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DOGMA OF HEAVY INDUSTRY'S PRIORITY NOT SUPPORTED BY LENIN OR MARX

A remarkable feat of debunking dogma has been performed in Economic Gazette (26 May 1965), a magazine issued by the C.C., CPSU. The author of the article is an obscure economist named Burenkov, whose name is likely to be remembered henceforth for years to come. His theme is that when Lenin spoke of the concept of priority for heavy industry, he was referring to the capitalist states, and that therefore this is scarcely a good example for "socialist" nations to follow.

Burenkov claims that those economists who cling to the old dogma usually refer to Lenin's work "On the So-called Question of the Market," and they tend to quote a passage in which Lenin wrote:

the production of the means of production
for the means of production grows fastest,
then the production for the means of pro-
duction for consumer goods, and the pro-
duction of consumer goods grows at the
slowest rate.

But Burenkov read on from there, and a few lines later he found this passage:

Thus the only correct conclusion which
can be drawn from the passages of Marx
quoted above is that in a capitalist
society the production of the means of
production grows faster than the pro-
duction of consumer goods.

[Burenkov's emphasis]

However the dogmatists have a further Lenin quotation up their sleeve, this time from a later work called "Characteristics of Economic Romanticism." Here Lenin wrote:

In order to expand production ("to accumulate" in the categorical sense of the term), it is necessary to produce the means of production first, and to do this it follows that the section of social production which manufactures the means of production must be expanded.

But here again Burenkov has been doing his homework, and further on he found this passage:

Consequently personal consumer goods occupy an ever decreasing place in the general totality of capitalist production. And this is fully in accordance with the historic "mission" of capitalism and with its specific social structure: the former consists of developing precisely the productive forces of society (production for the sake of production) while the latter excludes their utilization by the masses of the people.

Hence it is abundantly clear that Lenin, far from believing in priority for heavy industry, saw it as a highly undesirable characteristic of capitalist society.

Burenkov has also found a still more sweeping Leninist condemnation of the dogma in the revolutionary's last book "The Development of Capitalism in Russia." Here Lenin wrote:

The development of production.....¹
primarily by means of the means of production seems paradoxical and is indubitably a contradiction. This (the true production for the sake of production) is an expansion of production without a corresponding increase in consumption. But this is a contradiction not of doctrine but of real life; it is

1) Burenkov's ellipsis.

precisely the sort of contradiction which is inherent in capitalism and in the other contradictions of this system of society.

Burenkov's next argument is somewhat complex, but is worth following all the same. The index of industrial basic funds rose 5.86 times between 1940 and 1963. At the same time the index for the industrial labour force rose 2.26 times. Hence the change in the technical structure of the funds was $\frac{5.86}{2.26} = 2.6$.

The index of real wages for workers and employees rose 2.2 times in the 23-year period, while the index for the wage fund grew 4.97 times (2.26×2.20). Hence the change in the organic structure of the funds was 1.18 ($5.86 : 4.97$). Burenkov then argues that if in a period exceeding 20 years the technical structure could grow so fast (2.6 times) while the organic structure changed very little (1.18), it follows that technical progress is perfectly compatible with an unchanged organic structure.

Moreover he adds that at present, granted the accelerated growth of the second sub-division (i.e. Group B, the consumer sector), technical progress may even be compatible with a reduction in the organic structure of the funds.

Marx Wanted Goulash

After defining Lenin irrefutably as a Goulash glutton like Khrushchev, Burenkov turns his remarkable knowledge of the founding fathers' works to good use by proving that Marx too was no metal-eater.

Burenkov starts with a criticism of Ya. Kronrod, a much more prominent economist who had argued in Economic Gazette (no. 19, 1965) that the growth of the share of subdivision I (i.e. Group A, heavy industry) in the aggregate product is a result of the increase in the productivity of labour in the process of which the share of live labour measured as a mass of work-time in the aggregate expenditure tends to fall. Burenkov replies that one can only derive the theory of the priority growth of the means of production from Kronrod's statement if one identifies the sequence of the movement of the mass of work time with the sequence of the movement of the wage fund, i.e. when wages remain unchanged.

Karl Marx, Burenkov claims, not only did not draw the conclusion that "the share of subdivision I in the aggregate product tends to grow" but wrote, on the contrary, that:

if labour becomes more productive.....²
the percentage share of the aggregate
product required to replace past labour
diminishes.

Various metal-eaters (such as A. Notkin and A. Pashkov) have recently argued that in the Marxist conception of reproduction a parallel rate of growth for both subdivisions is not compatible with the growth of labour productivity nor with the growth of the technical structure of capital in Western countries and of "funds" in the "socialist" countries.

Burenkov's reply to this type of reasoning is on weak ground doctrinally because it involves him in an extension of Marx. But nevertheless it is sound sense. He says:

We only have to "allow," within the Marxian concept of expanded reproduction, for the growth of wages, and immediately the concept provides for both a rise in productivity and a rise in the technical structure of capital.

Priority of Heavy Industry Obsolescent

In support of the Khrushchev speech in September 1964 and Podgorny's speech in Baku last month (May 21st, see CAA paper 25 May 1965), Burenkov writes:

The faster growth of the means of production as compared with consumer goods is, as a rule, observed in the initial stage of industrial development -- when machines are replacing manual labour on the mass scale. This is connected with the fact that for a fairly prolonged period the expenditure on the newly built branches of heavy industry cannot influence the expansion of the production of consumer goods.....

[Emphasis supplied]

Things are different in the period of the further improvement of machinery, which takes place on the basis of the engineering industry already built. Now there is no longer a lengthy series of stages between the expenditure on new

2) Burenkov's ellipsis.

branches of industry and the multiplication of consumer goods..... Machines become more productive and comparatively cheaper. Consequently the proportion of capital investments in basic funds begins to fall..... The growth of the social product outstrips the growth of basic production funds. There remains no reason for a disproportionate rate of development as between subdivision I and II. During this period Marx's theory that, as the productive forces of social labour develop, so each unit of output contains a smaller amount of labour embodied in the means of production, is fully borne out.

[Burenkov's emphasis]

The Summing Up

Burenkov's argument is that, while no one denies the leading role of heavy industry, since technical progress is impossible without it in transport, light industry, agriculture etc., it does not follow that at the present stage of Soviet development the priority growth of heavy industry is still needed.

He states that the central task of building communism is to raise living standards, and then postulates two variants for economic development. In the first the share of means of production is 50%, while in the second it is 70%. The latter variant implies that in order to produce the same amount of consumer goods per capita as in the former, almost 70% more industrial output will be required per capita. Consequently if productivity is equal in both variants, 70% more work time is required by the second.

Burenkov concludes that:

In the final analysis what matters is not how much we produce per capita in the field of means of production, but how many consumer goods we produce per capita..... This is precisely the approach taught us by the documents of the March plenum (1965) and the whole work of our party.

In considering Burenkov's wholesale destruction of the entire doctrinal basis for the dogma of priority for heavy industry, it is important to remember that his article appears not in a state or Government journal but in a publication of the C.C. Thus it has the backing of Brezhnev's own apparatus, and this fact should give further pause to those who still argue that Brezhnev believes in the heavy industry dogma, whereas Kosygin opposes it (e.g. Die Welt, 9 June 1965, Guardian, 4 June 1965).

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