most respondents
complain about the endless stream of self-contradictory directives
issued to the enterprises from various higher-echelon and controlling
organizations. However, one respondent from a large enterprise (who
served as a specialist on industrial organizations) brought attention to
a situation where the shuffling of instructions takes place within an
enterprise with several thousand employees. The respondent was able to
give a clear account of contradictory instructions and how they were
dealt with. To quote at length from the respondent:

"I had undertaken an analysis of the director's orders to the
factory. There were 900 of them issued over the course of a year.
They contained 10,000 paragraphs meant to be carried out! I
entrusted a group of employees to check the execution of these
orders. It turned out that over half the paragraphs had not been
executed and were already forgotten. We asked ourselves just how an
order is created. An order originates in a given department or shop.
It is prepared, as a rule, by mid-level employees, who then send it to
the chief of the department or shop for a signature, and the latter
subjects it to the director's approval. The director signs it. And often it transpires that these orders contradict each other. The chief mechanic's department issued one order and the chief technologist's department came out with another one. And since the two orders were not reconciled in advance, they may contain contradictory points."

Question: "And both of the orders had to be signed by the director?"

Respondent: "Yes."

Q: "Are there orders that can be signed by the chief mechanic?"

R: "No. There are orders and then there are instructions. Only the director can issue an order to the factory. The chief engineer and the deputy directors can issue instructions to the whole factory. The chief of a shop can issue instructions to the given shop."

Q: "In case of conflict, which order was carried out?"

R: "Remember the joke about the tailors? In a little Jewish town there is an ad on a house on the street: 'Here works the world's best tailor.' On the next house it says: 'Europe's best tailor,' then--'the country's best tailor,' and finally, at the end of the street --'the best tailor on the street.' So, who is the worker going to listen to? It will always be his immediate superior."

Respondents familiar with construction spoke in some detail about the insignificant role of instructions in construction. Unlike many other industries, the construction industry has compiled all of its directive-normative materials into six thick volumes and sent them to all of the construction enterprises in 1974. When questioned about what
role these detailed instructions played in the construction industry, three knowledgeable respondents with many years experience in construction agreed that these documents were not referred to in the process of work.

Respondents reported with great frequency on the unimportance (and ignorance of) instructions. Respondents, however, have different experiences with the source of occupational job descriptions. It appears that they could be composed either within the enterprise or they could be handed down by the ministry. One respondent reported on a surprising lack of job descriptions from the ministry. The respondent worked in a small lumber trading organization where five managers along with their boss wrote up their own job descriptions. The respondent could not recall whether they ever had a directive issued by the ministry. However, another respondent who worked in an enterprise subordinated to the USSR Ministry of Energy had a quite different experience.

R: "Where I worked, each employee had his rights and duties spelled out."

Q: "And who was it who came up with these instructions?"

R: "They were composed at the ministry." Then he goes on to say:

"There was no getting around it. Energy is the heart of the country and the quality of work is the overriding concern."

Why Instructions Fail

Respondents who had accumulated work experience in the United States agreed that instructions play a greater role in American business life than in Soviet enterprises. Respondents were impressed by the real
weight of instructions in American business life. One respondent explained this phenomenon by the greater realism of instructions in the American business setting. According to this respondent, directives in the Soviet Union normally presuppose an ideal situation where every position is occupied by an expert of corresponding level. That reason alone is often enough to render it unrealistic.

Another respondent emphasized that Soviet directives fail because of the lack of authority to carry out the directive. Soviet directives often cite real functions to be executed by a given individual, but the directive is doomed to failure by the fact that these functions and responsibilities are not backed up by real rights and opportunities. The respondent cited a case where a boiler exploded in one of the shops at their factory to illustrate this point. According to occupational instruction of the enterprise, the shop mechanic is responsible for the maintenance of the boiler.

"It turned out that he had told them a million times that some parts had to be replaced. He wrote places, he called people. And he kept saying that the boiler must be shut down, but there was no order from the chief mechanic. And there was no order from the chief mechanic because the chief engineer did not give his permission. And the chief engineer did not give his permission because the director did not let him, and the director himself did
not permit it because Brezhnev would not have it. And yet, according to instructions, it was up to the shop mechanic to stop the boiler. But had he done that, he would have been fired on the spot."

In this case, the mechanic had all the formal rights to shut off the boiler, but no opportunity to realize these rights.

The theme of discrepancy between obligations and authority is echoed by A. G. Aganbegian (1979). Aganbegian writes that the "effectiveness of management depends above all on an appropriate distribution of rights and responsibilities in the management apparatus" (p. 370). He writes further: "As a rule, people begin to work to the full capacity of their forces and talent only when they have been provided with the appropriate rights and made fully responsible for their work" (p. 373). The prime concern of each worker in the Soviet Union is not what he is producing, but for what he is personally responsible. Responsibility is the central issue in the Soviet economic system, as it is elsewhere.

**Responsibility and Getting out of Jams**

Respondents agree that one of the most important abilities of the successful Soviet manager is knowing how to extricate himself from jams. The ability to get out of jams, to get away with saying "yes" and not doing anything, saying "yes" while well aware that in the end it will be "no"—this is the most vital element of the Soviet management, bearing its own, albeit non-scientific, yet apt definition of "pass-it-on-itis" (spikhotechnika).
Industrial accidents represent one area in which supervisors are held responsible. Many of the respondents dealt with accidents and safety precautions, and they could speak knowledgeably about the consequences of industrial accidents. In Soviet industry accidents are frequent among installation technicians. Over a period of twenty years there were four deaths within one respondent's relatively small area of operations. The respondent reported that the enterprise used directives as a way to cover itself in case of an inquest into an accident. According to this respondent: "A safety instruction is simultaneously a personnel and production directive. They seem to coincide in the safety instruction; it combines both aspects of the process." In other words, the safety instruction for personnel also instructs the enterprise on its production obligations. If something goes wrong, the enterprise can cite the production directive as an excuse. One respondent was responsible for lectures on safety procedure and was in charge of examinations. His testimony gives insights into the role of safety instructions in the Soviet enterprise:

R: "I explained in the lectures that you are not supposed to set up a crane closer than within 25 meters, and yet, when the need arose, people would set it up at a distance of 5 meters."

Q: "And if anything were to happen, who would be blamed?"

R: "Whoever was in charge at the moment."

Q: "But then he would say that his boss had ordered it."

R: "The boss can't be held responsible. The boss would ask him, 'Who cleared you to set up a crane there?"
Q: "And what if I simply don't want to violate the protocol or if I am shying away from responsibility and do not set up the crane at a distance of 5 meters?"

R: "Then who needs the likes of you, some worker you are!"

Management Use of Contradictory Instructions

Contradictory instructions may help industrial management by giving them additional discretion. One respondent suggested that perhaps the variety of contradictory instructions suits the management just fine, allowing it to use whichever instruction it sees fit depending on what it wants at the moment. Many respondents held that the directive helps a manager lay the blame on a subordinate. An example of this is the boiler explosion incident, where the shop mechanic ended up in jail, the chief mechanic and chief engineer got away with a reprimand, and the director of the factory escaped unscathed.

Respondents were asked to clarify whether directives were used to get rid of undesirable employees. The respondents unanimously asserted that there are thousands of ways of getting rid of someone, including violations of directives, but that dismissal as such never poses a problem to the management. Managers do not need rule violations specifically to get rid of subordinates.

Respondents also agreed that personnel directives cannot protect an employee. To quote one respondent:
"Practically no one would dare say that something is not specified as his responsibility in the directive. If a person insisted that this is not my task, I'm not obligated to do this, the next day I would charge him with a ton of mistakes committed by him according to the directive and I would fire him on the spot."

The issue of dismissal is more complex in scientific-research and design organizations. That is why personal attestations play a greater role in them than at enterprises in helping the management get rid of bad or undesirable employees.

The knowledge of various instructions and the ability to manipulate them become especially important in periods of transition. When rules and instructions are changing (as during an economic reform), managerial personnel with superior knowledge of rules can gain an advantage for the enterprise. One respondent told how familiarity with the instructions worked in the interests of her enterprise. For two years in a row their trust overdrew from the salary fund. Citing the appropriate instruction on overdraining from the salary fund, the bank refused to issue premiums to the trust. The respondent recalled seeing a directive somewhere, according to which premiums should still be granted in a situation of that type. The respondent went to Kiev, spending several days in the central republican office's department of jobs and wages, and succeeded in finding an instruction dated 1975, according to which enterprises that did not shift to the new planning and incentive system in 1965 could count on premiums regardless of overdrafts.
The same respondent was asked whether there are cases where an instruction violates existing law. "Yes, sometimes it does. A sensible man would always find a way to rely on some other instruction which helped circumvent a troublesome law."

From these accounts it appears that "sensible" people will find ways to circumvent laws, for example, the law on state enterprise or the law on individual labor. Were it not for these circumventions, Soviet enterprises would work less effectively. The circumvention of contradictory orders and directives appears to play a role much like that of the second economy in giving the economic system necessary flexibility. This flexibility is the flexibility of an anti-democratic society where a manager possesses vast power over his subordinates, including managers at a level just below his. A directive that is impossible to fulfill is needed in order that everyone be aware of their guilt and of the fact that punishment may be expected at any time, whenever the management sees fit.

Distribution of Responsibilities in the Management of an Enterprise

The Chief Engineer

The managerial staff of the Soviet enterprise is staffed by persons who are appointed by the director and by persons who are appointed by levels above the director. Employees of the enterprise, who are not part of the enterprise director's nomenklatura, are appointed and dismissed by the ministry or by the party. The positions at issue are:
chief engineer, chief accountant, and chief of the planning department. An important issue is whether there are conflicts between the enterprise director and managerial staff who fall outside the manager's nomenklatura.

Soviet literature and drama (beginning with G. Nikolaeva's celebrated 1957 novel Bitva v puti [Battle Enroute]) picture conflict between the director and the chief engineer as the vehicle of progress in the Soviet industry. "The film 'Battle Enroute' is out of circulation, but if you close your eyes you will hear today's words about today's problems" (Arkanov, 1987, p.2).

Respondents, familiar with the real workings of Soviet enterprises, however, fail to report common conflict between the manager and the chief engineer. In large enterprises, the director is usually a true expert who was once a chief engineer himself, and conflicts appear to be rare. Respondents report that the division of roles in a large enterprise is more clear-cut and that when a conflict becomes imminent the director tries to transfer the chief engineer to another job with the aid of the ministry. One respondent related that their director (of a major scientific-research institute) was transferred to the institute from the position of chief engineer because of his disagreement with a factory director. The respondent added, as something self-evident, that the position of a director of a large scientific-research institute is clearly less prestigious than that of a chief engineer of a large enterprise.

The formal functions and responsibilities of the chief engineer are as follows. The chief engineer is responsible for the operations of all of the technical services of the enterprise (departments of the chief
designer, chief technologist, chief mechanic, etc.), the work of the shops, maintenance of safety procedures, and deployment and implementation of new technology.

The Soviet literature on management recommends that the functions of the director and the chief engineer be clearly differentiated. As Rodchenko points out, "...supposedly the chief engineer should only be concerned with questions of new technology and its perfection, free from executive responsibility for economic and social issues and operative-management of the enterprise. However, a purely formal realization of this premise is impossible. First of all, the chief engineer has to substitute for the director on an average of three months a year. Second, during working hours the director periodically has to leave the enterprise in order to appear at higher-echelon organizations, as well as at organs of local, party, and Soviet authorities; the chief engineer then has to fulfill the functions of the director."

One respondent, a former chief engineer, related that he did not get on well with the head of his geophysical trust; yet the division of responsibility in their trust was so clear-cut that their personal relations had no effect on the function of the trust. Another former chief engineer of an auto-repair factory reported on relations with enterprise superiors:

Q: "Did the director ever issue orders to the shop managers over your head?"

R: "No. The director would not begin to interfere unless there is real open hostility between him and the chief engineer."
The Chief Engineer: Planning, Supplies, and Technology

Respondents were able to shed light on the role of the chief engineer in the planning process. According to the data cited by Aganbegian (1979), "at half of the enterprises examined the chief engineer spends 1.5-2 hours a day on matters concerning the supplies of the enterprise." An interview with a former chief engineer of a construction trust is informative:

Q: "Did you personally participate in the drawing up of the plan for your trust?"
R: "Of course."
Q: "But why? Is that really part of the functions of a chief engineer? After all, you had a planning department!"
R: "The planning department does its own thing. It operates according to the approved norms, whereas the chief engineer has to deal with reality."

Sometimes the director addresses his subordinates with a call for help. Respondents report that it is common knowledge that the director spends a great deal of time and energy trying to lower the plan. Respondents tell how the director uses his technical staff to gain plan changes. The following is a typical account of how the director uses respected technical experts to assist him in getting plan corrections:

R: "The director may tell his chief constructor or chief engineer, if the latter is a well-respected expert in the field, 'There you go, asking me to postpone the deadlines. How about if you go to see the deputy minister. If I go, it simply won't get done. Why don't you go yourself?' Try to understand the following: When a
director is complaining, everyone knows that the director is in a situation where he is bound to complain all the time. And it's hard to tell which complaints are just, and which are not. Now if the chief constructor or the head researcher arrives, a trained professional, then everyone is satisfied and the director is happy."

The chief engineer is also in charge of the area of innovations and streamlining activity at the enterprise. One respondent pointed out that rewards for streamlining proposals can be used as an incentive for raising the salaries of good workers:

R: "Take a look at the toolmakers—they are the best-trained workers but their wages don't show it. But they gain from innovative proposals. They should be stimulated without breaking Soviet laws."

Q: "And you gain, too, because you have to fulfill the plan on streamlining activity."

R: "That's right, both sides come out ahead."

Q: "Does anyone have any idea as to what actually happens to this innovative proposal?"

R: "No one will ever know!"

Q: "Meanwhile a report is sent to the brass that such and such had come up with three innovative proposals."

R: "Right, and then we come out with the statistics."

Q: "Personally, would you believe the figures of the Soviet statistics on revenues from the streamlining activity?"
R: "Not in a million years. It's all hype. Some 90% of these adopted innovative proposals get thrown out and at best 10% of them are actually realized. Now take me, I was a chief engineer and I was interested in fulfilling the lowered (from above) plan on innovative proposals. So, I couldn't care less if I was going to end up tossing out these innovative proposals. And even had anyone asked about it, I could always have replaced an unrealized proposal with one that was better yet. Or sometimes you find out a year later that some other factory is manufacturing standard equipment which renders the innovation obsolete. By then it has been long forgotten. Making a career's the name of the game, pure and simple. The central administration's got the same careerists and they've got a plan to fulfill too. Anyhow, everyone gets their money - premiums - starting with Sidorov the author of the never-to-be-used innovative proposal, me, the director, and don't forget the head of the central administration. Mutual profit. That's the Soviet Union for you! ...The system forces you to do it."

The Head of the Planning Department and the Chief Accountant

Soviet literature points out that there is a serious lack of coordination in the organization of the enterprise's financial and economic affairs. Some Soviet authors insist that "the structure and functions of the economic service of the enterprises must be uniform for all industrial enterprises regardless of their nature" (EKO 1, 1983, p. 63), that the "economic work has still not been concentrated under a
single leadership as is the case with the technical service, supervised by the chief engineer" (p.6). And again, "despite the existence of standard staff structures and size norms, regularity is equally absent from uniform economic departments of enterprises" (p. 57).

Former chief accountants reported that in their everyday work they constantly had to struggle with the planning departments. Respondents appear to agree that chief accountants are more likely to be held responsible for their figures and that the figures generated by the accounting department are "real" enterprise figures.

Here is how one former chief accountant of a large machine-building plant described his dealings with the planning department:

At large enterprises there exist the following departments: finances, accounting, and planning. I supervised the finance department, while the planning department was independent. As a rule we were locked in ongoing struggle. The planners do not count money, they couldn't care less about it. Their job is to plan the output. They don't give a damn. They got orders from above to produce a five-year plan and a plan for the year. So they sat around and compiled figures. And another thing they were told, was to arrange it so that the labor productivity and the production growth percentage equal such and such an amount. They are given the figures of the final tallies from above. As a result, they dance backwards in their work. I was always at odds with them. I would tell them, "Look, you went ahead and planned all that nonsense. We
cannot cover the production costs, we are operating at a loss, and you don't take incompletely produced production into account." And it's all the same to them (the planning department); they've got their little papers to present, plans to "sketch."

Another former chief accountant of a large factory explained the difference between accounting work and work in the planning department as follows:

"The chief accountant is the controlling force. Meaning that all the key issues are in the hands of the chief accountant. The director has to proceed from the information he receives from the accountant. The planning department's figures are not operative data, and if they do not coincide with the accountant's data, they are worthless. Let's say that the planning department provided data on the fulfillment of the plan, but after the compilation of the accountant's balance the latter does not confirm the figures, then the data are worthless."

Q: "But that means that either you or they have to fine-tune the figures to match the other department's results."

R: "Generally speaking, the head of the planning department is always ready to fine-tune his figures, that is, it's always easier for the planning department to 'sketch' than it is for the accounting people."

Another respondent confirms the greater accountability and responsibility of the accounting department as follows:
R: "The chief accountant bears by far the most responsibility. Everything he ever does is fixed on paper. Which is why when trouble starts the accountant is hardest hit of all."

Another respondent corroborates this theme:

R: "If the director tampered with the records, the chief accountant was always the first to be jailed."

Respondents also reported that the duties and responsibilities of the chief accountant were often poorly defined. As a consequence of ill-defined responsibilities and rights, the chief accountant could find himself exposed when things went wrong.

R: "There exists no personnel directive specifying the tasks of the chief accountant. It was the Ministry of Finances, not our ministry, that occasionally published pamphlets on how to organize financial work, but never did these mention how it was to be divided up at the enterprise."

Q: "Do you think that the chief accountant's rights were ever truly guaranteed?"

R: "No, only on paper, because, essentially the chief accountant holds no real power."

The line of communication between the director and the chief accountant was not always clearly specified. One former deputy director of an enterprise reported that his director, who did not completely trust his chief accountant and personally knew nothing about finances, used to give him all of the accountant's figures. The former deputy
director reported that the director dumped his own work on him because the accountant was his immediate subordinate and no was was supposed to stand between them. In their factory there were no provisions for any connecting link between the director and the chief accountant.

Respondents reported that the chief accountant was asked to play a key role in certifying plan fulfillment. One former chief accountant explains this plan-certification work as follows:

R: "To start with, the factory wouldn't be doing too hot. But the plan has to be fulfilled. So the director sends for me and says, 'They're gonna have my hide; how in the hell am I going to fulfill this plan?' So I would go and do it. What exactly did I do? Nothing that half the factories aren't doing every year. I took unfinished production, figured out the volume of output, and demonstrated that according to the volume we've fulfilled the plan. The plan's fulfilled 100%, yet the goods just aren't there. I would ask them 'and then what?' But that was the least of their concerns."

A respondent (a former deputy chief of an installation-assembly administration), who worked for many years in close contact with a chief accountant, spoke of responsibility for financial reporting:

R: "Seriously, keep in mind that there is not a single organization that has been able to avoid violations of financial regulations. I don't care if we're talking about saints, there is still no way around breaking the financial regulations. The only distinction is between violations committed in self-interest and violations tolerated in order to get the job done. If I were to show you all the penalties I've incurred in sixteen years of work as deputy
chief, you could use them to wallpaper this whole apartment. But these complaints are 'all show.' (The lightest penalty in the Soviet Union is to "bring one to public attention," with an option of entering the incident in the personal record — L. Kh.)
Because violations of financial regulations happen all the time, and we end up signing for them: The director signs and I end up signing, too."
Q: "And the chief accountant? Isn't it his responsibility?"
R: "The chief accountant is the controller. His is to make sure that the enterprise doesn't violate the financial regulations. His job is to help me take care of the paperwork properly. But sometimes I send for him and tell him that there is no other solution [but to break the rules]. And then two things may happen: he will either work with you or not cooperate."

Testimony of a former chief accountant in a lumber enterprise reported a close working relationship with the enterprise director:

R: "For a while my director was a really, really nice man. We worked together for thirteen years. He never made any decisions without consulting me. He used to say, 'I couldn't agree with you more, [respondent's name], I like to sleep in my own bed, too.'" (As opposed to a prison cell. L. Kh.)

An episode from the life of a former Gosbank accountant illustrates the fears of enterprise financial officials that they will be held responsible for false reportings:

- 21 -
"We get an anonymous phone call in the bank. A woman says, 'The lathe-manufacturing plant tampers with the plan every month. I'm asking you, please, to go and check it out.' Nobody at the bank knew who it was, but I knew her well. She was the head of the financial department of that plant. She was supposed to send the documents on the manufactured lathes to consumers and to the bank. The director of the factory used to tell her, 'I pay you a salary to make sure that the plan is fulfilled. If you can't arrange it so that the plan would be fulfilled, I don't need you.'"

The former Gosbank officials discovered that the railway invoices were doctored, thus making it appear on paper that the plan was being fulfilled on time; meanwhile it was discovered that the enterprise had not fulfilled the plan for six months straight. The respondent was a very experienced employee who used to work as head of the financial department and chief accountant at an enterprise himself. Yet, it took him two tries before he managed to uncover the falsified records. An inexperienced inspector would not have found anything.

This example alone shows just how complex and confused is the documentation in the Soviet economy.

One respondent gave an account of what happens to "uncooperative" chief accountants—to those who do not assist the director in getting good reports on plan fulfillment:
R: "The chief accountant often gets in the way of theft, misappropriations, and doctoring records, becoming a thorn in the management's side. So the director complains about the inconvenient chief accountant to the region party committee or the ministry ['He's in the way of our fulfilling the plan']. A couple of years go by and the chief accountant is cleaning out his desk."

Employees of planning departments also hold that they work on the very frontline of the enterprise:

R: "It's only natural that every construction administration and every trust accuse their higher-echelon superiors. And who do they blame? The planning department. How come? Because the planning department issues the plans."

Q: "In other words, they say that you give them unrealistic figures?"

R: "Everybody knows that much. So what? Somebody's got to be blamed. Nobody says openly that the workers are not doing their job; instead they say that the plan is unrealistic, that it can't be fulfilled, that we have cut the salary funds, that we have cut the planned staff roster, increased this, increased that.... In other words the struggle with the plan is carried on all levels, not only with the superior organizations, but within the enterprise as well."

The accounting department at one enterprise handles tasks which at another enterprise are the responsibility of the planning department. A former chief accountant tells this story:
R: "We had a real sharpy for chief of our planning department. You could wake her up at night and she'd recite all the figures on unfinished production for the past 3-5 years. We had this system—When we didn't fulfill the plan, I wrote up a request. And they'd turn the salary funds over to me. Well, you couldn't put anything past that women, she remembered in detail things that happened five years before."

The managers of the planning departments complained about the frequent inspections and the fact that they had to present monthly reports, which, in their opinion, were utterly useless but quite a hassle to produce.

R: "The head of the administration has a planning-production department. They check up on us not once a month, but every day.... They were constantly in the way. And who wants to sit at home and write up explanations. It's a completely superfluous superstructure."

The Secretary of the Party Bureau/Committee

This report has concentrated thus far on the technical and financial management of the Soviet enterprise. It now turns to the question of the manager's dealing with the primary party organization (PPO) of the enterprise. According to Soviet data for 1982, in the Soviet Union there are over 49 thousand primary party organizations at industrial
enterprises, numbering over 5 million party members, over 31 thousand primary party organizations in the construction industry, numbering over 1,204 thousand party members, and around 29 thousand primary party organizations in the transportation and communications network, numbering over 1,243 thousand party members.

Formally speaking, the party organization has the right to control the activity of the administration. The first provision for the right of control was recorded in the Code adopted by the XVIII Party Congress in 1939. However, far from all party organizations received the right of control at the XVIII Congress. In 1972, the XXIV Party Congress put an end to the division of party organizations between those possessing the right of control and those without that right. A Soviet author points out, "Properly managed party control of the activity of the administration does not in the least signify a replacement of the economic management and undermining of the principle of one-man management. The party organizations and their leaders possess no administrative rights at the enterprises...." Virtually all the respondents agreed that party committee secretaries enjoy no administrative rights and at the same time bear no responsibility.

In the 1981 decree of the CPSU Central Committee, entitled "On the work of the primary party organizations of the industrial enterprises of the city of Voronezh on the realization of control over the activity of the administration," special attention was devoted to the fact that primary organizations lack objective principles (where primary party organizations are concerned, the respondents implicitly mean the secretaries -- L. Kh.) in evaluating the behavior of the managers, that they tolerate a local-minded or narrow-professional approach to their
affairs, and that they allow wastefulness and other abuses. These negative phenomena are, as a rule, revealed not on the initiative of these primary party organizations; rather, measures are taken only at the instigation of higher-echelon organizations. The decree, thus, directly admits that secretaries of primary party organizations are essentially not fulfilling their control function.

Evidently, when compared with the era described by Berliner, Granik, and Hough, the situation with party control over industry, construction, and transportation has undergone certain changes. It is possible that the role of the secretary of the primary party organization has decreased due to two possibly related circumstances: 1) the strengthening of the idea of one-man-management and one-man-responsibility, and 2) the increased intervention on the part of the Central Committee, as well as local party committees in specific economic situations, noticeable even by the increased numbers of party committee employees concerned full-time with the problems of industry, construction, and transportation. Thus, it is as if the regional party committee instructor has shouldered the function of control, the function that was previously the domain of the primary party organization secretary.

**Independence of the PPO from the Director**

Certain respondents shed light on the relationship between the enterprise director and the secretary of the PPO. Is the secretary of the PPO indeed independent of the director? Hough justly notes that the
professional (osvobozhdenny) secretary of the PPO receives his salary from the regional party committee. According to Hough, financial independence is an important guarantee of the independence of actions of the PPO.

Respondents gave evidence that appeared to deny the financial independence of the PPO from the enterprise director. At large enterprises the salary of a manager usually constitutes around 50% of his income, the other 50% coming from various bonuses and premiums. Other managerial personnel are also quite dependent upon bonuses, and the same appears to be true of the secretary of the PPO. One respondent told about how the party committee secretary at their plant grovelled for quite a while, begging the director to pay him his premiums. The regional party committee sent a special letter which described his merits, asking that he be paid premiums, as sort of an exception. Some of the inspectors who visited the plant pointed out that it was illegal to pay premiums to a person who is drawing his salary elsewhere. But since it was a party bureau secretary and not, let us say, a chief of security of the plant, plus the fact of the letter from the regional party committee, the inspectors never mentioned this point in their reports.

The same respondent recollected the following compensation figures for leading enterprise personnel:

Director of the plant....800 rubles a month/salary 400/bonus;
Chief engineer..............600 rubles a month/salary 300/bonus;
Chief accountant..........600 rubles a month/salary 200/bonus;
Party bureau secretary...400 rubles a month/salary 200/bonus.
The respondent argued that it is only natural that such a party committee secretary would become dependent on those who were distributing the premiums, and above all on the director. The same respondent said that their party bureau secretary had no influence or real power whatsoever at the plant. Moreover, in the opinion of the respondent, he couldn't possibly have played any role, considering his incompetence in the everyday concerns of the plant. If, however, the party committee secretary simultaneously occupied some other position at the enterprise, i.e., was not relieved from duty, then he received his salary from the enterprise too.

Job Classification of the PPO Secretary

Respondents appeared to point to a pattern of employment of PPO secretaries who were not full-time party workers within the enterprises. In enterprises where the party committee secretary was not relieved from other duties, he was very often simultaneously the chief of the personnel department.

R: "As of late, our secretary was not relieved from duty. He was the deputy chief of the personnel department. This position is always occupied by the party secretary. Most of the time he has also served in the KGB in the past. Our secretary was a liberal man who liked the Soviet regime just like me. Moreover, he was a former region party committee secretary. Rumors had it that he got burned when it was discovered that he was connected with the Banderites during the war."
Respondents generally had a low opinion of the technical qualifications of non-full-time party secretaries. A typical opinion was expressed by one respondent:

R: "Usually, the way things worked out they weren't always professionals.... But as for party organization secretaries at the factories in which I had worked [large machine-building plants], they weren't in charge. No, they were definitely not running things."

Respondents also felt that the PPO did not make much of a positive contribution to the enterprise's production effort. They also felt that the secretary played an important role in passing information up to the director, thereby creating an attitude of distrust among enterprise employees. Typical attitudes are recorded below.

R1: "The party bureau, all it did was pump extra pressure. When the secretary passed by, the workers would say, 'Sh-h, the godfather is coming.' And that says it all. Godfather is a prison camp expression [denoting a KGB worker in a camp—L. Kh.] that has entered the working man's lexicon."

R2: "Of course the director is afraid of the party organization secretary, after all their principal occupation is denunciations and innuendo."

R3: "The party committee secretary doesn't handle either the machinery, the technology, or the personnel problems. He is a blank. He could be an absolutely illiterate, technically incompetent man."

Q: "And does that happen a lot?"

R3: "Are you kidding? It happens all the time!"

Q: "Was yours literate?"
R3: "No way. He was absolutely incompetent. He just kept his eyes on what was going on. And everything that the director decided upon along with the chief engineer was passed on to the party organization, and he controlled the party organizations of the shops."

Q: "In other words, the party was actually helping the director in his work?"

R3: "No question about it."

According to respondents, a good director had little to fear from the PPO.

R: "Oh, for God's sake! A true director of a factory fears nothing and no one in his factory. And that means that the director of our factory feared neither the party committee secretary, nor the chairman of the factory trade union committee, nor the military representative."

Some of the immediate managers of production ("line managers")—shop managers and foremen—expressed their discontent over the issue of responsibility for education of the workers, absenteeism, alcoholism, saying that, "after all, it is the sphere of the party and the trade union," i.e., pointing out that the party and trade union officials were shifting their own responsibilities to the "line managers."

In the article "Postoronni" (Pravda, May 7, 1987), the correspondent of the newspaper asks the factory's party committee secretary why he didn't want to talk to him in front of the director of
the factory. "And who am I?" answered the party secretary. "Just a secretary who is not osvobozhden. Just another shop manager. So, the director comes back to his chair and who'll have mercy on me then?"

The PPO and the Local Party

One possible source of strength of the PPO vis-a-vis the manager is its links to higher party organs. Enterprise managers might have reason to fear the PPO's ability to report on their activities to higher party authorities. Respondent accounts suggest that managers who performed well were relatively immune from such dangers, but that the local party did use the PPO to assist it in dealing with managers who had fallen from favor.

One respondent reports that regional party committees do not welcome PPO complaints lodged against a director who is fulfilling the plan. If the regional committee decides that the director's overstayed his welcome, then the secretary comes in handy, for he can always "add some compromising materials."

R: "The mutual relations with the party bureau? If everything is going alright at the factory, then there's no problem. But should the party bureau begin 'summit' examinations of hot issues, as when the party bureau examines the case of the director—that's no longer work, it's airing dirty laundry. The regional party committee intervenes in such cases. But usually, if the enterprise is doing well, there is none of this pettiness."
Respondents point out that the secretary does not bear responsibility comparable to that of the director or even the chief engineer. In the incident of the boiler explosion mentioned above, the secretary of the party organization was nowhere to be found on the list of culprits. The article "Vzryv v 'zakrytoi zone'" in the newspaper Sovetskaia Rossiiia (August 5, 1987) describes a disaster with human casualties at the Orenburg gas refinery: "The bureau of the Orenburg province party committee came to a conclusive resolution: the causes of the disaster were the complacency of functionaries and their criminal negligence." The newspaper also provides a list of people charged with causing the accident: the director, the chief engineer, the chief mechanic, and several other technical managers. Conspicuously absent from the list is the secretary of the party bureau. And, yet, the secretary of the party committee of the Orenburg Gas Industry enterprise said, "I must admit with deep regret that the cause of everything was the atmosphere of complacency, self-satisfaction, and irresponsible approach to work which had become dominant at the enterprise."

There is an additional reason why factory managers may wish to get along with PPO secretaries: It may be that they will move up into the party hierarchy. It is well-known that the position of a party secretary at a very large enterprise is a perfect springboard for a career in the party, usually in the industrial department. Therefore, a cautious director always tries to be on the best of terms with him. One well-informed respondent pointed out that very often the secretary of
the party organization of a large factory or construction is a position from which one moves on to work in the city, region, or province party committee, and very rarely does a secretary of the party organization become director of a factory or head of a construction project, although it does happen.

Chairman of the Trade Union Committee

The accounts of the respondents concerning the activity of the trade unions were in stark contrast to the statement made by L. Brezhnev at the XVI Trade Union Congress: "I assure you, Comrades, that the just demands addressed by the trade unions to the managers and the administration will undoubtedly be seconded by the party." On the other hand, they coincide with what M. Gorbachev said in an appearance at the Kuban and then reported at the XVII Trade Union Congress, "Some trade unions are dancing the Cracovienne with economic managers," in other words, dancing to the tune of the administration, catering to its demands. One respondent understood the above expression in the sense that everyone would have liked to dance, but not everyone is being invited.

Formally speaking, the trade union chairman plays an important role in enterprise operations. He forms part of the so-called "triangle"—director, party bureau secretary, and trade union chairman—which is designed for the resolution of all the political and socio-economic problems of the enterprise and its employees. More specifically, the
two chief functions of the trade union are: 1) the allocation of residential space, passes to rest homes, and access to kindergartens, etc., and 2) dealing with dismissals in cases where the dismissed party contests the administration's decision.

Respondent accounts do not support the view that the trade union plays a pro-worker role in disputes between managers and workers.

R: "Do you realize just who sits in the trade union committee? It's just an 'errand boy.' The triangle is a local politburo. And if the director is worth his salt, then the trade union chairman knows his place."

During a round-table discussion with respondents on the issue of dismissal, the question of the role of the trade union came up in the following context:

R: "Labor in the Soviet Union is a deficit commodity, which is why everything has to be done three times before they get it right. Anyway, one has to take into account the fact that in the Soviet Union the trade union is almost always on the side of the administration.

ALL: "No doubt about it! Not almost, but always."

R2: "Well, 95%.

R3: "And the other 5% quite on their own."

In the same roundtable session, another respondent reported that at his workplace the salary was high, attracting many applicants, and, as a result, he would immediately fire bad or lazy workers, as well as drunks.

Q: "What about the trade union?"
R: "Well, I had Mr. A.B. for my trade union chairman. All I had to do was tell him, 'A., have this guy fired.'"

Q: "A worker?"

R: "That's right, a worker. A. says 'will do.' The trade union passes a resolution and the man is fired."

Q: "Is it really that simple to fire a worker?"

R: "With a trade union resolution it's a piece of cake. The trade union has to consent to the firing, otherwise I'm helpless. But they never failed to consent."

Another respondent told how, through the efforts of their director, a recreation station was built for their factory and for the recreation of the workers. There were cabins there for the director, the chief engineer, and for the respondent.

Q: "Isn't the trade union supposed to be in charge of these cabins? How come the director is running things?"

R: "You want to know what our trade union was doing? We had a chairman who was relieved from duty. He distributed passes to rest homes to the workers, among them some to the spa, as well as passes received through the province trade union committee. But I haven't vacationed a single month at the spa. They used to stage real bashes there for the right people from cooperating factories, on whom we depended, and so forth."

Respondents were able to shed light on the financial independence of a trade union chairman. Like PPO secretaries, a full-time osvobozhden trade union chairman receives his salary not from the
enterprise but from the city or province trade union committee. Respondents report that the full-time trade union chairman—like the PPO secretary—was dependent upon the enterprise director for bonuses.

The Enterprise Director

The director (direktor, nachal'nik, zaveduiuschi) is the central and most controversial figure in the Soviet economy. Rarely did respondents speak calmly and dispassionately about their directors. The title of director carries with it enormous responsibility and power. The director is responsible to superiors in the ministry and has power over subordinates. It is easy enough to obtain information about the director: he is always in the public eye, the subject of many a conversation at the enterprise, and everyone has something to tell about him. At the same time there is a vast body of literature dealing with the the director—formal research, newspaper materials, memoirs, and fiction, not to mention theater and the movies.

The Life of Managers

Respondents had much to say about the hardships of the director's life. Here are accounts by former directors and their subordinates about the life of factory directors.

R1: "The director's job is extremely nerve-racking and exhausting. When I finally took a break after five years of work as a director (without vacation), I complained to the doctor about pain in my throat, thinking perhaps I had cancer. Once he found out that I was a director, the doctor said that my throat was typical of a director."
R2: "Our director took over the job of a young, healthy man. Ten years later, at age 45, he could boast three heart attacks."

Soviet statistics confirm these accounts. Directors have heart attacks and strokes four times more frequently than rank-and-file employees (Posev 1, 1986: 10). According to a report of the USSR Procurator's Office, over 18 thousand Soviet directors were prosecuted for criminal, disciplinary, and material violations in 1984 alone.

Respondents emphasize the nerve-wrecking existence of the director in trying to get the plan fulfilled and the risks that the manager must run:

R: "I worked for a while at a machine-building plant in Moscow. At times it got so bad that on the 28th of the month the director would take away everyone's entry passes. He'd buy food, a little vodka, and the workers would work double or triple shifts."

Q: "But, that's criminal! They could prosecute him for that."

R: "True enough, but he didn't have any choice. It's like the director is forever caught in a pair of scissors: there's pressure from above to get the job done, and at the same time nobody below wants to work. And he has to please both the brass and these workers. He's got to arrange things so that the workers work instead of drinking themselves silly."

Another former director continued in the same vein:

R: "If there are problems with fulfilling the plan, forget it! The regional party committee reviews you, the executive committee reviews you, the finance ministry reviews you, everyone's on your back, the poor director has to sweat it all out. Do the
inspectors ever lend a hand? Very rarely. Every time, if you fail to make the plan for 5-6 months, that's it, time to change the director. It's damn hard for a director to hold on to his job."

Q: "During your tenure as director did you ever have to commence production of a completely new product?"
R: "Yes, of course I did."
Q: "And you could never get around doing something like that?"
R: "How could I get around it?"
Q: "You could say that you lack the needed industrial capacity."
R: "A friend of mine, a director, was told in response to that, 'So, you can't do it? Well, why don't you go and take up beekeeping!'"

The never ending evaluations have become proverbial in the Soviet economy. Here is an example from the Soviet press:

"The director of the factory couldn't talk to me on Friday:
- won't have a moment free, the commission from the main administration is finishing up its inspection on Friday.
- Well, how about Monday morning?
- Are you kidding! A commission from the ministry will be here on Monday.

We ended up meeting on Sunday. Even though he had to spend the weekend at work, the director was in an excellent mood:
- You wouldn't believe how much I managed to get done over the weekend.
  At least I got rid of some of the backlog. The phones are quiet. One commission has left, the other hasn't arrived yet. I even had time to look around the shops...."
"No, the factory is doing quite well," writes the correspondent. "And the inspections were not due to any extraordinary circumstances, but were, in fact, all part of the routine" (Izvestia, September 7, 1986).

Other examples from the Soviet press: "Indeed, there were some 30 commissions operating at a plant in Vinnitsa, albeit with no improvement in reversing the lagging trend of the collective to show for it" (Pravda, September 13, 1986). "The volume of paperwork at major enterprises reaches upwards of 100 thousand a year, consisting of incoming, internal, and outgoing memoranda. Research shows that incoming documents constitute 45% of the total, 35% is taken up by outgoing documents, with internal circulation amounting to only 20%. In the course of a workday the director has to deal with 70-120 documents" (Spravochnik direktora, vol. 1:123).

External Relations

In the book Spravochnoe posobie direktoru (vol. 2:1985) the following table on the enterprise's relations with external organizations is cited (p. 376):
One look at this table is sufficient to show that if each of these organizations takes itself seriously, the enterprise could not possibly function, for the management must spend all of its time on reports. At the XXVII Party Congress, the Sverdlovsk provincial committee secretary Petrov had this to say, "We have so many controlling organizations that even the Finance Ministry cannot keep track of all of them." The multitude of higher-echelon organizations and the multi-layer control press down the director like an enormous inverted pyramid.... We cannot tolerate a situation where the director's position truly resembles that of a demolition expert, where the safest choice is to stay put, and if one were to move at all, then slowly and gingerly so. A step to the left and one risks setting off instruction-mines." And again, "...in recent years the prestige of the chief of the enterprise or industrial association has been on the wane. This is mostly due to the working conditions of the director. His area of

- 40 -
responsibilities is vast, resulting in at least 10-12 hour workdays, often without weekends and, at times, even vacations" (Pravda, May 10, 1987). Respondents confirm the extraordinary burden on the Soviet manager in dealing with external organizations. The Pravda statement is in perfect accord with the information provided by the respondents, but it comes from the USSR minister of the automatization and control system instrument-making industry.

Respondents maintain that directors are subject to considerably more pressure than their bureaucratic superiors:

R: "I must say that the main administration and the ministry are a bureaucracy which does not deal with actual production problems first-hand. Which is why it experiences no real pressure. The Ministry will always find a way out because it encompasses five hundred factories. Meaning that if 300 fulfilled the plan and 200 fell short, they'll patch up the holes in the general picture of plan fulfillment one way or another. So their life is a lot more peaceful than that of the director of an enterprise. The director of a major factory is equal in rank to the head of the main administration, but the way it works out, the head of the main administration has it much easier than the director of a major enterprise."

In 1983 the book Partiinyi kontrol': printsipy, praktika, zadachi was published in Moscow. It included an article by the first secretary of the Sverdlovsk province party committee, B. N. El'tsin, little-known in the West at the time (pp. 44-59). Referring to results of sociological studies, he wrote:
"The workday of a manager lasts over ten hours on the average. At the same time the directors of enterprises spend but one-fifth of their time on actual management of the enterprise. Many management workers are overloaded with various extra duties. Up to one-third of their workday is taken up by preparation of various reports, accounts, and memoranda. Managers of enterprises spend an average of 13% of their workday in meetings and conferences at various public institutions, and this figure is greater yet for the party committee secretaries. Frankly speaking, a great deal of time is also lost by management workers to the numerous inspections, conducted by organizations which are not always reasonable and which do not always manifest a concern for the single most important issue, that of improving the quality of production."

In his much-talked-of-article "Avansy i dolgi" which drew a positive reaction from Gorbachev, N. Shmelev writes, "...an economic manager at any level concerns himself, above all, with two main problems: he has to fulfill the plan at any cost, all the while guaranteeing his collective a minimum living standard, as set from above." (Novyi mir, 6, 1987, p. 15.)

Keeping Workers Satisfied

Respondents stress particularly the director's difficulty in keeping up worker morale. Directors must show sufficient success to meet employee payrolls and pay expected bonuses. The following respondent accounts bring home this point:

R1: "Delaying the payment of salary to the workers is even graver then non-fulfillment of the plan."
R2: "If the director did not finish the work by the planned deadline, sure, he'll get some heat, but that's not even comparable to what happens if he manipulates the salary fund and delays payment of wages to the workers for two-three days. The second time that happens, any manager is fired just like that."

Directors who do not meet their salary and bonus obligations run the risk of strikes. Salary cuts are the fundamental cause of strikes in the Soviet Union, which, rare as they are, do nonetheless happen from time to time.

The Struggle for Plan Fulfillment

Cases of delaying payments of salary are fairly rare, whereas the struggle for the plan, or, to be more exact, the struggle with the plan, is an everyday concern. The true goal and the point of the work of the Soviet enterprise and its director is the fulfillment of the plan. Everything else is secondary, subjugated to this main idea, and done only inasmuch as it furthers the fulfillment of the plan. Moreover, the director of the enterprise is the sole manager of the enterprise who is held responsible for the fulfillment of the plan. All of the other managers are responsible for their area of expertise, rather than the plan as such. Naturally, the director has to preoccupy himself with other matters as well, ranging from sending his employees to pick potatoes to the implementation of new technology. But, important as these matters may be, the director knows that he will only be seriously slapped on the hand for a failure to fulfill the plan. Now, if he really does not fulfill the plan, the the day of reckoning will be at
hand: for the kindergarten that he failed to build, for the fact that he didn't organize a proper food supply, and botched the construction of residential quarters, and so forth. But if the plan is fulfilled, everything will be forgiven. As one respondent put it: R: "The plan is that which the director takes to bed at night and that with which the director wakes up in the morning."

Researchers have studied the means available to the director to fulfill plan obligations. The Soviet press and respondents speak of the director's "struggle" for the fulfillment of the plan. The director literally does struggle. The term "struggle" is not an exaggeration on the part of Soviet journalists, such is the everyday life of the Soviet enterprise and its director. Pravda (August 25, 1987): "It's not easy to be the director. One way or another the blame for a bungled plan will fall on his shoulders." In the play Naedine so vsemi by the popular Soviet playwright Gel'man, who has been quoted a number of times by Gorbachev, the central character, a director of a factory, confesses that "In twenty years not once did I fulfill the plan by honest means." In Dvinskii's humorous story in the Literaturnaia gazeta (July 8, 1986), the heroine had been the subject of the love of Ivan and Petro from the time they were schoolmates. Both of the men left for Siberia and went on to become factory directors. The heroine promised, "I'll marry the first one to fulfill the plan," and she remained a spinster for thirty years. Finally, she received telegrams from both of them. The first says, "87% Ivan." The second says, "Accelerated, restructured. 101%. Petro." "I always believed in you, Petro, whispered Anna L'vovna, fighting back nasty thoughts about doctored accounts."
Respondents are able to give vivid accounts of the means used by directors to fulfill their plan. One respondent tells about of the director of a newly constructed enterprise somewhere up North:

R: "You, the director are given a plan and a figure for labor productivity, which, moreover, it is your responsibility to increase. Meanwhile, people got no place to live; there isn't even a settlement there yet. All of the plans and the deadlines are unrealistic from the very beginning."

A ministry employee gives another view of the director's problem:

Q: "If you reduce someone's plan by 10-15 tons of output, then you still have to heap these same 10-15 tons on someone else, don't you?"

R: "That's right. And more often than not, he who does his job conscientiously gets into unpleasant situations because they heap so much on him that he can't handle the load and ends up getting fired, even though he is a good worker."

Q: "They know that he is a good worker and still they fire him?"

R: "They couldn't care less. After all, the plan isn't fulfilled."

Respondents confirmed that directors have little opportunity to resist unrealistic plans. The director must always answer "Will do" (budet sdelano) to his superiors. One respondent put it in these terms:

Q: "If the ministry or the party organs demand that the factory increase its output one and half or two times over 2-3 years, will the director obey or will he resist?"
"As if anyone ever takes the opinion of the directors of factories into account anyway! Just how is he supposed to say that it is unrealistic? That means he is not cut out to be a director... .

Come, come now! It must be quite a while since you left Russia. It just doesn't work like that."

One-Man Rule

The fundamental principle of Soviet management is one-man rule (edinonachalie). One-man rule means that one person—the director—is to be held responsible for enterprise results and as such must have the authority to determine enterprise outcomes by issuing binding orders.

The problems of one-man rule in the management of a Soviet enterprise has been examined in detail in a study by Jerry Hough, who notes that "one-man rule is limited by all sorts of intrusions from various sides." David Granick holds that the director possesses unlimited power and only has to concern himself with the party authorities. Naturally, the party authorities are the single most important power for the director to contend with, but the ministry and other official organizations constantly interfere in the life of the enterprise and indirectly in the life of the director. The enterprise is so dependent on external organizations that it is self-evident that the rights of the director do not give him ample enough opportunity to attend to his duties, namely fulfilling the plan.

Aganbegian (1979) has written on this theme: "It is very important that the responsibility and the rights be of equal measure. A person can only be truly held responsible for a job, the accomplishment of which was made possible by his rights" (p. 373).
The literature and interviews with respondents bring forth the two principles which serve as the basis of the idea of one-man rule. The first principle was well expressed by a former deputy chairman of the Council of Ministers, who related to a respondent who worked under him: If the manager is a fool, but everyone listens to him, you're still in business. But if the manager is a smart man and his deputies don't listen to him, you'll never get anywhere."

The second principle of edinonachalie is the notion that the system wants to have one man who would be responsible for the plan. The system is not in the least interested in whether or not director's deputies let him down. As put by one respondent:
R: "What kind of a manager are you if you can talk about being let down by your subordinate."

In other words the principle of one-man rule stems from the principle of one-man responsibility. It is precisely for this reason that oftentimes the director may get by without consulting anyone at his enterprise. Here is the opinion of N. Fug, the general director of the Vologda Industrial Association (encompassing two factories), which manufactures wood-processing machines: "I don't care what they may think, I'm the general director. I have to manage the production and fulfill the plan instead of listening to someone else and taking other opinions into account" (Pravda, September 27, 1986).
The principle of one-man rule comes through in the fact that the director really is the true master within the enterprise, as attested to virtually unanimously by the respondents. Respondents note that the director can easily get rid of any unwanted employee aside from those people who are part of the general nomeklatura.

Participants in a round-table discussion of well-informed respondents agreed in that the director can easily resolve the related legal problems associated with dismissing subordinates, and that, as a rule, the director meets with no resistance on the part of the trade union. The deciding factor is the shortage of manpower in the given city. The director fires whom he wants and when he wants if there is an excess of manpower in this city. One respondent summed up the sentiment of the group as follows:

R: "If the manager's got his heart set on something (firing someone), there are no barriers against it in the Soviet Union," and

R: "The manager of the enterprise alone possesses the right of dismissal; neither the shop manager, nor the chief of the planning department, nor any other, has this right. They have the right to propose that someone be dismissed. If your director seconds you, then firing someone's no problem. If he disagrees with you, there's nothing you can do about it."

The Power of the Director Outside the Enterprise

The director enjoys enormous authority and power over his subordinates within the enterprise. However, outside the enterprise he loses much of his power. Therefore, whenever the issue is the dismissal or punishment of someone from the management of the enterprise falling
under the nomenclature of higher organs, then the prestige of the director in the eyes of these organs becomes all-important. A director in good standing can normally press his will with higher-standing bodies. If he fulfills the plan, then, in the words of a respondent:

R:  "If he isn't close to retirement age, if they're not about to fire him, then he'll always be able to find a culprit,"

Respondents report that, after the director succeeds in dismissing a higher staff member, he will write to the regional party committee or to the ministry, informing them that "measures have been taken" and that all's in order.

Characteristics of the Director

The majority of the respondents believed that the success or failure of the enterprise depends to a great extent on the personal qualities of the director. This belief is shared by the authors of an article in Ekonomicheskaia gazeta (February 7, 1987): "One can cite dozens of examples where a factory or a plant which for years lagged behind quickly became one of the leaders after the appointment of an active, knowledgeable, well-disciplined, and responsible director. And, on the other hand, examples abound of deterioration of powerful associations which found themselves headed by weak, mistakenly promoted managers."

The skillful director knows how to press those below, and to dodge those above. Directors who lack these skills do not survive.
Roundtable participants were asked to discuss the figure of the director or supervisor. They were asked what qualities and traits the director must possess in order to be respected by subordinates and superiors? Roundtable participants from Kiev at once mentioned a certain manager of a construction trust who was a brilliant expert and an excellent administrator. His subordinates carried out his orders unquestioningly, thanks to the enormous authority enjoyed by him. His superiors, too, respected him. But all of the people from Kiev agreed that his was a rare case - he was picked for the position from a total of seven candidates, despite the fact that he was a Jew.

The following are a series of statements by roundtable participants describing the traits of "good" Soviet directors:

R1: The best possible situation is when the manager is a true expert and also has good "hands" [i.e., ties with the brass];

R2: The best manager is one who does not get in the way of the work of his subordinates;

R3: The manager does not have to be a real expert, the most important thing is to have all of his employees in the right place;

R4: If the manager wasn't a bastard, he was respected regardless of whether he was a professional or not.

When asked whether the director had to be a "true expert," the majority of the participants responded that "it was unimportant." As one respondent put it:

R: "The main thing is that the manager has to be a highly skilled professional. Then he won't be constantly afraid to lose his job. He can then defend his interests and those of his subordinates, for example, in obtaining apartments for them, and so forth."
The participants cited other typical traits of successful managers:
-the manager is not a true professional, but he's got a good chief
engineer under him - a brilliant expert; the manager has good
connections and knows the ropes of administrative work;

R1: "It is very important for the manager to have connections in the
higher-echelon organizations. Then he can always get the kind of
plan he wants instead of having it imposed on him."

R2: "When a person is moving up he's got to accumulate vital contacts.
Without them you could be doing a beautiful job, but your life will
be a horrible mess."

R3: "We never acted through the provincial party committee. We always
went to the ministry. We didn't have any sympathetic ears in the
provincial party committee. If our director had any contacts there,
he would use them, but without contacts there's no point in even
trying."

The Soviet author Radchenko examines a situation where the newly-
appointed manager is a person who transfers from higher organs on the
condition that he be allowed to reorganize the system. Such a manager
has significant "push" capacity compared to other managers who are
technically his equals, for the old connections are not quickly
forgotten and he simply enough has "access" to a higher functionary with
whom he earlier worked in close contact. Thanks to his exceptional
nature [i.e., connections — L. Kh.], his candidacy is often deemed
preferable to others, even if in some other respects it does not measure
up to them.
Respondents were unanimous in declaring that the successful manager is one who knows how to play the Soviet system by his own rules. If all rules were strictly observed, the results of the enterprise would be poor.

RI: "It is a very special position, that of a Soviet manager. Whether he is a director of a factory or chief of a construction project, usually he is well versed in the science of circumventing this rigid, ossified system in which playing by the rules leads to a situation where there's no money to pay the workers, all the good workers leave, and the enterprise falls apart. The fact that the enterprises do operate somehow, with some actually operating rather successfully, can be attributed to the talent of these same managers. It never fails to amaze me. I've read a lot about the Soviet economy here in the States, but I've never seen a single statement on this subject. After all, so many of the managers in the Soviet Union are actually, in some measure, working against themselves. Virtually every decent manager has received several dozen reprimands in his lifetime because he always violating some regulations. I can back this up with many examples. Take one. A construction organization... was created in order to erect bridges. Often the workers began work, aged, and retired in the employ of this same organization and spent their whole lives on wheels. Then they retired with absolutely no place to go. But I know of a chief of a similar organization who decided back in the 1950s that the money allotted for temporary housing during the
construction of a bridge should be spent on the construction of permanent housing. And so, starting in the late 1950s, he only built eight-unit solid brick houses for his workers. And yet this was forbidden by law. At the same time he didn't spend any more money than others did on temporary housing."

R2: "A good manager ... takes care of his employees, and this concern is manifested not only in seeing that they get salaries and premiums, but also in getting them apartments."

R3: "A good manager ... must also create better conditions for the labor productivity of the workers in order to enable them to earn more and get something extra...."

R4: "Directors are generally patriots to their enterprises and will do anything for the sake of their work."

Management Risks

Certain well-defined rules of the game, or "behavior norms," have been elaborated over the course of many years in the Soviet economic system. The rules of the game have remained fairly stable over the years. The severity of punishment for violations of these rules has changed, but the notion of culpability remains. One constant of the system is that whenever anything goes wrong, a scapegoat must be identified. One respondent with a long historical perspective told that in the Stalin era one could easily face a minimum of five years of imprisonment for exchanging materials. Today it is still a prosecutable offense, but not as severely and subject to the arbitrary decision of the local authorities.
R1: "Me and the supervisor sat down once and figured out that in our lifetime we've earned at least 200 years in jail each, without ever doing anything for our personal gain. And this goes for all managers who want to fulfill the plan, pay the worker, and keep the regional party committee happy."

R2: "Everyone knew that since I'm in the construction business, that's the only way I could work. Otherwise I wouldn't last on the job. If a person is in the supply or retail business, then that's the only sort of person they'd hire, the only kind they need."

Respondents noted that even though everyone broke legal rules, these transgressions were not without risk and that these risks were considered by managerial personnel:

R1: "...each person's job was on the line, always in fear of losing it."

Another respondent told about a case where he hired a "moonlighting" bulldozer on the sly in order to do a job requested by the regional party committee. Suddenly it came up that the moonlighter had stolen the bulldozer.

R: "If it wasn't for my connections, I'd do time for sure. Is it my fault that he stole that bulldozer in Belorussia or that he dug a trench for me? It's not my fault, neither is it the fault of my boss. So, who's to blame? But, you can't have that, can you, now! It's got to be somebody's fault."

The available evidence suggests that the system of punishments in the Soviet Union is much more well-thought out than the system of rewards. Consider the responses of one former Soviet manager.
Q: "Does one get punished often in the Soviet Union?"

R: "Very often indeed. They punish, dismiss, and deprive people of some material benefits all the time. That is, in fact, one of the [main] levers of impact on this whole structure."

Although all agree that the director can't shift the responsibility for the fulfillment of the plan to his subordinates, many respondents told how the director, in striving to fulfill the plan by any means, forces subordinates to break the law, all the while trying to dodge personal responsibility.

R1: "I worked as chief of the financial department of an auto transportation administration. One day the director sends for me and says, 'We got a letter from the Ministry, they say that records have been doctored at one of the enterprises of the administration.' On the letter from the Ministry the director writes me, 'I need a plan of inspections.' So I make up a plan. Having received the plan, the director says, 'Leave it with me. There's no need to actually conduct the inspection.' – 'Then why did you write me, 'I need a plan of inspections'?' – 'That was only for show.' So I tell him, 'What do we have here? If we get someone here later on from the ministry, it'll be my fault, and you're in the clear.'"

After this conversation the chief accountant told the respondent that "You should submit a request to quit, you won't be able to work here any more."

According to one respondent:
"...the director is not responsible for the production process and the safety procedures. It is as if he doesn't know the first thing about either technology or safety procedures. In reality, he was chief engineer just the day before and, naturally, he knows all about it, but they just aren't his problems."

Adds another respondent:

"...a commission came to the conclusion that the machinery wasn't used - the fault of the director. It is for him to organize the workers, arrange for the metal; he's got to do all those things. But if the plan is not fulfilled because the equipment kept breaking down, then it's the fault of the chief engineer."

Q: "And can the chief engineer be sent to jail for not fulfilling the plan?"

R: "Not for not fulfilling the plan. Now, why did the factory not fulfill the plan? Is it because the machines kept breaking down one after another? In that case, if the chief engineer didn't take appropriate measures, it is negligence bordering on the criminal."

A respondent familiar with munitions production tells about the allocation of blame for mishaps:

"Let's say, if our vehicle explodes during the tests or maneuvers and there are human casualties, who will go to jail? First, the chief of the quality control department, then the military attaché, then the chief engineer, and the director may actually get off scot-free."

The director is needed to fulfill the plan.
Upward Mobility

According to many of the respondents, mastery of the science of pleasing the brass is the key to upward mobility. At the January plenary session of the CPSU Central Committee it was said that "often enough the people appointed were managers who know how to be accommodating." According to one respondent, the main trait of such a manager is shown in his response to the wishes conveyed by his superiors.

R: "The word 'no' is not in his vocabulary. They often say "will do" and later end up looking for various loopholes, excuses, and reasons for why they didn't get the job done on time. I know people in Russia who were in executive positions, big-time supervisors who never used anything but 'will do' and 'yes' in conversation with their superiors. And because they only use the words "will do" and yes" they keep moving up the ladder and become bigshots."

As stated in Sovetskaia Rossiia, "the era of accommodating managers created laws of its own - those of unquestioning obedience and double standards" (April 5, 1987).

In telling about the appointment of managers to a big trust and other episodes, a respondent came to the conclusion that what is sought among equals is not the best candidate, though he may well be one, but the one person who in case of conflicts will choose not to insist on his point of view but instead firmly obey the recommendations of the brass.
And so I, too, came to realize that if you become part of this nomenklatura, appointed to some position, you've got to play by their rules."

Judging by today's publications in the Soviet press, this style was the case everywhere. "'It's hard to work when none of your subordinates ever objects,' I was told bitterly by one of the leaders of the province," writes a correspondent of Izvestiia (January 13, 1987). In that same article, the author talks about how the directors, in looking only at the top, did not concern themselves with support from below, knowing that this support does not make them any stronger. And sometimes just the opposite. "It is perfectly clear that if the people supervised by the director played a greater role in his professional career, this fact alone would become a very powerful control mechanism. Moreover, a manager elected to his position by a live rather than mechanical majority would be not only controlled by the collective but protected by it. And that is very solid protection. In case of key decisions, serious conflicts where he is in the right, the manager will no longer have to face the superiors alone. The balance of forces would not be as uneven." All of this is written in the subjunctive mood and reflects a certain bewilderment on the part of the correspondent upon discovering the director's defenselessness.

Selecting Managers

One of the cardinal issues of Gorbachev's restructuring is the issue of the selection of directors. It is common knowledge that today virtually all directors are engineers, experts in some area of
technology. Respondents -- accountants, planners, ministry workers -- talked about the fact that the director, even one who is a great expert on his production, is usually little versed in the problems of the economy.

R: "...As a rule, directors barely knew their economy and finances."

This conclusion is echoed in a lead article in Sovetskaia Rossiia (August 12, 1987): "People in charge of production usually know their machinery and technology well, but are incompetent when it comes to financial, credit and commercial issues."

The Soviet author, N. Shmelev, writes, "It comes to mind that gradually the key figure in the entire system of economic management should become not the engineer, but rather an economist, and perhaps even an economist and sociologist rolled into one."

As testified to by the respondents, the management of an enterprise has grown more complicated with each succeeding reform in the Soviet Union, due to the fact that the supply system and financing have to be adapted to the new conditions while the director never does get the rights to which he is entitled as declared. A key question is whether the current restructuring program will have the same outcome. The jury is still out.
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- 62 -