



# Classical Sociological Theory and Foundations of American Sociology



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# I. The Evolution of the Capitalistic Spirit

“The factors which produced capitalism is the rational permanent enterprise, rational accounting, rational technology, and rational law, but again not these alone. Necessary complementary factors were the rational spirit, the rationalization of the conduct of life, in general, and a rationalistic economic ethic.”

NOTE ON SOURCE: This passage is from *Wirtschaftsgeschichte*, a collection of Weber's lecture notes, first published after his death in 1923. The first English translation (*General Economic History*) was made in 1927, by Frank Knight, an American professor of political economy. It is known as the source of Weber's institutionalist theory of capitalism. The selection below is direct from the Knight translation.

## Introduction – Why this is important and what to look for

*This selection is the chapter following the previous “The Rational State” in the General Economic History. It discusses many of the same events and circumstances found in PESOC, but from a somewhat different angle. Pay close attention to the effects of the protestant ethic on the workforce and profitability, a topic little discussed in his more famous work.*

## The Evolution of the Capitalistic Spirit

It is a widespread error that the increase of population is to be included as a really crucial agent in the evolution of western capitalism.<sup>1</sup> In opposition to this view, Karl Marx made the assertion that every economic epoch has its own law of population, and although this proposition is untenable in so general a form, it is justified in the present case. The growth of population in the west made most rapid progress from the beginning of the 18th century to the end of the 19th. In the same period China experience da population growth of at least equal extent – from 60 or 70 million of 400 million; this corresponds approximately with the increase in the west. In spite of this fact, capitalism went backward in China and not forward. The growth of population in Europe did indeed favor the development of capitalism, to the extent that in a small population the system would have been unable to secure the necessary labor force, but in itself it never called forth that development;

1. Could Weber be referring to Durkheim's thesis in *The Division of Labor*?

Nor can the inflow of precious metals be regarded, as Sombart suggests, as the primary cause of the appearance of capitalism. Neither the growth of population nor the importation of precious metal called forth western capitalism. The external conditions for the development of capitalism are rather, first, geographical in character. In China and India, the enormous costs of transportation, connected with the decisively inland commerce of the regions, necessarily formed serious obstructions for the classes who were in a position to make profits through trade, while in the west the position of the Mediterranean as an island sea, and abundant interconnections through the rivers, favored the opposite development of international commerce. But this factor in its turn must not be overestimated.

Military requirements were also favorable, though not as such but because of the special nature of the particular needs of the western armies. Favorable also was the luxury demand, though again, not in itself. In the last resort the factors which produced capitalism is the rational permanent enterprise, rational accounting, rational technology, and rational law, but again not these alone. Necessary complementary factors were the rational spirit, the rationalization of the conduct of life, in general, and a rationalistic economic ethic.

Traditional obstructions are not overcome by the economic impulse alone. The notion that our rationalistic and capitalistic age is characterized by a stronger economic interest than other periods is childish; the moving spirits of modern capitalism are not possessed of a stronger economic impulse than, for example, an oriental trader. The unchaining of the economic interest merely as such has produced only irrational results; such men as Cortez and Pizarro, who were perhaps its strongest embodiment, were far from having an idea of a rationalistic economic life. If the economic impulse in itself is universal, it is an interesting question as to the relations under which it becomes rationalized and rationally tempered in such fashion as to produce rational institutions of the character of capitalistic enterprise.

*Weber next discusses several of the issues raised in PESOC regarding ethical judgments on worldly success, ascetism, and the specific character of Protestant doctrine and how its allowance for worldly success differentiated it from previous religions. We come back to the text at the conclusion of this discussion*

It is true that the acquisition of wealth, attributed to piety, led to a dilemma, in all respects similar to that into which the medieval monasteries constantly fell; the religious guild led to wealth, wealth to a fall from grace, and this again to the necessity of reconstitution. Calvinism sought to avoid this difficulty through the idea that man was only an administrator of what God had given him; it condemned enjoyment yet permitted no flight from the world but rather regarded working together, with its rational discipline, as the religious task of the individual. Out of this system of thought came our word 'calling,' which is known only to the languages influenced by the Protestant translations of the Bible. It expresses the value placed upon rational activity carried on according to the rational capitalistic principle, as the fulfillment of a God-given task.

This development of the concept of the calling quickly gave to the modern entrepreneur a fabulously clear conscience, – and also industrious workers; he gave to his employees as the wage of their ascetic devotion to the calling and of cooperation in his ruthless exploitation of them through capitalism the prospect of eternal salvation, which in an age when ecclesiastical discipline took control of the whole of life to an extent inconceivable to us now, represented a reality quite different from any it has today. The Catholic

and Lutheran churches also recognized and practiced ecclesiastical discipline. But in the Protestant ascetic communities, admission to the Lord's Supper was condition on ethical fitness, which again was identified with business honor, while into the content of one's faith no one inquired. Such a powerful, unconsciously refined organization for the production of capitalistic individuals has never existed in any other church or religion, and in comparison, what the Renaissance did for capitalism shrinks into insignificance. Its practitioners occupied themselves with technical problems and were experimenters of the first rank. From art and mining experimentation was taken over into science.

The world-view of the Renaissance determined the policy of rulers in a large measure, but it did not transform the soul of man as did the innovations of the Reformation. Almost all the great scientific discoveries of the 16th and even the beginning of the 17th century were made against the background of Catholicism. Copernicus was a Catholic, for example. Scientific progress and Protestantism must not at all be unquestionably identified. The Catholic church has indeed occasionally obstructed scientific progress; but the ascetic sects of Protestantism have also been disposed to have nothing to do with science, except in a situation where material requirements of everyday life were involved. On the other hand, it is its specific contribution to have placed science in the service of technology and economics.

The religious root of modern economic humanity is dead; today the concept of the calling is a *caput mortuum*<sup>2</sup> in the world. Ascetic religiosity has been displaced by a pessimistic though by no means ascetic view of the world, such as that portrayed in Mandeville's *Fable of the Bees*, which teaches that private vices may under certain conditions be for the good of the public. With the complete disappearance of all the remains of the original enormous religious pathos of the sects, the optimism of the Enlightenment which believed in the harmony of interests, appeared as the heir of Protestant ascetism in the field of economic ideas; it guided the hands of the princes, statesmen, and writers of the later 18th and early 19th century. Economic ethics arose against the background of the ascetic idea, but now it has been stripped of its religious import. It was possible for the working class to accept its lot as long as the promise of eternal happiness could be held out to it. When this consolation fell away it was inevitable that those strains and stresses should appear in economic society which since then have grown so rapidly. This point had been reached at the end of the early period of capitalism, at the beginning of the age of iron, in the 19th century.

### *Questions for Contemplation and Discussion*

1. Identify ALL of the factors that Weber concedes played a role in the rise of western capitalism. How would you characterize or classify these many factors? Which is the most important, according to Weber, and why? Are any necessary and sufficient in and of themselves?
2. What were the consequences of adopting the concept of the calling? Were these consequences *intended*?
3. What are the "stresses and strains" to which Weber refers in the final paragraph? As Weber began this section with a reference to Karl Marx, it might be useful to consider the two together. What similarities can be found in their descriptions of capitalism? What are the significant differences (of focus, tone,

2. Literally, Latin for "deadhead," but had a meaning at the time Weber wrote of worthless leftovers.

evaluation, prognosis) between them?

## Concepts

Spirit of Capitalism

Rational-Formalistic Law