

NIETZSCHE, SOMBART, SCHUMPETER, AND FASCISM

## Why Obama Wears The Moustache

by Jeffrey Steinberg, Michele Steinberg, and Nina Ogden

“We live in the Age of Creative Destruction, the term coined by the pre-war economist Joseph Schumpeter.”

—Franklin R. Raines, then-CEO of Fannie Mae

Aug. 23—Every morning when he is in Washington, President Barack Obama meets with his economic security council, immediately after he receives the Presidential Daily Briefing from the Director of National Intelligence. The meeting is always chaired by economic advisor Larry Summers, and the other dominant voice at the table is that of Treasury Secretary Tim Geithner.

To understand how it is possible that the President constantly mouths the psychotic lie that the United States is in an economic recovery, and that people just need to be patient as the Summers-Geithner “recovery” magic trickles its way down, it is necessary to first understand that Summers, along with others in the Obama inner circle, is a dyed-in-the-wool fascist—a slavish devotee of Joseph Alois Schumpeter (1883-1950), the economist who promoted the genocidal doctrine of “creative destruction.” Former Fed Chairman Alan “Ayn Rand” Greenspan is also a follower of the Nazi-influenced Schumpeter.

On Sept. 21, 2009, the very day that the City of London’s flagship publication, *The Economist*, launched a new weekly column in honor of Schumpeter, Larry Summers posted a commentary on the White House Office of Social Innovation and Civic Participation

website, which stated, in part:

“An important aspect of any economic expansion is the role innovation plays as an engine of economic growth. In this regard, the most important economist of the twenty-first century might actually turn out to be not Smith or Keynes, but Joseph Schumpeter. One of Schumpeter’s most important contributions was the emphasis he placed on the tremendous power of innovation and entrepreneurial initiative to drive growth through a process he famously characterized as ‘creative destruction.’ His work captured not only an economic truth, but also the particular source of America’s strength and dynamism.”

This was a moment when the U.S. economy was shedding jobs at an unprecedented rate, and when Americans were taking to the streets to protest the Obama Administration’s Nazi-modeled health-care rationing schemes, at Congressional town hall meetings in every part of the country.

### Greenspan, Ledeen, and Armey

In testimony delivered on July 21, 2005, before the Senate Banking Committee, then-Chairman of the Federal Reserve, Alan Greenspan, promoted Schumpeter’s “creative destruction” as the driving force behind the success (!) of globalization. Greenspan told Congress that the United States was the greatest beneficiary of globalization, but, he acknowledged that “the problem

with creative destruction is that it is destructive.... As we gain the benefits of globalization,” he cautioned, “it is important that we address the problems of those on the destructive side, who are in serious trouble on occasion.”

Greenspan, of course, neglected to elaborate on what might be done to aid those millions of Americans and billions of people worldwide, relegated to the scrap heap, as the result of globalization.

Neoconservative author Michael Ledeen, the professed “universal fascist,” and leading advocate of permanent war against an ever-growing list of regimes, argued in his 2002 book, *The War Against the Terror Masters*, that the very essence of the United States is Schumpeter’s design: “Creative destruction is our middle name, both within our own society and abroad. We tear down the old order every day, from business to science, literature, art, architecture, and cinema to politics and the law.”

Current GOP Tea Party handler and former House Majority Leader Dick Armey (R-Tex.), another Schumpeter fanatic, defended his worship of Adam Smith, claiming, “It’s not difficult to be for Adam Smith and Joseph Schumpeter at the same time. The market must clean itself out by taking resources away from the losers, so it creatively destroys the losing companies and reallocates resources to the winning companies. That’s what’s really going on.”

### Schumpeter’s Nazi Predecessors

While Schumpeter left Germany in 1927 and lived the rest of his life in the United States, teaching at Harvard, the man who first promoted the concept of “creative destruction” was a Marxist-turned-Nazi named Werner Sombart (1863-1941). Sombart was, at one time, touted by Karl Marx’s British handler, Frederick Engels, as the greatest living interpreter of Marx. Sombart correctly credited Friedrich Nietzsche with the origin of the term and concept of creative destruction,

## The ‘Gale’ of Creative Destruction



Friedrich Nietzsche (1844-1900), the conceptual father of “creative destruction.”



Werner Sombart (1863-1941) coined the term that Schumpeter later adopted.



Joseph Schumpeter (1883-1950), author of *The Process of Creative Destruction*, 1942.

Joseph Schumpeter described his Nietzschean notion of “creative destruction” thusly: “The opening up of new markets and the organizational development from the craft shop and factory to such concerns as US Steel illustrate the process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.... [The process] must be seen in its role in the perennial gale of creative destruction....”

and passed it along to Schumpeter.

Sombart, who was denounced by Rosa Luxemburg as a one-time Marxist who became an apologist for German imperialism, was a close friend of both Hitler’s “Crown Jurist” Carl Schmitt and the Nazi Party’s semi-official philosopher, Martin Heidegger.

In 1911, a dozen years before Hitler’s failed Beerhall Putsch, Sombart wrote a book called *The Jews and Modern Capitalism*, in which he wrote that the chief task of Germany was to destroy the “Jewish spirit.” For Sombart, the “Jewish spirit” was the opposite of the “German spirit,” an idea which he adopted from his associate Max Weber.

“Let me avow it right away,” Sombart wrote, “I think the Jewish religion has the same leading ideas as capitalism. I see the same spirit in one as in the other.... Just so does capitalism appear on the scene, like the Jewish religion, an alien element in the midst of the natural created world, like it too, something schemed and planned in the midst of teeming life. The sheaf of salient features is bound in the word Rationalism. Rationalism is the characteristic trait of Judaism as of capitalism. Rationalism or Intellectualism, both are foes alike to irrepressible mysticism and to that creative power that draws its artis-

tic inspiration from the passionate world of the senses.... The Jewish religion knows no mysticism, and is perhaps the only religion on the face of the globe that does not know them. It knows not the ecstatic condition wherein the worshipper feels himself at one with the Godhead, the condition which all other religions extol as the highest and the holiest.”

It is this embrace of Nietzsche’s irrationalism that is the root of “creative destruction.”

Efforts to rehabilitate Sombart after World War II, like similar efforts to cleanse Schmitt and Heidegger of their Nazi ties, proved difficult. Yet Elena Kagan, President Obama’s recent appointee to the U.S. Supreme Court, was a proponent of Sombart during her Harvard days.

As in the case of Carl Schmitt, there is also a left-wing fascist apparatus that promotes the work of Schumpeter. Cambridge University’s Joan Robinson was a supporter of Schumpeter, and Trotskyite *Monthly Review* founder Paul Sweezy was one of Schumpeter’s graduate assistants at Harvard and an avid follower.

Another of Schumpeter’s Harvard protégés and students, Paul Samuelson, was Larry Summers’ uncle, and a powerful influence on him. And the self-confessed follower of Hitler’s Economics Minister, Hjalmar Schacht, Keynesian economist Abba Lerner, was a close confidant of Schumpeter.

In a recently published monograph, *Creative Destruction in Economics: Nietzsche, Sombart and Schumpeter*, authors Hugo Reinert and Erik Reinert thoroughly document the roots of Schumpeter’s work in the overtly fascist writings of Nietzsche, including his *Thus Spoke Zarathustra*.

“Behind the contemporary highly fashionable Schumpeterian and evolutionary economics towers Nietzsche,” they write, “his *Übermensch* entrepreneur and his creative destruction. Nietzsche the economist here comes to us filtered through Joseph Alois Schumpeter via Werner Sombart. As opposed to Sombart, who care-



White House/Pete Souza

*President Obama with his “Schumpeterian” economic advisor Larry Summers. Summers lies that “creative destruction” is the source of “America’s Dynamism.” Nothing could be further from the truth: The American Revolution was creative, and it certainly destroyed British rule—but it replaced that with the Hamiltonian economic system, which aimed to uplift the population as a whole. This is the opposite of the fascist doctrines of Schumpeter and his followers.*

fully documented the influence Nietzsche had on him, Schumpeter as usual has held the cards that would have revealed the origins of his own ideas very close to his chest. However, a closer look at the intellectual climate, the general *Zeitgeist*, and the work of the most influential continental European economist during Schumpeter’s golden period, his own 20s, shows the overwhelming influence of Nietzsche on all three counts.”

The authors also identify Oswald Spengler, fascist ideologue of “the decline of the West,” as a close collaborator of Sombart.

Is there any confusion about the Nazi-like philosophical character of the policies coming out of the Obama White House and out of the mouth of the President? Is there any question that it is Obama himself, with the Nazi-modeled death panels and the slavish bailouts of Wall Street and London, who has affixed the

Hitler moustache to his own upper lip?

## Controlled Disintegration of America

The Obama economics team at the White House and the Treasury Department is not only pursuing policies that have accelerated the devastation of the U.S. economy, and the disintegration of the conditions of life for the vast majority of citizens, while assuring obscene profits for too-big-to-jail bankers and speculators. The team is pursuing these policies *because* they are philosophically committed to fascism. Large segments of the population, in their view, are inevitably to be written off as the unavoidable victims of creative destruction.

The *New York Times* promoted this fascist dogma in a May 12, 2010 story, justifying the growing legions of permanently unemployed. “This ‘creative destruction’ in the job market can benefit the economy,” the *Times*’s Catherine Rampell lied, describing the massive job losses since the 2007 financial blowout, as a healthy “pruning” of the labor force.