

Nietzsche and the German Historical School of Economics

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Forthcoming in Backhaus, Jürgen and Wolfgang Drechsler (editors): *Friedrich Nietzsche 1844-2000: Economy and Society*, Series *The European Heritage in Economics and the Social Sciences*, Boston, Kluwer.

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1. Preface: Nietzsche and the late 19th Century Economic Agenda.

From the viewpoint of modern mainstream economics, Nietzsche would hardly be considered as having made any contributions, directly or indirectly, to the economics profession. However, seen in the light of the German, and indeed Continental, tradition in economics – what we have labelled The Other Canon,¹ core parts of Nietzsche's writing have immediate relevance to economics. Today's standard theory is in effect a continuation of what some 19th Century economists suggested calling *catallectics*, 'the science of exchanges', rather than of production. In contrast to this mainstream body of barter-focused economic theory, the German tradition since the Renaissance has emphasized production, and particularly the role of what Nietzsche fittingly calls *Geist- und Willens-Kapital* (Nietzsche 2000:4722) – Man's wit and will – as a factor of production. Within a theory where man's wit and will – new knowledge, innovations and entrepreneurship – are considered a factor of production, Nietzsche has important things to say about economics. Indeed, as is argued in another paper in this volume ('Creative Destruction in Economics: Nietzsche, Sombart, Schumpeter'), Joseph Schumpeter and the growing paradigm of evolutionary economics may be said to have their immediate roots in Nietzsche's thoughts and in the *Zeitgeist* so much influenced by his work.

One important dividing line in 19th Century economics was the origin of the division of labour. This was in effect the tip of the iceberg of a profound philosophical debate as to the very nature of human beings (Reinert & Daastøl 1997). Adam Smith emphasised barter as the origin of wealth, highlighting Man's ability to barter as a main difference between Men and dogs (Smith 1976: Book 1 p. 17). This emphasis on barter rather than production as being the core of the economic activities of Mankind was the object of constant rebuttal from German and US economists all through the 19th Century. In the German-American tradition, the division of labor was the necessary consequence of the scale and diversity of human innovations and inventiveness, not the other way around. In the United States, the work of John Rae (1834) may serve as an early example, whereas in the German language Carl Menger, the father of the Austrian School of Economics, in fact uses a whole section of his *Grundsätze* to refute Adam Smith on this point (Menger 1871/1923 : 26-29).² This is the 'anti-English/anti-barter' stance that is typical of Other Canon economics, to which we shall claim that Nietzsche has a strong affiliation. In this production-based tradition, economics is strongly tied to the science of statecraft, of the management of the state in order to maximise the welfare of a nation. We shall also point to some of Nietzsche's many references to the importance of economic institutions, and to similarities between the approaches of Friedrich Nietzsche and Thorstein Veblen, the founder of the American Institutional School of Economics.

While scholars previously have made judgments as to Nietzsche's political position on the right-left axis (e.g. Kashyap 1970), we will abandon this established political mould in favour of a lost, but historically significant, alternative tradition, The Other Canon. At the time of Nietzsche's writings this tradition was represented by a group of economists of the German Historical School of economics who came to be called *Kathedersozialisten*, Socialists of the Professorial Chair, a term coined by H. B. Oppenheim (Ingram 1967:206). The economists who were interested in social reform, Schumpeter says, were 'with singular infelicity dubbed

¹ See www.othercanon.org

² Section entitled 'Über die Ursachen der fortschreitenden Wohlfahrt der Menschen'.

socialists of the chair' (Schumpeter 1954:758). For the sake of simplicity we shall still use the term *Kathedersozialisten* to represent a diverse group of social reformers and statecrafters unified in the *Verein für Socialpolitik*. There personalities involved in these three institutions – *Verein für Socialpolitik*, *Kathedersozialisten* and the *German Historical School* – overlap to a large degree, in all cases the non-monolithic nature of these groupings facilitates a loose use of the terms.

In this paper, we shall look at Nietzsche's work, in particular *Human, All too Human*, written in Sorrento in 1876-77, as it relates to the economics of the great question of the time: The Social Question (*Die Soziale Frage*). The foundation of the *Verein für Socialpolitik* (literally 'The Association for Social Policy') in October 1872 had established the so-called *Kathedersozialist* program as a genuine Third Way between economic liberalism, where the market is seen as producing automatic harmony, and communism. We shall argue that in this ideological fight, which was to be prolonged until the fall of the Berlin Wall in 1989, Nietzsche comes out as a supporter of the Third Way of the *Verein für Socialpolitik*, of Other Canon economics.

The debate on the Social Question was a key issue not only in Germany, but all over Europe. On the Continent, the issue was central to the economics profession, whereas in England, the 'social reformers' were and are not considered economists in the strict sense.³ Since what is presently taught as the history of economic thought basically covers the family tree of neo-classical economics plus Marx, this very important debate tends to get a marginal coverage.

1848 marks the political repercussions of the Social Questions, with revolutions in all major European countries except England and Russia, and the same year marks the birth of the German Historical School with the work of Bruno Hildebrand. In 1872, with the foundation of the *Verein für Sozialpolitik* under the leadership of Gustav Schmoller, the systematic work starts in order to create a solution to the Social Question. Barely a year earlier, Bismarck had forged the German state, and it was the joint efforts of Bismarck and the *Kathedersozialisten* – the political arm of the German Historical School of Economics – that built the welfare state as a viable alternative to liberalism and communism. By 1873 this debate and the agenda of the *Kathedersozialisten* had reached Italy, where an intense debate continued until 1876⁴, the same year Nietzsche began working on *Menschliches, Allzumenschliches* in Sorrento. The fight to solve *la Questione Sociale* was intense in Italy up until World War I (Loria 1915 & 1920).

As Nietzsche wrote in Sorrento, it was against a backdrop, in Italy and internationally, of intense academic and political debate on liberalism, communism, and the Third Way attempted by the *Kathedersozialisten*, or *i socialisti della cattedra* as they were called in Italy. We therefore feel that it is appropriate to evaluate *Menschliches, Allzumenschliches* in the light of this debate. It is not at all clear that Nietzsche followed the academic debate in Italy on the pros and cons of the 'new' German theory which took place while he wrote *Menschliches, Allzumenschliches* in Sorrento. Nietzsche was not a linguist, but reports in his letters already in 1861 that he is studying Italian and reading Dante in the original language.⁵

³ John Stuart Mill is an exception here.

⁴ Cossa (1891/92:68-69) lists two pages of literature on the Italian debate on these issues. There we find titles like Francesco Ferrara's 'Il Germanismo economico in Italia' (1874), Salvatore Majorana Calatabiano's 'La scuola germanica e la scuola Adamo Smith in economia politica' (1875) and Constatino Baer's 'I socialisti della cattedra in Germania' (1875). The 'new' germanophile economists held an important congress in Milan in 1875.

⁵ In Nietzsche's letters he reports studying Italian and reading Dante in the original language. 'Augenblicklich studiere ich ja Italienisch....wo im Kränzchen Dante gelesen wird.' (Nietzsche 2000:9668). In his letters Nietzsche also reports speaking Italian with a ballerina from Milan on the train, and to conversing with a Spaniard in Italian.

Any inquiry into the possible political connotations of Nietzsche's philosophy must be accompanied by a certain restraint. His writings are notoriously confusing, and the sheer complexity of his vision leaves, as Conway has pointed out, his readers with an incredible freedom in reinterpretation:

Nietzsche's strategy of indirection has backfired egregiously and often. Rather than discourage unworthy readers from attempting to divine his Promethean wisdom, his rhetorical gyrations have in fact issued a blanket invitation to cranks and scholars alike. Encountering no insurmountable textual obstacles to their own interpretations of his elusive teachings, Nietzsche's readers regularly conscript him as the philosophical progenitor of their respective political schemes (Conway 1997:119-120).

Indeed we find that anarchists, socialists, feminists, Nazis, and anti-clericalists of all sorts separately have found chimerical kinship in some aspect of Nietzsche's writings (Magnus 1996:125-138). It is thus in full awareness of the multiple pitfalls left us by his literary vicissitude that we make our case. Our focus will be on Nietzsche's view of the state, as it is expressed in the chapter "A Glance at the State", in his 1878 *Human all too Human*. Most readers with even a passing familiarity with Nietzsche's work will automatically recall the oft-quoted aphorism from *Thus Spake Zarathustra*, where Nietzsche calls the State "the coldest of the cold monsters", but his quote is far too often taken out of context. What should be seen as an attempt to liberate his contemporaries from the shackles of civic submission, to shock them from their decadent lifestyles, has become a general attack on inappropriate social constructs regardless of nature.

2. The *Kathedersozialist* Program

In order to better illuminate our arguments on Nietzsche's sociopolitical views, it is necessary briefly to outline the *Kathedersozialist* program. Their economic tradition was a progression of mercantilist doctrines as they were defined by Gustav Schmoller: "[Mercantilism] in its innermost kernel... is nothing but state making – not state making in a narrow sense, but state making and national-economy making at the same time, state making in the modern sense, which creates out of the political community an economic community, and so gives it a heightened meaning" (Schmoller 1884/1967:50-51). Spearheaded by economists like Adolph Wagner, Gustav Schmoller and Lujo Brentano (Wittrock 1939) the movement reacted to reigning social conditions created by Ricardian doctrines and policies. Acknowledging Engels' terrible verdict of working class welfare under *laissez-faire* liberalism (Engels 1892) but unwilling to accept the Marxist alternative of a dictatorship of the proletariat, these economists sought to find a viable third alternative. State intervention in economic life was, on a general level, to follow the more active model of Friedrich List and what was later to become the American Institutional School, rather than the limited vision of Smith and the Ricardians. The *Verein für Socialpolitik* was established as a consequence of the growing profession's need for direction (Schumpeter 1954:756). Involving a definite pledge and a practical agenda stretching beyond the limits of quantification, the *Verein* functioned on a basis of large-scale coordination of research activities that in the end resulted in the 188 volumes of the *Verein's Schriften* published between 1872 and 1932.

The social question of the day, the *Soziale Frage*, was pressing. While the theory fuelling *laissez faire* liberalism already existed in praxis as public policy, the Marxist alternative did not. The Herculean task facing what was to become the Social Democrats was therefore to translate Marx' analysis of the ills of capitalism increasingly into a viable political system compatible with democracy. As Haselbach argues, the task facing liberal revisionism was even more daunting, namely explaining why liberal theory had not functioned in praxis, and

why liberalism had failed to deliver on its political promises. “The question for liberal revisionism was thus, why liberalism, as a practical policy, had not succeeded in harmonising and ordering the economic and social world through the invisible hand of the market forces, but had, instead, brought about new social divisions and political turmoil, the Social Question”(Haselbach 2000:65). In other words, why was the gap between rich and poor growing every day, and why was Europe in this period threatened by the lingering possibility of anti-capitalist revolution, rather than lulled into perpetual sociopolitical harmony by the Mandevillian *private vices – public benefits* doctrine? This was the focal point of Germany’s political debate from the mid-19th Century, and the uncertain foundation of the *Kathedersozialist* movement.

The *Verein für Socialpolitik* – created six years before Nietzsche wrote *Human, all too Human* – attempted to take the best of both worlds, allowing for individual creativity and *Geist* within a framework of social welfare. There was no use to, like the Jacobins, demand an overnight revolution to solve all of humanity’s problems, so instead a “fundamental reconstruction of society was to come about in time, as a by-product rather than as the result of efforts directly aimed at it” (Schumpeter 1954:803). While attacked by their opponents due to their lack of scientific objectivity and empirical proofs, these highly normative economists *adopted a stance somewhere between the German free-trade party and the democratic socialists... whilst rejecting the socialist program, they called for the intervention of the state... for the purpose of mitigating the pressure of the modern industrial system on its weaker members* (Ingram 1967:205).

John Rae, writing in his 1901 book on *Contemporary Socialism*, judged their method to be as natural and legitimate a descendent from Adam Smith as the *laissez faire*-intensive German Manchester Party, and perhaps even more so, “for in science the true succession lies with those who carry the principles of the master to a more fruitful development, and not with those who embalm them as sacred but sterile simulacra” (Rae 1901:198-199).

The *Verein* was, however, not a proper ‘School’ per se, as its individual members disagreed on what course should be taken to achieve the intended reforms. A classic example can be found in the disagreements between Lujo Brentano and Gustav Schmoller on the role of the state in insuring the welfare of workers. Where Schmoller argued for direct state intervention in matters of the market, Brentano had faith in labour unions and the intrinsic mechanics of the commercial system (Kaku 2000:72-86). They all shared the final goal, but not the means of getting there. The diversity of its legacy greatly facilitates our task, as Nietzsche’s idiosyncrasies fail to alienate him from their larger goal. The theoretical nature of the *Verein* in the end found its perfect match in Bismarck’s pragmatism, and its work created the foundations for the European welfare states.

3. Nietzsche and Renaissance Individualism.

So how do Nietzsche’s principles of statecraft fit into this? Before we attempt to answer, we must first establish the *Zeitgeist* that bore them. In sharp contrast to the quantitative stasis of Newtonian Mechanics, Nietzsche’s Protagorean world is one of constant, qualitative flux: “Our social order will slowly melt away, just as all earlier orders have done, as soon as the suns of new opinions shone with new heat over humanity” (Nietzsche 1995:239).⁶ Perspectives on reality are relative, and so are morals. To Nietzsche, and indeed to the whole German economic tradition, the true engine of socio-economic growth is Man’s wit and will,

⁶“*Unsere gesellschaftliche Ordnung wird langsam wegschmelzen, wie es alle früheren Ordnungen getan haben, sobald die Sonnen neuer Meinungen mit neuer Glut über die Menschen hinleuchten*” (Nietzsche 2000:4689)

in Nietzsche's terms "The Will to Power". While the academic community fails to agree on the exact meaning of this elusive ideal (Magnus 1996 : 41), we argue along the lines of Richardson and others that it reflects a basic need to master reality (Richardson 1996:148-157); an urge to fulfil our personal potential and reach for the divine within us (See also Reinert H & E, in this volume).

This better part of human nature was, long before Nietzsche, defined by Benjamin Constant as: "that noble disquiet which pursues and torments us, that desires to broaden our knowledge and develop our faculties... it is to this self-development that our destiny calls us" (Constant 1816). Industry, innovation, and production are all key-words in this tradition. While the commercialist Smith saw Man as a dog bartering bones (Smith 1976: Book 1 p. 17) (Man the Trader), the German tradition saw Man as a dog learning to can dog food instead of chewing bones (Man the Innovator and Producer).

The close relationship between Nietzsche and his older University of Basel colleague Jacob Burckhardt, the famous Renaissance scholar, is well documented in Edgar Salin's *Jacob Burckhardt und Nietzsche* (Salin 1948), and more recently in Lionel Gossman's *Basel in the Age of Burckhardt* (Gossman 2000). Burckhardt was the eminent historian of the same time periods that fascinated Nietzsche: Ancient Greece (Burckhardt 1998) and the Renaissance (Burckhardt 1958). Werner Sombart gives Jacob Burckhardt the credit when he refers to the Renaissance as "an embryonic age for the interest in the individual: in portraits, in biographies, and in psychology"⁷ (Sombart 1930:88). This was clearly also Nietzsche's view. The word Renaissance appears 76 times in Nietzsche's complete works, of which 14 times in *Human, all too Human*.

To Nietzsche the Renaissance with its birth of individualism was the main event of the second millennium:

*To me the Renaissance will always mark the high point of this millennium; and what happened subsequently is the great reaction of all kinds of herd instincts against the individualism of that period.*⁸

Nietzsche's economics is today not easily recognised as such, because in many ways it belongs to the 'duty-based economics' of the Renaissance, what Werner Sombart calls *richtende Nationalökonomie*. In the new interpretation of the Bible that created the Renaissance, the duty to invent and to create emanated from Man being created in the image of God. As the most typical characteristic of the Lord was his creativity, innovations and creation were Man's pleasurable duties (Reinert & Daastøl 1997). Nietzsche's teachings retain the pleasurable and playful duty to create that characterises the Renaissance, but now as a duty towards an inner self: 'Yes to the game of creation, my brothers, requires a holy saying of yes' he says in Zarathustra.⁹

In the Renaissance tradition Nietzsche identifies a fundamental role played by the individual in society – an aspect which much later came to be associated with the economics of Joseph Schumpeter – namely the vital role of the individual entrepreneur in renewing society through 'creative destruction'. As an economist, Nietzsche upholds the Renaissance legacy of humanist creativity from Gottfried Wilhelm Leibniz and Christian Wolff, the founders of

⁷ *Es erwacht, wie das vor allem Burckhardt nachgewiesen hat, im Zeitalter der Renaissance das Interesse am Individuellen: am Porträt, an der Biographie, an der Psychologie...*

⁸ *Die Renaissance bleibt mir immer noch die Höhe dieses Jahrtausends; und was seither geschah, ist die große Reaktion aller Art von Herdentrieben gegen den »Individualismus« jener Epoche.* Nietzsche's letter to Franz Overbeck, October 1882 (Nietzsche 2000:10228)

⁹ *Ja, zum spiele des Schaffens, meine Brüder, bedarf es eines heiligen Ja-sagens: seinen Willen will nun der Geist, seine Welt gewinnt sich den Weltverlorene* (Nietzsche 2000:6373).

German economics. “The industry of men”, as the term appears in the works of Molinaeus (Molinaeus 1546/1930:73), was born when Neo-Platonic influences during the Renaissance made creation itself self-conscious (Reinert & Daastøl 1997). Fuelled by what Nietzsche refers to as *Geist- und Willens-Kapital* (Nietzsche 1995:258), in this tradition Man’s wit and will became the true engine of socio-economic growth. This is what Nietzsche complains was being lost in the economics of his age: *Our age, which speaks so much of economics is wasteful, it wastes the most precious of all, the Geist.*¹⁰ This is an echo from the complaints of German economists at the time against die *Entgeistung* of economic theory: that Man’s *Geist*, his wit and will, was disappearing from economic theory as the barter-based English tradition of automatic economic harmony increasingly dominated the scene.

4. Nietzsche and the German Economic Tradition.

Nietzsche accepts the standard goal of statecraft as “making life tolerable for the greatest number [of people]” (Nietzsche 1995:236).¹¹ This places Nietzsche in the anthropocentric German tradition of social sciences emanating from Leibniz and Wolff.¹² This tradition emphasizes the need to construct a theory around a core of ‘Man and his needs’. This tradition is holistic, stressing the organic coherence of the social sciences, the *Strukturzusammenhänge*. This problem-oriented science finds no room for arbitrary distinctions between academic disciplines. The metaphysical instruments of philosophy, economics, and politics are all applied according to their relevance to the task at hand, in sharp contrast to the limited toolbox of neoclassical economics. Whereas modern economists tend to be tool-focused, in that they seek to apply a few axiomatic instruments to all problems they face, the statecrafters were problem-focused, finding or inventing the right tool for the right job. It is therefore impossible, and in fact anachronistic, to divorce the sphere of economics from the whole in Nietzsche’s work; his arguments are synergical, the totality reflecting the State in its all-encompassing form of human coexistence.

In its origins, with Christian Wolff, German economics was based on duty. As already mentioned, Werner Sombart calls this type of economics a *richtende Nationalökonomie* (Sombart 1930). Symptomatically, in the collected works of Nietzsche the word *Pflicht* – duty – gets 167 hits. The word ‘market’ gets only 8.

Physiocracy marks the point where today’s standard economics diverges from German economics and Other Canon economics. Physiocracy, or ‘the rule of Nature’, stands in sharp contrast to the Renaissance tradition where the creative human being is the driving force. Most German economists at the time were ardent anti-physiocrats, and interestingly Friedrich Nietzsche comes out with an unusually strong praise of the greatest anti-physiocratic economist of all, the Neapolitan Abbé Galliani: ‘the profoundest acutest.... man of his century, he was far profounder than Voltaire’. (Nietzsche 2000: 6909).

Corresponding to the German tradition, citizenship, according to Nietzsche, is a reward for dutiful sacrifices on the altar of common good; “We must ourselves, along with other people, have risked what is dearest to us, only this binds us firmly to the state, we must have the

¹⁰ *Unser Zeitalter, soviel es von Ökonomie redet, ist ein Verschwender: es verschwendet das Kostbarste, den Geist* (Nietzsche 2000:5579)

¹¹ *Überdies: wenn es sich nun einmal bei aller Politik darum handelt, möglichst vielen das Leben erträglich zu machen, so mögen immerhin diese Möglichst-Vielen auch bestimmen, was sie unter einem erträglichen Leben verstehen...* (Nietzsche 2000:4683)

¹² See Reinert & Daastøl 1997.

happiness of posterity in mind, in order to take the proper, natural interest in institutions and in their alteration” (Nietzsche 1995:245).¹³

This phrase in Nietzsche raises the issue of the many similarities between the Nietzsche and Thorstein Veblen, the founder of the US Institutional School of Economics. Two connecting points come to mind from the last phrase in the former paragraph: first of all, the active attitude towards institution building, and secondly the need to have ‘the happiness of posterity in mind’. In a similar vein Veblen’s term ‘parental bent’ signified Man’s ties to and obligations towards posterity. In Veblen’s system the ‘good’ production-capitalists had this trait as opposed to the ‘bad’ financial capitalists who were, at best, a necessary evil. The creative and constructive people, in Veblen’s case the engineers, are the carriers of salvation for both Nietzsche and Veblen.

In a parallel fashion, Veblen’s contempt for people making their living based on ‘vendibility’ clearly mirrors the perspectives of Nietzsche, and later of Sombart (Sombart 1915). In the Renaissance spirit, Veblen’s basic driving force in the economy is Man’s ‘idle curiosity’ which produces inventions that become innovations when they meet ‘workmanship’ and capital, and the duties and ‘drives’ he establishes for mankind are very similar to those of Benjamin Constant in the quote above. The connections between Nietzsche and Veblen seem to have caused even less academic interest than the connections between Nietzsche and Schumpeter. Of a selection of twelve biographies and works on Veblen, just four (Diggins 1978/1999, Tilman 1992, Eby 1998 and Jorgensen & Jorgensen 1999) seem to make references to Nietzsche, and all of them only peripherally and in passing, not connecting or comparing the analysis of the two authors. Veblen was interested in philosophical matters, his first publication was ‘Kant’s Critique of Judgement’ (Veblen 1884/1934)

Going back to Nietzsche’s emphasis on the need to have risked something in order to properly qualify for citizenship, he clearly betrays his Classicist heritage in the sentence quoted above. Arguing here along the lines supported today by Raaflaub (1997), Ober (1996), Rahe (1994), and others, Nietzsche seemingly alludes to the birth of democracy with the ascension of Athenian rowers following the battle of Salamis. Politically alienated due to their material inability to participate in traditional *hoplite* battle – the martial progenitor of Western warfare characterized by high barriers to entry due to the high cost of bronze armaments (Hanson 2000) – the lower classes utilized their participation in the new naval activities as leverage in political disputes. The essential argument followed Nietzsche’s earlier statement in the empowerment of people actively making sacrifices for the good of the state. Accentuating the need for a higher morality to seriously pursue long-term socio-political goals, Nietzsche clearly belongs to the movement revolting against the hedonistic nature of post-Mandeville economics (see Mandeville 1714/1924).¹⁴ Nietzsche sees the need to sacrifice ‘what is dearest to us’ for the State, and he is conscious of the need to change and shape societies institutions. If we ask ourselves what Nietzsche means by ‘risking what is dearest to us’, risking one’s life comes to mind, but, specifically in Nietzsche’s case, it may be argued that what was dearest to him was ‘individuality’.

In this one crucial phrase, quoted above, Nietzsche thus distances himself from right-wing liberalists on two important points, both of which place him squarely in the German economic tradition against unmitigated economic liberalism. First of all institutions matter and need ‘proper, natural interest’, careful attention and conscious design: the economy does not create

¹³ *Man muß selber mit den anderen sein Liebstes daran gewagt haben: das erst bindet an den Staat fest; man muß das Glück seiner Nachkommen ins Auge fassen, also vor allem Nachkommen haben, um an allen Institutionen und deren Veränderung rechten, natürlichen Anteil zu nehmen* (Nietzsche 2000:4700)

¹⁴ For a discussion of Mandeville’s 1714 *Fable of the Bee*, see Schumpeter (1954:184 and 325)

a ‘spontaneous order’. Secondly, people like Ayn Rand, who combine characters superficially similar to Nietzsche’s *Übermensch* with a hatred for the state and for collectivity, have completely missed Nietzsche’s point about the need *both* for heroic individualism *and* a solid state structure. As with the Athenian rowers, heroism could almost be seen as a precondition for the honor to participate in the affairs of the state.

In terms of economic policy, this follows in the footsteps of Friedrich List. While not being part of any ‘school’ of economics, List is still a luminary in the German tradition and the history of economic analysis. A precursor to the Historical School and the *Verein für Socialpolitik*, List’s writings were undoubtedly influential, laying the foundations for the late 19th Century policies which spread industrialization to continental Europe. List’s emphasis was on organizing forces of production over accumulation of wealth, arguing that the power to produce wealth was infinitely more important than wealth itself (List 1909:109). His anthropocentric system was also quintessentially continental, in that it elevated the mind of Man to a position of primacy: “...all discoveries, inventions, improvements, perfections and exertions of all generations which have lived before us... form the *mental capital of the present human race*”(List 1909:113 discussed in Bell 1953:310). As we have already seen, this last term is also found in Nietzsche, a point to which we will get back.

5. Nietzsche: Social Justice and Welfare.

So what does Nietzsche’s socioeconomic construct actually look like? Most first-time readers of his works will approach the subject with a severely distorted ‘vision’ of a right-wing anti-Semitic *Übermensch* with Nazi sympathies, but even a preliminary study will uncover the fallacy of such a predisposition. It is on the Jews that he bestows the ‘capital of spirit and will’, and he argues:

it was the Jewish freethinkers, scholars, and physicians who held fast to the banner of enlightenment and of spiritual independence while under the harshest personal pressure and defended Europe against Asia, it is not least thanks to their efforts that... the ring of culture that now unites us with the enlightenment of Greek and Roman antiquity remained unbroken (Nietzsche 1995:158).¹⁵

The Jews should, in Nietzsche’s eyes, thus be respected as superior intellects, not defiled as racial inferiors. The further one reads, the further this castle of propaganda, started by Nietzsche’s sister Elisabeth, crumbles under the weight of the evidence. Nietzsche harbours a deep-seated respect for the individual, and while most scholars would trace this back to his Homeric legacy of individual greatness, *Human, All too Human* takes a different stance; “Like every organizing political power, the Greek polis resisted and mistrusted the growth of culture... it did not want to allow any space in culture and education for history or ‘becoming’ (*Werden*)” (Nietzsche 1995:256).¹⁶ The Greek polis did thus not supply enough cultural flux to allow for individual genius, a social condition that, as we mentioned earlier, only emerged

¹⁵*Überdies: in den dunkelsten Zeiten des Mittelalters, als sich die asiatische Wolkenschicht schwer über Europa gelagert hatte, waren es jüdische Freidenker, Gelehrte und Ärzte, welche das Banner der Aufklärung und der geistigen Unabhängigkeit unter dem härtesten persönlichen Zwange festhielten und Europa gegen Asien verteidigten; ihren Bemühungen ist es nicht am wenigsten zu danken, daß eine natürlichere, vernunftgemäßere und jedenfalls unmythische Erklärung der Welt endlich wieder zum Siege kommen konnte und daß der Ring der Kultur, welcher uns jetzt mit der Aufklärung des griechisch-römischen Altertums zusammenknüpft, unzerbrochen blieb* (Nietzsche 2000:4723-24)

¹⁶*Die griechische Polis war, wie jede organisierende politische Macht, ausschließend und mißtrauisch gegen das Wachstum der Bildung; ihr gewaltiger Grundtrieb zeigte sich fast nur lähmend und hemmend für dieselbe. Sie wollte keine Geschichte, kein Werden in der Bildung gelten lassen;* (Nietzsche 2000:4720)

in the Renaissance. The humanist veneration of the individual simultaneously explains Nietzsche's violent reactions both against the social conditions surrounding him, and against the collectivist solutions presented by the communists. Individuality is a pivotal characteristic of Nietzsche's state.

Nietzsche claims the greatest cost of government lies in the redirection of individual energy from personal creativity to macroscopic problem solving, but acknowledges a sacrifice has to be made to ensure public good. The 19th Century *Soziale Frage* – worries that created the *Verein für Socialpolitik* in 1872 and the *Kathedersozialismus* – clearly weigh heavily on Nietzsche; “Every day, new questions and concerns about the public welfare devour a daily tribute from mental and emotional capital of every citizen” (Nietzsche 1995:263).¹⁷ There are several other instances where he seems incensed by issues of social justice, and he acknowledges the old truism that slaves were treated better than workers, as slaves had an inherent cost and a value to the owner:

*Whereas everyone must concede that slaves live more securely and happily in every respect than the modern worker and that the work of slaves involves very little work compared with that of the 'worker' (Nietzsche 1995:246).*¹⁸

While giving room for entrepreneurial activities, the liberal *Laissez-Faire* doctrines that emerged from Ricardian economics created a system of institutionalised abuse of the lower classes, a social imbalance totally unacceptable to Nietzsche. Following the above discussed decline of the state,¹⁹ we find that Nietzsche goes as far as distinguishing between a person and an individual: “The disregard for, decline, and *death of the state*, the liberation of the private person (I take care not to say: of the individual) is the consequence of the democratic concept of the state; herein lies its mission” (Nietzsche 1995:254).²⁰ An individual is unique, whereas a private person can be an undifferentiated part of the masses.

Nietzsche is fundamentally critical of the theoretical bases of liberal economics, of utilitarianism and of Spencer's social Darwinism. He particularly engages himself against the ‘respectable but mediocre Englishmen: Darwin, John Stuart Mill and Herbert Spencer.’²¹ The passive adaptation – *Anpassung* – of Darwinism is fundamentally opposed to Nietzsche's creative Will to Power as the driving force of history. To him it makes no sense to establish a secondary reactive adaptation at the core of the theory of human development, rather than the original force to which others then have to adapt.²² As with Adam Smith's characterisation of human beings as dogs having learned to barter, English social theory again with Mill and

¹⁷ *die täglich neuen Fragen und Sorgen des öffentlichen Wohls verschlingen eine tägliche Abgabe von dem Kopf- und Herz-Kapitale jedes Bürgers (Nietzsche 2000:4731)*

¹⁸ *während jeder sich sagen muß, daß die Sklaven in allen Beziehungen sicherer und glücklicher leben als der moderne Arbeiter, daß Sklavenarbeit sehr wenig Arbeit im Verhältnis zu der des »Arbeiters« ist (Nietzsche 2000:4701)*

¹⁹ See footnote 22

²⁰ *Die Mißachtung, der Verfall und der Tod des Staates, die Entfesselung der Privatperson (ich hüte mich zu sagen: des Individuums) ist die Konsequenz des demokratischen Staatsbegriffs; hier liegt seine Mission (Nietzsche 2000:4716)*

²¹ *achtbarer, aber mittelmäßiger Engländer - ich nenne Darwin, John Stuart Mill und Herbert Spencer [Curt Paul Janz: Biographie: XI. Erste Ernte, S. 60. Digitale Bibliothek Band 31: Nietzsche, S. 2285 (vgl. Janz-Nietzsche Bd. 2, S. 470) (c) C. Hanser Verlag]*

²² *Druck jener Idiosynkrasie die »Anpassung« in den Vordergrund, das heißt eine Aktivität zweiten Ranges, eine bloße Reaktivität, ja man hat das Leben selbst als eine immer zweckmäßiger innere Anpassung an äußere Umstände definiert (Herbert Spencer). Damit ist aber das Wesen des Lebens verkannt, sein Wille zur Macht; damit ist der prinzipielle Vorrang übersehen, den die spontanen, angreifenden, übergreifenden, neu-auslegenden, neu-richtenden und gestaltenden Kräfte haben, auf deren Wirkung erst die »Anpassung« folgt (Nietzsche 2000:7323)*

Spencer leaves out Man's creative spirit in the foundations for the social sciences. In this criticism Nietzsche is truly in the mainstream of 19th Century German social science.

6. Nietzsche: Entrepreneurship, Gradualism and Uniqueness.

So was Nietzsche then in the end a 'socialist'? Far from it. According to Nietzsche,

Socialism is the visionary younger brother of an almost decrepit despotism whose heir it wants to be, its aspirations are therefore in the deepest sense reactionary. For it desires an abundance of governmental power such as only despotism has ever had and indeed outdoes the entire past by striving for the outright annihilation of the individual (Nietzsche 1995:255).²³

Again we find Nietzsche absorbed by the historical significance of the present, mirroring the German Historical School. Like the *Kathedersozialisten*, Nietzsche did, however, acknowledge the value of socialist ideals and the need for social justice, but he distrusted their motivation: "By contrast, the *demand* for equality of rights made by socialists of the subjected caste never flows from a sense of justice, but instead from greed" (Nietzsche 1995:243).²⁴ He thus argues that extreme anti-bourgeoisie sentiments are derived from a deep-seated jealousy of the more 'successful' castes, rather than any sense of social welfare.

Again, the principal reason for Nietzsche's scepticism of extreme Socialism seems to be his opposite stance on the value of the individual. Nietzsche indeed claims Socialism strives for "the outright annihilation of the individual" (Nietzsche 1995:255), a goal quite contrary to his *will to power*. This remarkable distrust of the masses has clear Classical roots. Nietzsche's Homeric legacy saw no 'justice' in Socialism, and from Thucydides to Livy, 'mob' was consistently presented as a derogatory term, as a screaming, angry, easily agitated and directed mass of drones. And this is exactly what Nietzsche argues people under Socialism would necessarily become. Socialism "pounds the word 'justice' like a nail into the heads of the half-educated masses in order to rob them completely of their understanding" (Nietzsche 1995:256),²⁵ and furthermore unduly influences its subjects: "Someone who has money and influence can make the public share any opinion" (Nietzsche 1995:241)²⁶ summons visions of George W. Bush and Silvio Berlusconi. Socialist masses may be free of their materialistic fetters, but sadly their spiritual capital is lost along with their monetary one. 20th Century social democracy therefore saw mass education as a key task.

The bloody revolution proclaimed by the more ardent socialists also failed to convince Nietzsche, as his economic theory had no room for sudden revolts. Perhaps influenced by the 'Reign of Terror' following the French Revolution, as well as the general failure of the 1848

²³ *Der Sozialismus ist der phantastische jüngere Bruder des fast abgelebten Despotismus, den er beerben will; seine Bestrebungen sind also im tiefsten Verstande reaktionär. Denn er begehrt eine Fülle der Staatsgewalt, wie sie nur je der Despotismus gehabt hat, ja er überbietet alles Vergangene dadurch, daß er die förmliche Vernichtung des Individuums anstrebt (Nietzsche 2000:4718)*

²⁴ *Dagegen Gleichheit der Rechte fordern, wie es die Sozialisten der unterworfenen Kaste tun, ist nimmermehr der Ausfluß der Gerechtigkeit, sondern der Begehrlichkeit (Nietzsche 2000:4696)*

²⁵ *Deshalb bereitet er sich im stillen zu Schreckensherrschaften vor und treibt den halbgebildeten Massen das Wort »Gerechtigkeit« wie einen Nagel in den Kopf, um sie ihres Verstandes völlig zu berauben (nachdem dieser Verstand schon durch die Halbbildung sehr gelitten hat) und ihnen für das böse Spiel, das sie spielen sollen, ein gutes Gewissen zu schaffen (Nietzsche 2000:4719)*

²⁶ *Weil es beinahe sittlich gleichgültig erscheint, eine Zeile, noch dazu vielleicht ohne Namensunterschrift, mehr zu schreiben oder nicht zu schreiben, so kann einer, der Geld und Einfluß hat, jede Meinung zur öffentlichen machen (Nietzsche 2000:4692)*

uprisings, he deeply distrusted limited truth in ‘spontaneous order’, both from the left and from the right:

*There are political and social visionaries who ardently and eloquently demand the overthrow of all social order in the belief that the most splendid temple of beautified humanity would immediately be raised, as by itself.... Unfortunately, we know from historical experience that every such revolution brings with it a new resurrection of the most savage energies in the form of long-buried horrors and excesses of the most distant ages: that a revolution can therefore certainly be a source of energy when humanity has grown feeble, but never an organizer, architect, artist, perfecter of human nature (Nietzsche 1995:248-249).*²⁷

Nietzsche’s goal and the need for a gradual approach to get there is not only stated clearly, but also presented as a mirror image of the *Verein*’s ideology:

*What is necessary is not a forcible redistribution of property, but instead the gradual transformation of sensibility, the sense of justice must become greater in everyone, the instinct for violence weaker (Nietzsche 1995:244).*²⁸

While Nietzsche here agrees with the need for greater justice in the distribution of wealth, in his opinion, the socialist formulas were too simple-minded:

*When the socialists demonstrate that the division of property among present-day humanity is the consequence of countless acts of injustice and violence... they are seeing only one isolated thing (Nietzsche 1995:243).*²⁹

As contemporaries Marx and Nietzsche share a perception of a *Zeitwende*, of the end of an era and the start of a new one. However, while Marx sees history moving as a result of material factors, Nietzsche’s world is moved by the spirit and will of man. It may be argued, of course, that these are but two aspects of the same historical movement, at two different levels of abstraction: the material world being the result of Man’s inventiveness.

Nietzsche reports having read Marx in a letter from Bonn dated May 1865³⁰. This is two years before the first volume of *Das Kapital* is published, so the reference is likely to be to *Zur Kritik der Politischen Ökonomie* (1858). The Communist manifesto is unlikely to have qualified as a *Werk*, which is the term used by Marx. Other than in this letter, Nietzsche never refers to Marx by name. Nietzsche thoroughly dislikes the picturesque fanatics of history, those devoted to one single issue. To him these fanatics who appeal to the masses, he calls them ‘Epileptiker des Begriffes (‘concept-epileptics’)³¹, form the antithesis to the strong and

²⁷ *Es gibt politische und soziale Phantasten, welche feurig und beredt zu einem Umsturz aller Ordnungen auffordern, in dem Glauben, daß dann sofort das stolzeste Tempelhaus schönen Menschentums gleichsam von selbst sich erheben werde... Leider weiß man aus historischen Erfahrungen, daß jeder solche Umsturz die wildesten Energien als die längst begrabenen Furchtbarkeiten und Maßlosigkeiten fernster Zeitalter von neuem zur Auferstehung bringt: daß also ein Umsturz wohl eine Kraftquelle in einer matt gewordenen Menschheit sein kann, nimmermehr aber ein Ordner, Baumeister, Künstler, Vollender der menschlichen Natur (Nietzsche 2000:4706)*

²⁸ *Nicht gewaltsame neue Verteilungen sondern allmähliche Umschaffungen des Sinnes tun, die Gerechtigkeit muß in allen größer werden, der gewalttätige Instinkt schwächer (Nietzsche 2000:4697)*

²⁹ *Wenn die Sozialisten nachweisen, daß die Eigentums-Verteilung in der gegenwärtigen Menschheit die Konsequenz zahlloser Ungerechtigkeiten und Gewaltsamkeiten ist, und in summa die Verpflichtung gegen etwas so unrecht Begründetes ablehnen: so sehen sie nur etwas einzelnes (Nietzsche 2000:4697)*

³⁰ *Als Nebensache treibe ich jetzt Beethovens Leben nach dem Werk von Marx (Nietzsche 2000:9712)*

³¹ *Die pathologische Bedingtheit seiner Optik macht aus dem Überzeugten den Fanatiker - Savonarola, Luther, Rousseau, Robespierre, Saint-Simon -, den Gegensatz-Typus des starken, des freigewordenen Geistes. Aber die große Attitüde dieser kranken Geister, dieser Epileptiker des Begriffes, wirkt auf die große Masse - die Fanatiker sind pittoresk, die Menschheit sieht Gebärden lieber, als daß sie Gründe hört (Nietzsche 2000:8001)*

free spirit. Although Nietzsche so clearly sees the basic point of the need for social justice, it is likely that he may have considered Marx as having fallen into this category.

An interesting parallel between the two is the analysis of institutional inertia that makes sudden change difficult. Nietzsche presents a poetic version of Marx' idea of 'institutional mismatch': "The overthrow of institutions does not follow immediately upon the overthrow of opinions, instead, the new opinions live for a long time in the desolate and strangely unfamiliar house of their predecessors and even preserve it themselves, since they need some sort of shelter" (Nietzsche 1995:249-250).³² In this case Nietzsche's ideas are far from utopian, as long as one can see through the masques of poetry that hide his realism.

7. Nietzsche in the Middle: *Kathedersozialismus* and the True Third Way.

...the cleverness and self-interest of human beings are the best developed of all their characteristics; if the state no longer corresponds to the demands of these forces, chaos is the least likely thing to emerge; instead, an invention even more to the purpose than was the state will triumph over the state. How many organizing forces has humanity already seen die out... We ourselves are seeing the idea that attributes significant legal and political power to the family, which once held sway as far as the Roman way of life reached, becoming ever fainter and feebler. Thus, a later generation will likewise see the state become insignificant in certain areas of the world – an idea that many people today can scarcely conceive without fear and abhorrence. To work towards the diffusion and realization of this idea is admittedly something else: we would have to be quite arrogant about our rational capacity and hardly understand history halfway to put our hand to the plow right away – at a point when nobody can yet exhibit the seeds that later are to be strewn upon the redden earth. Let us therefore trust to "the cleverness and self-interest of human beings" that the state will still persist for a good while yet and that the destructive experiments of over-zealous and premature half-knowers will be repelled! (Nietzsche 1995:255)³³

Hidden in the bowels of this voluminous passage, we see the embryonic form of a *Kathedersozialist* ideology. While "the cleverness and self-interest of human beings" appear to be the next in kin to a certain invisible hand, Nietzsche's phrase seems to be of a different temperament. Where Classical economics saw the aggregate self-interest of Man usurping the idea of a state, as in an extreme *laissez-faire* system, Nietzsche's self-interest was of a more

³² *Neue Meinungen im alten Hause. - Dem Umsturz der Meinungen folgt der Umsturz der Institutionen nicht sofort nach, vielmehr wohnen die neuen Meinungen lange Zeit im verödeten und unheimlich gewordenen Hause ihrer Vorgängerinnen und konservieren es selbst, aus Wohnungsnot (Nietzsche 2000:4708)*

³³ *Die Aussicht, welche sich durch diesen sichern Verfall ergibt, ist aber nicht in jedem Betracht eine unglückselige: die Klugheit und der Eigennutz der Menschen sind von allen ihren Eigenschaften am besten ausgebildet; wenn den Anforderungen dieser Kräfte der Staat nicht mehr entspricht, so wird am wenigsten das Chaos eintreten, sondern eine noch zweckmäßigere Erfindung, als der Staat es war, zum Siege über den Staat kommen. Wie manche organisierende Gewalt hat die Menschheit schon absterben sehen: - zum Beispiel die der Geschlechtsgenossenschaft, als welche Jahrtausende lang viel mächtiger war als die Gewalt der Familie, ja längst, bevor diese bestand, schon waltete und ordnete. Wir selber sehen den bedeutenden Rechts- und Machtgedanken der Familie, welcher einmal, so weit wie römisches Wesen reichte, die Herrschaft besaß immer blasser und ohnmächtiger werden. So wird ein späteres Geschlecht auch den Staat in einzelnen Strecken der Erde bedeutungslos werden sehen - eine Vor-stellung, an welche viele Menschen der Gegenwart kaum ohne Angst und Abscheu denken können. An der Verbreitung und Verwirklichung dieser Vorstellung zu arbeiten, ist freilich ein ander Ding: man muß sehr anmaßend von seiner Vernunft denken und die Geschichte kaum halb verstehen, um schon jetzt die Hand an den Pflug zu legen, - während noch niemand die Samenkörner aufzeigen kann, welche auf das zerrissene Erdreich nachher gestreut werden sollen. Vertrauen wir also »der Klugheit und dem Eigennutz der Menschen«, daß jetzt noch der Staat eine gute Weile bestehen bleibt und zerstörerische Versuche übereifriger und voreiliger Halbwisser abgewiesen werden! (Nietzsche 2000:4717-18)*

political nature. Social experimentation is to be avoided, as one should instead rely on nature's perpetual propensity to change, evolve, and mature. The role of the state in society is to be evaluated from a historical perspective, and not defined on the basis of a monolithic model.

One can thus see how Nietzsche is unwilling to sacrifice the creative genius of the individual to the avatar of communist collectivism. He demands social justice and improved conditions for the working classes, but also acknowledges that progress originates in individual innovations and individual initiative; "A higher culture can arise only where there are two different castes in society... the caste of those who are forced to work and the caste of those who are free to work" (Nietzsche 1995:237)³⁴ Mirroring the ideas Benjamin Constant proposed in his *The Liberty of Ancients Compared with that of Moderns* (Constant 1816), he simultaneously requests the freedom *from* need, and the freedom *to* be creative. While liberalism tends to emphasize the freedoms *to* (freedom as 'civil liberties'), communism tended to emphasize the freedoms *from* (hunger, illiteracy etc). The characteristics of the Third Way of the *Verein für Socialpolitik* and the successors have been a simultaneous attention to both of these freedoms.

Furthermore, it was important to Nietzsche that there was circulation between the two castes: "...it is even possible for some movement between the two castes to take place, so that the duller, less intelligent families and individuals from the upper caste can be demoted to the lower one and the freer people from the lower caste can in turn gain admission to the higher one..." (Nietzsche 1995:237-238).³⁵ Nietzsche's idea of social mobility was followed up by Vilfredo Pareto's 'Circulation of Elites' (Pareto 1916). Schumpeter's later metaphor that the economy is like a hotel where the persons inhabiting the luxury rooms always change also shows clear kinship to the same idea; "In fact, the upper strata of society are like hotels which are indeed always full of people, but people who are forever changing" (Schumpeter 1959:156).

Writers like Kashyap have already pointed out that Nietzsche was "as opposed to the socialist State as to the democratic one" (Kashyap 1970:91), but fail to elaborate on the argument. Nietzsche was thus left hanging in mid-air as a utopian renegade whose social criticisms were as disturbing as they were impractical. The general impression left us by the considerable body of secondary literature on Nietzsche's political philosophy is that of a diagnostic prophet, a social critic with a visionary analysis of his contemporary power structures. His writings are, however, seldom policy-centred, and hard to relate to the dichotomous political situation created by the Cold War. It can thus, in this day and age of bipolar socioeconomic systems, seem as if Nietzsche's goal indeed was utopian, that he simultaneously demanded socialism and liberalism; that he wanted to 'have his cake and still eat it'. This conclusion, however, is anachronistic in that it imposes modern Cold War values on history. Anthony Giddens writes "The ruling groups who set up the social insurance system in imperial Germany in the late nineteenth Century despised *laissez-faire* economics as they did socialism" (Giddens 1998) and it is indeed in this tradition, independent as it was from the right-left axis of the Cold War, that we find Nietzsche and the *Kathedersozialisten*.

³⁴ *Eine höhere Kultur kann allein dort entstehen, wo es zwei unterschiedene Kasten der Gesellschaft gibt: die der Arbeitenden und die der Müßigen, zu wahrer Muße Befähigten; oder mit stärkerem Ausdruck: die Kaste der Zwangs-Arbeit und die Kaste der Frei-Arbeit* (Nietzsche 2000:4685)

³⁵ *Findet nun gar ein Austausch der beiden Kasten statt, so, daß die stumpferen, ungeistigeren Familien und einzelnen aus der oberen Kaste in die niedere herabgesetzt werden und wiederum die freieren Menschen aus dieser den Zutritt zur höheren erlangen: so ist ein Zustand erreicht, über den hinaus man nur noch das offene Meer unbestimmter Wünsche sieht* (Nietzsche 2000:4685-86)

Also, ‘As a political metaphor, the third path claims a larger field than just economics. Their path took the meaning to bridge the gap, or find an alternative approach beyond the dualism of modernity and tradition, of liberal democracy and authoritarian rule, of rationalism and *Heimat*’ (Haselbach 2000:67).

Nietzsche’s *Zeitgeist* was very different from the present one, resting on the intellectual ruins of the Cold War. As a consequence of the NATO-Soviet axis of hostilities, economics became divided in a system of binary opposites, but binary in the sense of a circle cut in two. Only recently did it dawn upon us that the Cold War was fought between two brands of Ricardian economics, while the Other Canon type theory of economics – represented by the *Kathedersozialisten* and the US institutionalist and pre-institutionalist counterparts – died out. The common Ricardian roots of both neo-classical economics and the planned economy of the communist counterparts have been emphasized by Geoffrey Hodgson (Hodgson 1999), Nicholas Kaldor (Kaldor 1955-1956), and Joseph Stiglitz (Stiglitz 1994). While confusing, shocking, and at times contradictory, Nietzsche’s *Glance at the State* is more than the quixotic bile of a confused mind, and can indeed be read as a concrete statement of public policy.

8. Conclusion and Notes on Further Research.

Marxist critique of Nietzsche often characterises him as an apologetic of liberalism and capitalism. We have attempted to show that this is a fundamentally wrong interpretation. Indeed, not only liberalism itself, but also its philosophical foundations are at cross-purposes with Nietzsche’s basic philosophy. Typically, the appreciation of Nietzsche as a true Third Way social scientist in the German economic tradition has been lost in the prolonged crossfire between liberalism and communism.

While we now have joined ranks with countless ‘cranks’ in securing Nietzsche for one cause or another, we believe this to be one of the few occasions on which his writings have been evaluated from the perspective of an economist (Ottmann 1987 is one of them). This paper is, however, not intended as a final verdict on the matter, but rather as a prelude for further analysis. There are immediate questions whose answers remain beyond the scope of this essay, which would be interesting topics for future studies. We only analysed a very small portion of his substantial literary legacy, and the obvious continuation would be the task of testing our preliminary conclusion against this vast body of writings. Given Nietzsche’s rhetorical gymnastics, this could be a monumental task. We have already noted Nietzsche’s classicist heritage on several occasions – and from Thucydides to Aristotle, from Xenophon to Pericles, the intellectual echoes of ancient Athenians are indeed prominent in his writings – and the next logical step would be to connect the plethora of existing studies on this subject to our theory of Nietzschean *Kathedersozialismus*. Upon browsing through the vast body of secondary literature on Nietzsche, one clearly sees the uneven distribution of their topics. Countless scholars have discussed his connection to the Ancient Greeks, but few indeed have evaluated his contributions to the fields of economics and political science.

While Nietzsche for years has been thought to be a philosophical pariah, we have sought to establish his connection to the German tradition of appreciative and *verstehende* economics. Nietzsche’s influence on his *Zeitgeist* was, as other papers in this volume have explored, considerable. While we have placed Nietzsche’s economic policies under an overall heading, his political writings are still a unique amalgamation of two millennia of Western political theory, and what ideas he took from where remains contested. In the end our contribution has been to place Nietzsche’s economic policies within the context of an existing school of political economy. His legacy remains that of an intrepid, if somewhat esoteric statecraft.

As a final note it should be said that the *Kathedersozialist* agenda, and indeed the entire German tradition, has gained new relevance in the past years, as it becomes clear that our times also have a *Soziale Frage*. Haselbach's statement about the *Kathedersozialisten* seems highly relevant also for Nietzsche:

[His] work tried to re-write liberal economic theory with a distinctively anti-capitalist stance, albeit by reinvigorating the liberal utopia, and by reinterpreting the notion of capitalism. This theoretical approach can be characterised as a theory of a third path between capitalism and communism (Haselbach 2000:64).

The gap between rich and poor has, however, this time increased in scale, as the task at hand is one of solving fundamental international discrepancies arising from globalisation, rather than re-evaluating domestic policy. The question to ask is therefore why most of the World's countries are poorer today than ten years ago, and what can be done about it. In our post-Cold War era, the true Third Way can perhaps provide us with the best tools for the job.

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