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Creative destruction

Creative destruction. a. The process where capitalism is reorganised in order to be reproduced. A set of processes within capitalism where established structures, social relations, technologies, landscapes, etc., replaces older ones in order to produce profits and growth, and thereby reproduce capitalism as a social order. b. The concept first described by German economist Werner Sombart (1913) in 1913 as the "creative spirit of destruction", but was first popularised by Joseph Schumpeter (1962 [1942]) three decades later. Where Schumpeterians emphasis innovative entrepreneurs and firms who win market shares by introducing new products and technologies, Marxists tend to see creative destruction as a broader expressions of capitalism – being a revolutionary mode of production, constantly changing due to competitive laws, needs for profits and growth and class struggle. c. A central component in economic crises. It captures the double character of crises: as both tearing down and innovative. We can identify three interconnecting processes: i) devaluation and destruction of capital, ii) new ways of organizing the economy, new class relations, new technology and new regulations replacing the old ones, and iii) new investments. d) Creative destruction is an inherent part of economic crises under capitalism, but not necessary in ecological crisis, which is one reason why economic crisis are always temporarily solved under capitalism – in contrast to ecological crises (cf. Holgersen 2022).

Related terms
Capitalism, crisis, innovation, transformation, reproduction of capitalism

Further reading
Perez, 2002; Harvey 1990.

Full references


Sombart, Werner (1913) *Krieg und Kapitalismus*. München: Duncker & Humblot