Max Weber, the Protestant Ethics, and the Sociology of Capitalist Development

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1. Introduction

Recent debates on the dynamics of capitalist development have once again focused on the ideological underpinnings of the development process, thus highlighting the role of religion and specific world-views in shaping the institutional foundations of modern capitalism. Accordingly, to put it in the terms of Max Weber and fellow contemporary sociologists and economists, it may be argued that quest for the spirit of capitalism still provides a most relevant topic for major research endeavors. In particular recent advances in the domain of economic and social history have followed Weber in outlining the institutional specificity of the Western European economy as a birthplace of modern capitalism (North and Thomas 1973, Jones 1981, Rosenberg and Birdzell 1986, Mokyr 1990, Landes 1998, Lai 1998, North 2005). Proposed factors in the historically unique 'rise of the West' point at aspects such as the political competition among states, political freedom, property rights, the emergence of markets, technological innovation, and the rise of rational thought. While the debate goes on, it remains quite difficult to understand that most of these recent contributions implicitly follow the lead of Weberian analysis without explicitly referring to Weber's original thesis on the role of the Protestant ethic in capitalist development. This is even more curious given the fact that the issue of Protestantism is a decisive feature in Weber's sociology and thus a key component of the intellectual legacy of modern social sciences at large.

References


Accordingly, the following sections elaborate on a reappraisal of Weber's related work.

The presentation proceeds as follows. The first section outlines Max Weber's research program, highlighting the sociology of capitalist development as a key concern. The second section discusses Weber's thesis of the Protestant ethics as a major factor in the genesis of Occidental capitalism. The third section provides an assessment of the intellectual context and most relevant criticism of this thesis, covering a set of issues that ranges from Weber's contemporaries to the most recent controversies. The paper concludes that the Weber thesis on the Protestant ethics has proven its relevance for further discussions on the evolution of modern capitalism — also with regard to current institutional transformations in the context of globalisation.


Weber's sociological approach is said to resemble a most comprehensive attempt in promoting a unified theoretical and empirical research program of the social sciences. Related attempts in reconstructing the unity of Weber's social thought address the argument that the relation between culture and social life, basically the interdependence of belief-systems and social reality, constitutes the basis of Weberian ideas in terms of a comprehensive sociology of culture. Thus, based on the Weberian social-ontological dualism, which informs his analysis of the process of rationalization, it has been suggested that Weber factually formulated a valuable comparison of historical cultures (Schroeder 1992). Concerning Weber's sociological research concepts, then, major components like the agency-structure problem as well as the conceptual implications of the multi-causality of historical development processes have been taken to the fore. The concept of ideal types excels as a tool of causal analysis in Weber's comparative-historical approach (Kaiberg 1994).

In this line of reasoning, the Weberian renaissance in sociological theory has been designated to articulate the critique of structuralist and functionalist interpretations of Weberian thought, which had become prevalent in particular with Parson's approach to social theory as a theory of social systems. This basic orientation in the criticism of structuralist and functionalist positions has been stimulated most pressingly by arguments such as Tenbruck's on the role of religious aspects in Weber's theorising. Indeed, Tenbruck argues that the centre of Weber's sociology is created by the analysis of historic-religious disenchantment and rationalisation as a universal sequence that contributed decisively to the rise of the Western World (Tenbruck 1980). Accordingly, it is the matter of changing religious belief-systems and world-views that constitutes a key concern of Weber's account of the cultural evolution of modern societies, involving its differentiated institutional architecture. In this setting, the role of the Protestant ethics in the institutional evolution of modern capitalism is set to be decisive.

However, sociological modifications of that position have been controversially pinpointing the aspect of rationalisation as a process of continuous disenchantment that shapes both individual and collective levels of social action. In particular, Schluchter identifies Western rationalisation as Weber's main concern that would result in a diversity of segmented attempts at formulating a universal history. Based on that assessment, Schluchter's analytical framework focuses on the notion of structural principles and their ethical-institutional dimensions, which allows for delimiting Weber's developmental history from accompanying strands of evolutionism and systems theory by underlining the corresponding theory of action (Schluchter 1981). Weber actually believed that capitalism generated major socio-cultural problems, which would come to hinder capitalist long-run growth. He anticipated the decline of
capitalism due to the advent of an all-encompassing social bureaucratization that would finally result from the rationalisation of socio-economic affairs and beliefs in modern capitalism. The notion of the 'iron cage' would describe this fate of modern society - thus putting Weber in line with cultural pessimists like Schumpeter, who would view the economic success of capitalism as a source of its socio-cultural decomposition (Swedberg 1998). In accounting for deterministic elements and underlying tendencies of a cultural pessimism in these arguments, an allegedly Nietzschean sociology of fate in Weberian thought has been traced as a motive in the corresponding assessment of the developmental dynamism of Occidental capitalism, pointing to the notion of the unintended consequences of social action as a characteristic of modern societies (Turner 1996). In this Weberian line of reasoning, rationalisation and secularisation are intertwined, with Protestantism and its rationalising world-view as a decisive moment in the economic and political development of the Occident. More specifically, the Protestant Ethics may be viewed both as a result as well as a further stimulus of a comprehensive rationalisation process.

Debating the intellectual status of Weberian thought, this interpretation has been subject to further controversies. Most prominently, Hennis dissents with that kind of reconstruction of Weberian thought as an analytical effort in theorising rationalisation, for he understands Weber's approach primarily as an effort in coming to terms with a specific science of man, based upon the role of ethical aspects in conditioning the cultural articulation of personality which results after all in a theory of the development of mankind (Hennis 1988). Thus, the cultural dimension of individual behaviour is taken to the fore, perceived as a historically specific manifestation of changing contextual settings. Appropriately, then, the analytical implications of that perspective as well as its methodological background are most generally supposed to resemble historian traditions in the social sciences, especially in the German tradition of the Historical School of political economy. Methodologically, this aspect is exemplified by the matter of concept formation in terms of Weber's use of the notion of ideal types and Verstehen as means of analysing human action, which are said to reflect the specific Neo-Kantian dimension of Weber's research methodology, especially regarding the impact of Rickert's methodological ideas. Related to these considerations, it has been concluded that Weber intended to establish a generalizing social science as a methodological complement to both historiography and the natural sciences (Burger 1987).

Weber's intellectual proximity to the Historical School is usually illustrated with reference to this attempted integration of explanatory and interpretative approaches, which points to Weber's concern with the methodological positions of contemporary scholars like Roseher and Knies as well as Rickert and Dilthey. Therefore, derived from Max Weber's fierce opposition against both the methodological positions of organicism and positivism, Weber's original research program has been convincingly portrayed as an extension of German historism (Ringer 1997). In particular Weber's approach to culture and modernity is said to reflect a socio-logical and philosophical discourse - that is shaped by the sociological varieties of originally historist concerns, as for instance promoted in Simmel's works on the philosophy of history as an often neglected influence on Weber's theorising (Scaff 1989). Weber's intellectual relations with his academic and political contemporaries indeed involve a milieu of eminent historist German scholars such as Gustav von Schmoller and Werner Sombart, among others, but also historically-minded economists like Schumpeter (Shionoya 1997, 2005). This is also in agreement with references to his manifold political activities and public statements on political issues, as Weber has been portrayed as a specific brand of German liberal with nationalist leanings, who was open-minded for social reform (Mommsen 1989).
This historist orientation in the portrayal of the intellectual reference points of Weberian ideas has been contested by critical claims, which tend to differentiate, modify or even reject the historist content of Weber's economic and political sociology. The latter line of reasoning is most prominent with Tribe, who suggests that the decisive intellectual sources of Weberian ideas, as prevalent especially in his early works, belong primarily to the sphere of classical political theory rather than to the allegedly ill-conceived framework of German historism (Tribe 1989). Referring to a broader intellectual context, the Weber-Durkheim relation in the formation of modern sociology has been characterised by Giddens as contextual association and dissociation in terms of theoretical approaches and historical context (Giddens 1987). Swedberg accordingly portrays Max Weber as a founder and major representative of economic sociology, designed as a distinctly post-historist venture, which analyses economic institutions by means of sociological concepts that focus on the matter of rational action, while highlighting the relationship between economy, polity, law, and religion. These topics have of course remained most relevant for current research on the social embeddedness of economic life (Swedberg 1998). Weber's analysis of the role of Protestantism in the evolution of modern capitalism thus belongs to a highly relevant field of inquiry even in the context of economic sociology.

To sort out the analytical specificities of Weber's reasoning on capitalist development, his work on general economic history, based on the transcripts of lectures in 1919 and 1920, may be taken to the fore (Weber 1923/1991). This overview of social and economic history provides a comprehensive survey of economic development from ancient times to the modern capitalism. It addresses the pattern of Western economic development, by claiming that capitalist institutional forms always existed in history, yet it was only with the development of rational mechanisms like capital accounting and rational commerce, which would allow for establishing a capitalist system of market transactions and this promote the historically as well as geographically unique emergence of modern capitalism in Western Europe (Weber 192311991: 286-289). Weber argues against the misconceived claim that the rationalistic substance of modern capitalism involves a more accentuated outlook of economic interest than any other period in history. Instead, Weber distinguishes between proper economic interests, which can be traced in all societies past and present – be they capitalist, pre-capitalist, or non-capitalist – and a distinctly capitalist articulation of these kinds of interests, quite in line with the rational character of modern capitalism. In this setting, Weber also acknowledges that market competition, the key area of capital accumulation, is to be perceived as an interest-driven process among conflicting parties (Weber 1923/1991: 239-240).

Although Weber highlights the cultural dimension of capitalism, he does not neglect material factors as well – as both spheres co-evolve in space and time. Indeed, in Weber's view, the rise of capitalism was related to favourable changes in the distribution of economic resources. Primarily, the expansion of markets for consumer goods as well as the introduction of new technologies allowed a lowering of prices, which fueled capitalist economic relations. The latter are coined by the specific characteristics of rationality as a socio-cultural paradigm with major behavioural connotations. Above all, this refers to the introduction of rational bookkeeping and capital accounting; two aspects, which help separating business and household capital, and thus allow for continued and organised capitalist accumulation. Also, the emergence of a rationally organized and formally free labour, which is treated like a commodity on markets, becomes a key feature of modern capitalism, paralled by the development of rational law and administration in business firms and state administration, which heralds the expansion of bureaucracies in the public and private sectors (Weber 1923/1991: 302-4). After all, these factors of capitalist development are mainly...
shaped by the particular role of Protestantism — although the influence of Jewish beliefs as well as of Christianity in its Catholic and Lutheran manifestations is also to be acknowledged (Weber 1923/1991: 312-314). Accordingly, this Weberthesis on Protestant ethics as a driving force in the genesis of capitalist rationalisation is to be viewed as the most essential component of Weber's more comprehensive sociology of capitalist development.


As outlined above, Weber approached the analysis of modern capitalism by means of an exploration of its institutional foundations. The study on the protestant ethic and the ’spirit of capitalism’ — published under the title 'Die protestantische Ethik und der Geist des Kapitalismus' in 1904 and 1905 - excelled within that venture, applied to modern capitalism as a historical individual, that is, as a complex of relations in historical reality which are to be subsumed categorically with regard to their cultural meaning (Weber 1904-1905/1920: 30). In this study, Weber, who was a Protestant himself, argues that the Protestant Reformation was critical to the rise of capitalism through its impact on belief systems. Christian asceticism in general, and Calvinism in particular, promoted ideas such as the necessity of proving faith in worldly productive activities, thus highlighting labour and rational conduct as manifestations of a divine 'calling'. Hence the spirit of capitalism is well described by the rational and ethical control of the drive for acquisition, as in Calvinism, which propels the systematisation of acquisitive activities (Weber 1921/1972: 378).

Weber's argument proceeds as follows. The rationalisation of labour, law, organisation and accounting is framed by the emergence of a specific capitalist spirit, which tends to shape economic and social behaviour. Basically, this capitalist spirit, which denotes the attitude of a rational conduct of life as well as a professionally rationalised mode of business operation is historically rooted in the spirit of Christian asceticism, most visibly in Protestant professional asceticism, and here in particular in the diverse Protestant sects that share inner-worldly asceticism with the belief-system of Calvinism as a specific institutional source of the capitalist genesis in Western Europe and North America (Weber 1904-1905/1920: 202-204). Related modes of economic behaviour are defined by the expectation of profit through the realisation of exchange opportunities, oriented at the capital account in a sustainably rational manner (Weber 1920a: 4-5). Thus, Weber claims that 'capitalism is identical with the striving for profit, in continuous and rational capitalist enterprise: for an always renewed profit: for "profitability"' (Weber 1920a: 4).

In explaining the rise of capitalism in the Western world, Weber accentuates that simple impulses to acquisition, the pursuit of gain, the accumulation of monetary wealth, are not necessarily associated with capitalism. Indeed, the notion of unlimited greed for gain, which has been put forward as a key facet of capitalism by both Marxists and post-historist scholars such as Sombart, is not at all identical with the rationale of modern capitalism. Viewed from a comparative historical perspective, the desire for gain has been seen in all sorts of social and economic conditions. According to Weber, even economic life of ancient Rome exhibited features of capitalism, as defined by 'pure economic content', which applies when objects of property may be exchanged on markets by private agents to the end of acquisition (Weber 1909/1924: 15). Historically unique institutional features of Western capitalism are the rational capitalist organisation of formally free labour in the setting of a rational-capitalist organisation, paralleled by the separation of business from the household and the introduction of rational bookkeeping as an accounting technique that allows for exact calculation (Weber 1920a: 7-8). Decisively, the ability to calculate is de-
termined by the ability to rational action, unhampered by magical beliefs. At this point, religion exercises a major impact on the development of economic systems—and in the case of modern capitalism, a most crucial facilitating role is played by a capitalist spirit of rational calculation and conduct that is rooted in the ethics of Protestantism with its inner-worldly ascetics (Weber 1904-1905/1920: 61-62).

What makes Protestantism special? Weber suggests that religions may be classified according to their acceptance or rejection of the empirical world, that is, according to their degree of inner-worldly orientation. In the case of acceptance, this goes together with the question of transforming, adapting, or escaping from the world. Calvin's doctrine of predestination and the notion of the 'calling' were essential for promoting a transformational attitude toward rational conduct, productive labour, and wealth accumulation. Indeed, it is not the position Martin Luther and German Protestantism in its Lutheranian blend but that of rather radical Protestant dissenters like Calvin which represents the essence of the Protestant ethics of capitalism. According to Calvin, individuals were predestined to salvation or damnation. Professional success served as a demonstration of a basically unknown fate, possibly in line with the divine 'calling'. In effect, this would promote an 'inner-worldly asceticism' with a focus on efficiency, possibly resulting in non-ostentatious wealth.

Weber even argues that the religious belief-system of the Protestant sects actually came to fit to different professional occupations. For instance, Calvinists with their utilitarian attitude would exhibit comparative advantages in becoming entrepreneurs (Weber 1904-1905/1920: 100-103). Accordingly, Weber pinpoints the matter of entrepreneurship as a representation of the capitalist spirit and its religious underpinnings. The Weberian entrepreneur is not merely a risk-taking adventurer or explorer, as Werner Sombart and other contemporary economists and sociologists would have it. Instead, the entrepreneur represents the rational attitude of the modern professional, reflecting those aspects of the Protestant ethic which have contributed to the rationalisation of economic life and highlighting entrepreneurship as professional concern, also understood as a religious duty (Weber 1904-1905/1920: 53-54). Rational conduct of business corresponds to the rationalisation of other spheres of economic life that could lead to the establishment of an 'iron cage of servitude', that is an all-encompassing administrative system of bureaucratic rule in which individuals were reduced to mere objects of administration—although the professional charisma of the entrepreneur might provide an institutional antidote (Weber 1918/1924: 506-507). However, Weber did not proceed with a further elaboration on the complex motives and behavioural dimensions of entrepreneurship. Thus, it has been suggested that his notion of entrepreneurship resemble the 'character mask' of the Marxian capitalist. Mommsen thus claimed that Weber described capitalism in an almost Marxian mode of argumentation, namely as an irresistible social force coercing men to subject themselves seemingly voluntarily to its social conditions (Mommsen 1974: 55).

However, there is also a distinct organisational aspect of religious affairs to be taken into account. Weber differentiates between churches such as the Catholic or Lutheran churches, which are labelled as inclusive and voluntary organisations with a formal hierarchy in administration that is set to serve all believers within the domain of the church. Sects that are rooted in Puritanism, such as the Quakers, however, resemble exclusive and voluntary communities that summon religiously qualified believers who are governed by a peer network. The closely knit interaction within the social and economic communities of these sects has provided a level of rule-following behaviour that was most conducive to the formation of market exchange in a rational, transparent setting of legal rules and social norms (Weber 1920b). Given the relative freedom from governmental interference in North America, the local Protestant
sects would thrive in their economic efforts that lay the foundations of the institutional advantages of American capitalism (Noland 2003).

Yet apart from his work on the Protestant ethics, Weber's sociology of religion also encompasses comprehensive works on Judaism, Hinduism, Buddhism, and Confucianism – with work on Islam still in progress at the time of his untimely death in 1920. As Weber follows a non-deterministic line of reasoning, the genesis of Occidental capitalism needed to be explained by complex processes, which would not prevent the formation of distinct types of capitalism in other parts of the world, and under other cultural and religious conditions. Judaism preceded the Christian religion and its drive for a material transformation of the world had been put forward as a key ingredient of the capitalist spirit by Weber's contemporary Werner Sombart before. Weber, however, derives the relative economic success of Western European Jews from their status as a 'pariah' minority group that still lacked the spiritual connection between economic success and piety. Confucianism with its focus on harmoniously adaptive socio-natural relations was antithetical to the rational dynamics of capitalism. Taoism contradicted capitalism, because of its magic spiritualism and the encouragement of passive attitudes. While Hinduism and Buddhism promoted asceticism, their escapist 'other-worldly' asceticism also did not lend to the support of capitalist institutions (Weber 1915-1919/1920).

In summary, the relationship between the Protestant ethics and the evolution of modern capitalism constitutes a key component of Weber's sociology of capitalist development, which is framed by even more comprehensive efforts of providing a unified social science that contains a sociological analysis of general economic and social history of peoples and civilisations. The basic questions of Weber's research program remain highly relevant, because of two major reasons (Noland 2003). First, they have made central the question of the uniqueness of Western capitalism and its developmental pattern. Ever since the 18th century, modern economic growth has been an Occidental phenomenon, and it has been more rapid in Western Europe and its overseas colonies than in other parts of the world. It remains an open question whether and how Protestantism contributed to modern economic growth – yet it is obvious that it occurred soon after most of these parts of the world experienced the advent of Protestantism. Second, Weber has pointed to the significant role of non-economic factors in driving capitalist development. This applies in particular to the role of religion and related world-views. Whether it is the Protestant legacy or other religions such as Catholicism or Judaism may not be decisive. From an analytical point of view, these historically intertwined influences may be difficult to dissect. Decisively, however, as outlined in the following section, even the critics of the Weber thesis had to acknowledge the relevance of motivational and behavioural institutional conditions in the analysis of modern capitalism.


A critical appraisal of Max Weber's thesis on the Protestant ethics in capitalist development is well advised to take off with paying reference to Weber's intellectual context. Indeed, Weber's concerns with the evolution of capitalism in Western Europe fit well into the interests of the contemporary German Historical School in its post-Schmollerian phase of analytical orientation that was based on the concern with explaining the rise of modern capitalism, as represented most prominently by Werner Sombart. Actually, Weber's major contribution to these debates is his study on the Protestant ethic and the spirit of capitalism. In order to understand its argumentation, a reconsideration of the related work of Werner Sombart as well as of preceding efforts by Gustav von Schmoller is at hand.

Schmoller's historical perspective implied a reconsideration of institutional factors in economic development by acknowledging the
plurality of individual motives that shape economic behaviour. Therefore, from the perspective of Schumpeterian economic sociology, it is said to demand an analysis of those factors that were treated as data by conventional economic theory, principally institutional features like the behaviour of social groups and individuals (Schumpeter 1926: 17-18). Schmoller is also highlighted with his arguments against attempts of tracing the origins of modern capitalism to the institutional features of certain historical periods, for he is credited with realising fundamental identities under widely different cultural forms, as exemplified by the case of merchant guilds and industrial cartels (Schumpeter 1939: 228-229). Indeed, Schmoller's institutional focus confronts materialist concepts that were prominent with Marxian theory and, according to him, seemed to exert an unwelcome influence on post-Schmollerian contributions within the German Historical School, like those of Weher and Sombart, as expressed by the use of the notion of capitalism. Schmoller actually argued that capital would indeed play a great role in the economy, but this should be explained psychologically, accounting for the cultural context of the particular actors, involving ideas and moral systems, customs and law, and other institutions (Schmoller 1903: 144). In this setting, the role of the Reformation in the development process, apart from its influence on post-Schmollerian contributions within the German Historical School, like those of Weher and Sombart, as expressed by the use of the notion of capitalism. Schmoller actually argued that capital would indeed play a great role in the economy, but this should be explained psychologically, accounting for the cultural context of the particular actors, involving ideas and moral systems, customs and law, and other institutions (Schmoller 1903: 144). In this setting, the role of the Reformation in the development process, apart from its influence on the doctrine of natural law and the rationale of modern science, is linked to the connection between productive labour and religious piety, which is said to fuel the economic dynamism of Protestant nations—in particular the Germanic states (Schmoller 1901: 80).

While Schmoller was a senior of Weber, his most influential contemporary discussant was Werner Sombart, whose approach to capitalist development reflected Schmoller's concern with historical studies, while continuously acknowledging the complementing achievements of the Marxian perspective (Backhaus 1989). His notion of 'economic systems' should conceptualise the essential historical forms and institutional features of economic processes, addressing a coherent setting of economic spirit, organisation and technological dynamism (Sombart 1929: 14). Sombart applies this scheme to the genesis and evolution of modern capitalism in Western Europe, by doing so paralleling as well as stimulating Weber's corresponding efforts on the Protestant ethics. Indeed, Sombart pinpoints the dimension of economic spirit as a characteristic and driving force of capitalist evolution. According to Sombart, economic spirit denotes the domain of motivation in driving economic action, that is 'all the expressions of the intellect, all the characteristics that become apparent in the course of economic activities', accompanied by 'all ambitions, all value judgements, all principles' that shape the behaviour of economic agents (Sombart 1913/1988: 12).

Derived from that definition, Sombart described the capitalist spirit, which had already influenced the period of early capitalism since the 13th century, as the 'Faustian spirit: the spirit of unrest, of restlessness', for it would contribute to the decomposition of established routines, values and organic communities in favour of 'self-interest' and 'self-determination' (Sombart 1916/1987: 327). Indeed, the capitalist economic spirit should reflect ideas of acquisition, competition and rationality that were also rooted in diverse religious domains. Monetary acquisition represents the purpose of economic activity. Accompanied by an attitude of competition, it becomes boundless—as means become ends in an infinite quest for economic progress, propelling the rationalisation of economy and society (Sombart 1930: 196-197). The underlying ambiguity of the capitalist spirit is reflected by two constitutive components: an 'entrepreneurial spirit' based on a drive for unlimited acquisition, conquering and the will for power on the one hand, and a 'bourgeois spirit' of rational order, careful calculation and exact accounting on the other hand (Sombart 1916/1987: 329-330). However, in the period of 'high capitalism', entrepreneurial motivation becomes devoid of religious motives and customary bonds beyond bourgeois
morals as the capitalist spirit is fully secularised (Sombart 1927/1987: 30-31). Finally, that capitalist spirit erodes completely, giving way to the rationalised atmosphere of 'bureaucratised capitalism' (Sombart 1927/1987: 806).

In this process of capitalist development, the role of religion is important as an intellectual and spiritual force that shapes the contours of the capitalist spirit. However, Sombart disagree with Weber's emphasis on Protestantism as a religious force in capitalism – also because Sombart's view of capitalism is less biased towards the matter of socio-cultural rationalisation and more open for the idea of unlimited acquisition as a motivational paradigm. Sombart's monograph on the role of the Jews in economic life is therefore meant to refute Weber's thesis on the Protestant ethics. Indeed, Sombart claims that the dominating ideas of Puritanism, which were so powerful in promoting the spirit of modern capitalism, were in fact more perfectly developed in Judaism, and were thus also of a much earlier date. Altogether, Sombart suggests that Puritan doctrines were deduced from Jewish sources that would combine the drive for an unlimited accumulation of wealth with a socially codified dynamism of inclusion (Sombart 1911). Furthermore, Sombart directly rejects the Weberian line of reasoning on Protestantism and capitalism when he states most clearly in his work 'Der Bourgeois', which deals with the diverse intellectual sources of the capitalist spirit, that Protestant sects have historically exercised a pronounced anticapitalist stance, while the Lutheran tradition in Germany represents a pre-capitalist, craft-based value system that exhibits a decidedly anti-capitalist orientation (Sombart 1913/1988: 244-245). In effect, then, Sombart's more encompassing view of modern capitalism also allows for a more diverse line of reasoning when it comes to the identification of its religious and ethical sources.

Joseph Schumpeter is another intellectual contemporary of Weber, who joins in the criticism of the Protestant ethics thesis, yet with a different argumentation than Sombart (Ebner 2003). Indeed, in contrast to both Weber and Sombart, Schumpeter claims that there is no distinct spirit of capitalism in the sense of a new way of thinking, which would have emerged in the context of the transformation of feudalism. Instead, every economic system is based on a variety of institutional forms that allow for its evolutionary self-transformation (Schumpeter 1954: 80-81). Capitalism thus evolved from the socio-cultural substance of preceding forms of economic organisation, based on institutional elements that were cumulatively growing in influence. Resembling the principle of historical continuity as a perspective on economic development, Schumpeter suggests that there is no logically autonomous problem of the birth of capitalism in terms of an outburst of economic activity of a new type— as claimed by Weber (Schumpeter 1939: 228). As Schumpeter defines capitalism as private property economy in which innovations are carried out by means of borrowed money, it follows that the historical dating of capitalism should depend on the emergence of institutional mechanism of credit creation, to be traced in Southern Europe at least since the 12th century (Schumpeter 1939: 223-224). Therefore Sombart's idea of the advent of a distinct capitalist spirit since the 15th century is dismissed, together with Weber's concept of a specific type of rationality, rooted in Protestant ethics, as a formula denoting the capitalist spirit (Schumpeter 1939: 228-229). This argumentation also includes a critique of the Weberian argument of a transition from an ideal typical 'feudal man' to a 'capitalist man', for this scheme seems to misrepresent the evolutionary character of the historical transition process of economies and societies (Schumpeter 1954: 80).

More specifically, with a nod to the Weberian argumentation, Schumpeter points out that the specific feature of rising capitalism lie in developing the institutional aspects of rationality in two ways. First, money becomes a unit of account and thus serves the practice of cost calculation, promoting a 'spirit of rationalist individualism'.
Second, the mental attitudes of modern science as well as the means of its exploitation are promoted by that type of rationality, fuelling scientific and technological progress as an endogenous factor in the capitalist process. Even cultural spheres are subjugated to that hegemonic rationality with its drive for quantification and rationalisation (Schumpeter 1942: 123-124). As the institutional order of capitalism is supported by pre-capitalist institutional patterns and social strata, their decomposition heralds the final decline of capitalism and its socialist transformation (Schumpeter 1942: 131-133). In this context, the matter of religion is for Schumpeter, a staunch Catholic, less important than for Weber and Sombart. This is primarily due to Schumpeter’s refutation of the notion of a historically specific capitalist spirit that would be fueled by distinct religious world-views. Moreover, when it comes to the formation of individualism and modern rationality, Schumpeter denies Protestantism a key role. Instead, he claims that individualism and rationalism began in Catholic thought, in particular with Duns Scotus and Aquinas (Schumpeter 1954: 91-92).

It is noteworthy that the international discussion on the Weberian thesis has followed a similar direction. Among the most prominent critics is R. H. Tawney, who alters Weber’s argument by emphasizing the declining influence of the Roman Catholic Church as a condition of capitalist rationalisation while pinpointing the aspect that Calvinist thought still obstructed market freedom in modern sense (Tawney 1926: 178-179). H. M. Robertson also stresses that capitalism emerged already in 14th-century Northern Italian city states, which were obviously Catholic areas (Robertson 1933). These concerns are echoed in later debates, as for instance in Deepak Lai’s suggestion that most fundamental institutional innovations were occurring in Europe centuries well before the Reformation (Lai 1998). Randall Collins summarises this criticism with the claim that Christendom was the main Weberian revolution that created the institutional forms within which capitalism could emerge, whereas the Protestant Reformation just gave rise to another take-off (Collins 1986: 76). Accordingly, Weber is repeatedly attacked for misrepresenting both Protestantism and Catholicism, thus confusing the historical record with respect to the rise of capitalism in Catholic and Protestant areas (Kaufmann 1997, Iannaccone 1998).

Nonetheless, even though historical evidence may put some pressure on the Weberian thesis, it still stimulates major efforts in theorising on the relationship between religion and economic development. From a rational choice perspective, for instance, the Weber thesis has been reiterated by claiming that political-economic competition in Western Europe in effect created market space for new entrants—namely the Protestant reformers—who rapidly gained rationally switched allegiances (Ekelund, Hebert, and Tollison 2002). Furthermore, an interpretation of the Weber thesis in terms of evolutionary game theory comes up with the argument that the Calvinist doctrine of predestination increased the cost of contractual defection, thus driving Protestant contract compliance. The resulting spread of information networks in the Protestant lands then generated externalities that promoted the rise of industrial capitalism (Blum and Dudley 2001). This viewpoint is line with empirical Observations which portray Catholicism as a ‘hierarchical’ religion that obstructs societal trust and comes together with less efficient judiciaries, greater corruption, lower-quality bureaucracies, lower rates of civic participation, inferior infrastructures, and higher inflation (La Porta et al., 1997: 336-337). Of course, one should be cautious about the causalities implied in these results. Yet it is commonly understood in regressions on economic performance that the hypothesis according to which the coefficients on variables of religious affiliation are jointly equal to zero can frequently be rejected, although no robust relationship between adherence to major world religions and national economic performance has been uneavered so far (Barro and McCleary 2002, 2003). Accordingly, the Weber
thesis remains relevant, not only in a historical perspective, but also with regard to current economic and social affairs.

5. Conclusion

As outlined above, the Weber thesis on the Protestant ethics may be deficient with regard to its historical-empirical underpinnings, yet its concern with the institutional foundations of capitalist development remains relevant for current debates. Indeed, Weber's sociology of capitalism, with its broad historical, geographical and intellectual range, is once more central to the discussion of the past, present and future of modern capitalism. Three fields of study may be particularly relevant when it comes to applications of Weberian themes to current issues. First, the matter of globalisation and the 'clash of cultures', as Huntington had it, which is particularly relevant for Weberian concerns when it comes to the rise of China – and East Asia at large. This brings to mind Weber's dictum that Chinese capitalism may be possible, yet that it would look entirely different as compared with the Western model. Second, the socio-cultural conditions for overcoming underdevelopment may be a fruitful domain of application, given the discourse on good governance in the face of the fact that both market and state failure are endemic in the developing world. Third, the Weberian notion of rationality in the capitalist spirit may be applied to the current turmoil in the global financial markets. The financial crisis has uncovered major inefficiencies – and irrationalities – in the set-up of global markets, which seem to contradict the ethos of rational conduct that was underlined by Weber. After all, Max Weber was explicit in his position that the institutional evolution of modern capitalism was a path-dependent, undetermined process. This is also a way of stressing the relevance of the Weberian legacy in the social sciences.

References


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