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**The basic structure of circulation outlays and the development of its proportion in the socialist organized market : (summary)**

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## THE BASIC STRUCTURE OF CIRCULATION OUTLAYS AND THE DEVELOPMENT OF ITS PROPORTION IN THE SOCIALIST ORGANIZED MARKET

(Summary of the Monograph)

The impulse to the writing of this monograph was given by the author's discovery of the absence in present economic literature of special treatment which would make a systematic and detailed analysis of problems concerning the relations between the productive and non-productive outlays on the circulation of commodities in a socialist economy. The practice of the socialist trade organs, which carry out such an important task as the reduction of the variable outlays on the circulation of commodities, is insufficiently founded on deep theoretical knowledge of the economic character of labour consumption in the sphere of circulation.

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The first chapter of the present work expounds Marx's theory of circulation outlays and describes the basic structure of the circulation outlays in the capitalist mode of production.

The chapter on the Circulation Outlays in the second book of „Capital“ contains Marx's analysis of the economic character of labour in the sphere of circulation. The fact that Marx does not go into detail in analyzing all the individual forms of circulation outlays frequently results in different explanations of Marx's theses. For the successful solution of the problem formulated in this work the elucidation of those fundamental questions most of which have emerged from the various interpretations of Marx's theses in „Capital“ is of primary importance.

By revealing the economic character of the individual costs of labour in the sphere of circulation Marx exposed the fundamental economic structure of circulation outlays. The differences between the two groups in the fundamental structure are given by their different roles in the formation of the value of the social product and by different sources of defrayment.

From this point of view the outlays in the sphere of circulation can be considered as the circulation outlay resulting from the commodity form of production and the outlay arising from the additional processes of production in the sphere of circulation.

The former group includes the circulation outlays resulting from the process of purchase and sale, the calculation and accounting of money in all the processes included in the sphere of circulation, as well as from the flux of money, from non-standard finishing processes, from sorting and packing of commodities, from expenses representing all losses in the quality and quantity of commodities in consequence of the deposition of commodities in the form of stores, and finally, those circulation outlays related to transport carried to an abnormal extent.

The latter group comprises the circulation outlays related to the finishing, sorting and packing of commodities carried to a normal extent, expenses related to the keeping of standard stores of commodities and to transport carried to a normal extent.

Changes in the economic character of labour consumption in the transport, sorting, packing and finishing of commodities require special attention.

These changes occur when the labour involved is, from the standpoint of the social needs of a continuous process of reproduction, superfluous, „abnormal“.

Under the present capitalist system the circulation outlays increase both absolutely and in relation to the costs of production. Most of it is due to the conversions of outlays related to the additional production processes in the sphere of circulation into outlays arising from the commodity form of production. The basic structure of circulation outlays is characterized by the absolute predominance of outlays representing labour consumption of a non-productive character.

The second chapter analyses the basic structure of the circulation outlays and the factors of changes in its proportion under the socialist mode of production.

Production under the socialist system is commodity production. A considerable part of the social product is not, however, turned into a object of market exchange. The circulation of commodities in the sense of the distribution of the social product by means of pecuniary market exchange within the socialist state means the movement of commodities passing from state or co-operative ownership to private ownership or from co-operative ownership to that of the state and vice versa.

The circulation outlays represent the labour consumption necessary for the movement of commodities passing through the market. In this way circulation outlays appear in socialist trade, which is the instrument — and not the „form“ — of the market distribution of commodities.

The elucidation of the twofold meaning of the term „movement of commodities“, i. e., the distinction between the physical movement and the movement with regard to ownership facilitates the differentiation between trade outlay and the outlays of the supply and marketing organizations, helps us to distinguish between expenses of the internal and of foreign trade, etc.

The category of „circulation outlay“ expresses a certain form of the employment of labour and is thus connected with the content of production and reproduction and expresses the individual movements in the process of reproduction under the system of commodity production. As the basic content of the reproduction process is identical under all the social systems, the basic content of the category of circulation outlays must be in general identical both in the socialist and in the capitalist systems.

The division of the individual circulation outlays under the socialist system according to their economic character is analogous to that under capitalism. The norms of supplies and the transport norms require special attention in connection with the changes of the economic character of labour consumption. Under the socialist system there are no objective causes for the conversion of productive into non-productive labour.

Socialism — as any other mode of production that preserves commodity production, and thus the circulation of commodities — contains basic factors which exert their influence on the development of the proportion in the basic structure of the commodity expenses.

The development of circulation outlays should be studied in close connection with the analysis of the socialist economic laws which represent the general factors of changes in the proportion of the basic structure of circulation outlays. In the analysis of concrete factors we ascertain the influence what changes in the rate of the turnover, in the structure of the turnover and especially in the volume of the commodity turnover exercise on the proportion of the basic structure of the commodity outlays.

In the third chapter of the monograph the author examines the possibility and importance for the national economy of recording and planning the basic structure of the circulation expenses in the socialist market. So far, the importance for national economy of recording and planning the basic structure of circulation outlays under the socialist system has not been fully appreciated.

The changes in the proportion of the basic structure of circulation outlays are accompanied by changes in the degree to what the circulation of commodities is economic. Constant reviewing and regulation of developments in the proportion of the basic structure provide indirectly for the review and increase of the economic of the circulation, are of great importance for the review and regulations of the development of changes in the price and value of commodities in a socialist society, help to reduce the expenses of enterprises based on the „khozrazchot“ system, and contribute to the exact determination of the share of trade in the national income.

The present practice in the recording and planning of circulation outlays is founded on the classification of the outlays according to their function in the realization of the individual phases of the movement from production to consumption and to the forms of wear and consumption of the various kinds of merchandising facilities. The practice in the formation of nomenclature and of analytical records of circulation outlays does not pay due regard to the classification of outlays within the basic structure according to their economic character.

The drafting of plans for circulation outlays is not aimed at the concrete indication of changes in the proportion of the basic structure. Although the objective economic laws of the socialist mode of production lead to changes in the proportion of the basic structure of circulation outlays, the present planning practice takes no purposeful action in this direction.

The possibility of the recording and planning of circulation outlays in view of their economic character is completely denied by many authors. This task, however, is quite real, even while preserving the existing nomenclature of circulation outlays.

For the successful fulfilment of this task, however, a preliminary analysis has to be made. The main data are supplied by the analytical items of accounting, the supplementary data

by the economic analysis in a selected set of enterprises. The greatest difficulties and inaccuracies arise from the fact that the only index available is that of labour consumption.

The fourth chapter of the work presents the solution of a concrete task, viz. the description of the development of the proportion of the basic structure of the circulation outlays in the Peoples's Democracy of Czechoslovakia.

The decisive majority of the circulation outlays in the Czechoslovak Republic represents labour consumption in commodity circulation in the enterprises controlled by the Ministry of Internal Trade, the Central Consumer Co-Operative Federation and the Ministry of Food Industry and Purchases.

The trading activities in these three departments have revealed three tendencies in the development of the variable outlays on circulation in the People's Democracy of Czechoslovakia. First, we could observe essential reduction of the variable outlays on circulation due to the suppression of the non-productive expenses connected with private business enterprise and to the effective centralization of the dispersed private retail trade. Secondly, we could witness a successive reduction in the variable outlays on circulation arising in socialist trade by preparing the ground for continuous improvement in the economic movement of commodities from production to consumption. Thirdly, there has been a tendency toward a temporary increase in the variable outlays on circulation due to substantial improvements in the social and cultural level of services for the customers. On the whole, the variable outlays we have been reduced to less than a half of those of the bourgeois republic.

While the variable outlays on circulation have been reduced, the share of the wages in the total outlays on circulation has been increasing and the wage increase of workers in trade establishments surpassed the increase of the turnover. This wage increase is the sign of the growing care devoted to the use-value of commodities by socialist trade.

The analysis shows that the proportion of the basic structure of the circulation outlays in 1957 was 44.5 to 55.5. On the whole, the circulation outlays arising from the additional processes of production predominate over the circulation outlays due to the commodity form of production.

The development of the proportion of the basic structure in the years 1954—1957 cannot be ascertained with accuracy. Nevertheless, the analysis proves the correctness of the thesis according to which the in relation the socialist system between the productive and the non-productive outlays changes showing to the disadvantage of circulation outlays arising from the commodity form of production.

This tendency is in contrast to the development of the proportion of the basic structure of circulation outlays under the capitalist system.

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In the concluding section of the monograph the author states that:

- 1) the development of the basic structure of the circulation outlays in Czechoslovak socialist trade has so far been, on the whole, favourable;
- 2) the needs of the socialist economy call for close reviewing and purposeful active participation in the development of the proportion of the basic structure of circulation outlays;
- 3) it is in our power to put into operation the active and planned influencing of the changes in the proportion of the basic structure of circulation outlays.

