
METHODS OF STATE CONTROL OVER THE DEPARTMENT OF ENTERPRISE SPYING OF THE STATE JOINT-STOCK COMPANY “CREDIT BUREAU” DURING THE NEP

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The article dwells upon the experience and methods of state control for the activity of the institutes and departments of the state joint-stock company “Credit-Bureau” by the supreme authority in the USSR in NEP period.

The department of state joint-stock company “Credit-Bureau” in the system of informational and economic security of the USSR in the 20s - 30s of the XX century was a form of self-supporting enterprise and functioned by means of its enterprising revenue. Efficiency and profitability progress of “Credit-Bureau” was carried out by extending of its spheres in the USSR and outside it and by attracting clients from different sectors and fields of the national economy as well as by adopting a rational policy of price-formation and prices decrease for the company’s services and finally by applying new methods of clients solicitation.

Informational and enterprising activity of the department of state joint-stock company “Credit-Bureau” and its regional branches were under strict control of the top controlling units of the Soviet authorities with the General Executive Committee of the USSR and some other units as well.

In the twilight of the NEP in 1928-1929 there were conducted some complex inspections of the department of state joint-stock company “Credit-Bureau” and its offices by the People’s Commissariat order by the all-USSR Committee of the national Economy.

As a result, the commission has come to the mutual conclusion that state joint-stock company “Credit-Bureau” is the important informational and intermediary link between the state, cooperative and private sectors of the national market economy in order to provide enterprising security of every single subject of economical activity. The board of the USSR NC PPI states that: “Joint - stock company “Credit-Bureau” was established on the 2nd of Decem-

ber 1924 in order to gather the data on private persons’ and organizations’ solvency and also to perform operations on checking railway bills of lading and to levy railway excesses of the goods transportation”¹.

As a result of the conducted inspection, the survey of “Credit-Bureau” showed that for the requested 147 024 certificates of solvency the Bureau approved 146 788 of them, accordingly. By the way, 46% of all certificates were approved in period of less than one day².

Consequently, the functions of the certificate department of “Credit-Bureau” came to prevention of state bodies’ losses of non-payments of private persons. Still, the works on that is being done in a satisfactory way³.

Despite the importance of the state joint-stock company “Credit-Bureau”’s activity on gathering of solvency data, many state enterprises, organizations etc do still ignore such services, which leads to serious losses.

During the inspection of “Departments of railway and transport claims” of the state joint-stock company “Credit-Bureau” the board drew the following conclusion: “As for the inspection of transport documents and reparation of damages caused by the found faults and mistakes, in 1926 “Credit-Bureau” approved such claims of 717 000 rubles of total value, which is 45% of all filed applications. The next year the number of approved claims reached 60% of 873 000 rubles of total value from the total sum of 1512 000 rubles”⁴.

In the final part of the inspection of the state joint-stock company “Credit-Bureau” the board of the USSR NC PPI drew the following conclusions and made the following recommen-

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dations for the economic subjects in order to secure their enterprising stability: “Credit-Bureau” is an organization of special economic utility and of great importance and credibility in respect of improvement of credit deals and protection of state interest. The board confirmed it as impossible and unacceptable for state business and credit enterprises to perform crediting without private persons and the like without making inquiries about them from “Credit-Bureau”⁵.

The control over the state and results of within the system of department of enterprising spying of “Credit-Bureau” was conducted by the board of management, its accounting division. The financial figures of “Credit-Bureau” finds direct dependence upon demand and supply of informational services, its fluctuation, stability or decreasing.

The opening period of “Credit-Bureau” existence was marked by exceptionally psychological impact upon economic executives with introduction of certificates about solvency in trading processes. Therefore, at the end of the first year this activity was given a nice estimation so that there was almost no need to prove the role of such a trade regulation as traders’ complete awareness of his counteragent⁶.

Later on, the report especially underlined that: “The further growth of inquiry services is developing according to the growth of the goods turnover in the country. From 1924 up to the present day - in accordance with the general trade policy of the company - “Credit-Bureau” pays primal attention to studying cooperation processes. The development of state industry and increasing purchase power of people, promotion of a great number of the goods into the countryside all lead to the rise of credit deals and in turn the rise of inquiry activity of “Credit-Bureau”⁷.

Consequently, the current state of affairs of the informational market was mainly determined by the condition of the state, cooperative and private sectors of economy of its subjects and objects.

The overall number of clients of all “Credit-Bureau” offices in 1924-1925 was 4554 - with 1517 clients for 1924 and 3037 for 1925. The Moscow office clients number was 643, in 1925 - 963 while the overall figure for 1924-1925 is 1606 clients⁸.

At the same time there is the rise of clients’ demand for solvency inspection of the wanted object, its competitiveness and stability. In 1924-1925 all the “Credit-Bureau” offices received 95 664 inquiries, in 1924 - 5660 of them, in 1925 - 13410. The overall number of the issued certificates of solvency is 91 755⁹. So, there is the rise of clients’ demands for enterprising security due to the further development trade and monetary relations in the USSR.

The price of solvency certificate was estimated 7 rubles and 12 kopecks according to the costs of its manufacture. The costs of manufacture of solvency certificate under “Credit-Bureau” Head Moscow Office are close to 5 rubles and 61 kopecks.

One of the most important directions of activities within “Credit-Bureau” offices was the activity of “Department of claims” of non-paid duties which was given the rights to regulate the claims of business partners from different sectors of the national economy and to supervise the parties’ fulfilling their own obligations.

The aforementioned “Collection Department” which deals with claims of clients within the “Credit-Bureau” Moscow Office in January 1925 collected 1 164 397 rubles, in April - 643 261 rubles, in June - 1 001 826 ruble. The overall sum of all “Credit-Bureau” offices in April 1925 - 2 333 241 rubles, June - 2 163 046 rubles, October - 2 269 353 rubles¹⁰.

The activity of the “Collection Department” is not focused upon making maximum high profits with their clients while realizing the projects but assistance to the state and cooperative organizations in regulating their claims, most importantly, “Collection Department” takes every possibility to reduce the economic balance of defendants¹¹.

The most efficient and profitable department throughout “Credit-Bureau”, according to the board of directors controlling commission data, was “Department of railway claims”. The board of directors pointed at the following status of “Department of railway claims”: “departments and cells dealing with realization of claims to transport bodies for excesses, delays and shortages of transportations are available and open in almost all offices. The last three months receipts were not very significant and consisted exceptionally of rewards for documents

checking and for tariffs information providing. The receipts from April 1st 1925 are as follows: April - 9 544 rubles; May - 2 563 rubles; June - 6 468 rubles; July - 19 002 rubles; August - 7 977 rubles; September - 20 597 rubles;

Overall - 66 151¹².

Thus, as a result of realization of client's claims to their defendants by way of business agreement or juridically the law suits were answered while "Credit-Bureau" received money reward in the form of income for successful functioning as self-supporting enterprise.

Insurance activity of "Department of Policy" were widely spread and represented not only throughout the USSR but also in foreign countries and within foreign insurance companies where the lawsuit claims were sent. Not only were the defendants' insurance claims decisions answered by way of peace agreement between the two parties but also by way of trials which concerned debt-holders.

In this respect, the board of directors of "Credit-Bureau" stated the following points in their reports concerning "Department of Policy": "Due to the insurance companies' refusal to regulate the matters by way of peace agreement, there some lawsuits were commenced in New-York and Paris courts. There have not been any precedent-related decisions yet but the English court made a decision on the analogical lawsuit of a German policy-holder in favor of plaintiff"¹³.

Consequently, "Departments of Policy" of the joint-stock company "Credit-Bureau" provided services for its clients of insurance claims in respect of insurance companies not only on the territory of the USSR but also outside the country, abroad. The regulation of insurance claims of clients were done by way of peace agreement or juridically. For its provided services "Credit-Bureau" received intermediary reward from his clients, which boosted in its turn the development of insurance enterprising during the NEP.

Consequently, the internal control in the form of balance sheets and some certain financial figures informing about the joint-stock company "Credit-Bureau" various departments functioning present the control statistics about the departments functioning and achieving of profitability under conditions of market economy.

The next method of control over the state joint-stock company "Credit-Bureau" depart-

ments' activities consisted in application of the so called "external response" which would tell about "Credit-Bureau" activities and was introduced by the top bodies of the Soviet authorities.

The practice of "external response" which would tell about "Credit-Bureau" activities was introduced by the decree from January 27th 1925 of the chairman of the state joint-stock company "Credit-Bureau", Commissar of Internal Trade, A.L.Sheinman.

The board of directors of "Credit-Bureau" organized mailing of letters to some large state enterprises and organizations in which they asked to send them back responses of the offices' activities.

Responses of the state joint-stock company "Credit-Bureau" activity was received by the board of directors from the Central Trade Joint-Stock Company of Moscow dated 29 January 1925 which contained the following information: "The board of directors of CTJSC hereby informs you that the certificates we usually get from you are the only basic information about our clients' solvency. Therefore, there can be seen some drawbacks of your company's activity in the field of delivering such certificates - we are often forced to resort to banks' information as an auxiliary material or sometimes even as the only one available source"¹⁴.

The next external response of the state joint-stock company "Credit-Bureau" activity was received from the Head Technical Office of Gostorg dated 2 February 1925: "Certificated provide by "Credit-Bureau", undoubtedly, come as material of extreme value while deciding upon give a credit or not since they give us information about assets and liabilities of the companies. That would certainly be welcomed if you add the parameter of assets' estimation"¹⁴.

Thus, external responses of the state subjects of economic activity were of great importance because they performed functions of not only control over "Credit-Bureau" but they also boosted improvement and development of the whole system of enterprising spying within "Credit-Bureau".

The top bodies of state authorities urge the state objects of economic activity to refrain from ignoring the services provided by the state joint-stock company "Credit-Bureau" in order to secure their own economic stability

on the basis of numerous decrees, orders, secret circulars of the GEC USSR, the all-USSR Committee of the national Economy and some other bodies of the state control and management.

Therefore, in the economic activity of the state sector during the NEP there were functioning organizations, establishments and enterprises of various forms and types which neglected the services provided by the state joint-stock company "Credit-Bureau" but leaving it all to chance and a positive scenario of the business deal. Practically speaking, such an approach was then followed by material and monetary losses of enterprises and by considerable damages to the state. Such heads of companies were normally brought to trial for their criminal negligence.

At the other extreme, heads of the state establishments and enterprises bore both financial-economical and administrative-criminal responsibilities for the credit operations. One of the possible ways to escape deserved punishment for financial crimes during the NEP was to address to the Department of Enterprising Spying within the state joint-stock company "Credit-Bureau" in order to get certificate of solvency for a business partner. It guaranteed the enterprise a financial-economic stability under such conditions.

As a matter of fact, the inspection results conducted by top bodies of the state controlling authorities of the USSR - the GEC, the all-USSR Committee of the national Economy and the like - and aimed at the state joint-stock company "Credit-Bureau" and its offices in the system of the informational and economic stability of the USSR in 20s-30s of the XX century demonstrated and proved that the informational activity of providing solvency certificates by order of the economic subjects was then one of the key-to-success mechanisms and condition which could secure financial-economic stability of enterprising throughout different sectors of the market economy during the NEP.

The basic methods of how to control the activity of "Credit-Bureau" were as follows:

1) External complex inspection of the top bodies of the state controlling and supervising authorities of the USSR - the GEC, the all-USSR Committee of the national Economy and the like - organization-administrative staff, financial activity of the state joint-stock company "Credit-Bureau" as well as of his regional offices;

2) Systematic internal inspection conducted by the board of directors of "Credit-Bureau" which is focused upon checking of financial activity of all offices and departments of the state joint-stock company "Credit-Bureau" on the territory of the USSR;

3) Method of "external responses" about the state joint-stock company "Credit-Bureau" activities;

4) Method of bringing persons to trial for the material and financial damages to enterprise; analysis of reasons and size of damage to enterprise juridically.

The described above experience and practice of state controlling bodies which are responsible for "Credit-Bureau" offices activities during the NEP can both be applied in a creative way by the modern state bodies, establishments of control and supervision over governmental and non-governmental aspects of the economic and enterprising stability and safety in order to set up the ground for their efficient functioning and preventive measures of breaking a finance-economic discipline at the informative and economic markets of security of the Russian Federation.

¹ Central State Archive of Nizhny Novgorod Region (STANNR), f 378, op. 1, d 1, d. 26.

² Ibidem.

³ Ibidem.

⁴ Ibidem.

⁵ Ibidem.

⁶ Ibidem d. 23, l. 7.

⁷ Ibidem l. 8.

⁸ Ibidem, l. 2, 3.

⁹ Ibidem, l. 3, 37, 38.

¹⁰ Ibidem.

¹¹ Ibidem, l. 10.

¹² Ibidem.

¹³ Ibidem, l. 10.

¹⁴ Ibidem.