The evolution of Lenin's thought

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This year we celebrate the seventieth anniversary of the appearance of Lenin's famous pamphlet Imperialism: The Highest Stage of Capitalism written during the first six months of 1916, Lenin judged the purpose of his work as follows:

"I trust that this pamphlet will help the reader to understand the fundamental economic question, that of the economic essence of imperialism, for unless this is studied it will be impossible to understand and appraise modern war and modern politics." 1

In the second preface Lenin added:

". . . the main purpose of the book was, and remains, to present, on the basis of summarised returns of irrefutable bourgeois statistics, and the admissions of bourgeois scholars of all countries, a composite picture (Lenin's emphasis) of 'the world capitalist system in its international relationships at the beginning of the twentieth century - on the eve of the first world imperialist war.'" 2

In these passages Lenin establishes a dual theoretical problem, which must be clearly understood from the beginning. Imperialism, this "popular outline" as Lenin subtitled it, was the presentation of "an exclusively theoretical, specifically economic analysis" of both the economic essence of the imperialist epoch as a whole and of the specific period of world imperialist economic development culminating in the First World War.

It has been precisely this, Lenin's conception of the economic essence of imperialism, along with the programmatic conclusions flowing from it, which have undergone attack, falsification, distortion and misrepresentation since the October 1917 revolution, not least at the hands of centrist tendencies of all shades claiming the 'Leninist' mantle since the end of the second world imperialist war.

Leon Trotsky, whose life and works embodied the continuity of revolutionary Marxism after Lenin's death, was forced throughout the 1920s and 1930s to defend Lenin's work against the epigones. In his criticism of the draft programme of the Communist International presented for its Sixth Congress, Trotsky opened with the following statement:

'The importance of a programme does not lie so much in the manner in which it formulates general theoretical conceptions (in the last analysis; this boils down to a question of 'codification', i.e. a concise exposition of the truths and generalisations which have been firmly and decisively acquired); it is to a much greater degree a question of drawing up the balance of the world economic and political experiences of the last period, particularly of the revolutionary struggles of the last five years - so rich in events and mistakes... In our epoch which is the epoch of imperialism, i.e. of world economy and world politics under the hegemony of finance capital, not a single communist party can establish its programme by proceeding solely or mainly from conditions and tendencies of development in its own country." 3

The re-elaboration of the Marxist international programme in this spirit is the aim of Workers Power. Difficulties reside in the fact that "drawing up the balance of the world economic and political experiences of the last period" signifies a theoretical understanding and analysis of the period of renewed imperialist crisis beginning in the early 1970s, a crisis
which in turn grew out of a period of the so-called 'post-war boom' beginning in approximately 1948.

"General theoretical conceptions" concerning the imperialist epoch and its variegated periodic developments would indeed play no extensive role in our programmatic documents if it were only, as Trotsky suggests, a question of "codification"; but of what? Codification of "truths and generalisations, which have been firmly and decisively acquired." Here is the crux of the problem.

**Centrist confusion**

Many of the fundamental truths of Marxism have been unlearnt. The process of centrist degeneration within revolutionary Marxism has left nothing untouched; not perspectives not programme, still less theory.

In particular, the centrist collapse of the Fourth International has created much confusion over the theory of imperialism. For example, the important relation and distinction between 'period' and 'epoch', of which Lenin speaks, was to result in unending confusion from the degenerate fragments of Trotskyism. Exemplary in this regard have been two inveterate centrist theoreticians. Ernest Mandel of the United Secretariat of the Fourth International (USFI) with his tardy estimation of post Second World War imperialism in the expression "late capitalism" has created an extremely ambiguous concept which in his hands constantly slides back and forth between the idea of a post-imperialist epoch and that of a late imperialist period. More crudely revisionist was Michael Kidron of the British International Socialism group (IS - now the SWP) who in 1962 advanced the theory of "Imperialism, highest stage but one" going on to suggest that "Imperialism is still very real. . . (but) . . . it is dying as reality and therefore as a useful concept." 5

In the circumstances created by this situation nobody can claim to have "firmly and decisively acquired" the "truths and generalisations" of Lenin's Imperialism. Rather, this is a goal we set ourselves. Here the re-elaboration of the Marxist programme requires as one of its premises the rediscovery of Lenin's theory as it really was. Imperialism itself must be excavated from beneath the mound of misrepresentations and falsifications under which many have, intentionally or otherwise, attempted to bury it.

But everything already said also leads us to the inescapable conclusion that we cannot simply rest content with a formal, "orthodox", uncritical restatement of Lenin's analysis in Imperialism if for no other reason than the simple fact that seven decades stand between us and that pamphlet. It is a truism to state that world imperialism has undergone gigantic modifications in that time, modifications that must of course find a place in our analysis.

**Revolutionary re-elaboration**

In setting about the task of re-elaborating Lenin's theory of imperialism as a basis for the re-elaboration of the revolutionary programme we already possess a very important example of how to proceed. It is to be found in Trotsky's critical appraisal of the founding programmatic document of Marxism, the Communist Manifesto. Writing on the occasion of its ninetieth anniversary in 1937 Trotsky wrote:

"... the joint and rather brief production of two young authors continues to give irreplaceable directives upon the most important and burning questions of the struggle for emancipation. What other book could even distantly be compared with the Communist Manifesto? But this does not imply that after ninety years of unprecedented development of productive forces and vast social struggles, the Manifesto needs neither corrections nor additions. Revolutionary thought has nothing in common with idol-worship. Programmes and prognoses are tested and corrected in the light of experience, which is the supreme criterion of human reason. The Manifesto, too, requires corrections and additions. However, as evidenced by historical experience itself, these corrections and additions can be successfully made only by proceeding in accord with the method lodged in the foundation of the Manifesto itself." 6

In similar vein we can unreservedly state that in the light of the experience of almost seven decades of unprecedented development of the productive forces and vast social struggles Imperialism has in all essentials stood the test of events. It thus forms an indispensable theoretical basis of the communist programme, it too continues to give irreplaceable directives upon the most burning questions of the struggle for emancipation. But this does not imply that Imperialism,
any more than the Communist Manifesto before it needs neither corrections nor additions, revolutionary thought has nothing in common with idol-worship. Our ultimate task is to make the necessary corrections and additions to Imperialism, with the proviso added by Trotsky in relation to the Manifesto, that this is done only by proceeding in accord with the method lodged in the foundation of Imperialism.

Before it is possible to examine in detail. Lenin's 1916 work it is essential to trace the evolution of Lenin's understanding of Marxist political economy. This is so because a key problem of Marxist political economy is absent in any theoretically operative sense from Lenin's writings concerning the nature of his contemporary capitalism. This is the case from The Development of Capitalism in Russia (1899) to Imperialism: The Highest Stage of Capitalism (1916). It is one of the main objectives of this article concerning Lenin's theory of imperialism to accurately situate the law of the tendential fall in the rate of profit, missing from the main course of Lenin's argument, in relation to his overall theoretical evolution.

Marx described that law in the Grundrisse, as:

"in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations. It is the most important law from the historical standpoint."

In fact this law played an entirely subordinate role in the theoretical discussion and debates surrounding the nature of the new epoch of capitalist development in the ranks of the Second International. In different ways Kautsky, Hilferding and Luxemburg, like Lenin, pushed this law into the background in their respective attempts to theoretically explain the decisive phenomena of the imperialist epoch.

The very law which Marx considered "the most important. . . from the historical standpoint" because it expressed for him the most fundamental form of the contradiction between the development of the productive forces and the relations of production under capitalism, was either mainly passed over in silence or revised in the Second International discussion.

Paradoxically Lenin's theory of imperialism, which constituted both a contribution to the debate in the Second International and the theoretical foundation for the formation of the Third, put the greatest emphasis on the idea that imperialism represented the last, final, moribund and decadent stage of capitalist development, i.e. that stage in which the contradiction between the productive forces and capitalist property relations had reached bursting point. Yet Lenin's theory found no place for the law of the tendential fall in the rate of profit. There are many reasons for this paradox; some of the most important from the theoretical standpoint are elucidated in this article. 8 This article argues that a study of Lenin's work on political economy reveals a continuity of method linking the Development of Capitalism in Russia (1899) with the pamphlet on Imperialism seventeen years later. Lenin's theoretical adversaries during these years sought to give a one-sided explanation of capitalist evolution and crises. Some emphasised disproportionality between different sectors of production, others the under-consumption of the masses. Each in their own way endeavoured to demonstrate the possibility of a harmonious non-contradictory capitalist development.

Lenin himself in his contributions never integrated the key element in Marx's theory of crisis, namely, the tendential law of the falling rate of profit. Lenin had occasion to defend this law against its detractors but it never formed the axis of Lenin's own 'crisis theory'.

This is indeed a major weakness in Lenin's work.

But this article will concentrate on first explaining why it did not come to occupy a central place in Lenin's thought. Secondly, it will demonstrate that despite this Lenin's contributions to the controversy within Russian Marxism and the Second International avoided all the pitfalls of his opponents in the sense that Lenin never lost sight of the fact - theoretically or politically - that capitalism in all its stages of development remains internally contradictory and crisis wracked, contradictions from which it could not escape At the end of the day this helps explain why 'Imperialism, despite its weaknesses, represents a work of revolutionary theory, as compared to the apologias for imperialism that
were to appear from his opportunist opponents.

The merits of Lenin's work reside in the analysis of the fusion of banking and industrial capital to form finance capital; the formation of monopoly capital and the tendency to ever-greater exports of capital. Above all Lenin lays bare with stark simplicity the antagonistic drive of imperialism to divide and re-divide the world in the bloody pursuit of profits. Lenin's work of synthesis, a self-proclaimed 'popular outline', was also a scientific work, which has essentially stood the test of time.

However, a detailed examination of Lenin's pamphlet and its strengths and weaknesses in relation to his political allies in the revolutionary left in the Second International (Bukharin, Luxemburg) will be left for a future article. Here, we concentrate on Lenin's positions in relation to what was essentially, or was to become, the centre and right-wing of the Second International. It begins with an examination of the debate within Russian Marxism in the 1890s and early 20th Century. It moves on to consider how Lenin's views informed his appreciation of the work of Rudolf Hilferding and Kautsky in the period 1910/11.

It concludes with a re-statement of the key strengths of Lenin's 1916 pamphlet. These strengths related to Lenin's firm grasp of dialectical method and his consequent analysis of imperialism not as policy but as a contradictory, crisis-torn stage of capitalism, opening up an epoch of wars and revolutions.

The debate within Russian Marxism

Writing in 1924 Nicolai Bukharin accurately, if somewhat schematically, summed up Lenin's theoretical position regarding the nature of capitalist crisis and his relation to rival theorists:

"If we separate off the most important points which concern us, we receive the following theoretical configuration: i. The apostles of harmony (Say and Co.) and the apologists: There is never a general over-production. ii. The Sismondists, Narodiks, Rosa Luxemburg: A general over-production must always be present. iii. The orthodox Marxists: A general overproduction is sometimes unavoidable (periodic crises).

Or in a different connexion: i. Tugan-Baranovsky, Hilferding et al.: Crises stem from the disproportion between the individual branches of production. The factor of consumption plays no role in this. ii. Marx, Lenin and the orthodox Marxists: Crises stem from the disproportion of social production. The factor of consumption, however, forms a component part of this disproportionality." (Bukharin's emphasis) 9

During the 1890s when Russian Marxism was, still for most practical purposes an ideological current Lenin found himself in effect in a bloc with the Legal Marxists - Struve, Bulgakov and Tugan-Baranovsky - against the Narodniks in the dispute over the development of capitalism. As the young Lenin developed his own definitive position, particularly by 1899 with the publication of his The Development of Capitalism in Russia, he began to progressively discern the opportunist, revisionist and ultimately downright bourgeois liberal evolution of the Legal Marxists, and its reflection in their theoretical polemic with the Narodniks. Consequently Lenin began to define his own position against the political economy of first Tugan-Baranovsky and then Bulgakov with their disproportionality theory of crises.

Here it is necessary to expand on Bukharin's schema in order better to understand Lenin's theoretical evolution:

(a) The Narodniks attempted to utilise Marx's Capital to 'prove' that developing Russian capitalism destroyed its own home market by pauperising and proletarianising the peasant masses and further that as Russian capitalism was belated and was thus confronted on the world market by already developed and dominant capitalist powers it could no hope to competitively attain a viable foreign market which, they argued, was the only conceivable replacement for the withering home market. There was thus according to the Narodniks, a permanent crisis of realisation that is a permanent lack of markets for the development of capitalism in Russia. At its most abstract this meant an exclusive focus on the problems of the realisation of surplus value and the problem of "under consumption".
The Legal Marxists claimed Capital for their own and hurled some of its major arguments - back at the Narodniks. We mean here particularly Tugan-Baranovsky and Bulgakov. Tugan and Bulgakov more or less denied the reality of the problem raised by the Narodniks. They asserted that the proletarianisation of the masses, even involving impoverishment, signified a shift away from peasant natural economy, direct subsistence production and individual consumption within the peasant household.

In its place arose the purchase of the means of subsistence by wage labourers who, separated from the means of production, could not directly produce means of subsistence for themselves. Thus, proletarianisation involved a growth in the home market not its shrinkage. Further they developed the argument that the home market developed more because of demand for means of production than demand for means of consumption. Tugan ultimately pushed this latter argument so far that they concluded with the idea that capitalist production develops completely independently of the consuming power of capitalist society.

Finally, they argued that capitalism did not require a foreign market as the home market was completely sufficient, in theory at least, for the realisation of the capitalist commodity product. They therefore concluded that the only real cause of capitalist crises, of periodic breakdowns of capitalist realisations (markets), lay in the disproportions between the different branches of capitalist industry; the disproportions induced by the anarchic character of capitalist commodity production.

It would be wrong to imagine that Lenin's position, as schematically outlined by Bukharin, was some kind of amalgam of the relevant correct ideas of the Narodniks and Legal Marxists. Rather Lenin was engaged in the hammering out of a more developed theoretical synthesis. Here his superior grasp and utilisation of the Marxist dialectical and materialist method proved decisive, although Lenin did not break with the theories advanced by Tugan and Bulgakov all at once.

Like both his Narodnik opponents and his wavering Marxist allies Lenin too turned to Marx's Capital as a guide to the maze of theoretical problems, which demanded a scientific solution. Indeed Lenin's argument in The Development of Capitalism in Russia was far more orthodox, in the positive sense, than the methods and theories propounded by the Narodniks and Legal Marxists.

The theoretical section of his book is designed, among other things, to demonstrate Lenin's orthodoxy - his debt to all three volumes of Capital.

**Lenin's objections**

At the very heart of Lenin's objections to the Narodnik and Legal Marxist conceptions of capitalist development in Russia was that both tendencies skated over Russian capitalism's concrete contradictions. In his book Lenin set out to illustrate the manifold contradictions of capitalist development.

On the one hand, the Narodniks denied the depth and social significance of capitalism's contradictions by denying its very development. On the other hand, the Legal Marxists asserted capitalism's development in such a way as to remove the process of all significant contradictions.

Naturally, both tendencies ended by denying the revolutionary consequences, which flowed from capitalism's inherent contradictions. Lenin's counter-position is best presented in The Development of Capitalism in Russia, in which he directed the following words against the Narodniks:

"Messrs V.V. and N.-on (Vorontsov and Danielson/Nikolaion, Narodnik theorists - WP) imagined that they were giving a profound appraisal of the contradictions of capitalism by pointing to the difficulties of realising surplus-value. Actually, however, they were giving an extremely superficial appraisal of the contradictions of capitalism, for if one speaks of the 'difficulties' of realisation, of the crises, etc arising there from, one must admit that these 'difficulties' are not only possible but are necessary as regards all parts of the capitalist product, and not as regards surplus value alone. Difficulties of this kind, due to disproportion in the distribution of the various branches of production, constantly arise, not only in realising surplus value, but also in realising variable and constant capital in realising not only the product
consisting of articles of consumption, but also that consisting of means of production. Without 'difficulties' of this kind and crises, there cannot, in general, be any capitalist production, production by isolated producers for a world market unknown to them." 10.

The focus of Lenin's polemic in this book was the Narodniks. Elsewhere, Lenin directed these words against the Legal Marxist Tugan-Baranovsky in an article entitled A Note on the Question of the Market Theory:

"The consumer power of society' and the 'proportional relation of the various branches of production - these are not conditions that are isolated, independent of, and unconnected with, each other. On the contrary, a definite condition of consumption is one of the elements of proportionality." 11

Against the Narodniks Lenin asserted that the contradictions in the whole process of the realisation of the capitalist commodity product are not restricted to the realisation of surplus value or of those commodities destined for individual consumption but also encompass the disproportions between different branches of production, including those producing means of production. Against the Legal Marxists he asserted that the same contradictions are not restricted to disproportions between the individual branches of industry but also the 'disproportion' between capitalist production as a whole and the restricted social consumption arising on its basis.

**Interconnection**

In other words, basing himself on Marx's theory of realisation expounded in the second and third volumes of Capital, Lenin attempted to present a consistent theory of capitalist realisation with all of its contradictions in their interconnection, in opposition to the two one-sided theories of the Narodniks and the Legal Marxists.

But just here we approach the limitations of Lenin's theoretical position both as it was developed in the period 1893 to 1900 and insofar as it was carried over into his conception of the imperialist epoch as elaborated in 1916.

The key to understanding these limitations lies in grasping what Lenin shared theoretically with the Legal Marxists in his early period. All three theoretical traditions passed under review here, including the Narodniks, focused on the realisation question, the question of the formation of a market for a capitalist mode of production still in the process of formation. Whereas the Narodniks, turning their faces against reality, denied capitalism's development both Lenin and the Legal Marxists asserted it, and here the latter's shared focus on realisation expresses a certain common theoretical ground.

The major barriers to the development and growth of early capitalism in its classical period, as exemplified by the history of English capitalism, did indeed express themselves particularly acutely in the sphere of realisation, in the contradiction ridden process of the formation of an adequate market for nascent capitalist industry.

In that early period of capitalism the new productive forces were by no means in absolute contradiction with the new capitalist relations of production but rather with the old pre-capitalist, feudal and semi-feudal, relations of production.

In such conditions capitalism was faced with the necessity of separating the direct producers from the means of production, proletarianising them, thereby creating an adequate home market as well as the raw human material for capitalist exploitation. On the other hand, early capitalism was compelled to set about creating for the first time a really integrated world division of labour and thereby a world market for capitalist production.

Lenin's focus on the realisation problem can only be explained if it is understood that Lenin still saw Russian capitalist development, despite all of its peculiarities, as necessarily involving a repetition of the stages of development of classical capitalism. On this he and the Legal Marxists were in agreement.

All sides in this debate viewed the internal contradictions of Russian capitalism from the angle of the realisation
problem (i.e. of markets) because they were studying a society wrestling with feudal survivals, which were external to the newly developing capitalism.

The direct object of theoretical concern was not the manner in which the capitalistic development of the productive forces comes into contradiction with capitalist production relations but rather with that development's contradiction with the old feudal relations of production.

What distinguishes Lenin from the Narodniks and Legal Marxists is the attempt, nonetheless, to grasp the depth and significance of capitalism's own internal contradictions in this concrete historical context. But by confining himself too rigidly to the realisation problem Lenin failed, as we shall see, to give a theoretically adequate, concrete estimation of capitalism's internal contradictions.

**Capitalism's contradictions**

Of course The Development of Capitalism in Russia is not just concerned with the specifics of Russian capitalism's nascent development. The contradictions of capitalism in general are summarised by Lenin in the last chapter, in a section entitled 'The Mission of Capitalism'.

There he states:

"The progressive historical role of capitalism may be summed up in two brief propositions: increase in the productive forces of social labour, and the socialisation of that labour." 12 We can deal with Lenin's second point concerning the socialisation of labour first as it is fairly straightforward.

Here he goes on to emphasise the historically progressive features of this capitalist socialisation but emphasising that this involved an ever "stronger... contradiction between this collective character of production and the individual (i.e. capitalist) character of appropriation." 13

Of more immediate significance is the manner in which Lenin deals with the capitalistic development of the productive forces underlying the socialisation of labour and its contradictions. Here Lenin argues in a manner most pertinent to the later development of his theory of imperialism:

"The development of the productive forces of social labour is to be observed in full relief only in the epoch of large-scale machine industry. Until the highest stage of capitalism was reached, there still remained hand production and primitive technique, which developed quite spontaneously and exceedingly slowly.

The post-Reform epoch differs radically in this respect from previous epochs in Russian history. The Russia of the wooden plough and the flail, of the water mill and the handloom, began rapidly to be transformed into the Russia of the iron plough and the threshing machine, of the steam-mill and the power-loom. An equally thorough transformation of technique is seen in every branch of the national economy where capitalist production predominates. This process of transformation must, by the very nature of capitalism, take place in the midst of much that is uneven and disproportionate periods of prosperity alternate with periods of crisis, the development of one industry leads to the decline of another, there is progress in one aspect of agriculture in one area and in another aspect in another area, the growth of trade and industry outstrips the growth of agriculture, etc.

A large number of errors made by Narodnik writers spring from their efforts to prove that this disproportionate, spasmodic, feverish development is not development.' Another feature of the development by capitalism of the social productive forces is that the growth of the means of production (productive consumption) outstrips by far the growth of personal consumption: we have indicated on more than one occasion how this is manifested in agriculture and in industry. This feature springs from the general laws of the realisation of the product in capitalist society and fully conforms to the antagonistic nature of this society." 14

What are the vital components to Lenin's argument here?
First of all, we find the argument that the "epoch of large-scale machine production" constituted the "highest stage of capitalism". The Development of Capitalism in "Russia is subtitled 'The Process of the Formation of a Home Market for Large-Scale Industry'. The majority of the book is devoted to a strictly factual demonstration of the actual development of capitalism in Russian agriculture and industry. Here Lenin utilises the categories developed by Marx in Capital e.g. small peasant or handicraft, industry, domestic industry and manufacture, culminating in the development of large-scale machine industry. Thus Lenin quite explicitly sets out to show that Russian capitalism was passing through, albeit in abbreviated and combined forms, essentially the same stages of development as classical capitalism, exemplified in England.

We therefore arrive at a double conclusion: for Lenin in 1899, and considerably beyond, the development of capitalism in Russia necessarily had to culminate in the wide-scale development of large-scale industry, and just this constituted the "highest stage of capitalism". Yet large-scale machine industry as conceived by Marx in Capital was only the specific "mode of production" appropriate to capitalism in the epoch of free competition, which reaches its classical form in England in the middle of the 19th Century. In this way, in Lenin's The Development of Capitalism in Russia, the epoch of free competition effectively becomes the "highest stage of capitalism". Lenin was to correct this view both in relation to Russian and world capitalism in. Imperialism.

This early conception was due to the actual stage of development of capitalism itself. He wrote the manuscript of his 'markets', as he used to call it for short, during the years 1895 to 1898 in relation to a very backward country, i.e. in the very first years of the opening imperialist epoch; not until 1909 was Hilferding's Finance Capital, subtitled the 'latest phase of capitalist development' written. Under the influence of that book, together with the debate on the nature of imperialism in the ranks of the Second International, Lenin was to re-consider his position. This was given decisive impetus by the double catastrophe of the first world imperialist war and the Second International's capitulation to it. In 1916, Lenin revised his own estimation of the highest stage of capitalism in Imperialism. Summing up his conclusions in the latter work, in relation to capitalism in general, he argues:

"Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in. general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate thousands and millions.

At the same time the monopolies, which have grown out of free competition, do not eliminate the latter, but exist above it and alongside it, and thereby give rise to a number of acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system.

If it is necessary to give the briefest definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism." 15

Here Lenin clearly states that the transition from the free competition to the imperialist, monopoly, stage of capitalism is at root a quantitative development in the process of the concentration of production and capital which leads to a qualitative revolution in the nature of large-scale industry itself which thereby takes on the capitalist form of the monopoly, which he now considered the 'highest stage of capitalism'.

**Theoretical continuity**

In this first point regarding the theoretical limitations of his conception of the highest stage of capitalism in his The
Development of Capitalism in Russia we have established the axis of the theoretical changes between Lenin's two epoch-making theoretical works published in 1899 and 1916 respectively. In the two following points regarding the passage above from the earlier work we can see, by contrast, the spheres of basic methodological and theoretical continuity between 1899 and 1916.

First we come to Lenin's argument, in that passage, that "capitalism" by its "very nature" develops in an "uneven and disproportionate" manner. The whole posing of the question of crises, industrial development alongside industrial decline, the uneven development of industry and agriculture is in all essentials identical to corresponding arguments in Imperialism. In the 1890's Lenin already definitely advanced his theory of the uneven development of capitalism, which was later to be so characteristic of and important to his analysis of imperialism.

Secondly, having dealt with Lenin's argument that the capitalistic development of the productive forces inevitably leads to unevenness, periodic crises and disproportions in general we come to his last point concerning the economic forms of that unevenness. He argues in the passage from The Development of Capitalism in Russia that the capitalistic development of the productive forces leads to the growth of the means of production "outstripping" the growth of personal consumption.

Lenin has this to say on the antagonistic nature of capitalism in the first theoretical chapter of his 1899 work:

"The development of production (and, consequently, of the home market) chiefly on account of means of production seems paradoxical and undoubtedly constitutes a contradiction. It is real 'production as an end in itself' - the expansion of production without a corresponding expansion of consumption. But it is a contradiction not of doctrine, but of actual life, it is the sort of contradiction of this system of social economy. It is this expansion of production without a corresponding expansion of consumption that corresponds to the historical mission of capitalism and to its specific social structure, the latter rules out the utilisation of these technical achievements by the mass of the population. There is an undoubted contradiction between the drive towards the unlimited expansion of production inherent in capitalism and the limited consumption of the masses of the people (limited because of their proletarian status)."16

Lenin refers here to the conflict between the capitalist drive to simultaneously expand the productive forces and restrict the individual consumption of the proletariat - the mass of the population - to the means of subsistence necessary to produce and reproduce the commodity labour power. This is a necessary restriction because it is the indispensable basis of the performance of surplus unpaid labour, which produces surplus value for capital.

Clearly this conflict, this disproportion is nothing but an expression of the contradiction between the capitalist development of the productive forces and capitalist relations of production. Lenin concludes:

"These propositions all speak of the contradiction we have mentioned, namely the contradiction between the unrestricted drive to expand production and limited consumption - and of nothing else. Nothing could be more senseless than to conclude from these passages in Capital that Marx did not admit the possibility of surplus-value being realised in capitalist society, that he attributed crises to under-consumption, and so forth." 17

Here he attacks the Narodniks' under-consumptionist theory. He states, in effect, that under-consumption, in the above explained sense, is a necessarily permanent feature of capitalist society while crises, as breakdowns in the process of realisation, are precisely temporary, periodic. To put it another way, the permanent contradiction between the growth of capitalist production and the limited consumption of the proletariat does not prevent the periodic realisation of the entire capitalist product. It is just this theoretical possibility, which forms a condition of Marx's schemas of reproduction in Volume 2 of Capital.

Lenin concludes this part of his polemic with the Narodniks by situating the place of his under consumption of the masses in the final breakdown of developed capitalism due to its own internal contradictions:

"The contradiction between the drive towards the unlimited expansion of production and limited consumption is not the only contradiction of capitalism, which cannot exist and develop at all without contradictions. The contradictions of
capitalism testify to its historically transient character, and make clear the conditions and causes of its collapse and transformation into a higher form, but they by no means rule out either the possibility of capitalism, or its progressive character as compared with preceding systems of social economy." 18

Hence Lenin rejects the under-consumptionist theory of the Narodniks on the same methodological basis, and on the basis of the same theory of capitalist realisation, as he rejected the disproportionality theory of the Legal Marxists. But here we reach the very limits of Lenin's theory of capitalist crises, which is restricted to a theory of realisation, however consistent, dialectical and materialist.

While attempting to develop an 'orthodox' Marxist theoretical synthesis Lenin could not completely escape the orbit of either an under-consumptionist or a disproportionality theory just because he remained on the plane of realisation and on that theoretical plane it is impossible to transcend these theories completely.

This weakness with The Development of Capitalism in Russia has two closely related consequences. They concern the limitation of Lenin's critique of Adam Smith and Lenin's grasp of the changing organic composition of capital. Adam Smith's error, corrected by Marx, lay in his idea that the price of the total product of capitalist society is ultimately resolvable into variable capital plus surplus-value, to use Marx's categories, or into wages plus profits plus rent, to use Smith's. Marx established that the total value of the capitalist product ultimately resolves itself into constant capital plus variable capital plus surplus value.

Smith fell into hopeless contradictions when he attempted an analysis of the total process of circulation of the capitalist product, of capitalist realisation, just because he could find no place for the circulation of constant capital within this total process which comprises an essential moment in the process of capitalist reproduction. This means that Smith had no place in his theory for the circulation of the means of production, the product of Department 1. Lenin confines himself completely to a criticism of Smith on the plane of realisation and the derivative question of income and revenue.

In the same chapter Lenin - following the practice of 'the Legal Marxists-introduces a changing organic composition of capital into Marx's schemes of reproduction.

In other words Lenin introduces into the schemes the changing relation between c and v, wherein c grows relative to v which is nothing but the expression in value terms of the capitalist development of the productive forces. This then becomes the basis of his argument concerning the manner in which Department 1, producing means of production, grows relative to Department 2, which produces articles of consumption. This disproportion between the two major departments of social production is then the expression of the development of the productive forces on the one hand and the relative restriction of the consumption of the proletariat on the other.

Lenin injected a changing organic composition of capital into his analysis to demonstrate how and why capitalism's home market developed more on account of demand for means of production than on account of demand for means of consumption. Thus he dealt with the changing organic composition of capital exclusively from the angle of the realisation problem. (i.e. from the perspective of markets).

Now it must be said that such an approach is not alien to Marx. In particular, he did criticise Smith's error extensively from the angle of the realisation problem.

Nonetheless, Lenin's exclusive focus on the realisation problem in relation to both Smith's errors and the theoretical significance of the changing organic composition of capital does exclude the treatment of what Marx considered the root theoretical problem associated with this complex of questions, namely, the tendency for the rate of profit to fall.

**Lenin's oversight**

In explaining this tendential law, Marx never introduced a changing organic composition of capital into his schemes of reproduction as he developed them in Volume 2 of Capital, as both the Legal Marxists and Lenin did. This does not mean that because Marx did not do it anywhere in his writings that it is therefore altogether theoretically illegitimate.
For Marx never completed Capital, and the introduction of a changing organic composition of capital into the schemes would indeed appear to follow naturally from Marx's whole method of exposition in the three volumes of Capital.

But it is illegitimate to simply introduce a changing organic composition into the schemes as elaborated by Marx in Volume 2. Marx did not and for a very good reason. The schemes in Volume 2 have as their sole theoretical concern the circulation process of the total social capital, and in this sense the realisation of the whole capitalist commodity product through exchange between and within the two great departments of social production. It is inconceivable that Marx would even have considered introducing few schemes of reproduction including a changing organic composition of capital, and thus necessarily changing relations between Departments 1 and 2, until after his analysis of the effects of the changing organic composition of capital in the process of valorisation of the total social capital (i.e. the production of surplus value as distinct from its realisation).

This is just the object of the chapters in Volume 3 of Capital dealing with the law of the tendential fall in the rate of profit.

It is this relation between capital's organic composition and its process of valorisation which Lenin skips over by straightaway introducing a changing organic composition into Marx's schemes as theoretically established in Volume 2, thereby viewing this question purely from the angle of realisation, of circulation. For the same reason Lenin focuses, in The Development of Capitalism in Russia, as we have seen, in relation to capitalism in general and its 'highest stage', on the contradiction between the development of capitalist production and the restricted consumption of the labouring masses. Although this latter contradiction is real, as Marx himself emphasises a number of times in the pages of Capital, nonetheless it is far from the only one. Indeed it is not the most fundamental expression of the contradiction between the capitalist development of the productive forces and capitalist relations of production. Marx outlines what this is in chapter 15 of Volume 3 of Capital which deals with the contradictions of the law of the tendential fall in the rate of profit:

"... in view of the fact that the rate at which the total capital is valorised, i.e. the rate of profit, is the spur to capitalist production (in the same way as the valorisation of capital is its sole purpose), a fall in this rate slows down the formation of new, independent capitals and thus appears as a threat to the development of the capitalist production process; it promotes overproduction, speculation and crises, and leads to the existence of excess capital alongside a surplus population. Thus economists like Ricardo, who take the capitalist mode of production as an absolute, feel here that this mode of production creates - a barrier for itself and seek the source of this barrier not in production but rather in nature (in the theory of rent). The important thing in their horror at the falling rate of profit is the feeling that the capitalist mode of production comes up against a barrier to the development of the productive forces which has nothing to do with the production of wealth as such; but this characteristic barrier in fact testifies to the restrictiveness and the solely historical and transitory character of the capitalist mode of production; it bears witness that this is not an absolute mode of production for the production of wealth but actually comes into conflict at a certain stage with the latter's further development." 19 Here Marx clarifies the importance of the law of the tendential fall in the rate of profit both as a driving force in capitalism's periodic crises and through these as a motor of capitalism's final demise. It is this law, which Lenin overlooks, in his brief reference to the 'highest stage of capitalism' in The Development of Capitalism in Russia. Nor does he correct this theoretical oversight in his revised conception of Imperialism.

Despite his revision, correction and addition to the conception of the highest stage of capitalism presented in the latter work, Lenin still remains on the same basic theoretical terrain established in The Development of Capitalism in Russia. Yet his theoretical oversight has less far-reaching consequences for the analysis in Lenin's earlier work than for that in Imperialism because of the different aims and objects of the two studies. In the one he sets out to analyse developing capitalism in a backward pre-capitalist milieu. In the other, he investigates what he fully recognises is the epoch of the most technically advanced capitalism, an epoch in which capitalist industry has left far behind the level of technique analysed by Marx under the category of "large-scale machine industry".

It is just this technical development within capitalist production, which necessarily expresses itself in a rising organic composition of capital and the tendential fall in the rate of profit. The rising organic composition of capital is nothing
but an expression in value terms of a rising technical composition of capital - a growth in the scale of the objects and instruments of labour relative to the quantity of labour-power the capitalist has to purchase to set those instruments and objects in motion in the labour process.

Thus the rising organic composition is an index, peculiar to capitalism, of the increasing social productivity of labour. The law of the tendential fall in the rate of profit is the most basic specifically capitalist form of appearance of the contradiction between the development of the productive forces and the relations of production. It is thus a particularly important law for the scientific understanding of capitalism in its highest stage.

Tugan versus Marx and Lenin

Lenin was, of course, aware of Marx's treatment of this law. Indeed, between 1899 and 1916 we have evidence of this in his writings. In 1899 Tugan-Baranovsky had published an article entitled The Fundamental Mistake in Marx's theory of Capitalism in which he for the first time came out unambiguously as a Russian adherent of the revisionist school. In advancing a harmonist, in essence apologetic, disproportionality theory of crisis which suggested to him the idea that there exists no absolute economic barriers to capitalism's development, no inherent contradiction between the capitalistic development of the productive forces and capitalism's social relations, Tugan was eventually constrained to attack head on what he considered to be Marx's 'under-consumptionist' theory of crisis presented in various places in Capital. But he also attacked Marx's Capital for advancing what he considered to be the quite separate theory of crisis based on the law of the tendential fall in the rate of profit. Here he approached Marx's supposed "fundamental mistake".

Tugan argued that Marx's law as advanced in Volume 3 of Capital was based on an obviously anomalous assumption: namely, that Marx while introducing a growth of constant capital relative to variable capital, (i.e. a rise in the organic composition of capital) nevertheless assumed a constant rate of surplus-value, (i.e. a constant rate of exploitation of labour). This assumption, argued Tugan, is patently absurd because if it is made the rate of profit must indeed fall but this ignores the fact that the rise in the organic composition of capital necessarily signifies a growth in the productivity of labour.

On this basis Tugan then proceeded to make a really false assumption all of his own. He argued that the rising rate of surplus value, a rate measured relative to variable capital alone (s/v), can always theoretically offset the rate of growth of the capital's organic composition and can thus always theoretically offset any tendency for the rate of profit to fall, the rate of profit being surplus-value measured relative to variable capital (s/c+v). Thus he quipped that Marx's 'law' might just as well have been termed the law of the tendential rise in the rate of profit.

This argument concerning Marx's supposed false assumption was in fact first advanced by Ladislaus von Bortkiewicz and has been repeated hundreds of times since by bourgeois economists and also by many 'Marxists'. However, Marx made no such assumption in his theoretical elaboration of the law of the tendential fall in the rate of profit in the third volume of Capital. The notion that he did flows, as is usual in these cases, from a complete misunderstanding of his method of exposition.

Marx, of course, was fully aware that the rising organic composition of capital necessarily, in general, involved a rise in the rate of surplus-value and thus, potentially in the rate of profit also. This fact was fully integrated into the very basis of his theory of the law of the tendential fall in the rate of profit.

He considered that the rise in the rate of surplus value consequent upon a rise in the organic composition of capital was indeed the chief reason why individual capitalists introduce new technology in the hope of boosting their rate of profit. For Marx, therefore, the rising organic composition of capital is the basis for two opposite movements in the rate of profit.

It is simultaneously the basis for both raising and reducing the rate of profit. Thus Marx's theory is here, as everywhere, both concrete and dialectical in its very fundamentals.

So much for Marx's 'false assumption'. Now we arrive at Tugan's. If Marx had really been guilty of this false
assumption with which he was charged then he would have straightforwardly formulated an absolute law of the falling rate of profit, instead he formulated it as a "tendential law" precisely because he integrated at its very foundations certain "counteracting factors". The very first of these factors as analysed in Chapter 14 of the third volume devoted to them is . . . the rise in the rate of surplus-value, the rise in the rate of exploitation. Therein, in relation to a rising rate of surplus-value, Marx argues:

"It does not annul the general law. But it has the effect that this law operates more as a tendency, i.e. as a law whose absolute realization is held up delayed and weakened by counteracting factors.

However as the same factors that increase the rate of surplus-value (and the extension of the working day is itself a result of large-scale industry) tend to reduce the amount of labour-power employed by a given capital, the same factors, tend both to reduce the rate of profit and slow down the movement in this direction." 20

Whereas Tugan assumed that there was no reason in theory why the rise in the rate of surplus-value may not indefinitely outweigh any tendency for the rate of profit to fall Marx was always quite clear that a general rise in the rate of profit due to a general rise in the rate of surplus-value can only in the long run constitute a counteracting factor to the "general law" of a falling profit rate because the very rise in the organic composition of capital which is the basis of the rise in the rate of surplus value must ultimately lead to a fall in the rate of profit.

Tugan could only make his false assumption because he treated the rising organic composition of capital and the rising rate of surplus-value in a formalistic, one-sidedly abstract, manner. In effect he treated c, v and s as "pure" mathematical quantities. Thus it was extremely simple for him to attribute an arbitrary figure to s designed to arithmetically compensate for any change assumed in the quantitative relations between c and v in order to ensure that \[ (s/c + v) \] is not greater than \[ (s/v + c) \] i.e. that there is no fall in the rate of profit in relation to these I arbitrarily selected numerical examples.

This method of simple arithmetical abstraction, 'which he repeats in its essentials in relation to his treatment of Marx's schemes of reproduction, ignores one tiny little fact: the concepts expressed in the notational form c+v+s are a value expression of the decisive elements of capitalist production in its historic specificity, viz. the objects and instruments of labour as capital (c), the value of the commodity labour power i.e. of its means of subsistence which therefore constitutes the value expression of necessary labour (v), and surplus labour in the form of surplus-value (s).

For that reason the mutual quantitative relations between c, v and s cannot therefore be arbitrarily selected and then arbitrarily altered in their individual components because they are concretely interdependent variables. It was precisely the real material interrelationships between c, v and s and their dialectical development, which Marx expressed in the law of the tendential, fall in the rate of profit.

**Lenin's orthodox defence**

Lenin read Tugan's article concerning Marx's "fundamental mistake" in the middle of 1899. His immediate response was contained in a few explosive lines in two letters written in June of that year.

In the first he wrote:

"I have seen Nauchnoye Obozreniye No. 5 and find that Tugan-Baranovsky's article in it is monstrously foolish and nonsensical he has simply arbitrarily introduced changes into the rate of surplus value in order to "refute" Marx he assumes an absurdity - a change in the productivity of labour without a change in the value of the product. I don't know whether every such nonsensical article is worth writing about. Let him first fulfil his promise to develop it in detail". 21

And in the second:

"Regarding the 'sensational discoveries' of the Russian disciples and their Neo-Kantianism", I am becoming more and more indignant. I have read Tugan-Baranovsky's article in No. 5 of Nauchnoye Obozreniye . . . What utterly stupid and
pretentious nonsense without any historical study of Marx's doctrine, without any new researches, on the basis of schematic errors (arbitrary alteration of the norm of surplus value), on the basis of elevating to a general rule an exceptional case (raising the productivity of labour without decreasing the value of the product: an absurdity if this is taken as a general phenomenon) - on the basis of this to talk about a 'new theory', about Marx's mistake, about reconstruction. . . No I cannot believe your statement that Tugan-Baranovksy is becoming more and more a Genoese. Mikhailovsky was right in calling him an 'echo man' . . ."22

Thus in mid-1899, more or less contemporary with the publication of The Development of Capitalism in Russia, Lenin defended the theoretical basis of Marx's exposition of the law of the tendential fall in the rate of profit in an orthodox fashion. However, in later articles and reviews for publication in which Tugan's theoretical views were criticised Lenin focused on Tugan's claim that Marx advanced an under-consumptionist theory and the latter's supposed contradiction with the Baranovskytie interpretation of the rest of Marx's doctrine. Lenin replied in a vein with which we are already familiar. He denied that Marx advanced an under-consumptionist theory of crisis but asserted the significance of the contradiction between capitalist production and social consumption.

Fifteen years later, during the course of 1914, Lenin wrote an article Karl Marx - A Brief Biographical Sketch with an exposition of Marxism, for the Russian encyclopaedia Granat. The article contained a brief section entitled 'Marx's Economic Doctrine' in which Lenin brilliantly summarises the argument of all three volumes of Capital.

The focus emphasis of his précis is completely in conformity with his detailed views on Capital as expressed in The Development of Capitalism in Russia.

Thus he states in 1914:

"A rise in the productivity of labour implies a more rapid growth of constant capital as compared with variable capital. Inasmuch as surplus value is a function of variable capital alone, it is obvious that the rate of profit (the ratio of surplus value to the whole capital, not to its variable part alone) tends to fall. Marx makes a detailed analysis of this tendency and of a number of circumstances that conceal it or counteract it". 23

The emphasis given to the law of the tendential fall in the rate of profit in Lenin's whole treatment of the third volume is revealing. For this passage comprises the entirety of his comments on the tendency of the rate of profit to fall. But it is immediately preceded by a whole page concerning the question of the formation of an average rate of profit involving the formation of prices of production, the so-called 'transformation problem'. And three pages concerning Marx's revolutionary new theory of ground rent expounded in the third volume immediately follow it. The law of the tendential fall in the rate of profit is effectively squeezed in Lenin's précis of that volume between these two major focuses.

The first focus, the transformation problem, reflects the influence and importance for Lenin of the theoretical development of the Second International as a whole. The major theoreticians of the International were constrained to defend Capital, and in particular the third volume published in 1894, from its direct bourgeois detractors, the theoreticians of marginal utility, spear-headed by the Austrian Bohm-Bawerk with his book Karl Marx and the Close of his System.

Hilferding provided the 'orthodox' reply in 1904 with his Bohm-Bawerk's Criticism of Marx, a very methodologically and theoretically flawed work. The bourgeois marginal utility theory found a ready response in the ranks of the revisionists within the International. Indeed, the theoreticians of Russian Legal Marxism to a man declared themselves adherents of the marginal utility theory of value against Marx's labour theory in the early 1900s.

The second focus, on Marx's theory of ground rent, is determined rather by the fact that Lenin was writing for a Russian encyclopaedia. Again and again from the late 1890's Lenin emphasised the revolutionary significance of the theoretical understanding of capitalist ground rent as elaborated by Marx in Capital Volume Three in the context of the development of capitalism in Russian agriculture alongside all the out lived, feudal remnants, which gave such a
decisive place to the agrarian question in the Russian revolution.

The limitations of Lenin's position lie in the fact that his very brief orthodox defence and exposition of Marx's theory always remained just that he never applied and developed anew the theory of the law of the tendential fall in the rate of profit, although his whole theoretical course of development, his whole striving towards a higher theoretical synthesis, point in the direction of just such a renewed application and development.

Towards a theory of Imperialism

To get a better grasp of Lenin's attempt to achieve a theoretical synthesis it is essential to review Lenin's response to the theoretical contributions of Hilferding and Kautsky on the subject of capitalist development.

The background to these works and to an understanding of Lenin's response to them, is to be found at the turn of the century and the debate within German and Austrian Social-Democracy. While the theoretical dispute between the 'orthodox' Marxists led by their 'Pope' Karl Kautsky, and the revisionist trend, spearheaded by Eduard Bernstein in the late 1890s, had profound reverberations and repercussions within the ranks of Russian Marxism, the debate between the latter and the Narodniks had, in its turn, far-reaching effects on the avowedly anti-revisionist theoreticians within German and Austrian Social-Democracy.

Karl Kautskys revision evolution

Kautsky challenged Bernstein's apologetic arguments that capitalist crises were being progressively ameliorated, that the conditions of the working class generally and potentially limitlessly improved, and that Marx's 'breakdown theory' of capitalist economic collapse was nonsense. In the years 1899-1900, Kautsky developed his own theory of progressively worsening capitalist crises, which must lead eventually to the replacement of capitalism with socialism.

But Kautsky's theory only received its fullest and most lengthy elaboration in a critical review of Tugan Baranovksy's book Theory and History of Commercial Crises in England published in Neue Zeit in 1902. In that review Kautsky quite explicitly advanced an 'under-consumptionist' theory as Marxist theoretical 'orthodoxy'. Thus he directed the following against the theoretical basis of Tugan's disproportionality theory:

"If that were true, the greater its capital wealth is, the faster England's industry would have to grow.

But instead, it is coming to a standstill, capital is emigrating to Russia, South Africa, China, Japan and so on. This phenomenon is explained by our theory, according to which under-consumption is the ultimate cause of crises; it is incomprehensible from Tugan-Baranovksy's point of view... Although capitalists increase their wealth and the number of exploited workers grows, they cannot themselves form a sufficient market for capitalist-produced commodities, as accumulation of capital and productivity grow even faster. They must find a market in those 'states and nations which are still non-capitalist. They find this market, and expand it, but still not fast enough, since this additional market hardly has the flexibility and ability to expand the capitalist process of production. Once capitalist production has developed large-scale industry, as was already the case in England in the nineteenth century, it has the possibility of expanding by leaps and bounds that soon overtakes any expansion of the market. Thus, any prosperity, which results from a substantial expansion in, the market is doomed from the beginning to a short life, and will necessarily end in a crisis. This is the theory of crisis, which as far as we can see, is generally accepted by 'orthodox' Marxists and was set up by Marx". 24

It was disproportionality theories such as Tugan's which Kautsky considered the very essence of 'theoretical revisionism'. Thus he was led to pose the split between orthodoxy and revisionism in the theoretical form of a split between under-consumptionists and disproportionality theories:

"What practical importance... do our theoretical differences have? Whether crises are caused by unstable proportions in social production or by under-consumption - is that anything more than an academic question? That is what many 'practical' men might think. But in fact the question is of great practical importance, especially for tactical differences,
which are being discussed in our party. It is no mere accident that revisionism attacks Marx's theory of crises with particular vigour." 25

It is obvious from these passages from Kautsky's review that he had developed a theory of crises in the years 1899-1902 quite different from that advanced by Lenin in The Development of Capitalism in Russia published in 1899. In contrast to Kautsky, Lenin emphasised that Marx's theory could by no means be characterised as under-consumptionist. Nor, therefore, did Lenin counter pose disproportionality to the conflict between the development of capitalist production and social consumption but rather considered the latter an element of the former.

Kautsky's theory that neither the capitalists nor the workers can form an adequate market for capitalist production is closer to that of the Narodniks than to Lenin's opposition. But Kautsky developed his theory of a realisation problem in relation to already industrially developed capitalist nations while the Narodniks' confined it to a backward country faced with nascent capitalist development. 26

By 1914 Kautsky was to advance an explicit disproportionality theory. This testified to the truth of Lenin's view that there was never a real gulf between under-consumptionism and disproportionality. For in 1914, in his famous article entitled Ultra-Imperialism, Kautsky is to be discovered advancing a definite disproportionality theory which forms the harmonist and the apologetic theoretical foundation of both the theory of imperialism and ultra-imperialism advanced there. The very opening passage of the article runs:

"We have seen that the undisturbed advance of the process of production presupposes that the different branches of production all produce in the correct proportion. Yet it is also evident that within the capitalist mode of production there is a constant drive towards the violation of this proportion, because within a specific zone the capitalist mode of production tends to develop much more quickly in the industrial than in the agricultural sector. On the one hand, this is an important reason for the periodic crises which constantly grip the industrial sector, and which thereby restore the correct proportion between the different branches of production. On the other hand, the growing ability of capitalist industry to expand constantly increases the pressure to extend the agricultural zone that provides industry not only with foodstuffs and raw materials, but also with customers.

Since the importance of the agrarian zones to industry is a dual one, the disproportion between industry and agriculture may also be expressed in two ways.

Firstly, the outlets for industrial products in the agrarian zones may not grow so fast as industrial production; this appears as overproduction. Secondly, agriculture may not provide the quantities of foodstuffs and raw materials needed for the rapid growth of industrial production; this takes the form of dearth . . . One of the two phenomena, dearth or overproduction, may easily pass over into the other, because they both derive from the disproportion in question. An increase in prices always foreshadows the beginning of a crisis, although this emerges as over-production and brings with it a price collapse.

On the other hand the constant drive of the industrialised capitalist countries to extend the agricultural zones involved in trade relations with them, takes the most varied forms. Given that this drive is one of the very conditions of the existence of capitalism, it is still far from proven that anyone of these forms is an indispensable necessity for the capitalist mode of production". 27

This passage constitutes nothing more than a recasting, in terms of disproportionality, of the theory, which Kautsky advanced against Tugan-Baranovsky under the sign of under-consumption in 1902. In both 1902 and 1914 there is a disproportional relation between the rapid productive development of capitalist industry in the advanced capitalist nations and the ability of the backward non-capitalist nations and sector, or what is but the same thing, the agrarian zones, to absorb capitalist industry's surplus commodity product. In both cases this disproportion forms the basis of crises of over-production in capitalist industry, in other words crises are associated exclusively with an insufficient market that is crises of realisation.
We find in Ultra-Imperialism, a definition of imperialism as a relation between advanced industrial capitalist nations and backward agrarian zones or nations. We also find in this passage from Ultra-Imperialism the basis of Kautsky's theory of imperialism as "policy" rather than as a phase or stage of capitalist development. This theory suffered at Lenin's hands in Imperialism at the end of the passage, Kautsky makes it clear that he understands that the relation between capitalist industry and agrarian zones is one common to capitalism in general, to capitalism in all its historic phases, that it "is one of the very conditions of existence of capitalism". It then becomes extremely straightforward to characterise "free trade" and "imperialism" as different "forms", different capitalist policies arising on a common economic foundation. Given the harmonist connotations of the disproportionality theory there remains only one step to the theory of the "next phase" of capitalist development, "ultra-imperialism" which is in fact a conception of a peaceful, harmonious, contradiction-free capitalism which has returned to the epoch of free trade and free competition, on a higher plane.

Hilferding's finance capital

Yet Kautsky's passage from theoretical 'orthodoxy' to 'theoretical revisionism' as he cast it himself in 1902 did not take place overnight. Kautsky began the open theoretical transition from his original under-consumptionist to the disproportionality position in the years 1909/10, the very years when he began his back-sliding from the leftward impulse imparted to him by the Russian Revolution of 1905. A rightward turn in his overall political evolution thereby coincided with the publication of Rudolf Hilferding's Finance Capital. In his review of Finance Capital published in the course of 1910 in the pages of Neue Zeit Kautsky announced the death in battle of 'theoretical revisionism '.

"Theoretical - though not practical - revisionism has been defeated, and we Marxists can devote all our energy and time, as far as we can devote these to the theoretical side, to the great task of building up and adapting to recent times the structure which our masters left behind in uncompleted form. And, in truth, during recent years no one can any longer complain of the unfruitfulness of Marxism. Among the new creations of Marxist literature - indeed, among any of the literature - one of the most remarkable phenomena is the book written by Hilferding on finance capital. In a sense it may be called a continuation of Marx's Capital." 28

In his review Kautsky criticised Finance Capital on only one theoretical point, Hilferding's false theory of money. However, Kautsky completely failed to mention the complementary theoretical error in Finance Capital when Hilferding advanced Tugan-Baranovskys 'theoretical revisionist' theory of crises quite contrary to that theory advanced by Kautsky in 1902 as "generally accepted by orthodox Marxists". Referring to Marx's schemas of reproduction Hilferding commented:

"Tugan-Baranovsky deserves credit for calling attention to the significance of these investigations for the problem of crises in his Theory of Commercial Crises in England. The curious thing is that this needed to be pointed out at all." 29

And this was the very book Kautsky savaged in 1902!

In the following passage from Finance Capital we find Hilferding advancing Tugan's theory of disproportionality:

"This schematic presentation (i.e. Marx's schemas of reproduction) is, of course, greatly simplified. Clearly the proportional relations between the capital goods and the consumer goods industries as a whole must also prevail in each separate branch of production.

These schemes also show, however, that in capitalist production both simple and expanded reproduction can proceed without interruption as long as these proportions are maintained. Conversely a crisis can occur even in the case of simple reproduction if the proportions are violated, for example that between depreciated capital and capital ready for new investment. It does not follow at all, therefore, that a crisis in capitalist production is caused by the under consumption of the masses, which is inherent in it.

A crisis could just as well be brought about by a too rapid expansion of consumption, or by a state of declining
production of capital goods. Nor does it follow from these schemes in themselves that a general over-production of commodities is possible but rather that any expansion of production allowed by the available productive forces appears possible". 30

Kautsky states regarding Hilferding's theory of crises:

"There is only one point that I would like to go into more fully - namely, the theory of crises. Not because I differ from Hilferding here; on the contrary, I regard his remarks on this question among the best and most fruitful of his book; but because they have inspired me most, and have drawn out opinions of my own which perhaps, to a certain extent, serve to complete those of Hilferding." 31

This 'completion' of Hilferding turns out to be a surreptitious attempt to first slip back in the very element of crisis theory which Hilferding denies, under-consumption, and secondly to provide an extended analysis of the disproportion between capitalist industry and agriculture, an analysis which completely prefigures the theory presented in his article Ultra Imperialism of 1914.

**Lenin's critical welcome**

Nevertheless, when Finance Capital appeared Lenin himself gave it a critical but generally positive review. Even after the break with the Second International in 1914 Lenin continued to recommend Hilferding's contribution.

We must note here that Lenin nowhere provides any lengthy, specifically methodological and theoretical, critique of Finance Capital's errors in the field of political economy. This is partly explained by the nature of Imperialism as a 'popular outline' differing from a book like The Development of Capitalism in Russia, which devoted a whole chapter to purely theoretical polemic. However in Lenin's Notebooks on Imperialism we do find certain elements of such a critique of Hilferding, elements which, in the context of Lenin's whole theoretical and political evolution, none the less serve to clearly demonstrate a general form of criticism with which we are already familiar.

He criticises Hilferding in Finance Capital as a Kantian 32, as an opponent of the Marxist materialist and dialectical method, in the context of the former's mistaken theory of the money commodity. Further he notes with apparent incredulity Hilferding's reference to the supposed 'merit' of Tugan-Baranovsky 33 in relation to the theoretical understanding of crises, a reference to which we have already referred.

Yet for all that Lenin broadly welcomed Hilferding's work. Indeed, in Imperialism, Lenin goes so far as to bracket Finance Capital with his own work:

"In 1910, there appeared in Vienna the work of the Austrian Marxist, Rudolf Hilferding, Finance - Capital . . . In spite of the mistake the author makes on the theory of money, and spite of a certain inclination on his part to reconcile Marxism with opportunism, this work gives a very valuable theoretical analysis of the 'latest phase of capitalist development', as the subtitle runs". 34

In the closest connection with Hilferding's "inclination" to adapt Marxism to opportunism, Lenin emphasises elsewhere in Imperialism Hilferding's effective denial of a pa

**Lenin's differences with Hilferding**

In Imperialism Lenin presents a quite different assessment of the relation between the basic economic phenomena of the imperialist epoch and the development of the severity of capitalist crises:

"The statement that cartels can abolish crises is a fable spread by bourgeois economists who at all cost desire to place capitalism in a favourable light. On the contrary, the monopoly created in certain branches of industry increases and intensifies the anarchy inherent in capitalist production as a whole. The disparity between the development of agriculture and that of industry, which is characteristic of capitalism in general, is increased. The privileged position of
the most highly cartelised, so called heavy industry, especially coal and iron, causes a still greater lack of co-ordination? in other branches of industry - as Heidels, the author of one of the best works on the ?relationship of the German big banks to industry..? admits, ?The more developed an economic system is, writes?. Liefmann an unblushing apologist of capitalism, ?the more it resorts to risky enterprises, or enterprises in other countries, to those which need? a great deal of time to develop, or finally to those which are only of local importance.? The increased risk is connected in the long run with a prodigious increase of capital, which, as it were, overflows the brim, flows abroad, etc. At the same time the extremely rapid rate of technical progress gives rise to increasing elements of disparity between the various spheres of national economy, to anarchy and crises. Liefmann is obliged to admit that, ?in all probability, mankind will see further important technical revolutions in the near future which will also affect the organisation of the economic system??electricity and aviation ?? As a general rule, in such periods of radical economic change, speculation develops on a large scale.?41

Here Lenin completely inverts Hilferding?s conception of the general historic development of capitalist crises. But he does this within the framework of a basic disproportion, ?anarchy? and ?disparity?, theory of crisis; in essence the same conception he advanced in the period 1893 to 1899 against the Narodniks Further, it is in this passage that Lenin for the first time in Imperialism connects this theory of crisis with the existence of a surplus of capital in the imperialist countries which flows, abroad, which is exported.

However there remains a theoretical aspect of Finance Capital to which Lenin makes no reference in either the Notebooks or Imperialism, and to which in the latter work he advances a quite different theory. We refer to the theoretical basis of Hilferding?s conception of the export of capital as a characteristic feature of? the finance capitalist phase of development.

We have established that in relation to the sphere of realisation, of capitalistically produced values, including surplus-value, Hilferding advanced in Finance Capital a disproportionality theory of crisis in ?which he denied any significant rote to the under consumption of the masses characteristic of capitalism. Curiously enough, however, when he turned to an assessment not of capital?s process of realisation but its process of valorization the process of the capitalist production of value and surplus value rather than its circulation - he advanced a completely different theory of crises based on the changing organic composition of capital:

?A crisis involves a slump in sales. In capitalist society this presupposes a cessation of new capital investment, which in turn presupposes a fall in the rate of profit. This decline in the rate of profit Is entailed by the change in the organic composition of capital, which has taken place as a result of the investment of new capital. A crisis is simply the point at which the rate of profit begins to fall.?42

But this brief orthodox restatement of Marx?s analysts of? the internal dynamic of capital?s valorisation process testifies more to Hilferding?s theoretical eclecticism than anything else. Nowhere in Finance Capital does he establish an integral theory of capitalist crises which consistently encompasses both capital?s process of valorisation and realisation., essential moments of the expanded reproduction of the total social capital. He cannot. His theory of realisation points to the possibility, of the unbounded development of the productive forces and capitalist elations of production. For Marx, labour is the sole driving force of capital?s valorisation and the production f surplus value, while the. growing organic composition of capital represents the growing role of machinery which increasingly reduces the role of direct labour. The marginalisation of living labour, the sole source of surplus value, is at the root of the law of the tendential fall in the. rate of profit. Marx expressed this, idea in the Grundrisse:

?Labour no longer appears so much to be included within the production process: rather, the human being comes to relate more as watchman and regulator to the production process itself? He steps to the side of the production process instead of being its chief actor. In this transformation it is neither the direct human labour he himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and his mastery over it by virtue of his presence as a social body - it is, in a word, the development of the social individual which appears as the great foundation stone of production and of wealth. The theft of alien labour time, on which the present wealth is based appears a miserable foundation in face of this new one, created by large scale
Despite his references to the changing organic composition of capital and the tendency of the rate of profit to fall, Hilferding evinces a remarkable lack of interest in the development of the labour process along with its internal contradictions in his magnum opus. This contrasts with Lenin who, despite the fact that he makes no reference to the tendency, of the rate of profit to fail, emphasises again and again in his popular outline, Imperialism, both the 'amazing technical progress? characteristic of capitalism?'s monopoly stage and the fact that monopoly represents a brake and impediment to technical and economic change. Lenin sees this contradictory development as the root of the growing contradiction between the socialisation of capitalist production and the retention of private appropriation characteristic of the imperialist epoch.

There remains, however, one theoretical use to which Hilferding does put the uneven development of the organic composition of capital in world economy in the finance capitalist phase:

?The precondition for the export of capital is the variation in rates of profit, and the export of capital is the means of equalising national rates of profit. The level of profit depends upon the organic composition of capital, that is to say, upon the degree of capitalist development. The more advanced it is the lower will be the average rate of profit.?44

He fails to significantly develop this idea, which without doubt he attained from Marx?'s chapters concerning the law of the tendential ?fail in the rate of profit in Volume three of Capital. Indeed in the bald form presented here it remains an extremely one sided and wooden abstraction. Yet it is also true that the uneven development of world capitalist economy expresses itself in different average national organic compositions of capital and thus in differential rates of profit. This tendency manifests itself in the periodic changes in the general conditions of capital accumulation (the alternation of prosperity and depression, the longer periods of ?boom? and stagnation in world economy), and provides an indispensable theoretical key to unravelling the uneven and periodic flows of capital exports in the imperialist epoch. 45

Lenin on Imperialism

The object of this article is not to develop such a theoretical analysis in concrete detail but to demonstrate that it is just this indispensable theoretical component which is absent from Lenin?'s Imperialism. Hence he gives a distinctly different explanation to the drive to export capital in the imperialist epoch to that provided at least in embryo, in Finance Capital. Thus Lenin argues;

?in the threshold of the twentieth century we see the formation of a new type of monopoly, firstly monopolistic associations ? capitalists in all capitalistically developed countries; secondly, the monopolistic position of a few very rich countries in which accumulation of capital has reached gigantic proportions. An enormous ?surplus of capital? has arisen in the advanced countries.

It goes without saying that if capitalism could develop agriculture, which today is everywhere lagging terribly behind industry, if it could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty stricken, there could be no question of a surplus of capital. This ?argument? is very often advanced by the petit bourgeois critics of capitalism. But if capitalism did these things it would not be capitalism; for both uneven development and a semi starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production. As long as capitalism remains what it is, surplus capital be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc.

The need to export capital arises from the fact that in a few countries capitalism has become ?overripe? and (owing to
the backward state of agriculture and the poverty of the masses) capital cannot find a field for profitable investment.46

This is a theoretical explanation of the existence of surplus capital in the advanced capitalist countries a surplus relative to profitability which therefore must be exported in order to extract a surplus or super profit over and above the average rate of profit in the home country. Thus Lenin deals with basically the same phenomena which Hilferding attempted to explain via the development of the organic composition of capital. Lenin?s explanation is based exclusively on the fact that both uneven development and a semi starvation level of existence of the masses are fundamental and inevitable, conditions and constitute premises of this mode of production.47

True as this statement is, it is not clear that it provides an adequate theoretical explanation of the phenomena under discussion. Further, this explanation is nothing other than a strict repetition of the theory presented in detail in 1899 in The Development of Capitalism in Russia of the inevitable disproportionality which includes within it the disproportion between capitalist production and society?s consuming based on the inevitable restriction of the consumption of the masses under capitalism. The difference is that in 1899 this theory was applied to early capitalist development in Russia while in 1916 it is applied to world capitalism in its highest stage. Here we arrive at that point in Imperialism which requires both an addition and a correction on the plane of theoretical political economy.

In fact the picture of world capitalist economy in Imperialism is a theory of the internal developments in the six major imperialist powers (Britain, France, Germany, the USA, Russia and Japan) and their mutual relations with each other and the rest of the predominantly backward and imperialised. In this context there is no systematic analysis in Lenin?s popular outline, of, the internal capitalist development of the imperialised countries in the imperialist epoch beyond a few comments

?the export of capital influences and greatly accelerates, the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may, to a certain extent to arrest development in? the capital exporting countries, it can only do so by expending, and deepening the further development of capitalism throughout the world.48

As Lenin gives considerable emphasis to the export of capital to the backward and imperialised countries his meaning here is clear. Thus he argues:

"Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are, emerging (e.g. Japan).? 49

A theory of the imperialist epoch as a whole requires an analysis not only of the internal evolution of the imperialist but also of the, imperialised nations. The export of capital is a prime link between the two. This too is a required addition to Lenin?s Imperialism, one of no small scope, it might be added. 50

In Imperialism Lenin stresses the role of foreign, in particular French and German, bank capital as the basis of his contention that, ?Owing to the formation of capitalist monopolies, the merging of bank and industrial capital has also made enormous strides in Russia? 51 i.e. in the formation of Russian finance capital. The export of capital from advanced, countries to backward countries, viewed? from the.. angle of the ?backward?? country, in this case Russia, Hilferding in Finance Capital naturally enough termed the ?import of capital?.

It is just, an assessment of the role and significance of the import of foreign capital: into Russia in the 1890s which is missing from The Development of Capitalism in Russia. This cannot be explained by the absence of the phenomena on a large scale in that period. Rather it is to be explained by Lenin?s theoretical object in that book and the manner in which he approaches it.

In the preface to the first edition of The Development of Capitalism in Russia Lenin states both the aim of his study and what is in fact one of Its major limitations.
It seemed to us that it was necessary to examine the whole process of the development of capitalism in Russia, to endeavour to depict it in its entirety. It goes without saying that such an extensive task would be beyond the powers of a single person, were a number of limitations not introduced. Firstly, as the title itself shows, we treat the problem of the development of capitalism in Russia exclusively from the standpoint of the home market, leaving aside the problem of the foreign market and data on foreign trade.\(^52\)

In the penultimate section of the last chapter of the book, a section entitled ?The Significance of the border regions. Home or foreign market??, he deals with the significance of Russia?s internal colonies. He returns there to the ?limitation? of the book:

?What is ?important is that capitalism cannot exist and develop without constantly expanding the sphere of its domination, without colonising, new countries and drawing old non capitalist countries into the whirlpool of world economy. And this feature of capitalism has been and continues to be manifested with tremendous force in post reform Russia.

Hence, the process of the formation of a market for capitalism has two aspects, namely, the development of capitalism in depth, i.e. the further growth of capitalist agriculture and industry in the given, definite and enclosed territory and the development of capitalism in breadth, i.e. the extension of the sphere of the capitalist domination to new territory. In accordance with the plan of the present work, we have confined ourselves almost exclusively to the first aspect of the process, and for this reason we consider it particularly necessary to stress the point here that its other aspect is of exceptionally ?great importance. Anything like a complete study, of the process of colonisation of the border regions and of the expansion of Russian territory, from the point of view of capitalist development, would require a special work. Suffice it to mention here that Russia is in a particularly favoured position as compared with other capitalist countries, due to the abundance of free land accessible for colonisation in its border regions.\(^53\)

In Imperialism Lenin shows Russian imperialism to be second only to Britain in the possession of colonies as measured both by area and population. If it was not, for the tsarist censor he would undoubtedly have emphasised, this aspect of Russia?s imperialist development. This question is marginalised by the whole manner of Lenin?s treatment of his subject in The Development of Capitalism in Russia.

Further, despite the recognition in this passage of the importance of Russia?s relation to world economy, it remains tantamount to an admission of what is a fact: that Lenin?s book approaches its subject almost exclusively from the point of view of capitalism?s indigenous, internal evolution. This leads to the danger of a certain theoretical elision - the confusion of the development of capitalism in Russia with the development of Russian capitalism. These two things are by no means either theoretically or historically identical. The latter presupposes the development of a Russian bourgeoisie rooted economically and socially in the Russian national soil, the former in as much as it involved imported foreign capital does not, or at least not necessarily.

In his preface to the second edition of The Development, of Capitalism in Russia (1907) Lenin weighs up the importance of the book in the light of the experience of the Revolution of 1905:

?The analysis of the social economic system and, consequently, of the class structure of Russia given in this work on the basis of an economic investigation and critical analysis of statistics, has now been confirmed by the open political action of all classes in the course of the revolution. The leading role of the proletariat has been fully revealed.? It has also been revealed that the strength of the proletariat in the process of history is immeasurably greater than its share of the total population. The economic basis of the one phenomenon and the other is demonstrated in the present work.\(^54\)

But Lenin had excluded from consideration in his earlier book the economic basis of the disproportionate growth in the social importance of the Russian proletariat as compared with the Russian bourgeoisie the import of West European capital.

Imperialism: the Highest Stage of Capitalism thus represented an advance on his earlier work and yet still failed to
transcend the theoretical limits of his earlier book. Its merit, its revolutionary significance, and its burning relevance, resides in its powerful proof that monopoly capitalism tends to exacerbate rather than ameliorate capitalist crises. His work was not a popular synthesis of other people’s ideas as his bourgeois or petit bourgeois detractors claim. Lenin transcended the one sidedness of his opponents in the Second International. Whet he took from Marx, above all, was the latter’s dialectical approach to the question of political economy.

Lenin’s economic definition does not require fundamental correction or addition, and this is true in so far as It refers to the imperialist epoch as a whole. But for Lenin writing in 1916 there could be no question of the concrete analysis of different periods of development in world imperialist economics and politics because at that time the first period of the imperialist epoch was the epoch by definition. Things look different to us of course, and at the root of the periodic development of imperialism we must situate the changing long periods of imperialism economic development.

Of course, this objective historical context does not on its own explain why, Imperialism even in the form of a popular outline, does not deal with the periodic movements of capitalist economy in the epoch of imperialism in either the form of the long economic periods of Capital accumulation or the shorter periodic cyclical motion. That lies in what Lenin inherited, assimilated and raised to a new height from the theoretical tradition painstakingly established by the Second International in the long period of capitalist prosperity from 1895 to the eve of the First World War.

This obviously requires some rather significant additions on our part. Seventy years on we have the responsibility of correcting Lenin’s Imperialism in the light of the development and application of the theory of capitalist crises and tendency towards economic breakdown found in Marx’s Capital, and especially in the third volume, to the imperialist epoch. We have in mind here the laws of profit rate movement as established by Marx on the basis of the changing technical and organic composition of capital. Such a development and application of Marx’s most important scientific discovery in the field of political economy is long overdue.

The development of the organic composition of capital and the resulting movements in profit rates are also the key to a rounded understanding of the course of capital export and thus of the whole uneven development of world capitalist economy in the imperialist epoch.

The development of a theory of international and national capitalist crises, of capitalist economic contradictions, in the imperialist epoch will in turn provide a sure foundation for a closer understanding of the decadent and parasitic character of the monopoly stage of capitalism.

One thing, however, should by now be clear. Lenin remained true to the same dialectical method from the earliest days of his theoretical disputes with Russian Narodism and Legal Marxism through to the theoretical works of his political maturity - Imperialism and The State and Revolution and beyond polemically directed, in particular against Kautskyanism. It is this common method which shines through all of his arguments concerning disproportionality, under-consumption and uneven development in general. It was his dialectical understanding of the contradictions of capitalist economy which must inevitably sharpen and lead ultimately to its historic demise which gave the whole of Lenin’s thought its profoundly revolutionary cast. Any theoretical correction of Lenin’s Imperialism must obviously proceed on the basis of this, his, method.

Endnotes
2. ibid. p189
3. L Trotsky. The Third International After Lenin Pathfinder (New York) 1970 pp3 4
The law of the tendential fall in the rate of profit did not suffer a happier fate in the Third International, even in its brief revolutionary period embracing its first four world congresses. In that first period there was already a certain tendency to treat Lenin’s pronouncements on theoretical questions as a new “orthodoxy”. On the other hand the only serious challenge within the International to Lenin’s theory of imperialism came from the adherents of the martyred Rosa Luxemburg’s conception developed prior to the First World War. While Lenin failed to concretely apply, and in that sense develop anew for new conditions, the law of the tendential fall in the rate of profit Luxemburg’s particular focus on capitalism’s realisation problem (markets) led her and her epigones to deny the law itself in a manner reminiscent of the revisionists’ conception.

There were attempts made to integrate the law into an understanding of imperialism by two individuals whose positions should be regarded as growing out of the counter revolutionary degeneration of the Third International. One such attempt was made by Paul Mattick who left the Third International on an ultra left trajectory in its early years and who was to come to identify Leninism with Stalinism. The law of the tendency of the rate of profit was as much a stick with which to beat Lenin as anything else in his hands. (Marx and Keynes Merlin Press 1974) Another such attempt was made within the ranks of Stalinism itself by its leading economic historian Maurice Dobb, granted a little theoretical licence ensconced in academia in Britain. (Political Economy and Capitalism Routledge and Kegan Paul 1937) These two examples should serve to illustrate the fact that Marx’s law of the tendential fall in the rate of profit is not in itself some talisman of orthodoxy. It is in the first place a question of the correct method and an understanding of the place of this law within Marx’s whole critique of political economy.
37. V I Lenin Imperialism: op.cit. pp193 4
38. R Hilferding op.cit. p291 and p296
39. Ibid. p290
40. Ibid.
41. V I Lenin Imperialism: op.cit. pp208 9
42. R Hilferding op.cit. p257
43. K Marx. Grundrisse op.cit. p705
44. R Hilferding op.cit. p257
45. It is noticeable that both Lenin?s and Hilferdings view, at least at the most abstract theoretical level, of the export of capital assumes it flows from the advanced to the more backward countries. These explanations both seem to theoretically exclude an explanation of capital exports from one imperialist nation to another especially where the exporting nation is the more capitalistically backward of the two. Such phenomena can be integrated with Lenin?s T whole theory of imperialism with the aid of the theoretical understanding of the lawfully determined movement of international profit rates, although not. on the basis of Hilferding?s one sided understanding of the same. Here we are primarily concerned with Lenin?s conception. of the significance of the export.,? of capital from the advanced imperialist nations, to backward and imperialised nations.
46. V I Lenin Imperialism: op.cit. pp212 213
47. Ibid. p171
48. Ibid p214
49 ibid p239
50. The idea naturally springs to mind here that Lenin?s extended analysis of the development of capitalism in backward Russia in 1899, on the eve of the imperialist epoch, provides as it were, a ?supplement? to Imperialism in relation to many of the problems raised in analysing the development pf capitalism in the backward imperialised, nations in the imperial1st epoch. This idea is certainly correct if The Development of Capitalism in Russia is approached with a critical sense of historical perspective.
51. V 1 Lenin Imperialism: op.cit. p205
52. V I Lenin The Development? op.cit. p205
53. Ibid. pp593 4
54. Ibid p31

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