

## Lenin, Economist, but Marxist?

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Born in 1870, Lenin was raised in a close family in comfortable surroundings and had an elder brother, with an interest in marxism, who was executed in 1887 for his role in attempting to assassinate the czar. Lenin moved toward marxism around 1889 and, by 1892, had ascribed to the position of Georgy Plekhanov opposing populism in Russian agriculture. Plekhanov is usually considered the founder of Russian marxism. In 1895 Lenin's St. Petersburg's League of Struggle for the Emancipation of the Working Class was formed.

In the 1890s Lenin devoted considerable attention in his writings to economics, unquestionably a background for his politics. There are also a few writings during World War I, and of course practical issues after the October Revolution of 1917. Lenin emphasized that his economic theory is precisely marxist. Unfortunately, contemporary marxists knowledgeable in economics, such as Karl Kautsky, Rosa Luxemburg and Nicolai Bukharin, did not take on Lenin's economics either before or after the revolution. However, the first of Lenin's important economic works was unpublished, and others were only in the Russian original; this can somewhat explain lack of attention. Lenin's own critical readings of Luxemburg and Bukharin could have stimulated controversy within marxism but were left by him uncompleted in only marginal notes. (For Lenin's marginal notes on Luxemburg's *Accumulation of Capital*, see the translation by Lawler in Zarembka, 2000, pp. 225-235; for Lenin's notes on Bukharin's *Economics of the Transformation Period*, see Bukharin, 1920.) Lenin did write favorable reviews of some of Kautsky's

work, to which Kautsky naturally did not object.

Stalinism would not countenance the idea of critical work on Lenin's economics. But, in the 1950s, Roždolsky (1968) wrote his well-known work on Marx's theory and did include important commentary on some of Lenin's economics. Yet, it only first appeared in print in 1968 (in German). In 1969 the influential marxist philosopher Louis Althusser (1969, p. 100), in his 'Preface' to Marx's *Capital*, could still describe Lenin's *Development of Capitalism in Russia* as the "only work of scientific sociology in the world" and refer to Lenin's studies of Marx's *Capital*, Volume 2 as "texts of gripping clarity and rigor". Althusser does not seem to have studied Lenin's economics very deeply. Two decades later, Desai (1989) could not report any overall study of Lenin's economics (although he does mention steps in that direction by Nove, 1967 and by Harding, 1977). Motivated by this dearth of serious work on Lenin as an economist, Desai offered a collection of Lenin's economic writings, both theoretical and practical, along with his sympathetic introduction to Lenin as an economist and an annotated listing of 133 pieces Lenin wrote connected to economic issues.

There are considerable shortcomings in Lenin's economics compared to Marx's work. In fact, his economic theory, when examined carefully is actually rather shallow and even a misreading of Marx. This paper surveys the issues involved, with more extended analysis available in (Zarembka, 2003).  
Lenin before the October Revolution

Capitalism generates overwhelming attention to production. It has a calling card imprinted with its

mesmerizing, seductive, cold-blue charmer -- development of productive forces. Capitalism thus invites economists to focus on production. Lenin was no exception. Yet Marx cannot be considered an economist of production, but of the class relations in production and of the exploitation of the working class by capitalist class.

In 1893 Lenin was in St. Petersburg and prepared for a study group a paper entitled "On the So-Called Market Question", his first work in economic theory (although unpublished until 1937). In order to address whether sufficient markets obtain for capitalist development in Russia, a topic which will receive his attention through the end of the century, Lenin lays out the schemes of reproduction of the total circulation of capital from the final chapter of Marx's *Capital*, Volume 2. Lenin in his turn describes the historical development of capitalism as having two important features: the natural economy of direct producers is transformed into a commodity economy as a result of the appearance of a social division of labor, then this economy is transformed into a capitalist economy as human labor-power also becomes a commodity. Without further explanation from Lenin, it is competition -- itself engendered by commodity production -- which drives class differentiation and in turn leads to the appearance of labor power. Lenin thus fore-fronts competition (in a manner Marx had not done), using it in turn to explain class differentiation.

Lenin goes on to develop an early version of what later economists will call an input-output table, in part to illustrate that proletarianization of peasants creates a home market. This is important as it shows that capitalism can penetrate other forms of production and expand production for markets. Yet Lenin's discussion of how the penetration of pre-capitalist forms of production actually occurs fails to account for coercion. Where Marx in *Capital* had emphasized that the expropriation of

the immediate producers from their means of production is "written in the annals of mankind in letters of blood and fire" (Marx, 1867, p. 669), there is instead an affinity between Lenin's analysis and Adam Smith's, both believing that pre-capitalist economies naturally dissolve into capitalism through market forces. And Lenin has technical progress driving the expansion of the market (1937, p. 61), but without a theory of technical change to support his assertion (i.e., beyond saying that competition leads to a need for cost reductions). Lenin does not here, or elsewhere, ever use Marx's argument that technical change is focused on cheapening labor power, on cheapening the goods consumed by workers with their wages, an astonishing omission since the concept is indisputably a major one for Marx. Lenin, for his own purpose, wants the argument of increasing specialization of labor and increasing role of the market in order to defeat skeptics about the development of capitalism in Russia.

In this early work, Lenin claims correctness via the facts of the Russian rural economy (1937, pp. 67-79). However, Lenin simply ignores rural communes. If he had seriously studied the Russian commune, he might have found out that "the commune was not compatible with an intensive market economy, with significant differentiation in property, culture, and social status; with formal rationality; with a clearly expressed individualism; with a constitutional state ... " (Mironov, 1990, p. 32). And communes were important in Russian agriculture -- so much so that when a movement for land reform developed in the late 1870s, peasant support for the commune meant that some 89% of peasant households, even in 1905, were still in communes (pp. 29-39). Furthermore, Lenin's lack of interest in the commune didn't change when, several years later, he came to write *Development of Capitalism in Russia*.

From afar, Marx had been correct to have taken

the Russian commune seriously, quite a bit more seriously than did Lenin in St. Petersburg. Marx had learned Russian and studied the Russian economy. He wrote a draft reply in 1877 to a journal's editorial board regarding a Russian socialist writer (it being published in 1886) and a 1881 letter to Vera Zasulich, later an associate of Plekhanov in Geneva, denying that he believed that all countries had to go through a capitalist phase. Marx also wrote Zasulich that, as the result of his research, he found that the Russian commune "is the fulcrum for the social regeneration of Russia" (Marx and Engels, 1948, p. 162). Indeed, Marx and Engels' foreword to Plekhanov's Russian translation of the Communist Manifesto, published in 1882, concludes that "the present Russian communal ownership of land may serve as the starting-point for a communist development" (White, 1996, p. 308; however, see also fn. 39 which describes that Plekhanov deleted "communal" when he published it; Lenin, being 11 at that time, may never have seen the correct translation by Zasulich which had appeared in a Russian journal a few weeks earlier).

No economist preceding Marx received as much direct attention from Lenin as did the Swiss Sismondi, Lenin believing Sismondi's arguments to be very similar to the populists in Russia. This is in spite of the fact that the focus on capitalist practice as promotion of production makes David Ricardo the quintessential classical political economist, and Marx certainly considered him its highest representative. Most of Lenin's attention on Sismondi (i.e., in 1897) is focused around understanding accumulation of capital in capitalist society. A "home market" develops within capitalism since means of production are themselves market-based and expanding. The demand for consumer goods, on the other hand, is only a derived demand, derived from the expansion of production and thus the expansion of means of production. Indeed, says Lenin, to focus on markets for

consumption goods would see "the root of the phenomenon [of crises in capitalism] outside of production". He claims that Marx's theory sees the problem of crises "precisely in the conditions of production" (Lenin, 1897, p. 167).

By focusing on production, Lenin shifts attention away from a special concern with problems of markets for consumption goods in leading to crises and focuses instead on the "anarchy" of the production processes organized by capitalists. Lenin is clearly highlighting the capitalist organizer of production ala the classical economist David Ricardo. Others at that time were not taken in by the argument, Plekhanov even being one of the later critics (but only after he separated politically from Lenin). Indeed, Lenin's position was an uncommon one. By 1905, it could even be learned from Marx's newly published *Theories of Surplus Value*, that he had, in actuality, described Sismondi -- with his awareness of the contradiction between the poverty of the workers and the wealth of the capitalists, and thus the possibility of economic crises -- as "epoch-making in political economy" (Marx, 1905, pp. 259). Yet, Lenin's 1907 second edition of his work on Sismondi still maintains the former description of his own interpretation as "marxist". Luxemburg (1913, pp. 188-89 and 287, fn. 2), in one of her few evaluative remarks on Lenin's political economy and giving Lenin credit for his seeing the similarity between Russian populist views and those of Sismondi, correctly concludes that Lenin under-appreciated Sismondi.

Lenin's major work in 1899 *Development of Capitalism in Russia* represents a culmination of research over a period of six years. The work is divided into sections: an introductory theoretical chapter which incorporates earlier writings we have discussed, three long chapters on the agrarian economy, three on the development of industry, and a concluding chapter on the formation of a market economy within Russia (in all, representing almost

700 pages). In trying to demonstrate that the market and capitalism are developing in Russia and that class differentiation is occurring in agriculture, it seems impressive at first reading. Desai (1989, p. 13) claims that Lenin shows here "his firm grasp of Marx's theory and the way it is applicable to a backward but developing economy", and he favorably notes Lenin's use of detailed statistics. He even says that "nothing on that scale has been accomplished by an economist, Marxist or other, for another underdeveloped country". Yet, Lenin's attention is only the post-Reform period (i.e., after 1861). There is nothing on the Russian commune, very little on foreign investment within Russia, and very little in the way of actual historical analysis of the development of markets and of capitalism in Russia. The book is rather more of an extended snapshot using lots of data from official sources. White's (2001, pp. 40-45) later review of the book concludes that Lenin, in fact, writes out the existence of community peasants, writes out by "classifying the commune as a social or ethnographic phenomenon [so that] the commune, its dynamics, or how communal life influenced the economic situation of the peasantry in the post-Reform era, is not discussed. Lenin, for purposes of his book, has abolished the peasant communes and has put atomized civil society in their place" (p. 43).

In 1915 Lenin wrote a survey of Marx's political economy, much of which is quite accurate. However, he repeats a point he had made in the 1890s by saying that "new and important in the highest degree is Marx's analysis of the accumulation of capital, i.e. the transformation of a part of surplus value into capital, and its use, not for satisfying the personal needs or whims of the capitalist, but for new production" (Lenin, 1915, pp. 63-64). In other words, Lenin's interpretation of accumulation of capital focuses on increased production. Such a formulation simply cannot be found in Marx, where surplus value is converted into capital,

but capital is not then described as new production (at one crucial point in *Capital*, summarizing prior discussion, Marx describes accumulation of capital as increase of the proletariat, 1867, p. 575). Lenin's interpretation also fails to mention any increased exploitation of workers connected to accumulation of capital, whether meaning more workers being exploited or the degree of exploitation increasing.

Lenin's famous *Imperialism, The Highest Stage of Capitalism*, also written in this war period, is self-described as a "popular outline", and thus does not expose in any clear fashion his deeper conceptions. The single innovation in it is his discussion of a 'labor aristocracy', created in certain more advanced countries, which is being bribed by higher wages.

#### Lenin after the 1917 October Revolution

Shortly before the October Revolution Lenin prepared *State and Revolution* (published in 1918) and a couple of other works indicating a certain conception of a socialist economy. Borrowing from Rudolph Hilferding's *Finance Capital* in which modern capitalism is described as subordinated to the banks, Lenin argues that taking control of the banking sector would be sufficient to establish a socialist economy, given the decisive importance of accounting and control in the production and distribution of goods. However, the banking sector collapsed after the Revolution as a result of the resistance within that sector. Still, in December 1917, Lenin said that, although impoverished by World War I, "there is enough bread, iron, timber, wool, cotton and flax in Russia to satisfy the needs of everyone, if only labor and its products are properly distributed". Within agriculture, Lenin thus suggested implementing accounting and control, implementing it through competition, with a variety of methods being used by the communes, methods which could include that "one out of

every ten idlers will be shot on the spot" (Lenin, 1918a, pp. 411, 414). Even though he suggested that the accounting and control be done by workers and peasants, giving a green light to such instant 'justice' for such a 'crime' is simply unacceptable.

A decree issued by Lenin as Premier on the day after the October Revolution abolished private ownership of land and offered no compensation. All citizens of either sex could use the land as long as they actually cultivated it without using wage labor. Three weeks later, workers' control was decreed throughout the economy. Nationalization of industry was not included, however. Lenin articulated what workers' control is to mean in that immediate context (before the Civil War) -- capitalist private property in industry, but with a state under workers' control and workers' committees in factories. This "state capitalism" included the open admission of using capitalistic methods in the factory, e.g., adopting Taylorism to promote Soviet industrial development. In 1913-14, Lenin had analyzed Taylorism and focused decidedly upon increasing production, not upon the active role of workers in technology nor upon the consequence for workers of Taylor's proposed increased separation between mental and manual labor or of the bureaucratization of the workplace. Soviet practice came to correspond. Linhart (1976) offers a careful discussion of Lenin and Taylorism, including the period after 1917.

After the Brest-Litovsk peace treaty with Germany on 3 March 1918, Lenin continued to argue that the principal economic difficulty facing the Soviet state lay in "the introduction of the strictest and universal accounting and control of production and distribution of goods, raising the productivity of labor and socializing production in practice" (Lenin, 1918b, p. 241). As Civil War, which began in mid-1918 and was of course a special period, turns toward victory in 1920, Lenin speaks to the Russian Young Communist League

that the basis of communist society is electricity, and that "only after electrification of the entire country, of all branches of industry and agriculture ... will you be able to build for yourselves the communist society" (1920, p. 289). At another point he equates communism with Soviet power plus electrification. The New Economic Policy a couple of years later did not change emphasis upon electrification.

Military victory or not, the Soviet economy was devastated and drastic steps were needed. Lenin proposed the New Economic Policy to the Tenth Party Congress in March 1921. It substituted a tax in kind on the peasantry (fixed early each Spring, although later changed to money) for the prior confiscatory food requisitioning; it also legalized trade by peasants of any of their surpluses, and permitted a money economy. Land remained nationalized. This policy did stabilize the economy in that, by 1927, Russia returned to pre-War World I production levels in both industry and agriculture. However, it also led to increased class differentiation in the countryside, including a proliferation of merchant intermediaries, "Nepmen", and was associated with deepening bureaucratization.

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Marx had said that, when the bourgeoisie comes into conflict with production or the productive development of human labor, the classical economist Ricardo was "just as ruthless towards it [the bourgeoisie] as he is at other times towards the proletariat and the aristocracy" (Marx, 1905, p. 118). Could not a simple rewording apply to Lenin? If Ricardo was critical of any social class when not developing production, could not the same be said of Lenin's focus?

Lenin's importance at the time of much of his earlier writings should not be over-estimated and could simply be considered part of healthy debate. Yet, Lenin's economics with its "scientific" claims,

became a bold, albeit masked, instrument for his politics. And the revolutionary success of 1917 gave this economics an imprimatur much beyond its actual intellectual weight. Thus, for example, when Lenin said in 1922 of Luxemburg's Accumulation of Capital that she "was mistaken on the theory of the accumulation of capital" (1924, p. 210, repeating an earlier published comment regarding "her incorrect interpretation of Marx's theory" -- Lenin, 1915, p. 90), it must be so.

Regarding the connection of Lenin's economics to the later development of marxist economics and to economic practices described as marxist, we would need to turn to a discussion of Stalinism. As clearly documented in Tucker's (1990) important work, criticizing Lenin's interpretation of Marx in no way diminishes the fact that Stalin went on to distort Lenin for his own aims. For example, Lenin would have opposed forced collectivization of the peasantry and the manipulation of his legacy to justify it. The larger question is, nevertheless, whether Lenin as an economist can correctly be considered marxist (Stalin, notwithstanding). It is being suggested here that a deeper reading of Lenin's writings undermines a claim that Lenin's economics, whatever else it be, is a legitimate successor to Marx's life work.

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