

Development of modern capitalism history essay



**ASSIGN
BUSTER**

Weber viewed that the protestant ethic spawned & encouraged the spirit of capitalism. He was it more than simply a capitalistic activity. According to him it was the essence which underlies the economic system. During the sixteenth century, this spirit embodied in the societies of the Europe & provided the impetus for capitalism to emerge as the dominant economic system of the world.

He saw capitalism more than simply an accumulation of wealth. It had its roots in rationality. He insisted that the capitalism was the triumph of rationality over tradition . Explicit in his views of capitalism was a disciplined labour force and the regularized investment of capital. He asserted that this combination took place only in Europe & most strongly in protestant nations such as England, Holland & Germany

To specify the distinctive characteristics of modern capitalism in the protestant ethic, weber first of all separation off capitalistic enterprise from the pursuit of gain such as. The desire for wealth has existed desire in most times & nations in itself nothing to do with capitalistic action, which involves a regular orientation to the achievement of profit through economic exchange. Capitalism thus defined in the mercantilist operations for instance has existed in various forms of society; in Babylon & Ancient Egypt, China, India & Europe. But only in the west capitalistic activity become associated with the rational organisation of formally free labour. By rational organisation of free labour means its routinized calculated administration with in continuously functioning enterprises.

A rationalised capitalistic enterprise implies two things—a disciplined labour force & the regulated investment of capital. Each contrasts profoundly with traditional types of economic activity. It is associated with an outlook of very specific kind—the continual accumulation of wealth for its own sake, rather than for the material rewards than it can serve to bring. Man is dominated by the making of money, by acquisition as the ultimate purpose of his life. Economic acquisition is no longer subordinate to man as the means of stratification of his material needs. This according to Weber was the essence of the spirit of modern capitalism.

The notion of calling accords to Weber did not exist either in Antiquity or in Catholic theology; it was introduced by the Reformation. It refers basically to the idea that the highest form of moral obligation of the individual is to fulfil his duty in worldly affairs. This projects religious behaviour into the day-day world & stands in contrast to the Catholic ideal of the monastic life, whose object is to transcend the demands of mundane existence. Moreover, the moral responsibility of the Protestant was cumulative i. e. the cycle of sin, repentance & forgiveness, renewed throughout the life of the Catholicism was absent in Protestantism.

The idea of calling was already present in Luther's doctrine but it became more rigorously developed in the various sects; Calvinism, Methodism, Pietism and Baptism. Weber was mostly concentrated on the Calvinism. Calvinism was the faith over which the great political & cultural struggles of the sixteenth & seventeenth centuries were fought in the most highly developed countries, the Netherlands, England & France. The four tenets of Calvinism were (a) God is all powerful and transcendent. One can never

<https://assignbuster.com/development-of-modern-capitalism-history-essay/>

reach or understand God. (b) Doctrine of pre-destination: God has already preselected who will be saved and who shall be condemned. (c) Disworldly Asceticism: Do worldly things but in a balanced manner. Accumulated wealth but not to spend luxuriously. In fact re-invest. (d) The notion of "calling": that all people have a calling. And to pursue this calling means doing God's will. It views grace as irresistible, has a rigid doctrine of predestination, and originally had a theocratic view of the state. Calvinist doctrines look on God's will as sovereign, and church should not be subject to the state (although it did not frown on a church dominated society). The doctrine of predestination was of utmost importance, "stressing the absolute sovereignty of God's will, held that only those whom God specifically elects are saved, that this election is irresistible, and that man can do nothing to effect this salvation." Weber noted that Calvin's interest was solely in God, and people existed only for the sake of God. Only a few are chosen and the rest are damned. Human merit or guilt plays no role in whether or not one is elect. This doctrine produced "unprecedented inner loneliness of the single individual." (Protestant, p. 104). The individual Calvinist's connection with God was "carried on in deep spiritual isolation." (Protestant, p. 107) e. g. Pilgrim in Pilgrim's Progress. Weber viewed this as a pessimistically disillusioned type of individualism rather than the spirit of enlightenment.

No one could save the individual, no priest, not the Church, no sacraments. "This, the complete elimination of salvation through the Church and the sacraments ... was what formed the absolutely decisive difference from Catholicism." (Protestant, p. 105). Weber regards this as the logical conclusion of the elimination of magic, that is, a rational development in

religion. For Calvin, people are on earth only to glorify God. The duty of the Christian was to show God's glory in a calling. This meant doing one's daily tasks, and this often means fulfilling the job in a rational organization.

The elected Christian is in the world only to increase this glory of God by fulfilling His commandments to the best of his ability. ... Brotherly love ... is expressed in the first place in the fulfilment of the daily tasks given. ... This makes labour in the service of impersonal social usefulness appear to promote the glory of God and hence to be willed by him. (Protestant, pp. 108-9).

The Calvinist Christian was concerned with the question of whether he or she was one of the elect. Since this caused suffering on the part of the individual, two forms of pastoral advice were given. See quote 12 on predestination. First, it was " an absolute duty to consider oneself chosen, and to combat all doubts as temptations of the devil, since lack of self-confidence is the result of insufficient faith, hence of imperfect grace. ... a duty to attain certainty of one's own election and justification in the daily struggle of life." (Protestant, p. 111). Second, " in order to attain that self-confidence intense worldly activity is recommended as the most suitable means. It and it alone disperses religious doubts and gives the certainty of grace." (Protestant, p. 112). This contrasts with Lutheranism, whereby God promises grace to those who trust in God.

Faith was thus identified with the type of Christian conduct which glorifies God. Works were not a means of purchasing salvation, but of getting rid of the fear of damnation. " In practice this means that God helps those who

help themselves.” (Protestant, p. 115). But this is not done through occasional good works, or a gradual accumulation of points toward salvation, “ but rather in a systematic self-control which at every moment stands before the inexorable alternative, chosen or damned.” (Protestant, p. 115). This means that the Christian must have a life of good works; there is no room for the “ very human Catholic cycle of sin, repentance, atonement, release. Of the elements in Calvinism that which seeks special attention was the doctrine of predestination-that only some human beings are chosen to be saved from damnation, the choice being predetermined by god. In its extreme inhumanity, he comments ‘ this doctrine must above all have had one consequence for the life of a generation which surrendered to its magnificent consistency.....a feeling of unprecedented loneliness’. From this torment, weber holds that the capitalistic spirit was born . He talked about the two developments at the pastoral level-it became obligatory to regard oneself as chosen, lack of certainty being indicative of insufficient faith; & the performance of good works in worldly activity became accepted as the medium whereby such surety could be demonstrated. Success in a calling eventually came to be regarded as a sign never a means of being one of the elect. The accumulation of wealth was morally sanctioned in so far as it was combined with a sober, industrious career; wealth was condemned only if employed to support a life of idle luxury or self-indulgence.

Calvinism supplied the moral energy & drive of the capitalistic entrepreneur. weber speaks of its doctrine as having an iron consistency in the bleak discipline which it demands of its adherent. The elements of ascetic self-control in worldly affairs was certainly there in the other puritan sects but

they lack the dynamism of calvanism. Their impact was mainly upon the formation of moral outlook enhancing labour discipline with n the lower & middle levels of capitalistic economic organisation. Such as the virtues favoured by pietism were those of the faithful official, clerk, labourer or domestic worker’.

The protestant ethic acc. To weber traces only one side of the casual chain i. e.-the connection of the spirit of modern economic life with the rational ethics of ascetic puritanism. He specifies a number of fundamental socio-economic factors & institutional bases which played major role & distinguished the European experience that of India & china. These included (a)The separation of productive enterprise from the household which, prior to the development of industrial capitalism was much more advanced in the west (b) the development of the Western city, with a trading structure independent of the surrounding rural areas(c) Western law, including the separation of corporate and personal property; (iv) the nation state, with a bureaucracy that could take care of necessary state activities; an organized territory under unified control of a single ruler or government, so that there was a unified framework within which commerce and capitalism could develop; (v) double entry book-keeping, allowing business to keep track of all items and determine a balance; allowing rational calculation of all the inflows and outflows, leading to an analysis of where the profit or loss occurs, and what is the source of profit; (vi) “ the rational capitalistic organization of (formally) free labour.”

A lot of critique has been laid on the weber’s work & said that weber’s characterisation of Protestantism was faulty. The major critique directed to <https://assignbuster.com/development-of-modern-capitalism-history-essay/>

Weber's treatment of the reformation, his interpretation of the puritan sects in general & the Calvinism particularly. (a) It has been held that Weber mistakenly supposed that Luther introduced the concept of calling which differ from anything previously available in scriptural exegesis; & that Calvinistic ethics were anti-capitalistic rather than sanctioning the accumulation of wealth (b) Weber misinterpreted catholic doctrine. Critics have pointed out that Weber apparently did not study Catholicism in any detail, although he talked about the difference between the Catholicism & Protestantism in respect of economically relevant values. It has been held that post-medieval Catholicism involves elements positively favourable to the capitalist spirit & that the Reformation was seen as a reaction against the latter rather than as a clearing ground for its subsequent emergence (c) The connectivity between puritanism & modern capitalism was based upon unsatisfactory empirical materials. Fischer & Rachfahl has echoed about this in several forms. Weber only study the numerical analysis of the economic studies of Catholics & Protestants in baden, 1895. They argued that Weber's source was mainly Anglo-Saxon & claimed that research into economic development in the Rhineland, the Netherland & Switzerland, in the sixteenth & seventeenth centuries didn't reveal any close association between Calvinism & capitalistic enterprise.

One of the criticisms of Weber is that he misunderstood what Franklin was saying. In their article, "In Search of the Spirit of Capitalism: Weber's Misinterpretation of Franklin," Tony Dickson and Hugh McLachlan disagree with Weber that Franklin was talking about an ethic in the selection quoted above. "Far from demonstrating a commitment to the 'spirit of capitalism

and the accumulation of wealth as an end in itself and moral duty, Franklin's writings is in fact evidence against the existence of such a spirit." Dickson and McLachlan point out that the title of the work from which Weber quoted is "Necessary Hints to Those That Would Be Rich." They assert, "This suggests that what Franklin is offering is prudential advice, rather than insisting on a moral imperative." The gist of Dickson's and McLachlan's argument is that Weber misinterpreted Franklin's writings as moral ends when they were simply virtues to be practiced because of the benefits they will bring to those who practice them. They deny that Franklin was preaching a Protestant work ethic and assert that all Franklin was saying was that if a person is interested in being successful in life and commerce, here are some virtues to follow.

Dickson and McLachlan conclude with a clear statement of their criticism of Weber's hypothesis:

It seems clear that Weber misinterpreted Franklin and that the latter was not imbued with the ethos which Weber attributes to him. It is not in dispute that a methodological lifestyle is conducive to the accumulation of wealth. What is at issue concerning Weber's Protestant Ethic thesis is the impetus for such a lifestyle. Weber's misinterpretation of Franklin does not in itself invalidate his methodology or his Protestant Ethic thesis. Nonetheless, it does suggest a rather cavalier attitude towards evidence, particularly as the writings of Franklin are the only 'evidence' that he presents in his original essays to demonstrate the existence of the 'spirit of capitalism'.

H. M. Robertson, in "A Criticism of Max Weber and His School" asserted that the Roman Catholic Church and the Protestant Churches stressed the same precepts in the 16th and 17th centuries. He states that Weber's assertion that the concept of the "calling" was novel to Luther and Protestantism was not established in Weber's writings. He supported his thesis by quoting Aquinas: "There seems to be no essential difference between the doctrine of the Catholics and the Puritans on the point of 'the calling'."

Amintore Fanfani, an economic historian, shared Robertson criticism of Weber but from a different aspect. In his article "Catholicism, Protestantism, and Capitalism," Fanfani disagrees with Weber concerning the role that Protestantism played in the development of a capitalist spirit in Europe. In the first paragraph, he states his argument:

. . . that Europe was acquainted with capitalism before the Protestant revolt. For at least century capitalism had been an ever growing collective force. Not only isolated individuals, but whole social groups, inspired with the new spirit, struggled with a society that was not yet permeated with it. Once we have ruled out that Protestantism could have produced a phenomenon that already existed, it still remains for us to enquire whether capitalism was encouraged or opposed by Protestantism.

Fanfani argued that it was not the Protestant Ethic which encouraged the growth of capitalism but the fact was that many Protestants were forced to leave Catholic countries to escape persecution which "fosters in the emigrants an internationalism that is no small element in capitalist mentality." He further says that many early Protestant leaders opposed

capitalism, including Luther and Calvin: "Luther's conservatism in economic matters, to which his patriarchal ideas on trade and his decided aversion to interest bear witness. Even Calvin . . . condemns as unlawful all gain obtained at a neighbour's expense, and the amassing of wealth." The Huguenots and Dutch Reformers also preached against various aspects of capitalism: ". . . through the sixteenth and seventeenth centuries a continual repetition of the prohibitions of usury were issued by the synods of the Huguenots and by those of the Dutch Reformers, whose ethical code also condemned even excessive labour, as robbing time and energy from the service of God, and held action born of desire for gain to be a sign of madness."

Fanfani agrees with Weber that capitalism flourished after the Reformation, but he parts ways with Weber as to the causes. Fanfani argues that capitalism as we know it today was born in the Italian merchant states under the religious umbrella of Catholicism, but he discounts the effect that religion of any kind had on the growth of capitalism as the major world economic system. He concludes his article by stating, "The creation of a new mentality in the economic field cannot therefore be considered as the work of Protestantism, or rather of any one religion, but it is a manifestation of that general revolution of thought that characterizes the period of the Renaissance and the Reformation, by which in art, philosophy, morals, and economy, the individual emancipates . . . himself from the bonds imposed on him during the Middle Ages."

Malcolm H. MacKinnon, bases his disagreements with Weber on the idea that Weber misinterpreted what the Calvinists were saying about the concept of the calling and good works. He states early on in his article,

There are two fundamental theological flaws in Weber's line of reasoning, flaws that mean that Calvinism did not give a divine stamp of approval to earthly toil: (1) There is no crisis of proof in the Westminster Confession of Faith, the dogmatic culmination of seventeenth-century Calvinism upon which Weber so heavily relies, and (2) in Christianity generally and Calvinism in particular, works have nothing to do with mundane activities. As soteriologically conceived in relation to salvation, works are spiritual activities that call for obedience to the Law. MacKinnon goes on to explain that Weber's major failure is his misunderstanding of the Calvinist meaning of the calling. Using the Westminster Confession as his primary source, MacKinnon explains what the term "calling" meant to the Calvinists: There is a heavenly calling and an earthly calling or callings, the latter disqualified from making a positive contribution to our deliverance. . . Above all else, the devout must ensure that their mundane callings in no way impede the prosecution of the greatest good of all: their heavenly calling. Believers are sanctioned to "choose that employment or calling in which you may be most serviceable to God. Choose not that in which you may be most honorable in the world; but that which you may do most good and best escape sinning."

MacKinnon concludes by stating that it was Weber's misfortune to choose part of the Calvinist philosophy which, upon close examination, not only fails to support Weber's thesis but in fact undermines it. "Again, the significant point here is that temporal obligations are at best indifferent and at worst

sinful; they cannot make a contribution to the realization of celestial paradise. It is a grim twist of irony that Weber would choose such a spiritually worthless vehicle to realize his causal ambitions.”

R. H. Tawney, Weber’s most famous critic, agreed with Weber that capitalism and Protestantism were connected. However, Tawney saw the connection going in the opposite direction from that which Weber postulated. Tawney, in his 1926 work, *Religion and the Rise of Capitalism*, states that Protestantism adopted the risk-taking, profit-making ethic of capitalism, not the other way around. Tawney claims, with some good measure:

There was plenty of capitalist spirit in fifteenth century Venice and Florence, or in south Germany and Flanders, for the simple reason that these areas were the greatest commercial and financial centers of the age. The development of capitalism in Holland and England in the sixteenth and seventeenth centuries were due, not to the fact that they were Protestant powers but to large economic movements, in particular the Discoveries and the results which flowed from them.”

The strongest connection that Tawney saw between capitalism and Protestantism was rationality. Protestantism was a revolt against traditionalism and as such advocated rationality as an approach to life and business. Tawney proposed that the rationality inherent in capitalism became a tenet of Protestantism because rationality was diametrically opposed to the traditionalism of Catholicism. Early Protestant leaders recognized that hard work and rational organization of time were capitalist virtues which fit very nicely into the concept of living one’s life in the service

of God. Tawney saw the capitalist concepts of division of labor and planned accumulation as being reflected in the dogma of Protestantism which urged its followers to use one's calling on earth for the greater glory of God.

According to Tawney, capitalist precepts and Protestant dogma fit hand in glove.

As an historian, Tawney did not see a linear relationship between capitalism and Protestantism. He thought that Weber's thesis a little too simplistic to explain historical events. History tends to be non-linear, and attempts to draw straight casual lines between events are shaky at best. As Tawney put it, " The Protestant ethic, with its insistence on hard work, thrift, etc., had contributed to the rise of capitalism, but at the same time Protestantism itself was being influenced by an increasingly capitalistic society."

The last critic I will cite in this paper is an economic historian, Jacob Viner, who used pre-eighteenth century Scotland as a case study to demonstrate that where Calvinism was a state religion, it tended to have a restraining rather than a freeing effect on economic development. He quotes a letter from John Keats in support of his thesis: . . . the ecclesiastical supervision of the life of the individual, which, as it was practised in the Calvinistic State Churches almost amounted to an inquisition, might even retard that liberation of individual powers which was conditioned by the rational ascetic pursuit of salvation, and in some cases actually did so.

Viner points out that until well into the eighteenth century, Scotland was a desperately poor country. Contemporary commentators often remarked on the lack of economic initiative and ambition and on the general lack of

enterprise and economic discipline of the population. Several of these reporters attributed Scotland's economic backwardness in large part to the deadening effect of Calvinist doctrine as forcibly applied by both Church and State. Viner quotes Henry T. Buckle who, in his 1857 treatise *Introduction to the History of Civilization in England*, wrote concerning the economic teachings of Scottish Calvinists in the seventeenth century as follows:

To wish for more than was necessary to keep oneself alive was a sin as well as a folly and was a violation of the subjection we owe to God. That it was contrary to His desire was moreover evident from the fact that He bestowed wealth liberally upon misers and covetous men; a remarkable circumstance, which, in the opinion of Scotch divines, proved that He was no lover of riches, otherwise He would not give them to such base and sordid persons. To be poor, dirty, and hungry, to pass through life in misery, and to leave it with fear, to be plagued with boils, and sores, and diseases of every kind, to be always sighing and groaning, . . . in a word [sic], to suffer constant affliction, and to be tormented in all possible ways; to undergo these things was deemed proof of good ness, just as the contrary was a proof of evil.

The opposition of Scottish Calvinism to capitalism was so well known in Europe that some English commentators such as Roger L'Estrange urged English businessmen to look at the record of the Scottish Presbyterians in interfering with commerce and industry for religious reasons before supporting Cromwell's cause.

In conclusion, the critics of Weber's Protestantism/capitalism theory have reasonable and logical criticisms. As a historian, I find the Tawney non-linear

argument to be very compelling. There is no doubt that capitalism in various forms existed in Europe prior to the Reformation. The Italian merchants and the Dutch clothiers operated under a rational economic system. Double-entry bookkeeping was invented in Italy and adopted by other merchants throughout Europe. I think it is obvious that several factors were at work in Europe during the long sixteenth century, which led to the growth and dominance of capitalism.

All of this taken into consideration, Weber's thesis still stands. His thesis is not perfect; it has all the flaws pointed out by the above critics. However, none of the critics I have read managed to destroy the basic premise by which Weber sought to explain the growth of capitalism. Something happened in the long sixteenth century which saw an explosion of capitalist economic activity, free thought, and religious rebellion. Whether the relationship among these is causal or coincidental will be grounds for conjecture for years to come. History shows us that in fact those nations which were predominantly Protestant showed economic growth much greater than those which were predominantly Catholic. Even Jacob Viner's argument that the repressive nature of Scottish Calvinism does not damage Weber, since he acknowledged that once a religion becomes a creature of the state it then tends to oppress people rather than free them.